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(Legislative day of Monday, November 18, 1985)

99th Cong. 1st Sess.

*131 Cong Rec S 15765*

**REFERENCE:** Vol. 131 No. 159

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

**SPEAKER:** Mr. ABDNOR; Mr. BOSCHWITZ; Mr. BYRD; Mr. CHAFEE; Mr. CRANSTON; Mr. D'AMATO; Mr. DOLE; Mr. DURENBERGER; Mr. EXON; Mr. GORTON; Mr. HARKIN; Mrs. HAWKINS; Mr. HELMS; Mr. KASTEN; Mr. LEAHY; Mr. McCLURE; Mr. MELCHER; Mr. MOYNIHAN; Mr. PRESIDING OFFICER; Mr. PROXMIRE; Mr. PRYOR; Mr. SIMPSON; Mr. SPECTER; Mr. SYMMS; Mr. WILSON; Mr. ZORINSKY

**TEXT:** The PRESIDING OFFICER. The clerk will report the unfinished business.

The assistant 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.

AMENDMENT NO. 1059

(Purpose: To modify the milk price support program)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mrs. Hawkins], for herself, Mr. Moynihan, Mr. Chafee, and Mr. Mattingly, proposes an amendment numbered 1059.

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

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

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The amendment is as follows:

On page 67, between lines 10 and 11, insert the following:

"(A) on January 2, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;

Mrs. HAWKINS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1060

Mrs. HAWKINS. Mr. President, I send to the desk a second-degree amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mrs. Hawkins] proposes an amendment numbered 1060 to amendment numbered 1059.

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

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Mr. President, reserving the right to object, how lengthy an amendment is it?

The PRESIDING OFFICER. One page.

Mr. LEAHY. Why not read the amendment. We do not have a copy of it.

The PRESIDING OFFICER. Objection is heard. The clerk will continue reading.

The assistant legislative clerk read as follows:

On page 1 of the amendment, line 3, strike out all after the word "on" and insert in lieu thereof the following: "January 1, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;

Mrs. HAWKINS. Mr. President, the amendment that I am offering today with my esteemed colleagues, the Senator from New York, the Senator from Rhode Island, and the Senator from Georgia is an amendment that would perfect the approach of the Committee on Agriculture to solving the problem of surplus dairy production.

It provides for simply a 50-cent reduction in the Federal dairy price support on January 1, 1986, if the Secretary of Agriculture projects that the CCC purchases of processed dairy products will exceed 10 billion pounds.

This amendment makes whole a Federal dairy policy that is long overdue. It is an amendment that will make sense out of the Federal Dairy Program that has for too long made no sense. This amendment is protaxpayer. This amendment is proconsumer. This amendment is prodairy farmer.

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It is protaxpayer because it begins long overdue reductions in the cost of the Federal Dairy Price Support Program. It is proconsumer because it offers an opportunity for reductions in the price of milk. Housewives would love to see milk prices come down. It offers reduction in the price of butter, a staple that most families need. Also, to offers a reduction in the price of cheese. These are vital, nutritious foods that every family needs. It is profarmer because it is fair and looks to the future.

Under this amendment, dairy farmers will be able to prepare for a future of profitability. That future is close at hand. It is a future where emerging technologies will ensure greater productivity at lower cost of production than ever imagined.

Before we look to the future, however, let us take a moment to look at the past. We are in this Chamber for the sixth time since 1980 to once again try to fix the Dairy Price Support Program. This is a program which for the first 31 years of its existence cost the Federal Government a grand total of \$5 billion. This same program has cost the taxpayers over \$9 billion in the last 5 years.

There is an old adage I often hear in my State of Florida applied to many circumstances in life. That adage goes, "If it ain't broke, don't fix it."

Mr. President, I like that adage. It makes a great deal of sense. But it does not apply to the Federal Dairy Program because the Federal Dairy Program is so broken that we seem to work overtime trying to fix it some more. But fix it is the one thing we have not been able to do. Oh, we have tried. First, we tried by eliminating the semiannual upward price adjustments that gave birth to the constant, ever-growing mountain of milk products which we have in storage today. That did not work.

Next, we tried by freezing the dairy price support.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Is the semiannual price adjustment still in effect?

Mrs. HAWKINS. If the Senator will wait until the conclusion of my statement, this is an opening statement that will give the chronology of this fabulous program.

Next we tried by freezing the dairy price support. But by then the price was already too high. And the mountain continued to grow. No, freezing the price support did not work, either.

Then we tried to cut the price, but that lost by only one vote in the Senate. Instead, we ended up with a strange, new concept in dairy policy. The dairy assessment. Dairy farmers did not call it an assessment. They called it what it was. Dairy farmers called it a milk tax. And do you know what? The milk mountain continued to grow.

We live in an age of complex technology. Men and women have traveled to the Moon. Our spacecraft are launched into the heavens and then land like an old-fashioned airplane. Scientists can manipulate genetic structures to yield new breeds of plant life, vaccines, and medicines. Our technological prowess has given us the ability to fix many things. We have great confidence in complex answers to problems. So, naturally, we tried again -- this time with a complex formula -- to fix the Federal Dairy Program.

We made a small cut in the price support. We combined that with one of the most revered of Federal farm policy tools. We tried to pay dairy farmers to not produce. But we did not stop there. We taxed all of the dairy farmers to raise enough revenue to pay a few not to milk their cows. Of course that did not work either. Oh, it sort of worked. Dairy production fell a little. But consumer prices zoomed upward in many parts of the country.

The goal of Federal dairy policy is to provide a stable and affordable supply of milk. I repeat: A stable and

affordable supply of milk. Naturally, many people did not believe that taxing all dairy farmers to pay a few not to do what dairy farmers do best and causing prices to increase was a very good repair job. When the program ended, the milk mountain erupted at a rate no one could have anticipated.

So here we are today: still trying to find a way to close the fissure in Federal policy that has created a milk mountain of majestic proportions.

Fortunately, the Agriculture Committee has developed a dairy policy that should begin to erode the milk mountain. We can begin to cut the mountain down to size through a series of moderate price support reductions. Unfortunately, the committee plan does not go into effect for an entire year. The amendment I am offering today provides for corrective action beginning on January 1, 1986.

Today, Federal Government warehouses are bulging -- and I ask all my colleagues to write down those numbers -- with 148 million pounds of butter, 651 million pounds of cheese, and 994 million pounds of nonfat dry milk. The USDA estimates that the Government will purchase over 13 billion pounds of surplus dairy products this year. This will cost the taxpayers over \$2 billion. Under the committee proposal, the Federal Government is expected to purchase over 17 billion pounds of dairy products in 1986.

What has gone wrong with Federal dairy policy? Unlike so many issues that come before the Senate, the answer to that question is simple. The Federal support price for dairy products is too high. It has been too high for years. Recently, we have had consistent reductions in the support price, but it is still too high. Why? Because the dairy farmers' cost of production is falling faster than the support price. The resulting margin makes it profitable to keep overproducing. After all, dairy farmers are among our most efficient farm producers. I want to congratulate them. Technology promises that they will become more productive in the very near future. Technology also promises that their cost of production will continue to fall. For these reasons, a flexible, long-term Federal dairy policy linking price supports to production levels does make sense for farmers, does make sense for consumers, and does make sense for taxpayers, who are paying for the storage.

This amendment is fair to taxpayers because it reduces the cost of the Dairy Price Support Program. The Congressional Budget Office projects that this amendment will save \$600 million more than the Agriculture Committee plan. Many of the Senators in this Chamber recently voted for the Gramm-Rudman-Hollings-Boren amendment to reduce the deficit. The key feature of that legislation is an automatic cut in defense and social programs if Congress does not meet deficit reduction targets through selective spending reductions. This amendment provides us with an opportunity to consider the effects of Gramm-Rudman-Hollings-Boren.

During the early budget battles of this year, this Senator, with the overwhelming support of the Senate, restored approximately \$300 million to support the School Lunch Program. After we adopt Gramm-Rudman-Hollings-Boren, that program may become vulnerable again. Or, we can cut the Dairy Price Support Program by less than 25 percent, make more than enough room in the budget for the School Lunch Program, and still save the taxpayers and reduce the deficit.

This amendment is fair to consumers because it provides an opportunity for price reductions on the grocery store shelves. Contrary to the statements of many, as the Federal dairy price support has fallen, so have consumer prices. Clearly, prices received by consumers have not fallen as much as Federal support price reductions. But dairy farmers prices have not fallen as much as support price reductions, either. Allow me to cite an example. Since 1981, the retail price index for all dairy products, when adjusted for inflation, indicates that retail dairy prices declined by 9.8 percent. Over the same time period, the Federal support price has been lowered by 11.5 percent.

Finally, this amendment is fair to the dairy farmer. It is fair because individual farmers can plan for the future. As productivity increases and cost of production falls, the dairy farmer's profit margin remains. But if the price falls low enough to reduce the supply of dairy products below reasonable levels, then an automatic mechanism can increase the

Federal support price.

But what lies ahead for the dairy farmer? Let me enter into the Record a number of items from the Agricultural Committee's report with regard to the technical advances that are being made in the dairy industry. These include the improvements in herd health, herd management, improvements in nutrition, advances in genetic techniques, the new bovine growth hormone, and embryo transfer. The use of bovine growth hormone is expected to increase cow productivity up to 40 percent -- a staggering number. But that is not all. The latest issue of Dairyman's Digest offers an article on a computerized robot milker.

With these sweeping changes ahead, we have a responsibility to adopt a Federal policy that faces the future -- not one that looks to the past -- and we need to begin now, not a year from now, to address the excesses of the past. Otherwise, the taxpayers, the consumers, and the farmers will continue to pay too high a price for the Federal Dairy Program.

Mr. President, I have taken a great deal of the Senate's time, and many of my colleagues have remarks on this amendment that should be heard, and at this time I yield to the Senator from New York.

Mr. BOSCHWITZ. Mr. President, can the Senator from Florida yield to the Senator from New York?

The PRESIDING OFFICER (Mr. McConnell). The Senator from Florida can yield only for a question.

Mr. BOSCHWITZ. Does the Senator from Florida yield to the Senator from New York for a question?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mrs. HAWKINS. I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, thank you.

Mr. President, may I say at the opening I would hope we can have an open and straightforward debate.

If the Senator from Minnesota wishes to ask questions, ask questions. We have nothing to hide and no one to outmaneuver here. We have a perfectly straightforward proposition to cut the cost of the Dairy Price Support Program and to lower the cost of milk. We are going to have a straightforward vote on it. No one need be apprehensive about parliamentary maneuvering. The issue could not be more straightforward. I hope that it will be dealt with that way.

I hope the Senator from Minnesota was listening but I believe he was not.

Mr. President, in October 1983, I came to the floor and offered an amendment that would omit from the farm bill then before us the diversion plan, as it was called. It seemed to me a caricature of the kind of Government program which from the other side of the aisle and from this side of the aisle we have heard denounced for a half century, certain to fail in its objectives, and yet somehow part of a mystique of price manipulation in agriculture that has become a kind of subculture of this Congress over the last half century.

The distinguished majority leader said as a member of the Committee on Agriculture, Nutrition, and Forestry, that "a very balanced agreement" had been reached. A year or so later, when the report was in, the effects were in, the majority leader was candid enough, and we respect him not the least for that candor, to say "My God, even the cows are laughing."

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My amendment of October 6, 1983, was tabled by a vote of 56 to 37. But who were right, the 56 or the 37?

I would like to recall that event as we go to this vote.

Two years ago I pleaded with this body not to do something foolish and wasteful, but some of the persons who have most distinguished themselves by denouncing waste, fraud, abuse, and deficits insisted on doing something foolish and wasteful. And wasteful and foolish it was. And as the majority leader said later on -- with the kind of candor that wins him our affection -- even the cows were laughing at the program.

Let me give you a very precise experience, a very personal, precise experience.

I live on a dairy farm. For a quarter of a century our home has been a farm in Prosser Hollow near Pindars Corners in Delaware County, New York. We are surrounded by dairy farmers and we are not all that far from Cornell. Cornell University is a land grant college, as one might know, and the college of agriculture there has been enormously influential in dairy matters the world around. We keep abreast of these things.

I have two neighbors, Mr. President, One is a large producer of milk, and one is a marginal producer of milk, which is to say he produces just enough milk to keep a farm going, he has just enough cows to warrant their milk being picked up.

What happened when the diversion program went into effect? If you recall, there was an assessment of 50 cents for every 100 pounds of milk marketed commercially, and there was a payment to those who lessened production by 5 to 30 percent over a base period.

The situation of my friend, the small farmer -- the family farmer of whom we hear so much in these hallowed Halls -- was that were he to reduce his production, it would have fallen below the level at which it is economic for a milk tank truck to come by and pick up his product. So he had no choice but to start paying this tax and continued to produce as best he could.

My neighbor who is a large producer saw the Federal Government willing to pay him not to produce and immediately took advantage of this offer to cull his herd and to fix up some part of the rather extensive property he has. A property on which he milks a large and valuable herd -- computer fed, computer milked, computer priced, and in every respect a very advanced business. And he prepared to increase production as soon as this program was over.

The result very simply was that the smaller farmer in Prosser Hollow paid the big farmer in Prosser Hollow, a caricature, if you will, of everything our programs are not supposed to do but increasingly do do.

I will dwell just another moment on this because it is so important. Two years ago we had an opportunity to make a sane decision and save money and respect family-sized farms and we did not do so.

And the same people who said we should not do it then are going to oppose us today. Let me just give you an example, Mr. President, of the wisdom of that decision 2 years ago.

In the State of Arizona, which you do not associate as a dairy State, although technology is making dairying there possible, for those persons who received payments under the diversion program the average payment per dairyman was \$226,978.

We voted 2 years ago to give farmers in Arizona who entered the diversion program \$250,000 a year not to produce milk.

We voted to give farmers in Nevada \$215,262 a year not to produce milk; in California, \$125,044; in New Mexico, \$110,919.

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Note the degree to which the Southwest States received large payments; States where dairying obviously is not a way of life. It is not a progression as it is in my part of the State, for 200 years of dairy farming. These are commercial operations and the operators saw a profitmaking opportunity provided them and they used it.

Mr. President, that is the decision we made 2 years ago. Are we going to make the same kind of decision today and then tomorrow have the same people arguing about it saying let us cut the deficit, let us get rid of the waste, the fraud and the abuse?

The numbers here are very simple and should speak to something that is almost a pathologic behavior. In the last few years the cost of dairy price supports have risen more than tenfold. Amidst talk about deficits, talk about waste, talk about spending, this Congress, this Senate has increased the cost of dairy price supports by ten times.

The level was \$247 million in fiscal year 1979, it was \$2.6 billion in 1983, and it now proposes at the same level.

I grant that the Committee on Agriculture, Nutrition, and Forestry did not repeat the madness of the diversion program and the social cruelty. Come on now.

Dairy farmers work 90-hour weeks, 100-hour weeks. On the margin they work more. They get little. The idea of taxing the poorest of them, the smallest of them, to give moneys to the largest of them so the larger can expand their herds. I am reminded of that famous remark I think Ezra Taft Benson made that behind every cow there are better heifers coming along."

The technological change in dairy is quite extraordinary. It is probably superior in some ways to the production of feed grains. You look at what a cow produced a half-century ago and what it produces today. There is no sense in raising and maintaining an artificial price. It only increases production. It only increases production on the part of people who produce milk in order to sell it to the Government. You can make a good living if you have enough capital just producing milk to sell as surplus to the Government, which will hold it as butter or cheese or powdered milk.

There cannot be any sense in this. Economists at Cornell have established very clearly that lowering price supports will lower consumer prices. Only 3 percent of our population live on farms; fewer on dairy farms. The market will work for them.

It is only a kind of constituent greed that argues we ought to spend more money on the most fortunate of farmers to the disadvantage of the small dairymen, and to the disadvantage of the consumer of milk and milk products.

I ask unanimous consent that the table produced in the Farm Journal from USDA sources on "Who Got the Big Diversion Payment Bucks in 1984" be printed in the Record.

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

#### WHO GOT THE BIG DIVERSION PAYMENT BUCKS IN 1984

[State rank by average payment per dairyman]

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

	Average payment per dairyman n1	Total 1984 payments (millions)
1. Arizona	\$226,978	\$10.9
2. Florida	216,590	40.3
3. Nevada	215,262	1.7
4. California	125,044	87.9

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5. New Mexico	110,919	4.4
6. Washington	64,971	16.3
7. Texas	49,723	46.6
8. Georgia	49,660	19.3
9. South Carolina	45,968	4.2
10. Colorado	45,045	10.6
31. New York	24,749	38.5
35. Pennsylvania	20,936	26.2
43. Wisconsin	15,435	112.5
47. Minnesota	13,665	81.3
United States	22,814	955.3

State rank in amount  
received

1. Arizona	28
2. Florida	5
3. Nevada	44
4. California	2
5. New Mexico	36
6. Washington	21
7. Texas	4
8. Georgia	18
9. South Carolina	37
10. Colorado	30
31. New York	8
35. Pennsylvania	12
43. Wisconsin	1
47. Minnesota	3
United States	

n1 Amount each State received divided by the number of participating dairymen.

Source: USDA.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent to print in the Record a statement from Cornell, a paper called "Will a Decrease in the Support Price of Milk Result in Lower Retail Prices for Dairy Products?"

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

WILL A DECREASE IN THE SUPPORT PRICE OF MILK RESULT IN LOWER RETAIL PRICES FOR DAIRY PRODUCTS?

(By Henry Kinnucan and Olan D. Forker)

As a result of the Dairy Production Stabilization Act of 1983, the support price of milk dropped 50 per hundredweight on December 1, 1983. Additional reductions of 50 per hundredweight may occur on April 1, 1985 and again on July 1, 1985 if dairy surpluses in the ensuing 12 months are expected to exceed 6 and 5 billion pounds, respectively. The extent to which commercial disappearance of dairy products is enhanced by lower farm prices depends in large part on the degree to which reductions in the farm price of milk are passed along to consumers. A common conjecture is that because of a concentrated market structure beyond the farm gate, farm price increases are passed along fully and efficiently to the consumer, but decreases in farm prices are used by middlemen to "work in" increases in other input costs so that the consumer rarely benefits from such price reductions.

Recent research completed at Cornell shows that in the case of major dairy products this conjecture is only partly correct. n1 To study the relationship between retail and farm prices, monthly average U.S. retail prices of fluid milk, cheese, butter and ice cream were collected for the period 1971-81. Data for the same period were gathered on the U.S. average monthly Class I price and the Chicago Regional Federal Order Class II price. n2 Because inflation in food marketing costs also affect the level of retail prices, data relating to labor, packaging, and transportation costs specific to the food industry were obtained from the U.S.D.A. Regression analysis was performed on these data to isolate the net effect of changes in the farm price on the retail prices of the studied dairy products. A methodology was employed which permitted the investigation of whether decreases in the farm price of milk were passed along to the consumer in the same manner as were increases in the farm price. Because the farm price of milk actually declined in nearly one-third of the months included in the study, the statistical results bearing on the so-called "asymmetry" question are expected to be of good quality.

n1 Kinnucan, Henry, "Asymmetry in the Retail Pricing of Major Dairy Products with Implications for Farm-Level Demand," mimeo (October 1983).

n2 This price served as a proxy for the U.S. average cost of milk used in the manufacture of ice cream, butter, and cheese.

## RESULTS

Retail dairy product prices adjust both upward and downward to changes in the farm price of milk, but the downward adjustments are both slower and less complete than are the upward adjustments. Specifically, if the cost of marketing services remains unchanged, a \$1 decline in the Class I price (a 6.9% change assuming a Class I price of \$14.50) shows up at the retail level as a 2.5% decline in the price of fluid milk. By contrast, a \$1 increase in the Class I price is shown to result in a 3.5% increase in fluid milk prices, *ceteris paribus*. For fluid milk this means that the retail response to the increase in the farm price of milk, is about 40% greater than is the retail response to a farm price decrease.

The unequal retail response to increases vis-a-vis decreases in farm level prices is also observed to varying degrees in the other dairy products studied (Table 1. For example, a \$1 increase in the Class II price (a 7.6% change from a \$13.10 base) is associated with a 5.4% rise in retail butter prices, *ceteris paribus*, while a \$1 decline in the Class II price is associated with a 3.2% decline in the butter price.

According to the results, retail dairy prices respond within 5 months to changes in the farm price of milk. Moreover, the adjustment period is the same length for both decreases and increases in the farm price. With fluid milk for example, a lag period of three months is evident regardless of whether the Class I price rises or falls. However, it should be noted that although the lag lengths corresponding to rising and falling farm prices are similar, the lag patterns in each case may be quite different. For example, 28% of the total effect of a rise in the lower Class II price is immediately registered in retail cheese prices, but only 11% of the total effect is immediately registered with a decline.

This pattern, which is present to varying degrees in the other dairy products studied, suggests that retail dairy prices adjust more slowly to falling farm prices than to rising farm prices.

IMPACT ON COMMERCIAL SALES

The above results can be used to obtain a measure of the increased commercial utilization of milk that might be expected as a result of reductions of the farm price. Combining the retail demand elasticities for dairy products estimated by George and King n3 with the elasticities of farm retail price transmission estimated in the Cornell study, derived farm level demand elasticities for milk are computed (Table 2). These elasticities, which differ according to whether the farm price of milk is rising or falling, indicate the percentage change in quantity demanded at the retail level in response to a one percent change in the farm price of milk.

n3 George, P.S. and G.A. King. Consumer Demand for Food Commodities in the United States with Projections for 1980. Giannini Foundation Monograph No. 26, Univ. of California, March, 1971.

The 50 per hundredweight reduction in the price support level that occurred on December 1, 1983 represents a 3.8% decline in the farm price of milk (\$13.10/cwt. to \$12.60/cwt.). Based on the elasticities in Table 2, sales increases associated with a farm price decline of this magnitude are fluid milk up .44%; cheese up .88%; butter up 1.0%; and ice cream up .13%. The additional sales caused by the lower retail prices would increase milk-equivalent commercial utilization an estimated .65% or 800 million pounds. An assumption of this estimate is that marketing costs do not change and past marketing cost changes are not recouped in this period. These calculations indicate that lowering the support price of milk will result in increased sales and an increase in the quantity demanded at the farm level, but the impact is modest.

SUMMARY

The results presented here contradict the notion that decreases in the farm price of milk have no effect on retail dairy product prices. As long as marketing costs remain constant, reduction in the support price of milk can be expected to translate into lower retail prices for dairy products. With lower prices, commercial sales will increase; but the actual impact of a 50-cent reduction in the farm price on the large dairy surplus is likely to be modest.

TABLE 1. -- RETAIL PRICE RESPONSE FOR INCREASES VS. DECREASES IN THE FARM PRICE OF MILK; UNITED STATES, ESTIMATES BASED ON 1971-81 MONTHLY DATA

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

Dairy product	Change in retail price associated with a \$1/cwt	
	Increase in the farm price of milk (percent)	Decrease in the farm price of milk (percent)
Fluid milk	3.5	2.5
Butter	5.4	3.2
Cheese	4.4	3.8
Ice cream	1.7	.5
Dairy product	Time required for the retail price to adjust	

n1

	completely to the change in farm level price (months)
Fluid milk	3
Butter	3
Cheese	5
Ice cream	5

n1 A base price of \$13.10/cwt is assumed.

TABLE 2. -- ASYMMETRIC DERIVED DEMAND ELASTICITIES FOR DAIRY PRODUCTS; UNITED STATES

Product	Farm level demand elasticities when farm prices are --	
	Rising	Falling
Fluid milk	-0.160	-0.114
Cheese	-.267	-.231
Butter	-.460	-.272
Ice cream	-.116	-.034
Class I milk	-.160	-.114
Class II milk n1	-.305	-.211
All farm milk n2	-.246	-.172

n1 Computed as a weighted average of the individual elasticities for the three manufactured dairy products using the following weights (cheese 0.495, butter 0.333, and ice cream 0.172). This weighting system implicitly assigns the aggregate elasticity of these three products as a proxy for the elasticity of all other manufactured products.

n2 Weighted average of Class I and Class II elasticities with weights based on category utilization of farm milk in 1980 (0.403% fluid, 0.597% manufacturing).

Mr. MOYNIHAN. Mr. President, quite simply, our amendment empowers -- but does not require -- the Secretary of Agriculture to reduce the dairy price support level from \$11.60 per hundredweight to \$11.10 on January 1, 1986 if he estimates Government purchases of manufactured dairy products for that calendar year will exceed 10 billion pounds -- milk equivalent.

Let me commend the Members of the Senate Committee on Agriculture for their many hours of diligent work on the dairy provisions of S. 1714. I know they resisted powerful temptation to resurrect the paid diversion program, tempting not because it was a tremendous success: production declined a mere 3 percent. But it nearly paid for itself. Of course, we had to impose a milk tax on all dairy farmers so that payments could be made to the 20 percent who participated in the program. Programs that seemingly pay for themselves must appear attractive when grappling with a bill some \$20 billion over budget.

The committee did not adopt a new diversion program. Rather, the committee adopted a sensible proposal that links price support levels to Government purchases. If purchases go up, the support price is reduced. If purchases decline, the support price is raised. And the committee's provisions grant the Secretary discretionary power to use a dairy-specific

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cost of production formula to determine appropriate price support levels, if he so desires. This is sensible policy.

The dairy provisions of S. 1714 represent a purposeful step toward solving the problems of persistent overproduction, slack consumer demand, and rapidly increasing Government purchases and costs. But there is one very significant problem with the committee's dairy provisions: S. 1714 freezes the support price through 1986; the first cut is not authorized until January 1, 1987.

We need to reduce the support price gradually, but promptly. We are awash in milk. Last week, November 12, 1985, the Department of Agriculture [USDA] revised its milk forecast for fiscal year 1986, assuming a support price of \$11.60 per hundredweight. Milk output, which increased 2 percent in the fiscal year just ended, could increase by as much as 6 percent. USDA predicts that annual production will reach 148 billion pounds. Government purchases by the Commodity Credit Corporation will exceed 16 billion pounds, at a cost to taxpayers of some \$2.4 billion.

The amendment Senator Hawkins, Senator Chafee, and I are offering permits the Secretary to take action in 1986, thus lessening the likelihood that he will have to make severe cuts in 1988 and 1989. S. 1714 authorizes support price reductions of \$1.00 per hundredweight in each of those years if purchases are estimated to exceed 10 billion pounds.

Mr. President, this is the fifth time in just over 4 years that Congress has been forced to wrestle with dairy price supports. Dairy farmers do not benefit from such frequent intervention. Nor do consumers. Perhaps if this amendment is adopted, Congress will not be forced to deal with this rather arcane subject quite so often. Let us hope so.

We certainly have had to deal with it over the past 4 years, however. Net CCC dairy price support outlays have risen -- like the deficit -- more than tenfold, from \$247 million in fiscal year 1979 to some \$2.6 billion in fiscal year 1983. The program has cost \$3.7 billion in the last 2 years alone.

The Federal Government has become the reluctant owner of an enormous surplus of dairy goods, for which there simply is no commercial market. As of September 13, 1985, the CCC owned 153 million pounds of butter, 662 million pounds of cheese, and 993 million pounds of nonfat dry milk. The Government pays over \$110 million annually just to transport and store these commodities -- while 21 percent of our children live below the poverty line. That is shameful.

Let me point out to my colleagues that 50 years ago, when the present farm programs were first adopted, one-third of this country lived on farms. Now fewer than 3 percent do. We mustn't risk undermining popular support for our farm programs.

But the quickest way to discredit a farm program is to have the Government purchase 1 of every 10 gallons of milk produced in this country while women and infants suffer calcium deficiencies. The quickest way to discredit a farm program is to pay farmers in Arizona \$226,978 each not to produce milk, the source of 10 percent of the food energy, 20 percent of the protein, 20 percent of the vitamin B-12, 34 percent of the phosphorus, and 74 percent of the calcium in our diets.

Let's be clear about what is happening: artificially high price supports and the Government purchase program encourage farmers to produce milk, but discourage incentives to market their product commercially. This was true when the support price was \$13.10 per hundredweight, and it is true today.

Some argue that farmers will produce more milk if the support price is cut, to maintain their cash flow. This may be true for some producers, but USDA and the Congressional Budget Office [CBO] both estimate production will drop -- if our amendment is adopted -- by some 2.2-3.3 billion pounds through fiscal year 1990.

Quite simply, farmers will produce as much milk as they can at any price support level. I guarantee production would not decline if the support price were raised again to \$13.10. At a minimum, reducing support price levels lowers the prices the Government must pay to purchase surplus dairy products.

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More importantly, reducing support prices increases commercial consumption, and that shrinks the dairy surplus. CBO estimates the price cut contained in our amendment would increase commercial consumption by 920 million pounds over 3 years. USDA estimates commercial consumption would be increased by 1.9 billion pounds.

What does a price cut do? It reduces the profitability of running a manufacturing plant simply to sell product to the Government. What happens in places like New York? In some instances, demand causes processors to bid the price up, market forces come into play a bit, and the Price Support Program works as originally intended.

The Nestle Co., has a plant in Fulton, NY. Let me remind my colleagues that New York ranks third in the Nation in milk production, behind Wisconsin and California. New York dairy farms produce over 8 percent of the Nation's fluid milk, but during the diversion program -- which the distinguished majority leader said was so bad, even the cows laughed -- Nestle was unable to obtain sufficient quantities of fresh whole milk for its candy bars. It had to supplement fluid milk supplies with powdered milk -- a change duly noted on candy bar wrappers.

Some claim this amendment is antifarmer; that it will put farmers out of business. First, I would say if this is so, then why adopt the committee provisions? We'll just have bigger cuts 2 years from now if the support price is frozen through 1986.

But it is important to understand that feed costs have dropped sharply over the past year, and will continue to decline even if Congress freezes target prices for 4 years. The September 1985 price of the standard 16-percent dairy feed concentrate was \$21 per ton cheaper than the price a year earlier -- an 11-percent drop. In terms of feed costs per hundredweight of milk produced, this is 56 cents below last year's level. Likewise, corn and soybean meal prices are 25 percent and 20 percent, respectively, below last year's levels.

Perhaps the best indicator of production costs is the milk-feed ratio, which climbed from 1.5-1.0 in September to 1.54-1.0 last month. Historically, a ratio of 1.3-1.0 has been considered favorable for dairy farmers. Our amendment -- at current feed prices -- would lower the ratio to 1.46-1.0 -- according to USDA, which is still very favorable.

More importantly, if we want to help the dairy farmer. Let's sell more milk, expand existing markets, and create new ones. We can do that by dropping retail prices. The National Milk Producers Federation delights in asserting out that the support price has been reduced from \$13.10 per hundredweight to \$11.60 since December 1983, but retail prices have not declined. Not so. The retail price index for all dairy products, when adjusted for inflation, indicates that retail dairy prices have declined by 9.8 percent since 1981. And what has happened? Commercial consumption has increased -- last year by a robust -- given historical trends -- 1.7 percent. Demand for fluid milk is relatively inelastic, but can vary widely for manufactured products in response to retail price changes.

Mr. President, I draw my colleagues' attention to an article that appeared in the spring 1984 Dairy Marketing Notes published by Cornell University. The article is entitled, "Will a decrease in the Support Price of Milk Result in Lower Retail Prices for Dairy Products?" Its authors, Henry Kinnucan and Olan D. Forker, assert that support price cuts are reflected at the retail level -- not immediately, and not as fully as support price increases -- but they are felt. I quote from the article's summary:

The results presented here contradict the notion that decreases in the farm price of milk have no effect on retail dairy product prices. As long as marketing costs remain constant, reductions in the support price of milk can be expected to translate into lower retail prices for dairy products. With lower prices, commercial sales will increase.

Mr. President, our choices are simple. We can implement gradual reductions in dairy price supports now, or we can whack away at them a few years from now, or we can go along with the House-passed dairy abomination that forces small family farmers to pay a tax so that a handful of producers in remote corners of the country can receive quarter-million dollar payments for not milking their cows.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, yesterday I alluded to the lengthy time that has been required to bring this farm bill to this point. I reflected upon the months of consideration in the markup sessions. I stated that early on, when it became evident that we were going to have difficulty getting a quorum in the committee -- let alone permission to meet.

This amendment eliminates some of the frustration I felt because, and let me be candid, when it comes to good farm legislation, it is mighty rare around here. That is why the farmers in this country are in great difficulty not to mention the consumers. But here is an amendment pending which is good for the farmers, is good for the taxpayers, is good for the consumers, and I think it ought to be approved.

I may retrace some steps that already have been covered by the distinguished Senator from Florida and the distinguished Senator from New York, but I think they need to be repeatedly emphasized.

Let us look at where we are in terms of a dairy program. In its first 31 years of operation, through the year 1980, the total cumulative cost of the dairy program was \$5 billion -- \$5 billion in 31 years. In the 5 years since 1980 the program has cost \$9 billion.

As has already been stated by both Senator Hawkins and Senator Moynihan, that if we do not take appropriate action on the part of this farm bill the situation is going to get worse. Estimates now indicate that unless Congress does take action along the lines of the pending amendment, next year we will have record milk production, record governmental purchases, and record taxpayer costs for the Dairy Price Support Program.

Fortunately, the committee bill contains the kind of approach to the dairy program which we should have taken back in 1981. Specifically, it calls for adjusting the price support level in relation to projecting Government purchases.

Under this approach fairness, predictability, and opportunity will be returned to the dairy industry. It is far-reaching, and it will benefit the family dairy farmer both in the short term and in the long run.

However, since the time we reported out the committee bill from the Senate Committee on Agriculture, Nutrition, and Forestry, it has become even more apparent that milk production is rebounding from the diversion program to an extent that nobody anticipated, making further adjustments to the committee bill absolutely essential.

A few points, and I shall yield the floor. This amendment will avoid the need for another milk tax. Let me point out to my colleagues that the House farm bill contains a milk tax of \$1.05 per hundredweight effective January 1, 1986, and if the Senate bill fails to make an adjustment on January 1, 1986, the conferees are likely to be forced to accept the milk tax.

Milk taxes hurt the farmers more than do the price cuts. The full milk tax comes out of the dairyman's pocket, while price cuts usually do not. For example, when the support price fell 50 cents in 1984, prices to farmers fell only 13 cents.

In any case, it is obvious to anybody who can do simple arithmetic. A 50-percent price cut is much preferable to a \$1.05 tax. Farmers will still be better off than last year. Since last September, production costs for dairymen have dropped \$1.38 per hundredweight, 56 cents in feed cost productions and 88 cents in savings due to improvements and productivity.

The most recent USDA projections indicate that unless Congress takes action, milk production will reach 148 million pounds, creating a surplus of more than 16 billion pounds and forcing the Government to buy more than 1 out of 10 gallons of milk produced in the United States -- at a cost of more than \$2.5 billion.

And unless we take appropriate action here today, the situation is going to get even worse. The reduction in loan rates for feed grains contained in this farm bill will further encourage production, and new technologies will be entering

the industry which promise to increase productivity per cow from 10 to 40 percent.

In light of the current budget deficit, it makes little sense to continue to encourage overproduction -- especially when it is costing the taxpayer so much. Since last September, the effective price support level has dropped only 50 cents -- that is to say, \$12.60 price support minus 50 cent assessments in 1984 versus the \$11.66 price support in 1985. Even with this amendment's 50 cent cut, dairy farmers would be 38 cents better off than they were last September.

As the Senator from New York, Mr. Moynihan and Senator Hawkins have emphasized, action on this amendment in this farm bill will save more than \$600 million over 3 years. And without this agreement, the Government will purchase an estimated 16,500,000 pounds of milk next year at a cost of more than \$2.5 billion.

Mr. SYMMS. Mr. President, will the Senator yield for a question?

Mr. HELMS. Yes.

Mr. SYMMS. I thank the Senator for yielding.

The question is this. Is the policy still going to stay in effect -- the general policy the way milk marketing works -- but this amendment simply lowers the price by 50 cents, is what the Senator is saying?

My question is this: Was there any testimony before the Agriculture Committee about limiting the -- total -- amount the Government buys and will it have a cap on it, or will some of the big dairy cooperatives keep expanding production? We lower the price, the farmers have to get more cows and more milk to keep their income up, they keep putting all of this in storage, and so forth.

The point I am making in my question is that I have people in my State saying we should, instead of concentrating on the price totally, be keeping a cap on how much milk or dairy product any of these specific sellers to the Government in the CCC Program are allowed to expand.

In other words, should we put a cap on them so that they cannot expand, selling more next year than last year? This amendment will not address that problem. Is that correct?

Mr. HELMS. The Senator is correct.

Mr. SYMMS. Could that be done? I might ask the second question. Could it be done without having to get into some kind of a quota system where they would be buying and selling quotas back and forth?

Mr. HELMS. May I suggest that the Senator and his staff consult with us and our staff?

Mr. SYMMS. I thank the Senator very much for yielding. I wanted to get that question on the record and say that it still appears to me that part of the problem is that there is no limit on how much the Government can buy. There should be some opportunity to say we are not going to buy any more dairy products no matter what the price is. Maybe there would be two prices then.

I thank the distinguished chairman for yielding.

Mr. HELMS. I thank the Senator.

I will yield the floor in just a moment.

Mr. President, no farmer looks forward to us cutting their price support level. But the fact of the matter is that on the average dairy farmers are considerably better off than they were 1 year ago, and will continue to be so following passage of this amendment.

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According to USDA, feed costs have dropped since last fall by an average of 56 cents a hundredweight. In addition, production per cow has increased at least 7.6 percent, translating into what USDA estimates to be a savings of 88 cents per hundredweight.

So since this time last year, average costs for the dairy farmer have dropped by as much as \$1.38. However, their effective price support level has only dropped 50 cents. So in effect, the dairy farmer's net costs have fallen on the average of 88 cents per hundredweight since last year. It is no wonder we now have record milk production.

And our dairy farmers costs of production are going to continue falling due to reductions in loan rates for feed grains and the new technologies which will be entering the industry.

To maintain the current price support level for another 12 months while farmers costs continue to decline will only encourage the production of more and more milk for which there is neither a need nor a market.

If we pass the Hawkins/Moynihan/Chafee amendment we can both save \$622 million and send to the dairy industry the kind of market signal necessary to turn the tide on this surplus problem. It is a sensible and timely amendment, and I encourage my colleagues to join me in support of it.

Mr. LEAHY. Will the Senator yield?

Mr. HELMS. I yield the floor.

Mr. LEAHY. Mr. President, I thank our distinguished chairman.

I do oppose the amendment offered by the Senator from Florida. I do it because I think we have put together a well-crafted farm bill, especially in this area. It is not one, as has been suggested here, that places intensive greed on the part of dairy farmers. In fact, the dairy farmers I know are extremely hardworking, down-to-earth, salt-of-the-earth people.

They are usually far more involved in maintaining their farms, raising their families, and being productive members of the community than in political matters or matters that would enhance their own status. They are people whose primary goal appears to be good farmers, good producers, people who respect the land and with a deep sense of the agrarian history of our country.

They are not, as is sometimes depicted, people who are out there trying to take from our Government. In fact, most of them are people who are in favor of less, not more, Government. Every single dairy farmer I have talked with, in Vermont or anywhere else in the country, is very much in favor of reducing our deficits.

We all understand that milk production must be adjusted to meet projected demand and to avoid further buildup of surplus stock of dairy products. But the program we adopt to make such adjustment must not damage the long-term ability of our dairy farmers to meet future consumer needs.

The program authorized in the Agriculture Committee and passed by the Agriculture Committee would accomplish this adjustment without placing extreme hardships on dairy producers already facing the severe financial problems from drought, low cattle prices, and burdensome interest charges.

S. 1714 contains a compromise program. The compromise was achieved only after months of discussion of a bipartisan nature.

I see the distinguished Senator from Minnesota, the distinguished Senators from Wisconsin and others on the floor, many of whom involved themselves in the bipartisan discussions to reach that compromise.

One consideration, and the consideration came up in every single discussion we had, was the budgetary impact of a

new milk price support program. I insisted that we look at the numbers.

The dairy plan proposed in S. 1714 will cost some \$598 million less than the current milk price support program. Those are the estimates of the Congressional Budget Office.

In fact, I recall well the statement of the representative of the Department of Agriculture at our hearings complimenting us on this amendment for coming in under budget, one of the few things that we are going to see this year that actually came in under budget.

Let me emphasize that one more time: under budget.

The most important consideration in this program is its affect on dairy farmers. Given the uncertainty inevitable in agriculture and the dairy industry respectively, we cannot say with certainty what will be the effect of the recent reduction of the support price to \$11.60 per hundredweight.

Therefore, it could be unwise to cut the support price prior to the January 1987 date authorized by the Senate Agriculture Committee. A price cut before then would very likely prove excessive, forcing farmers into bankruptcy and placing increased financial strain on farm lenders.

I note that the Farmers Home Administration as well as the farm credit system are experiencing extreme financial stress.

As the dairy market involves a precarious balance between farmers' needs and governmental cost management, it could prove irresponsible for the Government to drastically cut the price of milk and pull this economic safety net out from underneath farmers. With surpluses at present levels we must make every effort to realign production with market needs. None of us question that. None of us would have it otherwise. But let us not threaten the future economic vitality of the dairy industry. Let us not throw the baby out with the bath water.

For the past 4 years, whole milk prices in the State of Florida, for example, have averaged 12 percent above the national average price of milk. Let me repeat that. Whole milk prices, 12 percent above the national average in the state of Florida. Beyond this high retail price, the southeast region also shows the largest margin between the retail price and the price obtained by the farmer-owned dairy cooperatives. Therefore, the Florida dairy farmer would not face the economic hardship due to support cuts that farmers in other parts of the country would suffer.

Mr. President, the problems confronting dairy farmers, and the solutions provided by S. 1714, were thoroughly considered by the Agriculture Committee during its hearings and its markup sessions. The committee adopted a provision that maintains the support price at current levels, at least until 1987.

A similar provision was contained in a bill introduced by Senator Helms, S. 616. As chairman of the Agriculture Committee, Senator Helms proposed that the price of milk be supported at \$11.60 per hundredweight through October 1, 1986.

Senator Zorinsky's bill, S. 1051, also provided for milk prices to be supported at \$11.60 per hundredweight through October 1, 1986. Senator Melcher in his bill, S. 119, agreed that the \$11.60 price should be sustained until January 1, 1987, this marking a 90-day extension beyond the similar Helms and Zorinsky bills.

We have a compromise provision. The committee agreed to authorize a freeze at the \$11.60 support price until January 1, 1987, at which time the Secretary would cut the price if surpluses were still excessive.

It appears, Mr. President, that Senator Hawkins' proposal to alter the milk support price at an earlier date, January 1, 1986, really flies in the face of the compromise the committee has wisely agreed upon.

The dairy program included in S. 1714 is a long-term, enduring program, that considers the need for fiscal and

social responsibilities. It is a program that neither invites nor requires year-by-year adjustment by Congress. Dairy farmers nationwide have told me of their need for a program that allows realistic planning for more than 1 year at a time.

You cannot change the rules constantly, month by month or even a couple of times during the year. People have to plan their herds, plan to buy, plan their production. You just do not turn production on or off. It is not like a factory where you say, "OK, let us close down for the weekend." Somehow, that word never gets across to the cows.

The program authorized by S. 1714 is a responsible package that will accord to American farmers the consistency needed to set long-term goal.

We talk about the consumer. Let us not forget that farmers are also consumers. The proposed price cuts would bankrupt 25 percent of the Nation's dairy producers -- 48,000 dairy farmers.

Let us also look at how these farmers as consumers must see this. These prices have been cut and cut and cut. In 1983, when milk price supports were \$13.10, a half-gallon of whole milk cost \$1.12. After the farm milk supports were cut by \$1.50, the average retail price rose to \$1.13.

It seems that every time the prices are substantially cut, the cost of dairy products goes up.

Those are not the farmers or the producers who are getting the increases. In fact, the same farmers and producers, when they go to buy ice cream or cheese or milk products or butter, find that even though they are getting far less for their product, they are paying far more at the store. When they go to a grocery store to purchase products as consumers, even though they are getting less for their product, they are paying more.

Those are really the questions that should be asked. Those are the questions that should be asked on all commodities that will come up in the farm bill.

We are the most powerful Nation in the world. We are the Nation most blessed. We are the only major military power in the world that can feed itself. But we feed ourselves at the price of very hardworking farmers, a small percentage of our population, certainly not enough to have political clout, or the political clout of a lot of other parts of our population, but the one that feeds us.

That is as much a part of our national security as anything else, the fact that the United States can never be starved out by any other country, the fact that we have a variety of food in a variety of places in the country. We do not have a regional food plan, we have a nationwide food plan. We do not have single commodities; we have virtually every commodity that people in this country could ever need.

Those are the issues we face here. We want to look for short-term numbers. We can achieve any short-term numbers we want simply by putting all of our farmers out of business. But what does that do to our national security? And what does that say to them?

What does that say also, Mr. President, to consumers who will suddenly find what it is going to cost them if they must start getting their food from abroad or from the cartels, not from the thousands of family producers of food around this Nation?

Those are the issues we face here today. Do we turn our back on a 200-year history in this country, a history where agriculture has been a primary part of the growth of our country, on the fact that we have always been able to feed ourselves and in anticipation that we always will? This is just one small part of that debate we are involved in.

Mr. President, I yield the floor.

Mr. CHAFEE and Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, first, I want to say I listened carefully to the distinguished floor manager of this section of the bill and I think he erred a little bit when he portrayed the dairy farmers as a small group that has no political clout. I believe the largest political action committee that exists in the United States is connected with the dairy industry.

Does my distinguished colleague from New York have any statistics or knowledge on that particular subject?

Mr. MOYNIHAN. Mr. President, may I say to the Senator from Rhode Island that it is my understanding that there are three principal dairy PAC's. Those that are fortunate enough to benefit from them benefit very heavily indeed.

As far as I know, please correct me if I am wrong, there is no single commercial interest that provides more political campaign contributions than the dairy industry PAC's right now. And they do it for a very limited number of people, with great success, as we observed when the Senator from North Carolina remarked that from 1949 to 1979, dairy price-support programs cost taxpayers \$5.5 billion. Then from 1980 to 1984, they cost them \$9 billion. The money that those milk PAC's produce is well invested.

Mr. CHAFEE. I would say so.

Mr. BOSCHWITZ. Mr. President, would the Senator from Rhode Island yield?

Mr. CHAFEE. We are running a little short of time, Mr. President, and I wonder if the Senator could withhold his question.

Mr. BOSCHWITZ. The Senator from Rhode Island has intimated -- --

Mr. CHAFEE. I believe I have the floor, Mr. President.

I was responding to the remarks of the Senator from Vermont that somehow the dairy industry was a poverty-stricken orphan whose voice just cannot be heard in political ways.

Mr. LEAHY. Mr. President, if the Senator from Rhode Island is going to quote me, I hope he will quote me accurately, which he is not doing now. I simply note that.

Mr. CHAFEE. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I would quote from an article that appeared not too long ago in the Atlantic Monthly describing what some of the dairy PAC's did in the 1982 campaign, and that was some time ago. These PAC's gave Congressmen at least \$1.8 million more than was given by the homebuilders and used car dealers.

I do not want to make a big thing of this, but I do not want anybody to think that the voice of the dairymen is not heard in the Halls of Congress. It certainly is.

Now, the Senator also talked about the family farm, and I will ask my distinguished colleague from New York a question about the family farm and whether these payments go to dairy farmers on the family farm.

It is clearly my impression that the payments, the so-called diversion payments which took place in 1984 were hardly to the struggling family farmer. That is not who we are dealing with. Does the distinguished Senator from New York have any statistics?

Mr. MOYNIHAN. I do have a statistic on that. In the diversion program we have just gone through, 8 percent of the payees received 37 percent of all payments. In our collective memory there is nothing more lovely than the sight of that barn and those fields and those hills. There is also the fact that today, and more and more this is the case, milk is produced in factories and this legislation is for factory farmers.

Mr. BOSCHWITZ. Will the Senator from Rhode Island yield for a question?

Mr. CHAFEE. I wonder if the Senator will withhold.

Mr. BOSCHWITZ. Who paid and from where did the money come?

Mr. CHAFEE. Mr. President, I told the Senator, my distinguished colleague and friend from Minnesota, that I will yield for questions but just let me make my statement if I might.

Mr. BOSCHWITZ. Where does the money come from, may I ask the Senator?

Mr. CHAFEE. Mr. President, I am pleased to cosponsor the amendment in conjunction with Senators Hawkins and Moynihan. Mr. President, in approaching this amendment, we have to bear something in mind. That is that our Federal Government is running a deficit of \$200 billion a year.

I urge my colleagues to support this proposal which will yield savings of \$600 million over the next 3 years. Now, Mr. President, what is happening with these dairy surpluses? They are accumulating at what we can truly say is an alarming rate. That is because of the Government purchases and that is because of the price supports. Last year the Government bought more than 7 percent of what the U.S. dairy farmers produced at a cost to the taxpayers of \$1.6 billion. Now, even for us in Washington, \$1.6 billion is a fairly sizable amount. Next year, unless this amendment is approved, what the Government will be buying will not be 7 percent of production in the United States of all milk production but it will be 10 percent. We currently hold enough uncommitted dairy products -- that is, those that are stored in some 100 different locations around the country. I guess it is 500 different locations around the country -- to give every man, woman, and child in the United States a 2-month supply of butter, a 3-month supply of cheese, and nearly a 2-year supply of dried milk. I mean this thing is out of control.

The Senate Agriculture Committee has acted wisely in adopting a straightforward, commonsense approach to our dairy problem. What they have done is recognize that in recent years we have learned that the only long-term remedy to chronic overproduction and persistently high Government costs is a gradual reduction in price-support levels. Recognizing this, the committee has provided for a realistic beginning in the price support of \$11.60 per hundredweight with later adjustments to be made.

Now, this is a welcome step in the right direction, and as a result dairy surpluses and Government costs will decrease over the life of the bill. I congratulate the committee and particularly my colleague from Vermont, Senator Leahy, for what they have done. There is only one hitch. And for some reason, which I cannot totally understand, the Senator has presented it in terms of a compromise and somehow, if the Agriculture Committee reaches a compromise, the rest of us are meant to be bound by it. The hitch is that they do not make the first price support cut until over a year from now, January 1987, despite compelling evidence that an earlier adjustment is needed.

Now, under the committee proposal there would be no change in the price-support level for more than a year during which time the Government would continue to buy up these dairy surpluses at an incredible cost to the taxpayer. As the Senator from New York previously pointed out, the taxpayer is hit twice. What a program. He is hit twice, once because he is charged more taxes in order to support this system and, second, he has to pay more for the product because the price supports keep the costs of milk unreasonably high.

Now, what does all this mean? How much are we adding? What are these price supports doing? It means that the Government is out there purchasing this milk. Farmers are producing this milk knowing they can always sell it, and the

Federal Government is buying milk now, adding to our dairy stockpile, at the rate of 36 million pounds a day -- not a week, not a month, 36 million pounds a day.

Now, what our amendment would do -- it is a very simple amendment -- is add a provision for another price adjustment in January of this year if Government purchases warrant it. In other words, not if the Government purchases are down to 5 million pounds a year but listen to where it kicks in. A 50-percent reduction would be triggered if the projected purchases by the Federal Government in 1986 would be more than 10 billion pounds. I mean we are not playing with any little rinkydink amounts. This would not even go into effect unless the projections show the Government is going to buy more than 10 billion pounds.

To illustrate just how modest our proposal is, let me emphasize to my colleagues that this level of Government purchase, to understate it, is extremely high -- more than three times what we require to cover our commitments under the surplus dairy donation programs and twice what is generally regarded as the upper limit on Government dairy inventories. Sure, we give out some of this milk and cheese to poor people, and that is right, but we are buying three times more than we are giving away. It is like the fellow who pulled up to the gas pump with his Cadillac and said, "Fill 'er up." And finally, he heard a plaintive wail from the boy pumping the gas: "Turn off the engine, will you; you're gaining on me." That is what is happening here. We cannot give it away fast enough.

Now, Mr. President, dairy production has surged upward since the diversion program ended in March. There is very indication that that trend will accelerate, as my distinguished colleague from New York pointed out. In response to an excessive support price, dairy farmers are not only increasing their herd sizes but are also taking advantage of technological advances to increase production per cow, just what the Senator from New York said. Thus the stage is set for a virtual explosion of new dairy production.

Now, if we adopt the committee proposal without adding a 1986 price adjustment, we will simply continue along this path for a little short of 18 months.

Now, this, according to the latest Agriculture Department estimates, would result in CCC purchases of more than 16 billion pounds in 1986, which gets us up to 44 million pounds a day.

I want to point out that if we fail to adopt this amendment, CCC purchases could run so high as to trigger a provision in the bill that the Senator from Vermont helped write, and the provisions that would be triggered would be as follows: It would require a dollar cut in the price supports in January 1988, and January 1989. Now, it seems to make far more sense to adopt this gradual approach than the dollar slice in 2 years, in 1988 and 1989.

The amendment we propose will cut Government purchases by 50 percent and Dairy Program costs by, we estimate, two-thirds, and consumers will save about \$500 million in the first year -- that is a half a billion. Let us put it into billions -- and \$1.2 billion over the 3 years. This is what the consumers save. When the price of milk goes down, the consumers buy more.

A recent study at Purdue indicated that a 10-percent decrease in the price of milk will increase consumption by 17 percent. That is what we all want. We want Americans drinking milk; it is good for them. This amendment is straightforward and the case I believe for it is compelling. I hope my colleagues will jump at this chance to show we are serious not only about reducing our appalling budget deficit but about setting our agriculture policy on a more reasonable course. The committee, as I mentioned, has charted a course but is not going to embark on it for more than a year and I think we can do better. I urge my colleagues to support the amendment.

Mr. KASTEN. Mr. President, I rise in opposition to the Hawkins amendment.

Mr. CHAFEE. Mr. President, I wonder, before the Senator starts, if I can make an inquiry. Have the yeas and nays been ordered on the second-degree amendment?

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Mr. MOYNIHAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. I thank the Senator from Wisconsin.

Mr. KASTEN. Mr. President, I rise in strong opposition to the Hawkins amendment.

The question before us with respect to this amendment is very simple and very basic -- it is a question of farm income, and whether we can afford to reduce it now.

Speaking from the perspective of the largest dairy State, I can tell my colleagues that family dairy farmers in Wisconsin are hurting.

Unlike producers of any other program commodity, they have seen the level of price support for milk reduced three times in the last 2 years.

Unlike producers of any other commodity, they have paid heavy assessments to help reduce the cost of the Dairy Program to the Government.

Unlike producers of any other commodity, they have seen the Congress make major changes in dairy policy seven times since the last farm bill was passed in 1981.

And unlike producers of any other commodity, they have to put up with a bizarre system of marketing regulations that guarantees a higher price for milk produced by otherwise uncompetitive dairy farmers in the South and Southeast -- farmers who then complain that it is excess capacity in Wisconsin and the upper Midwest that is causing the surplus!

But dairy farmers in Wisconsin do have some things in common with farmers who grow or raise other commodities.

Things like high interest rates. Things like plummeting land values -- in Wisconsin these have fallen by 26 percent since 1981, by 19 percent just in the last year. And, yes, things like declining farm income.

Mr. President, adoption of this amendment would mean the end of the line for thousands of dairy farmers in Wisconsin and other major dairy States.

It would put most of the burden for reducing the Nation's milk production, not on the relatively small number of giant dairy operations that have increased their production the most over the last few years, but on the tens of thousands of dairy farm families in the upper Midwest.

And, it represents different and fundamentally unfair treatment for dairy than that which the majority leader and others have proposed for wheat, feed grains, and other major commodities.

I remind my colleagues that the Dole-Lugar amendment package, which has been criticized bitterly for reducing farm income, proposes a 1-year freeze in target prices before beginning to reduce them. The bill reported by the Agriculture Committee treats dairy the same way.

I would like to think that the Senate would prefer to be equitable in applying cuts in farm spending. Yet the Hawkins amendment is a rejection of equity, a declaration that it's acceptable policy to slash dairy farmer's income, but not wheat farmer's or cotton grower's.

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Let me say a word about the dairy provision passed by the Agriculture Committee. It is not a deal, it could be improved; and if this amendment is defeated I certainly hope it will be improved in conference. But by freezing the price support level at \$11.60 for a year, we give our farmers a break from the uncertainty created by constantly changing government policy. Farmers, like other businessmen, need time to plan, to adjust to new conditions.

Whatever the faults of the committee's dairy title, it at least gives farmers some time.

Mr. President, the dairy industry is in a period of transition. No one is happy with the present situation. Dairy farmers in my part of the country are pretty self-reliant people who do not like the idea of the Government's spending \$2 billion every year on the Dairy Program. And the new productive technology that will soon be available means that, in the not-too-distant future, we will have to think about a wholesale reform of the structure of the program.

But in the meantime, we need something to ease the transition. In Wisconsin, dairy farmers supported the diversion concept, and they still do. It saved the Government money and helped cushion the blow of lower support prices.

Many in Wisconsin support the idea of a whole-herd buyout, to allow some farmers a dignified exit from the industry while giving those who remain a fighting chance.

We need to deregulate the marketing of fluid milk, to give producers in the lowest cost-of-production region the access to markets they deserve, and to bring some healthy competition into this area.

Clearly, if a prime objective of our farm policy is to preserve the family farm, we ought to be thinking about a system of direct payments, targetted to small and midsized producers. I will concede that this idea would put the giant factory dairy operations in Florida and California at a bit of a disadvantage.

But I point out that these operations have expanded largely through farming the Tax Code over the last few years. The industry in the Southeast has grown behind the shield of Federal milk marketing orders. I think these large operations have been given enough help from Washington -- it is time to give the thousands of family farmers in the upper Midwest and Northeast a break for change.

But while we should be able to do better, the committee language is preferable to the Hawkins amendment from the standpoint of giving farmers some time to plan, and treating them the same way we are treating the producers of other commodities. I therefore urge my colleagues to reject the Hawkins amendment.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m.

Thereupon, at 12 noon, the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. Durenberger].

Mr. PROXMIRE. Mr. President, is the pending amendment the Hawkins amendment?

The PRESIDING OFFICER. The Senator is correct.

THE HAWKINS AMENDMENT: A BAD DEAL FOR DAIRY FARMERS AND THE NATION

Mr. PROXMIRE. Mr. President, I rise in strong opposition to the Hawkins-Moynihan-Chafee amendment.

What is wrong with this amendment? Plenty. Here are just a few of the many reasons why it is a bad deal for dairy farmers and the Nation.

First of all, Mr. President, do consumers benefit from price support cuts? No; they do not, despite the assertions to

the contrary by the proponents of this amendment. Here are the facts. Since December 1983, dairy price supports have been cut from \$13.10 per hundredweight down to \$11.60, the current level. But has there been a corresponding decrease in retail dairy prices? Absolutely not, Mr. President. At the same time that price supports for dairy farmers have been slashed, retail dairy prices for consumers have been increasing!

What did a half-gallon of whole milk cost during 1983, when dairy prices supports were \$13.10 per hundredweight? According to the Bureau of Labor Statistics, it was \$1.128. And what happened after the price support level fell to \$11.60 on July 1, 1985? That is a cut for the dairy farmer of more than 10 percent. Mr. President, the average retail price of a half-gallon of whole milk went up -- it was \$1.138 in July 1985 -- while the price the farmer was getting was going down sharply.

And what about butter prices? A pound of butter that cost \$2.065 in 1983 increased to \$2.125 in July 1985, despite the fact that dairy farmers had suffered a \$1.50 per hundredweight drop in the price support level.

What about everybody's favorite food -- ice cream? Ice cream prices averaged \$2.158 per half-gallon in 1983. But they shot up to \$2.293 for a half-gallon in July of this year -- again, despite that \$1.50 cut in dairy price supports.

What do these figures tell us, Mr. President? The answer is obvious. Consumers are not the beneficiaries of dairy price support cuts. Why? Because those in between dairy farmers and consumers -- namely, the processors and retailers -- are not in the habit of being that generous. They do not generally pass the savings along to consumers.

So, anyone who votes for the Hawkins amendment in the guise of helping consumers will have missed the mark. Cutting the income of dairy farmers helps processors and retailers, not consumers.

We know what price support cuts will not do for consumers. Now let us look at what they will do to dairy farmers. Including the Hawkins amendment in the 1985 farm bill would be a disaster for dairy farmers. Why? Mr. President, dairy farmers in Wisconsin and throughout the Nation are fighting to hold on to their farms in the face of three price support cuts in only 20 months. By imposing yet another cut on January 1 of next year, we would be pushing literally thousands of dairy farmers over the brink.

What happens when dairy farmers are hit by a price support cut? They do what any rational person would do in similar circumstances -- they struggle to survive. How? By producing more milk. Does this increased production keep dairy farmers going? Yes, for a while. But not forever. Eventually, the onslaught of price support cuts will spell the end for many dairy farmers. They will be driven out of business.

If the Senate wants to help bring about the early demise of countless dairy farmers, then it should approve the Hawkins amendment. Make no mistake about it. That is exactly what would happen if this ill-conceived amendment should become a part of the 1985 farm bill.

Mr. President, what about the effect of price support cuts on the budget? Does cutting the price support level for dairy farmers translate into savings for the taxpayers? No; it does not -- the taxpayers lose right along with dairy farmers. Why? Because price support cuts mean that dairy farmers have to increase their production in order to stay alive. As dairy farmers see their income shrinking due to price support cuts, they are forced to produce more and more just to keep their heads above water. This is especially true in today's troubled times for agriculture. And escalating milk production is upon us with a vengeance. During the month of September, milk production was 12 billion pounds, 11 percent more than September 1984, and almost 7 percent above the September 1983 level. This represents the third consecutive monthly milk production record, and every indication suggests more of the same. So milk production is going up as price supports go down.

So, Mr. President, dairy farmers have been clobbered by a series of price support cuts since December 1983 totaling \$1.50 per hundredweight, but the taxpayers must pick up the tab for increasing Government purchases of dairy products brought about by the need for dairy farmers to produce more in order to survive. Acceptance of the Hawkins

amendment would help make this situation worse, and that is another reason why it should be defeated.

Finally, Mr. President, we should reject the Hawkins amendment because its approval would help undermine the price stability of the dairy price support program. Why is that price stability so important? Because it is the key to making available to consumers dairy products whose price has increased at far below the rate of inflation.

Let me give you an example, Mr. President. If prices for dairy products had increased as much as other food items in the Consumer Price Index [CPI], a half-gallon of milk today would cost 47 cents more than it actually does. And if prices for dairy products had increased as much as all items in the CPI, that same half-gallon of milk would today cost 53 cents more than its current price.

For September 1985 the CPI stood at 324.5 (1967=100), the all-food index was 309.9. In other words, food has gone up less than the cost of living generally, and substantially less, and the dairy products have gone up even less than that. The dairy products index was an even 258. Clearly, dairy product prices are not inflated. They are, instead, a moderating influence, and the reason is not that the processor is getting less. The processor is getting more, and he is in a strong position. The farmer is getting a great deal less -- as I said, a 10-percent reduction. He has to eat inflation.

So, clearly, Mr. President, we need to maintain, not disrupt, the price stability of the dairy price support system. We can help do this by rejecting this amendment.

Mr. President, let me also point out something that my good friend from New York and other Senators have stated from time to time but I think too many people neglect. The hardest working people in this country are farmers and the hardest working farmers are dairy farmers.

There is a reason why dairy farmers have to work so hard. They have to milk their cows twice a day.

The University of Wisconsin made a recent study of the hours that dairy farmers in Wisconsin work recently. That study showed that the average dairy farmer works between 10 and 12 hours a day and that is hard work. It is work that requires a great deal of skill and knowledge.

The dairy farmer works 10 to 12 hours a day, not 5 days a week as most of the rest of the people in this country do, 7 days a week. And what vacation does the dairy farmer get?

A few years ago the Wall Street Journal made a report on a dairy farm up in Jim Falls, WI, up in the northwestern part of the State. They found that that typical dairy farmer up there had not taken a vacation in 25 years.

This is very, very, very hard work, very productive work.

We are asking that the dairy farmer be given what he is getting now, which is a reduction, a sharp reduction over what the dairy farmer was getting 3 years ago.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield for a question to my good friend from New York.

Mr. MOYNIHAN. It is really a statement.

The dairy farmers in my part of New York get a vacation once in their lifetime. It is a 1-week honeymoon.

I mean, literally, I know many who went to Niagara Falls, and that was the last vacation they had.

Mr. PROXMIRE. I thank my good friend.

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The Senator from New York is familiar with that. That is why I am unhappy about the fact that the Senator is the author of the amendment. He is a wonderful Senator, a fine man, and a good friend of the farmer. But no one is perfect.

Mr. President, this is an amendment that I think we should put in the perspective of the situation where dairy farmers, as I say, work very long hours and they require a big investment. They require an investment in my State of over \$250,000 on an average, with many more than that.

Mr. President, I do not know how many people realize this but for the first time since 1933, in 1981 dairy farmers and other farmers had no return net, no return on their investment. In 1982, no return on their investment. In 1983, 1984, and 1985 -- this is the fifth year in which the farmers in this country have received a negative return on their investment.

I think if anyone wants to see the No. 1 victim of economic injustice it has to be the farmer, including the dairy farmer.

So I do hope earnestly that the amendment by my good friends from Florida, New York, and Rhode Island is defeated. It is going to be a tough one to defeat. They are fine Senators, all of them, but I think the merit is certainly against them.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, before my friend and respected colleague leaves the Chamber, as he probably has to do for a committee matter, may I make a point that we disagree on this amendment but not on this issue.

If the average dairy farmer in Wisconsin has an investment of \$250,000, he is right on the edge of being a marginal producer.

We are beginning to see this division in agriculture in dairy farming between the \$4 and \$5 million farm and the \$1/4 million farm.

As the Senator may know, in the diversion program it was Wisconsin's 44,000 farmers, the ones who borrowed money to pay for what you have to have for a herd and milking system. They were paying corporate farms that did nothing but produce milk to sell to the Government.

In Arizona, the average payment of persons receiving diversion payments per person was \$238,000.

Mr. PROXMIRE. Mr. President, if the Senator will yield, \$250,000 may not be very much on Wall Street and it may not be very much in New York City, but it is a whale of a lot of money in rural Wisconsin; \$250,000 means that a dairy farmer has an average dairy farm. We have bigger herds in our State than in other States. Our herds average 38; the average nationally is 30.

I worked on a dairy farm about 2 years ago. I worked all day. They get up at 4:15 a.m. in the morning, and we started working, and this was a dairy farm that was a little bigger than most. It had 90 cows being milked, 150 cows all together. It was a terrifically demanding job. You had the dairy farmer, his wife, his children, his father, and two hired help trying to do the job.

But I beg to differ with my good friend, They are not marginal, at least not in my State. They are very efficient, and as I say studies by the University of Wisconsin indicated that the dairy farmer, who has a \$250,000 investment, has a 38-cow herd, which is bigger than the average, is extraordinarily efficient, and there is no economy in scale when you get over that, because, of course, the dairy farmer, as I say, works very hard. He works skillfully. This is compared with the situation a few years ago when the size of the herds were smaller and there were many more dairy farmers. Really, most of the marginal inefficient dairy farmers, the hobby farmers, have been driven out. There are a few in there, sure,

but most of the inefficient dairy farmers are gone.

You now have a situation where the people who produce are extraordinarily efficient not only in our State but in Louisiana, New York, and in other States.

So I think that the notion that we are going to improve the situation for the consumer by getting rid of more dairy farmers is going to lose the most efficient producers we have in our society.

One more point that I cannot resist, and it has been made again and again, and I wish to make it again, because I think a lot of people do miss it. The consumer in this country is being spoiled. There is no country in the world which gets food at a lower price than consumers do in America. Consumers in America spend 15 percent of their income for food. In Europe, the developed countries, like Germany, England, and so forth, it is close to 25 percent.

Mr. MOYNIHAN. Sure.

Mr. PROXMIRE. In Russia it is 33 percent. In much of the rest of the world it is one-half of their income or more.

Our consumers have gotten an enormous break from our efficient farmers, and it seems to me that this relatively modest price support payment we pay now, that has been cut, as I say, three times in 20 months to try, to cut it again on January 1, I think would be a very, very unfortunate action.

Mr. MOYNIHAN. Mr. President, the Senator from Wisconsin and I are going to have a friendly difference of understanding.

Frankly, I thought a herd of, say 30 milking cows -- in New York -- just isn't a commercial operation; that when you get to about 100 cows, then you really start. I think there are economies of scale in this matter, and I would have to say, without asking the Senator from Wisconsin to even comment, that I would expect that 20 years from now or 30 years from now, we will see an almost transformed dairy industry as milk is being produced on concrete platforms and milking machines. But be that another time.

Mr. President, I rose to make two points that I believe were raised earlier in the debate.

The issue arose about PAC contributions from the dairy industry, not the farmers the Senator from Wisconsin represents.

May I just record the data from public voice for food and health policy? It is from the 1983-84 year. The three big dairy PAC's -- AMPI, Mid-America, and Dairymen, Inc. -- contributed \$1,324,737 to Members of the House of Representatives, and \$500,000 to Members of the Senate, for a total of \$1,863,000.

Collectively, these cooperatives are large industrial milk producers, and they have had a pernicious influence on farm legislation, in my view.

The point I wish to add to the debate is that Members of the body should keep in mind that the House farm bill has a paid diversion program, a whole herd buy-out, and a milk tax to pay for them. Whole herd buy-out may be a good idea; diversion is not.

The milk tax is a food tax. It is a tax on the most elemental of foods. And we saw this morning the great disparity with which the tax moves from the small producer to the large producer.

I hope we will keep in mind that unless we go with the amendment that my friend from Florida and my friend from Rhode Island and I have introduced -- with others -- we will come out with the milk tax, which is a food tax, which is something we did 2 years ago and everyone thinks we ought not to have done; whereas, there is a case to be made for moving down the support price level so we do not keep buying milk from people who produce only to sell to the

Government and storing it at enormous cost and with no change in sight.

Mr. President, in that regard, I ask unanimous consent to have printed in the Record at this point a most informative and thoughtful letter from Andrew Novakovic, who is an associate professor of the Department of Agricultural Economics at New York State College of Agriculture and Life Sciences, which is part of Cornell University.

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

Department of Agricultural Economics,

Cornell University,  
Ithaca, NY, September 1, 1985.

Hon. Daniel Moynihan,  
U.S. Congress, Senate Office Building, Washington, DC.

Dear Senator Moynihan: Gray Maxwell and I had a good discussion of dairy program options last week. Based on that visit, he encouraged me to share some of my thoughts with you. I am pleased to do so.

As you are well aware, policy makers and dairy industry leaders have been struggling to find a solution to the persistent problem of surplus production for the last five years or more. From the beginning, there have been advocates of simply reducing the support price, an economically logical approach. Those who resisted that approach first argued that the problem was overblown. Since about 1982 their argument has shifted to the hardships imposed on farmers by price cuts and the (presumed) inefficacy of the price cut solution. This thinking resulted in what was to become the Milk Diversion Program (MDP).

The debate in 1985 is essentially the same as that of 1983. It is no surprise that the House agriculture committee has endorsed the plan proposed by the National Milk Producers Federation (NMPF) and that the Senate agriculture committee has approved a straightforward price cut, the approach favored by the American Farm Bureau Federation and most dairy processors. Nevertheless there is a new twist this year, and I think it is one worth further consideration.

As you know the Dairy Unity Act (H.R. 2850) was amended by the full House committee to authorize a "whole-herd" or 100 percent buy-out option, in addition to a 5-30 percent MDP like that which expired last March. I believe this amendment was inspired by a plan put forward by Western United Dairyman, a group of California dairy farmers headquartered in Mr. Coelho's district. In any case, the buy-out option seems to be picking up political steam. I am told that the administration has made encouraging noises about this approach, although it is steadfast in its strong denunciation of the 5-30 percent MDP. NMPF has endorsed a buy-out, in conjunction with a 5-30 percent MDP. I understand that some Senators on the agriculture committee are seriously considering introducing a buy-out amendment, although the prospects in the Senate for a favorable vote are uncertain. A policy combining price cuts and a whole herd buy-out is more and more being viewed as a vehicle for compromise between the Senate and House positions.

Is this interest in the buy-out warranted based on economic analysis? Analysis of this approach is difficult. Formal language describing important parameters of this option has not been finalized even within the House. Moreover, most of the data one would need to precisely analyze who would sign-up, what their bids would be, how much milk would be involved, etc. is simply not available. Nevertheless, it is virtually certain that the buy-out approach would be more effective and cheaper than the 5-30 percent MDP. Would it be effective and cheap enough to justify using it? This is also not an easy question, but I think it might be worth trying.

My rough and ready analysis suggests to me that the buy-out would be equally effective as the 5-30 percent MDP in reducing production in the short run; however, it could achieve the same reduction for half the cost. For the longer run, the buy-out may have a much more lasting effect. I don't know how one could precisely estimate the rebound rate

after a buy-out commitment expired, but one would have to conclude that it would be much lower than the rebound from a 5-30 percent program. With a partial herd reduction, it is financial suicide if a farmer doesn't rebuild (unless he quits altogether). For a farmer who has sold his herd and not milked cows for three or more years, the re-entry decision is much more difficult and likely to be negative.

Dairy farm buy-outs have been tried elsewhere. The experience in Sweden, for example, was that a buy-out program restricted to farmers over the age of 55 did not get a sufficiently large response and probably paid for people who were planning to retire anyway. The only way to avoid this problem is to make sure that enough farmers at the margin view getting out of dairy farming profitability of dairy farming is the key to the success of any temporary supply control program. If the buy-out plan is not accompanied by the necessary price cuts, the sign-up may be inadequate and it too will be followed by a rebound. Even the 5-30% MDP would have worked better had it been followed by deeper price cuts. (In fairness to the architects of the 1983 Dairy Production Stabilization Act, many analysts initially judged the 1985 price cuts to be adequate. The unanticipated drop in feed prices proved to more than compensate for the reduction in milk prices.)

Gray asked me which approach was better -- cutting prices or a buy-out. The answer cannot be based on economics alone. Price cuts are the essence of a long run solution to the current market situation; however it can be reasonably asked whether or not the buy-out would speed the adjustment process (an economic issue) and/or make it less difficult for dairy farmers to adjust (a social issue). Proponents of the 5-30% MDP argued that it provided a quick and certain remedy in the short run and that it would contribute to a long run solution. How well it worked while it was in place is debatable. That it would contribute to a long run solution was wishful thinking from the beginning. The buy-out approach, however, offers more promise of being helpful in the long run adjustment process as well as the short run.

Does this mean that the Dairy Unity Act, as amended would make good policy? In my opinion the Dairy Unity Act is fatally flawed; an addendum to this letter outlines my reasoning. Nevertheless there are some concepts in and elements of the DUA that could be fashioned into a reasonable, workable policy.

The formula used to set prices under the DUA will result in ever increasing prices, the effects of which can only be offset by greater and greater diversions year after year. The standby supply control program becomes a permanent fixture. The price formula approach need not work that way.

A more sensible approach to setting prices accompanied by a buy-out plan could provide the basis for a long run economic solution, short run budget relief, and transition assistance to the farmers who must exit the dairy business. Moreover it appears to be politically feasible.

You might be interested to know that Congressman Jeffords has offered a bill (H.R. 3160) that moves in this direction. It retains some of the concepts of the DUA, but it makes major improvements in the mechanics of the price setting procedure and the structure and timing of the supply management program. (It also ignores legislated increases in minimum federal order prices for milk used in fluid milk processing; a wise move in my opinion.) In my opinion, H.R. 3160 could be further improved; there are several elements in the price setting procedure that I think could be better structured. In fact, altogether different price setting procedures could work just as well or better. Nevertheless, it is a package worth studying.

A package such as I have discussed here could be used to encourage adjustments that are overdue and to begin a process that will be needed even more so in the not too distant future. Before the end of the decade, technologies that are now in their infancy may rapidly transform dairy farming and marketing. Even after the immediate problem is solved, further and perhaps even larger adjustments will be needed if we come anywhere near our current expectations for increasing productivity through technological change. Economic and political institutions will be hard pressed to cope with and adapt to such changes. It is not too early to prepare for such changes and begin needed adjustments.

In conclusion, my purpose in this letter has been to apprise you of the status of dairy policy as I see it and to

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suggest that a program combining price cuts and a whole herd buy-out plan may well be worth your attention. This is not to say that this approach is guaranteed to solve the dairy industry's problems now and in the future or that other approaches should not be considered. A buy-out program is not a panacea for the economic problems facing the dairy industry. If one accepts this approach, it should be done because the buy-out has positive social implications for farmers who will be displaced by price cuts and because it could reduce production and government expenditures (the latter coming from the concomittant assessment) more quickly than all but a very drastic price cut. The success of a new program cannot be guaranteed. Is a dairy buy-out worth taking a chance on? If it is accompanied by price cuts deep enough to reach and maintain a balance between market supply and demand, I would be tempted to try it.

I have sent Gray copies of some analyses I did a couple of months ago. Although they should be revised a bit (the situation is worse and some proposals have changed slightly), these analyses quantify some of my concerns and arguments. If you would like, I would be happy to further discuss these matters and more specific ideas with you or your staff.

Sincerely,  
Andrew Novakovic,  
Associate Professor.

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SENATOR MOYNIHAN, SEPTEMBER 1, 1985, Addendum

The Dairy Unity Act (DUA) combines three major elements: 1) revised procedures for setting the support price, 2) a milk diversion and assessment program, and 3) legislated increases in Class I prices in most federal orders.

The price setting procedure, which embraces what is generally known as the dairy parity approach, involves three steps. First, a "cost of production index" is calculated. This index is similar to the prices paid index used in the traditional parity price calculation, but it is intended to better represent input and other characteristics specific to dairy farming, as opposed to all agriculture. Secondly, this index is adjusted for increases in production per cow. The adjusted index is then multiplied by a base price, the product being the preliminary support price. A supply/demand adjuster is used in the third step. USDA net removals during the next marketing year are estimated based on this preliminary price. If projected net removals exceed four to five billion pounds, then the support price must be reduced according to a specific schedule (about 2.6% for every one billion pounds above five billion).

If the Secretary of Agriculture determines that, even with the foregoing price setting process, net removals in the next marketing year will exceed seven billion pounds, then he must institute a Milk Diversion Program (MDP). If projected net removals are five to seven billion pounds, then the Secretary may use a MDP if he desires. Below five billion pounds he may not use a MDP.

Under this program, it is virtually certain that a MDP would be required as soon as the bill was enacted. The committee decided that if a MDP is started when the bill is passed, it should last for 23 months. After that it is renewable annually, given the above criteria.

Most of the new diversion program is identical to the old MDP; however there are two key differences, in addition to the new one being renewable. Under this plan the assessment would be variable and tailored to cover any program costs above that associated with net removals of five billion pounds. Another deviation from the old MDP is that this plan would permit a buy-out or 100% option. That is, a producer could agree to cease production altogether, but he must do so for a period of three to five years. Payments under the buy-out option would be determined by a bidding system, where the maximum bid for a diversion payment would be \$10 per cwt. on one's entire base. The normal base would be marketings between July 1, 1984 and June 30, 1985.

The third major feature of the DUA would rather arbitrarily increase Class I prices in 33 of the 44 federal milk

marketing orders. In the Chicago Regional order the Class I differential would increase from \$1.26 to \$1.40. In the New York-New Jersey order the increase would be from \$2.25 to \$2.55; in Southeastern Florida the increase would be from \$3.15 to \$4.18. The rationale for these increases is that Class I differentials should reflect transportation costs from the upper Midwest; yet they haven't been adjusted since 1969. The merits of this reasoning, much less the specific increases, are hardly subject to universal agreement.

Another feature would require all federal order farmers to reimburse cooperatives for services that benefit non-members as well as members, i.e. for so-called marketwide services. The principal example of such a service would be balancing of market supplies, i.e. providing manufacturing outlets for milk not needed to serve Class I markets. Economists generally agree that cooperatives provide marketwide services; however it is not at all clear how these services should be valued. This could be a very important feature of the DUA, but its impact at this stage is impossible to determine with any precision.

The pricing formula under the DUA virtually guarantees that a diversion and assessment program will be necessary to cap net removals and government costs. Even with an assessment, the current DUA results in higher cash receipts to farmers, however consumers pay for much of this in the form of higher prices and consumption suffers in turn.

However one might feel about supply management programs, the DUA could achieve more market oriented results and avoid using a diversion program after FY 1987 if the pricing procedure were modified. Several well reasoned changes could be made. For example the DUA as it now stands permits no additional adjustments to the preliminary support price beyond those associated with net removals of 7 billion pounds. The supply/demand adjuster schedule could be extended downward.

The cost of production index could also be revised. For example, the current index includes the consumer price index and the index of prices received by farmers for beef, both weighted at 10%. Neither of these reflect the price of a direct production input. A revised formula having heavier emphasis on feed prices would result in lower preliminary prices for the next several years.

The significance of these two changes pales in comparison to what is needed to make the productivity adjuster a meaningful mechanism. The current productivity adjuster reduces the cost of production index 0.2 percent for every 100 pound increase in production per cow over 11,101 (a yield figure from circa 1976). This means a change in the support price of about 2/cwt. for every 100 pound increase in production per cow. The more production per cow is over the baselevel, the more meaningless this small adjustment becomes. In order for this productivity adjustment to result in more market oriented prices it would have to be increased five to tenfold. Another very simple but effective way to reflect productivity gains would be to simply adjust the cost of production index by the ratio of base production per cow to current yields. Theoretically this would overcompensate for productivity gains, but in practice it would provide more market oriented prices and would all but eliminate the need to use a supply/demand adjuster. If one used this procedure but retained the current cost of production index, the October 1 support price would be about \$11.57 without using any supply/demand adjustment; the current formula yields \$11.67 after the maximum supply/demand adjustment (-7.8 percent).

Supporters of supply management strategies have argued that the only way to achieve mandated budget cuts is to use supply controls or drastically cut support prices. Additional analysis confirms what many dairy industry analysts have speculated. Support prices would have to fall to about \$10 per cwt. in order to achieve goals for net removals and budget costs. The price cuts could be smaller if demand grows more rapidly or if supply grows less rapidly. The reverse is also true. Production and consumption data for 1985 will be important indicators of what can happen when support prices are reduced. The evidence so far is not encouraging. Although commercial uses appears to be up, production is also up considerably during the second quarter of 1985. Whether the rate of increase in production continues after the July 1 drop in the support price is fully felt by farmers remains to be seen, but in today's favorable feed prices a significant change in production does not seem to be imminent.

Mr. LEAHY. Mr. President, I yield to the distinguished Senator from Wisconsin.

Mr. KASTEN. Mr. President, I just wanted to make a brief comment on one of the ideas which the supporters of the Hawkins amendment have been discussing during the debate, and that is the point that cuts in dairy price supports send a signal to farmers to reduce production.

I think my colleagues know the record in this area well enough. The price support has been cut three times in the last 2 years, and has not been raised in over 4 years. Yet, except for 1984 when we had the diversion program, production has gone up every year.

This year, we have reduced the price support by a full dollar and production is going up at a record clip.

Clearly, if cutting the price support is supposed to send a signal to cut production, that signal is getting lost somewhere. It simply is not getting through.

How do we solve the mystery of the lost signal? It is pretty basic, really. We have a combination of very low input prices -- especially corn -- and just staggering interest rates.

Low feed costs make it possible to increase productivity per cow. The meaning of that is clear from the following: Milk production in the United States is up 10 percent from a year ago. We have 3 percent more cows -- but production per cow is up 7.6 percent.

In Wisconsin, cow numbers are up 3.5 percent -- and per-cow productivity has risen 8.7 percent. In Minnesota, where milk production has soared 17.3 percent over last year, there are 5.1 percent more cows, but each cow is producing 12.2 percent more milk.

Clearly the driving force behind increased production is the input price -- cheap grain -- not the output price.

High interest rates add to the problem by making farmers desperate to maximize their cash flow by producing all they can, just to meet expenses.

Until we improve our competitiveness in world markets in feed grains, and until we get interest rates down, changing the price support level is just not going to work without driving thousands of farmers off the land.

I would add also that a lot of production in dairy has been stimulated by the Tax Code. Rapid depreciation, the investment tax credit, and allowing even the largest farms to use cash accounting has spurred the growth of massive dairy operations in California and the Southwest. The advantages our current Tax Code gives to these operations will far outweigh any impact a 50-cent price cut would have. So they will continue to increase their production.

I would sum up by saying that if we want to reduce milk production in this country, the price support level should be about fourth in the list of things we should be talking about.

I am hopeful the Hawkins amendment will be defeated.

Mrs. HAWKINS. Mr. President, I would like to get back on the subject that we are talking about here and read into the Record that the September milk production totaled 12 billion pounds. That is a record high for September and 11 percent more than September 1984. That is from the Crop Reporting Board, USDA Statistical Reporting Service. The production per cow averaged 1,072 pounds during September, which was 76 pounds above September 1984. The total number of milk cows in herds average 11.2 million head during September, 3 percent above September a year ago. So all of the arguments or statements that I have heard made really do not face up to the actual numbers when we look at milk production is up and cost of production is down. The cost to consumers in some areas of the country has gone up.

I have seen a map floating around here that has colors where the cows are, where the milk farms are. It is very

interesting. We have very large dairy farms in Florida. That surprises a lot of people. But we have probably some of the biggest dairy farms in Florida and they support the reduction. They oppose a milk tax.

At the same time, we could have a map floating around showing where the people are moving. Maybe we could have the people and the cows go together. We certainly would appreciate that happening in some of our cities in Florida where we have a rapid influx of out-of-State people and then we do not have enough milk for them.

I believe one of the arguments that has been lost in this total debate is that this helps the needy. We understand and should understand that low-income families spend two and half times as much of their income on food as compared to the average-income families. It will save the consumers \$1.2 billion at the grocery store over the next 3 years.

We have debated from the beginning of this year to November on the budget. The public is weary of the budget and the deficit. They are tired of the inaction of this body on continuing to labor over a budget that is reasonable, cuts in spending that are reasonable, and are saying, "Get on with your work and do not print any more about it."

We have an opportunity now in November to actually do some cost savings here, not just a budget. That is a resolution. It is nonbinding. I can get a waiver any time I want to the budget if I have got a good program. That just takes up a lot of time here in the Senate and we cannot get around to the real work. We are now down to the real savings that can be made. I am saying that those people who were so eager to vote for the Gramm-Rudman-Hollings, et cetera amendment for budget savings have a great opportunity right now to cut expenditures and to lower consumer prices to low-income families.

For the first time since this Senator has been here, this amendment, the Hawkins-Moynihan amendment, has widespread support. I have rarely seen a cut of any kind that was supported by as many organizations. It is supported by the American Farm Bureau Federation. It is supported by the National Cattleman's Association. It is supported by the Chamber of Commerce. It is supported by the National Taxpayers Union. It is supported by the Americans for Democratic Action, which ought to get a lot of attention on the other side of the aisles. They have had a lot to say about this. And also the Public Citizens Congress Watch, a consumers' group that we hear a lot about here on the floor of the Senate, and many, many more people are supporting it.

I would like, Mr. President, at this time to read into the Record a letter I received from a Dairy farmer:

Dear Mrs. Hawkins: As a dairy farmer, I would like to express my support for your efforts on the Dairy Bill.

As a member of the Florida Dairy Co-Op for 27 years, I feel proud of our record in the state. We have done a good job of keeping our supply in line with the demand for fresh fluid milk. Under Florida base plan, we, as an individual producer, need to pay to have milk shipped in from out of state if there is a milk shortage in the state. Currently, it is costing us \$400,00 to \$500,00 a month in import charges, at the same time that we are taking a price cut because of a national surplus. We support a \$.50 a hundred cut in the price support by January, 1986, and a sane approach to Federal policy that will not lead to additional milk shortages in the Southeast, especially in Florida.

Every Southeastern Senator should listen to that, every growing State should listen to that, and those who have families should listen to that, and those with elderly in their States should listen to that.

It is very ironic that one committee is over here talking about milk production, milk supply and milk costs which is the Agriculture Committee. This Senator would like to lower those costs to the consumer so everyone can afford milk and have plenty. The other time you sit on the Health Committee and have hearings on osteoporosis where we find we are going to have an epidemic among our elderly, those 40 years of age and older, those of thin bones and holes in their bones because of lack of calcium.

We have 900-and-some-odd billions of pounds of milk in storage. It is absolutely unacceptable to explain that to any constituent in the face of the alternative, which is a milk tax.

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We know very well that the House version has a milk tax which most everybody opposes that is in this milk business.

I ask unanimous consent, Mr. President, at this time to print in the Record quite a few -- at least an inch and a half -- of letters of endorsement for support, as though read.

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

National Cattlemen's Association,  
Englewood, CO, November 12, 1985.

Hon. Paula Hawkins,  
U.S. Senate,  
Washington, DC

Dear Senator Hawkins: We will soon be addressing dairy policy in the farm bill debate on the Senate floor.

The Leahy program in the committee-passed farm bill is a step in the right direction, providing for long-term, predictable price adjustments based upon demand. It simply states that when the government is forced to buy too much surplus milk, price support levels will be reduced. Conversely, the Secretary has discretion to increase supports, whenever necessary to stimulate production.

However, the Committee bill postpones the solution to the milk surplus dilemma for one full year. The Hawkins/Moynihan/Chafee amendment addresses the problem in January 1986. Your amendment is also favorable to the federal budget and to the long-range beef supply and price situation.

One might ask why are the cattlemen interested in the price of milk? Well, we are not interested in the milk; the cull cow is our concern. Dairy cow production is an integral part of the red meat industry. Dairy beef accounts for 20% of all beef and 40% of ground beef consumed in the United States. Artificially high milk prices cause an artificially high number of dairy cows.

In 1985, we are witnessing the largest growth in milk production in modern history. This over-stimulation of milk production and cow numbers is the result of high support payments, declining feed costs, access to superior genetics, and an excess inventory of replacement heifers. This overproduction can best be arrested by lowering support prices.

The National Cattlemen's Association supports your efforts to enact a sound dairy policy in 1986. The Hawkins/Moynihan/Chafee amendment to the dairy title of the 1985 Senate farm bill is a reasonable approach to addressing the serious over-production problem faced by the American dairy industry.

Sincerely,  
Jo Ann Smith,  
President.

Chamber of Commerce of the

United States of America,  
Washington, DC, October 29, 1985.

Senator Paula Hawkins,  
U.S. Senate,  
Washington, DC.

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Dear Senator Hawkins: The U.S. Chamber of Commerce, which is composed of more than 184,000 member companies plus several thousand other organizations, such as local/state chambers of commerce and trade/professional associations, is pleased to support you and Senators Moynihan and Chafee in your effort to amend the farm bill to begin gradual reduction in the dairy support level in 1986, rather than in 1987 as provided in the committee bill, S. 1714.

Milk production at the current support level has continued to increase rapidly, and the government purchased 11.9 billion pounds of surplus dairy products in fiscal year 1985. Current estimates indicate surplus purchases of 13 billion to 16 billion pounds in 1986, unless the support level is reduced.

Unlike many other sectors of agriculture, the dairy sector has remained relatively prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50 per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses. Moreover, a 50 reduction in 1986 may well prevent a more drastic cut in 1987. The process of adjusting price supports should be gradual and should begin as soon as possible for the sake of dairy farmers.

We thank you for your leadership on this issue. It is essential that the Senate enact a workable and equitable dairy program and provide its conferees with a strong position for the farm bill conference deliberations.

Sincerely,  
Albert D. Bourland,  
VICE PRESIDENT,  
Congressional Relations.

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Public Voice for

Food & Health Policy,  
Washington, DC, November 5, 1985.

Senator Paula Hawkins,  
Hart Senate Office Building,  
Washington, DC.

Dear Senator Hawkins: Public Voice for Food and Health Policy fully supports your amendment, co-sponsored by Senators Moynihan and Chafee, to reduce dairy price supports by 50 cents in 1986. Dairy farmers need to receive a signal to cut back on over-production that added \$4 billion in costs to consumers during 1985.

We are working with you for passage of your necessary and timely amendment.

Sincerely,  
Ellen Haas,  
Executive Director.

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American Farm Bureau Federation,  
Washington, DC, October 25, 1985.

Hon. John H. Chafee,  
U.S. Senate,  
Washington DC.

Dear Senator Chafee: Farm Bureau strongly supports the Hawkins/Moynihan/Chafee amendment to the dairy title of S. 1714 that will accelerate the time in which dairy support prices are adjusted. We believe that such an amendment is necessary to bring dairy supply in closer balance with demand.

Farm Bureau policy is developed in a democratic process initiated in the county and state Farm Bureaus and voted on by delegates to the American Farm Bureau Federation at our annual meeting. The American Farm Bureau Federation is the nation's largest general farm organization and represents the largest number of dairy producers in our 48 member states and Puerto Rico. Farm Bureau policy regarding national dairy programs states:

"We support a dairy price support program which will bring supplies down to demand levels.

"We favor a system where the price support level would be automatically adjusted according to the amount of net dairy products purchased by the federal government and oppose any assessment of producers by the federal government as a part of any future dairy legislation."

Farm Bureau commends the Senate Committee on Agriculture for adopting a dairy proposal which will adjust the support price according to the level of government acquisitions. This proposal, based on sound economic principles, is an appropriate response to the current excessive supplies that plague the dairy industry. To bring the milk supply into closer balance with the commercial demand, however, we believe that the current support price of \$11.60 per hundredweight must be adjusted before January 1, 1987.

The Hawkins/Moynihan/Chafee amendment provides that, if dairy purchases are projected to be greater than 10 billion pounds milk equivalent in 1986, the Secretary shall adjust the support price downward by 50 cents on January 1, 1986. Such an adjustment is justified by projections that dairy product purchases will range between 13 and 15 billion pounds in 1986 in the absence of a support price adjustment.

Opponents of the Hawkins/Moynihan/Chafee amendment will argue that it will have a detrimental impact on dairy farmers. We take issue with such statements based upon the following points:

1. Due to large supplies of feed for dairy producers, feed costs are projected to decrease over the next year and are expected to continue at lower levels for the foreseeable future. With feed costs declining, extension of the \$11.60 per hundredweight support price would actually provide many dairy producers an incentive to increase production for which there is no market.

2. Because production is projected to increase well beyond market-clearing levels acceptable under provisions of S. 1714, failure to adopt the Hawkins/Moynihan/Chafee amendment would likely result in a \$1.00 per hundredweight price cut on January 1, 1988, and January 1, 1989. Dairy producers would be better served by the less drastic cuts in the support price proposed under the Hawkins/Moynihan/Chafee amendment.

3. The 50 cent per hundredweight reduction in the support price that would occur in 1986 under this amendment would not reduce the price received by all dairymen by 50 cents for each hundredweight of milk produced. Dairy farmers receive a price which reflects the blend of production that moves into fluid milk markets and that which is used for manufacturing purposes. The 50 cent per hundredweight support price reduction will only be passed on to dairy producers in relation to the proportion of end use products for his milk production.

Some opponents of the Hawkins/Moynihan/Chafee amendment will argue that other program provisions contained in S. 1714 provide for the freezing of target prices for other commodities, and therefore, consideration should be extended to dairy producers. However, the dairy program operates in a significantly different fashion than programs for other commodities. Under the dairy program, the federal government purchases all milk that the market does not use. In contrast, participants in other commodity programs must comply with eligibility requirements that include reduction of acreage and practice of conservation measures. In no other commodity program does the government provide an unlimited market. This market necessitates a sensitive adjustment of the support price to avoid excessive supplies.

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Under the Hawkins/Moynihan/Chafee amendment, surpluses would be reduced more quickly, commercial use would increase and government purchases and costs would be significantly reduced.

Finally, Farm Bureau supports the Hawkins/Moynihan/Chafee amendment in S. 1714 as a means of assuring that the dairy program contained in the final version of the 1985 Farm Bill does not rely on assessments to reduce the cost of the dairy program to the federal government. Assessments as a policy mechanism create individual and regional inequities by imposing a tax on dairy producers to raise revenue that is paid to a small number of producers in exchange for reduced production. An assessment, which is borne by all dairymen, reduces the income received for milk but passes none of that reduction on to consumers in the marketplace. Past programs which have relied on an assessment have a history of failure and should not be repeated.

Farm Bureau commends Senators Hawkins, Moynihan and Chafee for offering their amendment to improve the Senate Agriculture Committee's dairy title. With that improvement, the dairy title of S. 1714 offers a sensible, fiscally responsible and economically viable means of assuring adequate protection to our nation's dairy producers while reducing the level of surplus production. Farm Bureau will provide you any assistance in seeking passage of this amendment.

Sincerely,  
Robert B. Delano,  
President.

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National Independent

Dairy-Foods Association,  
Washington, DC, October 1, 1985.

Hon. Paula Hawkins,  
Hart Senate Office Building, Washington, DC.  
Re: S. 1714, Dairy Title, Hawkins-Moynihan/Chafee Amendment.

Dear Senator Hawkins: Soon you will be asked to consider the farm bill, S. 1714, and amendments. We urge you to vote for the Hawkins amendment to the dairy title of the Agriculture Committee bill S. 1714 for two very important reasons:

(1) Due to Federal Milk Marketing Orders, most dairy farmers are paid more than the government support price currently at \$11.60 per Cwt.

(2) Dairy processors must pay dairy farmers or their cooperatives the federal or state order prices plus added service charges for their fluid milk. These prices for September 1985 vary between \$12.91 in Minnesota to \$16.40 in southeastern Florida. The simple average in the 47 federal order areas for September 1985 is \$13.99, yet the support price is \$11.60.

Remember, prices received by dairy farmers are not those proposed in either the Senate bill S. 1714 or the Hawkins amendment. Dairy farmers or their cooperatives are paid substantially higher prices depending on the region and cost of production. (See attachments A, B and C.)

There is no evidence that efficient dairy farmers are now in trouble, facing financial ruin, or likely to under the Senate bill. The House adopted dairy title contains a disastrous diversion program that will cause severe shortages of fresh fluid milk for commercial markets in various parts of the country. This will occur while the CCC is buying billions of pounds of surplus milk nationwide, as in 1984.

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The 50 per Cwt. cap on the diversion tax on dairy producers for this diversion plan will cost the U.S. taxpayers millions of dollars. Most experts agree that a minimum assessment of at least \$1.00 per Cwt. would be required to finance this program as passed by the House. The House-approved diversion program is a "budget buster." Despite the 1984 diversion program, CCC purchases are up 50% to 13 billion pounds. Why then do some big-money dairy officials and politicians vigorously push the House bill?

The ill-advised House bill is aimed at keeping the support price as high as possible because the giant dairy cooperatives have enormous processing facilities whose principal customer is the United States government. CCC must buy the surplus dried milk, cheese and butter at the support price. In fact, the House bill would drive up the CCC purchase prices and keep the cooperatives' excess processing at high capacity.

Remember, the support price is primarily related to the price the government pays for surplus dairy products, and government is the principal customer of these milk drying, cheesemaking and butter churning co-ops. The current over-inflated support price encourages additional surplus production and the co-ops are pressing to keep that price as high as possible.

The Hawkins amendment to the Senate Agriculture Committee bill offers a long-range, permanent, sensibly phased-in, and moderate change to achieve balance between dairy production and the commercial markets.

Sincerely,  
Donald A. Randall,  
Executive Vice President/  
General Counsel.

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CRIMP -- COALITION TO REDUCE INFLATED MILK PRICES  
July 30, 1985.

Dear Senator: When the Senate considers new legislation for commodity programs we urge you to give special attention to proposals for the dairy program.

Since 1981 the dairy law has been changed 7 times. It is time to enact legislation which will be more than a short term solution.

We think the dairy provisions recently agreed to by the Senate Committee on Agriculture, Nutrition and Forestry are headed in the right direction and will result in the long range adjustments needed in our nation's dairy program.

We are concerned, however, that this proposal would allow government purchases of dairy products which are already very high to continue to increase during FY 1986. Therefore, we urge your support of an amendment to the dairy provisions in the Committee's bill which would enable the Secretary of Agriculture to adjust the milk price support level by 50 cents in January of 1986 if purchases are estimated to exceed 10 billion pounds. We think this amendment will result in a reasonable dairy program for dairy farmers as well as for processors, retailers and consumers.

Current USDA estimates indicate that government purchases of dairy products will be about 10 billion pounds during this fiscal year. However, we expect they will actually total closer to 12 billion pounds.

Milk production is increasing very rapidly and we expect government purchases will soar to about 15 billion pounds during FY1986, unless the milk support price is reduced on January 1, 1986.

We appreciate the action of the Committee, but believe you should not wait until 1987 to make the first reduction.

We urge your support of an amendment to reduce support price by 50 cents on January 1, 1986.

On behalf of:

American Butter Institute.

Beatrice Companies.

Borden, Inc.

Chocolate Manufacturers Association of the U.S.A.

Consumers Union of U.S., Inc.

Food Marketing Institute.

International Association of Ice Cream Manufacturers.

Kraft, Inc.

Milk Industry Foundation.

National Confectioners Association.

National Independent Dairy Foods Association.

National Restaurant Association.

National Taxpayers Union.

Northeast Ice Cream Association.

Pepsi Co, Inc.

Pizza Hut.

Public Citizen's Congress Watch.

Public Voice for Food & Health Policy.

Taco Bell.

U.S. Chamber of Commerce.

Dairy Farmers For Responsible Dairy Policy,  
Washington, DC, October 17, 1985.

Hon. Paula Hawkins,  
U.S. Senate, Washington, DC.

Dear Senator Hawkins: I am a dairy farmer in Ontario, California. My brother and I operate two dairy facilities. We support the Hawkins-Moynihan-Chafee amendment to the Senate Agriculture Committee passed dairy title. This is a responsible approach to solving the overproduction of milk and is in the best long-term interest of dairy farmers, consumers and taxpayers.

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I am also the Chairman of a new dairy farmer organization called Dairy Farmers for Responsible Dairy Policy. This group was organized for sole purpose of obtaining a responsible dairy policy in the 1985 farm bill. The most recent dairy program which included paid milk diversions and an assessment, a tax, on every pound of milk dairy farmers produced was and is irresponsible.

Dairy Farmers for Responsible Dairy Policy support and endorse the Hawkins-Moynihan-Chafee amendment. Joining together in this effort are many individual dairy farmers from 24 states (including all of the major milk producing states) who believe that a simple and certain approach to solving the current overproduction of milk is a gradual reduction in the support price until overproduction is reduced. These dairy farmers are convinced that the large dairy cooperatives which argue for the milk tax and for paid diversion are trying to move dairying in the wrong direction. No dairy farmer should welcome a tax on his product!

The current support price of \$11.60 is equal, in relation to today's feed prices, to the 1983 support price of \$13.10 and the then existing feed prices. This would explain the rate of increasing milk production that has occurred over the last six months. At the current rate of production increase we will, in 1986, probably exceed the record level of CCC purchases of 1983.

To preserve the integrity of the entire dairy support program the reduction of 50 cents on January 1, 1986 of the support price if surplus purchases are projected to exceed 10 billion pounds is necessary and responsible.

As a dairy farmer, I am not looking forward to a support price reduction on January 1, but I realize the necessity of this reduction to influence an appropriate correction in the total volume of milk that is produced.

Even after a reduction in the support price of 50 cents the Senate bill will at least equal the net farm price of the House bill. The House bill would tax the dairy farmer about \$1.05 according to USDA estimates. A part of that, perhaps 50 cents, would be given back through an increase in support prices. Everyone . . . dairy farmers and consumers would lose.

Reducing the support price is straightforward and simple. It has none of the sleight-of-hand of a tax-and-then-price-raise scheme.

A reduced price coupled with the existing national promotion program should have the effect of influencing an increased commercial demand for dairy products. This is certainly the most logical and responsible approach to solving the cost of the current dairy program.

With kind regards.

Sincerely,  
Fred Douma.

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U.S. Chamber of Commerce,

October 28, 1985.

Senator Paula Hawkins,  
U.S. Senate, Washington, DC.

Dear Senator Hawkins: The U.S. Chamber of Commerce, which is composed of more 184,000 member companies plus several thousand other organizations such as local/state chambers of commerce and trade/professional associations, is pleased to support you and Senators Moynihan and Chafee in your amendment to begin gradual reduction in the dairy

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support level in 1986, rather than in 1987 as provided in the committee bill, S. 1714.

Milk production at the current support level has continued to increase rapidly, and the government purchased 11.9 billion pounds of surplus dairy products in fiscal 1985. Current estimates indicate surplus purchases of 13 to 16 billion pounds in 1986, unless the support level is reduced.

unlike many other sectors of agriculture, the dairy sector has remained relatively prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50 per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses. Moreover, a 50 reduction in the support level in 1986 may well prevent a more drastic cut in 1987. The process of adjusting price supports should be gradual and should begin as soon as possible for the sake of dairy farmers.

We thank you for your leadership on this issue. It is essential that the Senate enact a workable and equitable dairy program, and provide its conferees with a strong position for the Farm Bill conference deliberations.

Sincerely,  
Stuart B. Hardy,  
MANAGER,  
Food and Agriculture Policy.

Chamber of Commerce of the

United States of America,  
Washington, DC, October 11, 1985.

To Members of the Senate: The U.S. Chamber of Commerce, which is composed of more than 184,000 member companies plus several thousand other organizations such as local/state chambers of commerce and trade/professional associations, supports a farm bill that will provide farm and ranch businesses with the opportunity for sustained profitability. Our membership includes farmers, ranchers, farm input industries, and all of the other businesses that contribute to the twenty percent or so of the GNP associated with food production and distribution.

We fully recognize the need for continued government assistance to agriculture, especially during this time of financial distress. At the same time, we believe that support measures should be accompanied by long-term reforms aimed at reducing government costs and making agriculture more competitive in world markets.

The 1981 Farm Act contributed to the current stress in the farm economy by encouraging overproduction and pricing U.S. crops out of world markets. Gradual reform is needed; soon you will have an opportunity to achieve this reform when S. 1714 comes to the floor.

The new farm bill, recently reported by the Agriculture, Nutrition and Forestry Committee, contains many features beneficial to agriculture and rural communities. It also contains provisions that are contrary to the objectives of sustained farmer/rancher profitability without soaring government costs. We ask your help in correcting S. 1714 or sending it back to committee.

Three provisions that are counter to farmer/rancher profitability are: (1) a four year freeze on target prices, in spite of how the market may change; (2) a dairy title that will encourage new record surpluses and government purchases; and (3) a mandatory supply management proposal for wheat that will simply drive U.S. suppliers out of the market and even result in the ridiculous situation of this country importing lower price wheat (or erecting tariff barriers not to). Our reasons for asking your assistance in changing these positions are explained below.

With respect to our first concern, the committee bill freezes target prices for feed grains, cotton and rice at 1985 levels for the term of the bill. In the case of wheat, the target price would increase for most producers. At the same time,

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the loan level for those crops will decline over the term of the bill. This lowering of loans is a desirable reform aimed at making U.S. crops more competitive in the world. However, if targets remain frozen and loans decline, the gap between the two widens, and deficiency payments from the Treasury escalate enormously.

Our second concern is the dairy program. The committee bill would freeze the dairy support price at the current level until January, 1987, at which time a reduction may occur. Milk production at the current support level has continued to increase rapidly, and the government purchased 11.5 billion pounds of surplus dairy products in fiscal 1985. Current estimates indicate surplus purchases of 13 to 16 billion pounds in 1986, unless the support level is reduced.

Unlike many other sectors of agriculture, the dairy sector has remained prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50 per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses.

The Chamber's third concern is the mandatory supply management proposal in the wheat title. This approach of marketing controls and sharply higher price supports, which was soundly rejected by the House of Representatives, would have damaging ripple effects on livestock producers and other grain user industries. Land would be idled and farm supply businesses would suffer. Consumers would pay more. Export markets would be forfeited, and barriers would have to be erected against the likely anomaly of this country importing cheaper wheat. Grain farmers would also suffer because they would be forced to shrink production levels back to domestic or below market needs.

During full Senate consideration of S. 1714 you will have an opportunity to address these concerns and substantially improve the bill. The Chamber requests your support for an amendment by Senator Lugar to provide the Secretary of Agriculture with authority to reduce target prices for wheat, feedgrains, cotton and rice by no more than five percent per year beginning in 1987. Target prices in 1986 would remain frozen at 1985 levels, providing growers with another full year of income protection. This is the most equitable and effective way of reducing costs without imposing undue hardship on producers. Many grain and cotton farmers do not participate in the program and are, therefore, not eligible for deficiency payments. Of those who do participate, the majority receive payments of only a few thousands dollars or less. A gradual ratcheting down of payments will have negligible effect on individual farmers' income, but save \$6 to \$8 billion, according to the Congressional Budget Office.

The Chamber also urges your support for an amendment by Senators Hawkins, Moynihan and Chafee providing for a 50 reduction in the dairy price support level in 1986 if government purchases are estimated to exceed 10 billion pounds during the year.

Finally, the Chamber asks your support for deletion of the wheat referendum and the mandatory supply management program.

If you or your staff would like further information or have questions, please contact Stuart Hardy or Rhonda Kleckner at 463-5533.

Thank you for your consideration of these issues of crucial importance to the business community and consumers.

Sincerely,  
Albert D. Bourland,  
VICE PRESIDENT,  
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CRIMP,  
Washington, DC.

131 Cong Rec S 15765 Tuesday, November 19, 1985;(Legislative day of Monday, November 18, 1985)

Dear Senator: You may be hearing arguments against lowering milk price supports, but don't be misled. While the support price today is \$1.00 per hundredweight lower than it was a year ago, increases in dairy productivity and a significant drop in feed prices have more than compensated for the price support drop.

According to the latest USDA milk production report, milk output per cow was up a record 7.6 percent in September compared to a year ago. This means dairy farmers are getting an additional 82 cents per hundredweight in revenue from the productivity gain. The September increase in productivity follows gains of 7 percent in August, 5 percent in July, and 4 percent in June compared to year earlier levels. These gains in milk output per cow compare to an average annual increase of only about 2 percent over the past 10 years.

At the same time the price of the standard 16 percent protein dairy feed ration, which is the single largest cost item in producing milk, is \$21 per ton (11 percent) cheaper than a year ago. In terms of feed costs per hundredweight of milk produced, this is 56 cents below last year. Likewise, corn prices are 25 percent lower and soybean meal prices are down almost 20 percent from a year ago.

Clearly the combination of lower feed costs (down 58 cents per cwt) and increased productivity (adding 82 cents per cwt) have significantly offset the \$1.00 decrease in the price support over the past year. We have not yet seen a decrease in real prices because of these offsetting factors.

Holding the price support at its current level of \$11.60 will result in milk production reaching a record 145 billion pounds in FY 1986. CCC purchases will exceed 15 billion pounds. The price support must be reduced in 1986. The Hawkins, Moynihan, Chafee amendment will do this by lowering the price support on January 1, 1986 by 50 cents if CCC purchases are projected to exceed 10 billion pounds.

We urge you to support the Hawkins, Moynihan, Chafee amendment when it is introduced on the Senate floor.

Sincerely,

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. BOSCHWITZ. 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. BOSCHWITZ. Mr. President, I hope that the proponents of the amendment will return to the floor. I see that the Senator from Florida is here. I would like to ask them a number of questions. I presume a number of my colleagues have already talked about agriculture in general, and I will not repeat that.

I might say that dairy farming has been the most stable aspect of the farm picture, as least in the Middle West, and to now impose a greater strain on it after having two price reductions in the last 6 months would certainly be a cruel blow to rural America.

There are some other things that can be done in order to bring about greater equity and achieve the goal of lowering the price so that milk can be more available to more people, and the consumer will benefit as the Senator from Florida discussed.

One such way would be to make the marketing orders more uniform; that is, the farmers in the Middle West and also up toward the Northwest get a lower price for their milk than the farmers in Florida who receive the highest price

as I have noted to my friend from Florida at another time. The farmers in Rhode Island receive about \$1.50 a hundredweight more for their milk than they do in the Middle West, and most of the States of the Middle West.

So I wonder if the 50-cent reductions can be made somehow proportionate so that those States and marketing areas that receive a higher price for their milk would be proportionately reduced, or in the alternative that perhaps a single national price be adopted because the differing prices were adopted at a time when fresh milk was not available in all parts of the country. That is no longer the case.

As a matter of fact, the price of producing milk is considerably cheaper in areas of the country, the Southwest most particularly, than it is in many parts of our country, and probably New England or certainly Minnesota.

So my question is, will the proponents of this amendment to even the prices that exist among the States and areas of the country?

I address that question either to the Senator from Florida or the Senator from Rhode Island.

Mrs. HAWKINS. Mr. President, the Senator from Florida understands that the purpose of a marketing order was -- I was not here when they did this and it takes quite a lot of tortuous studying to follow it let alone understand it. But the bottom line is that the purpose of a marketing order was to ensure supply of fluid milk to the local markets. Is that correct?

Mr. BOSCHWITZ. That is correct.

Mrs. HAWKINS. The orders have been structured, therefore, in the past to make allowance for higher cost of production which has become the starter here.

Mr. BOSCHWITZ. No. That is not correct. The cost of products -- for instance in the Southwest alone they have such things as better water, they also have a little better weather pattern, they do not have to pump a lot of food into the cow to keep it warm in the winter, and things like that. But basically what happened is because of the concentration of the dairy industry in our part of the country, the Middle West and the upper Middle West -- and because of an absence of that industry in other parts of the country -- advantages were given, and those advantages are pretty well reflected in the Southeast and in the East by the freight between the Middle West and the other area.

So my question is would the Senator from Florida allow the prices to become uniform across the country if we were to offer such an amendment, or close to uniform?

Mrs. HAWKINS. My understanding from the tables which state milk production and costs and returns by regions in the United States for 1984 show that the total cost of production for the Northeast is 1,367, the upper Midwest is 3,148, the Corn Belt is 1,485, Appalachia is 1,478, the Southern plains is 1,373, and the Pacific is 1,105.

That is an average of \$13.49, according to this chart. It shows milk production costs and returns. Then when you go down to net returns, the returns in the Northeast are \$4.08; upper Midwest, \$4.38; Corn Belt, \$3.13; Appalachia, \$2.86; Southern Plains, \$2.81; Pacific, \$3.81. The average about \$2.91. So there is a higher net return.

Mr. BOSCHWITZ. The costs of production are fairly equal across the United States at this time. There are advantages and disadvantages. The Senator from Florida has disadvantages because of the heat and humidity in some months, when there is less production.

First, I might say that right now the milk price is level from State to State on all products, except on fluid milk where there is a class I differential.

Would the Senator from Florida or from Rhode Island be agreeable to a reduction in the class I differential? The differential in Minnesota on fluid milk is \$1.12. The differential in Florida is \$3.15.

Mr. CHAFEE. Since the question was directed partly to me, I will answer, sure, I will be glad to look at that, but that is discussing a different subject. The subject before the Senate is, How do we get rid of these surpluses? The greatest contributor to the surplus is the fact that the Federal Government is in there buying at the level of 1960. That is the problem we are wrestling with. A change in the marketing order is a change that affects the minimum price that the milk be sold at.

Mr. BOSCHWITZ. The Senator is incorrect.

Mr. CHAFEE. If that were to have some consequential effect, I suppose it would, but what we know will have an effect, and because the committee, itself, has dealt with this, is reducing the price support figure by what we say is to go ahead with the 50 cents now in January 1986, rather than waiting until January 1987. These surpluses are just getting out of control.

As the Senator from Minnesota knows so well, coming from a dairy State, the production that they are getting, the increased production per cow, is going up every year and will continue to increase. What the future holds is truly frightening.

Mr. BOSCHWITZ. The question is, Will the Senator's State receive higher prices for the milk and would they be agreeable to reducing their price more to a national average so that we can get about the business of balancing out supply and demand? Perhaps I would look differently at the approach of reducing it 50 cents across the board for everybody. We would ask whether or not you would adjust the class I differential so that it would not favor areas away from the West.

Mr. CHAFEE. I said I would be glad to look at that, but to me that is a separate subject from the subject we are dealing with here.

Mrs. HAWKINS. Mr. President -- --

Mr. BOSCHWITZ. I believe I have the floor.

Mrs. HAWKINS. Have you asked your question?

Mr. BOSCHWITZ. I ask the Senator from Florida, would she be agreeable to reducing the class I differential in her State by \$1.50 to \$2 per hundredweight?

Mrs. HAWKINS. This Senator came to the floor to discuss price reduction, first a milk tax. The question asked is not on the subject that we are talking about.

Mr. BOSCHWITZ. I would suggest that it is very much on the subject.

Let me ask the Senator from Florida and the Senator from Rhode Island another question. Milk does not go from one State to another quite as freely as it should. For example, in Wisconsin real surpluses are developing now.

I see the Senator from New York is here and I address my question to him as well.

I might vote for the amendment of the Senator from New York, the Senator from Rhode Island, and the Senator from Florida if they would not object to the following amendment to allow milk to be condensed and shipped to Florida, to New York, to Rhode Island, to wherever, and then have water added back in and sold as condensed milk and not be required to be sold at the same price as fresh milk. We could perhaps lower the price in Florida where there are supply shortages.

In the event marketing orders prevent milk going from one area to another, being condensed in the other area and then water being added back in at the destination, then being sold as condensed milk and so labeled -- but it now has to

be sold at the same price as grade A milk -- would you be agreeable to supporting an amendment that would allow the shipping of condensed milk between States and then selling it at the market price?

Mr. MOYNIHAN. It is a very interesting proposition. I am not able to say what my answer would be right now. I would be happy to hear a lot more about such a proposition. There are a great many rigidities in this market.

Mr. CHAFEE. I share that view. I remember the days when we could not have margarine across the country because I guess the Senators from Wisconsin, among others, were successful in preventing yellow colored margarine to be sold as margarine. Remember, you would have to buy it and you would have a little packet and you would mix it up together. This was to protect the cows in Wisconsin. To me that seemed ridiculous. But the chips fell where they fell.

Indeed, it was subsequently done and I think the cows in Wisconsin have done quite well.

Yes, I think we ought to be getting toward a regime where there are no limitations. If milk can be shipped from Minnesota to Wisconsin, to California, to Rhode Island or some other place, and the water taken out and then shipped as dried milk, with water added -- and I can only assume that there are sufficient health safeguards and, as the Senator from Minnesota has said, proper labeling and all that -- it seems like an idea we ought to investigate. Without knowing all the details of it, to me it strikes me as having merit.

But that is not the point.

The reason we are here this afternoon -- --

Mr. BOSCHWITZ. The Senator has answered the question, I believe. I still have the floor. The Senator would not allow me to go beyond my answer when he had the floor.

Mr. President, I only ask these questions to point out that there are some inequities that should be addressed in the whole marketing of milk and that reducing the price by 50 cents to a region that is getting \$13 for its class A milk is far different than reducing that price to an area that is getting \$11.40 or \$11.50 for their milk, or in the case of my friend from Florida where they get nearly \$17 for the milk, and where present rules and regulations do not allow the importation into that area of milk that would be competitive and to allow the increase in the consumption of milk.

Mr. SYMMS. Mr. President, will the Senator from Minnesota yield for a question?

Mr. BOSCHWITZ. I yield for a question.

Mr. SYMMS. This question may apply, I say to the Senator from Minnesota, to the sponsors of this amendment. The concern I have is that we seem to be going down this track where the Government is the major purchaser of some of the production of the large cooperatives. Now, some of the cheese manufacturers that are not involved in the Government programs, many of them small businesses out there hustling in the market to sell their cheese through the free enterprise system, have a hard time getting milk while the cooperatives that sell to the Government keep expanding. Is there any feeling in this Chamber that anyone would like to put a cap on how much milk the Government is going to buy?

Mr. BOSCHWITZ. The Senator talked to me about that earlier. I said that in the event the milk marketing orders could be straightened around across the country and the markets could operate in a more fair-minded way, indeed we would be amenable to a cap on how much the CCC would have to buy, and maybe even a declining cap. The Senator may be right that that is the ultimate way to get at the problem.

Mr. SYMMS. If I could pursue my question further just to pose a hypothetical question, let us say we put a cap on how much milk in total the Government will buy and specify that those producers who sell to the Government have a declining amount, or at least a limit of what they sell now; they cannot expand production. How do you then prevent

having those quotas becoming negotiable items that would be bought and sold like quotas on anything else?

Mr. BOSCHWITZ. It would probably have to be done on an historic base and not be transferrable, I say to the Senator.

Mr. SYMMS. If the Senator from Minnesota will permit me, I would like to ask the authors of the amendment if they would look favorably on some kind of a cap on the total amount that the Government buys, and, a specific limitation on those companies which primarily sell to the Government that they cannot expand their production. What is happening now, as long as the Government buys this milk, no one has to learn how to market anything; they do not have to worry about new product lines; they do not have to worry about hustling and advertising in the market, putting out milk vending machines, and so forth, and encouraging more consumption of milk. They just sell it to the Government and the Government is now building it up, putting it in caves, warehouses or wherever. It sounds like the right business to be in would be having a warehouse to store this surplus.

Mr. CHAFEE. If the question is to me, yes, I think that has a lot of merit. the trouble is we are getting down diversionary paths. I have great admiration and affection, as he knows, for the Senator from Minnesota, but in the midst of a debate dealing with lowering the price supports in from the side comes this projectile dealing with the elimination of liquids from milk and shipping it as dried milk and then reconstituting it. The Senator has been here 7 years and if he has ever offered such an amendment on the floor, I do not believe I remember.

Mr. BOSCHWITZ. Well, we are going to offer it so the Senator will have a vote on it.

Mr. SYMMS. If the Senator from Minnesota will yield, would the Senator from Rhode Island support the effort I am speaking about? I may vote for the Senator's amendment.

Mr. CHAFEE. I hope the Senator will.

Mr. SYMMS. But I wonder if we are going to actually end up with the people just going out and buying more cows so they can keep their gross income at that level and the Government ends up buying more milk?

Mr. CHAFEE. That is not the way it is predicted to work. The CBO estimates that our amendment would cut production by 12.2 billion pounds over 3 years. According to the CBO, the number of cows under our amendment could drop by 220,000. So in answer to the Senator from Idaho, yes, this would reduce production. They just would not respond by having more.

Mr. SYMMS. Could I ask one more question? The Senator from Minnesota has this very informative sheet in the Chamber, and I compliment him for his work. I understand that he wrote this himself, and I think all of us should read it, whichever way we vote. The Senator from Minnesota obviously has a lot of information available for the rest of us to look at. But in my State, if the small dairy people start going out because we reduce the price, some of the bigger dairies that have several thousand cows and milk them three times a day and use a lot of new techniques, will keep expanding as long as there is a market. They will just sell all that milk too. They just will be milking more cows.

Mr. BOSCHWITZ. We will have an amendment for the Senator, too, that he will want to vote for.

I might say to my friend from Rhode Island that if indeed his amendment would reduce the price 4 or 5 percent -- he just said it would reduce production by 2.2 billion pounds over 3 years -- that is somewhat less than half of 1 percent over that period, and it certainly is not a very efficient tool on that basis.

The reason I ask the Senator all these questions is that there are some inequities in the pattern of payment for milk, there are some inequities with respect to shipment of milk, and if we want to make it truly competitive we really ought to move. With that, I yield the floor.

Mr. WILSON addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Thank you, Mr. President.

Mr. President, I rise in support of the amendment offered by the Senator from Florida which would authorize the Secretary of Agriculture to reduce the dairy price support payment by 50 cents per hundredweight in January, if the Department of Agriculture estimates that it will purchase more than 10 billion pounds of surplus dairy product during 1986. Each year thereafter, the amendment would authorize the Secretary to reduce price supports by either 50 cents or \$1 per hundredweight or to increase the support level by 50 cents, depending upon the estimated size of the annual surplus.

Simply stated, the amendment establishes a much needed mechanism that would allow the level of dairy price supports to reflect consumption patterns in the marketplace and respond to them. This amendment incorporates the same basic framework embodied in the fine proposal which my distinguished colleague from Vermont [Mr. Leahy] offered during committee markup of the farm bill.

With one difference, the Hawkins amendment adopts his commendable approach which was approved by the Agriculture Committee and is contained in the farm bill before us. The one difference in the Hawkins amendment is prompted by her belief -- a belief which I share -- that these much needed changes in the Federal dairy program should become effective in 1986, the same way that any statutory changes which the Senate adopts regarding the wheat program or the peanut program or every other farm program will go into effect next year.

Mr. President, dairymen in my State have more than a passing interest in this program. Dairy production in California accounts for 15 percent of the State's total agricultural output, which exceeds \$13 billion annually. California is our country's second largest dairy-producing State, producing more than 14 billion pounds each year. It is, also, the home of the recently formed organization, Dairy Farmers for Responsible Dairy Policy. Their name is reflective of their position on this issue and explains concisely why they support the Hawkins amendment.

Since Congress enacted the Dairy Price Support Program in 1949, the U.S. Government has paid dairymen \$16.5 billion; however, \$11 billion, representing 66 percent of this 36-year total, has been spent in the just the last 5 years. In 1985, alone, USDA spent more than \$2 billion to purchase 11 billion pounds of surplus dairy products.

This staggering increase in surplus dairy production and exorbitant Federal costs is directly related to equally as staggering increases in the price support level. Due to program changes contained in the 1977 farm bill, dairy price supports escalated to \$13.10 per hundredweight by 1980, a 16 percent increase during the 4-year period. Understandably, the response to this economic incentive was a 10 percent increase in dairy production, and by 1982, USDA was purchasing nearly 10 percent of the entire U.S. dairy output.

During the past 3 years, in an attempt to reduce Federal costs of the program and restore a balance between supply and demand, the price support level has been reduced by 1.50 per hundredweight however, dairy production continues to out-pace consumer purchases. According to USDA, milk production during the current marketing year will reach a new record high of 139 billion pounds, 11 billion of which will end up in Government warehouses.

Those warehouses are already overflowing with unsellable surplus dairy products. At the end of last year, some 260 million pounds of butter, 620 million pounds of cheese, and nearly 1.2 billion pounds of nonfat dry milk sat in USDA storage facilities, and by the end of this year, Federal dairy stocks will swell with the addition of another \$2 billion worth of surplus products that the Federal Government will buy under the provisions of the current dairy program.

And if those provisions are not modified as set forth in the amendment offered by the Senator from Florida, then USDA projects continued increases in milk production to more than 143 billion pounds next year. In turn, USDA

expects to purchase 13 billion pounds, approximately 10 percent of the total national output.

The problem will be exacerbated in the outyears because per cow productivity is certain to improve. A variety of technological advances, involving genetic engineering and nutrition research, will assure that each cow can produce more milk.

Mr. President, the cost of the dairy program must be reduced, beginning next year through a 50-cent price support reduction, as required by the Hawkins amendment, and not allowed to persist without abatement throughout all of 1986. With the adoption of this amendment, USDA estimates that over a 3-year period dairymen will produce 2.2 billion pounds less, that consumers will buy 1.9 billion pounds more, and that the Government will save \$700 million.

For these reasons, I strongly support the Hawkins amendment and commend Senators Chafee and Moynihan, the original cosponsors. I urge my colleagues to adopt the proposal.

We cannot continue a program that is producing surpluses we cannot give away.

I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. Armstrong). The Senator from Washington.

Mr. GORTON. Mr. President, today we are being asked to give the Secretary of the Department of Agriculture authority to reduce the price support for milk beginning in January 1986. On face this appears to be a reasonable amendment. Rather than waiting until January 1987 to reduce the price support for milk, we can simply accelerate the reduction 1 year and immediately begin solving the problems of dairy oversupply and high consumer prices.

Unfortunately, that which appears to be reasonable is not always responsible. I do not support the Hawkins/Moynihan amendment for three reasons. First, in Washington State, which has some of the largest and most productive herds in the country, an immediate 50-cent reduction in the support price will mean more milk will be produced, not less. The claim that this quick reduction is going to solve or begin to solve our overproduction problems is erroneous. A dairy which is now receiving an \$11.60 support price is not going to take cows out of production because the price is dropped 50 cents. No; that dairy is going to increase its production to make up for the lost income from the cut. That dairy can do this because, as my colleagues well know, the price it pays for grain to feed its cows is quite low and getting lower, and its cows are getting more and more productive every year.

Second, I oppose the January 1986 cut because it comes barely 5 months after the price was last dropped 50 cents. In fact, in the past 2 years the price support has been cut three times, from \$13.60 to \$11.60. I am not an apologist for the dairy program, but I do believe that the solution to the problem involves long-term changes to the program, not piecemeal cuts in the support price that do not achieve what their proponents would like them to achieve.

Third, and last, I oppose the Hawkins/Moynihan amendment because I believe that the committee reported bill is preferable. The committee proposal saves \$600 million off the CBO baseline and begins making cuts in the price support in 1987. This plan is not perfect, but it is more responsible than the Hawkins/Moynihan proposal.

Mr. DURENBERGER. Mr. President, I rise in opposition to the Hawkins amendment and urge its rejection. Quite frankly, I am shocked that an amendment of this nature would be offered to this farm bill, coming as it does on the heels of a 50-cents-a-hundredweight cut in the dairy price support level to \$11.60 per hundredweight which took effect just a few months ago. It is almost as if the proponents of this amendment have forgotten that, when the Congress adopted the 1981 farm bill, it promised our dairy producers a support price of \$13.10 per hundredweight. Well this Senator hasn't forgotten that fact, and believes the amendment should be rejected on that basis alone.

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When the Congress passed the 1981 farm bill, I listed 26,000 dairy families as my constituents. Today, 4 years and a \$1.50 per hundredweight cut in the support price later, there are only 23,000 dairy families in Minnesota. My State's family-sized dairy operations have average herds of 40 milk cows. They are not corporate milk factories operated by crews which treat the animal like just another piece of equipment. They are hard-working family units, and there are 3,000 less of them because 4 years of reductions in the support price have cut Minnesota dairy farmers cash flow drastically, by \$165 million in 1984 alone.

Mr. President, if this amendment is adopted, Minnesota stands to lose another \$55 million in dairy income and a few thousand more dairy farmers. And, as unconscionable as that large a cut in farm income is during these difficult times, it pales in comparison to the human cost of the loss of thousands of hard-working dairy farmers. So I urge my colleagues to reject this ill-advised and shortsighted amendment.

Mr. D'AMATO. Mr. President, I rise today in support of this amendment offered by my colleagues, Senators Hawkins, Mohnihan, and Chafee. This amendment will accelerate the time in which dairy price support prices will be adjusted downward by 50 cents per hundredweight, to \$11.10 beginning January 1, 1986.

New York State is well known as the home of great sports teams, the financial capital of the world, and for the marvelous shows on Broadway. My State is less known as an agricultural State, but let me share with you two quick facts. First, agriculture is New York's No. 1 industry, and, second, we are the third largest dairy producing State in the Nation.

I commend the Committee on Agriculture, Nutrition, and Forestry for the fine work on the dairy provisions of the farm bill. I am delighted the committee believes we can reduce the supply of dairy products without the implementation of a diversion and assessment program. I agree with this position. Less than 4 percent of my dairy farmers in New York participated in this program; nationally, only 20 percent of dairy producers participated.

This is a clear signal that dairy producers do not want a milk tax. New York dairy farmers do not want a free ride from the Government. Rather, all they want is to get a fair -- that is, market -- price for their product. I am convinced that dairy men in every other State in the Nation share this sentiment.

However, the committee needed to take one more step. We need to adjust the price support this January, instead of waiting until January 1987. If we have a good plan that the dairy farmers support and which will save the taxpayers money, while reducing milk costs to consumers, why wait an extra year to put it into effect?

Mr. President, for the first 31 years of the dairy price support program, total costs amounted to \$5 billion. Since 1980, program costs have escalated to in excess of \$9 billion. Despite our best efforts to reduce the surplus, we have failed. All we have to show for our actions are increased program costs.

The time is ripe for setting a credible dairy policy in this Nation. The 1985 farm bill gives us the opportunity to do just that. Let's not lose this chance.

Mr. President, this amendment provides us with a solution that is long overdue. Although simple, I believe that it will be extremely effective. Moreover, the dairy producers in my State believe it will be effective. I only hope that my colleagues here in the Senate recognize its effectiveness and seize this opportunity to establish a viable dairy policy.

Mr. President, I urge the adoption of this amendment.

Thank you, Mr. President.

Mr. McCLURE. Mr. President, I rise in support of the amendment offered by Senators Hawkins, Moynihan, and Chafee. While I applaud the distinguished members of the Agriculture Committee for its work on the dairy program I must say that it did not finish the work it started. The committee bill leaves open the gate for continued surplus milk

production and enormous Government purchases by not having authority for a price support reduction in 1986.

I do not favor cutting farmers' incomes, much less a hard-working dairy farmer's source of income. But the fact of the matter is that current price support level of \$11.60 is simply too high. It's causing dairy farmers across the country to keep pouring more and more milk into the Government milk pail. Milk production has gone up every month since the end of the diversion program in March of this year. In Idaho there has been a 15-percent increase in production since last October. The average production per cow was more than 9 percent higher than a year before. We are faced with the unfortunate prospect of the Government ending up holding over 16 billion pounds of surplus dairy commodities this fiscal year.

Think about that number -- 16 billion pounds. A quick, rough calculation shows that 16 billion pounds divided by 240 million persons in this country works out to around 67 pounds of dairy products -- nonfat dried milk, cheese and butter -- for every man, woman, and child in the United States. The cost will exceed \$2 billion if the support price is not reduced earlier than is mandated in the committee bill.

This is a simple straightforward and simple amendment being offered here by my distinguished colleagues. The amendment would begin the price support adjustment in 1986, not prolong the inevitable for a year. A 50-cent reduction in price support in January sends the right signal to producers that the Federal Government's price support program no longer provides an easily accessible dumping ground for surplus milk.

Congress sent signals to producers in the late 1970's and early 1980's which increased production. The support price increased, stimulating production. Because of Government programs in wheat and feed grains a surplus of Government-held grains has depressed commodity prices making dairy production more attractive by lowering feed prices. The Federal Government must begin to reverse the signals it sends to producers. It must begin to reduce the support price. It must signal its willingness to stop buying excess milk.

The members of the committee are telling us that the dairy program will no longer be an out-of-control Government program. The committee's proposal is compassionate to farmers, it is fair to consumers, and realistic about the Federal Government's ability to foot the bill for higher and higher milk production.

This amendment, quite simply, means the difference between success and failure in our attempt here to devise a solution to the surplus milk problem. Congress caused the problem by allowing the milk price support level to get so high that it no longer bears any relation to the market and consumer demand. Farmers keep on milking because the Federal Government keeps on buying it up.

It is necessary to keep the cost of the program in line with budget needs. If the House of Representatives is to find a way to fund their whole herd buy out it must be funded by a producer assessment or by the Government. It seems reasonable that this buy-out program could be financed by a reduction in support price. This would eliminate the need to put in place a producer assessment.

This is a profarmer amendment. I want to see the efficient dairy producers stay in business for themselves, not because of an overly generous Federal price support program. I think that's what nearly all dairy farmers want also. Efficient dairy farmers -- be they a 40-cow family farm in Idaho or a 1,000-cow operation in California -- can survive and prosper under the Agriculture Committee's plan with this amendment.

This is also a protaxpayer amendment. This amendment will reduce budget outlays by \$250 to \$300 million per year. That means a savings of over \$1 billion over 4 years, and a reduction in half of the surplus over the life of the bill. This will help Congress keep the costs to the Government down; this will, in the long run help all taxpayers, including farmers.

This amendment is proconsumer. Consumers are being turned off when they learn that this Government program is propping up the price of milk and other dairy commodities as millions of pounds of nonfat dry milk, cheese and butter

are being shipped to Government caves in Kansas City. We have to pass along to consumers some of the great productivity gains that have been made by dairy farmers. Consumers will buy more and dairy farmers will sell more.

This amendment helps to send the right signals to producers, taxpayers, and consumers alike that the Federal Government is not going to encourage production of milk. It maintains income for producers but begins to remove the Federal Government from the dairy business. It keeps us on a road of opportunity where the Federal price support for milk is geared to milk production and the demand for dairy products; a road of opportunity that is fair to everyone—dairy farmers, consumers, and taxpayers. I urge the adoption of this amendment.

Mr. SPECTER. Mr. President, agriculture is Pennsylvania's No. 1 industry, and the dairy industry is its single largest component. For this reason, the dairy title of the farm bill is of particular concern to me. My decision today to vote to table the Hawkins-Moynihan amendment has been heavily influenced by a hearing on this and other aspects of this vital legislation that I held yesterday in Harrisburg, PA.

I heard testimony and exchanged thoughts with representatives of Pennsylvania's three major farm organizations: the Farmers' Association, the Farmers' Union, and the State Grange. On this issue, as on so many others, there was a difference of opinion as to whether the Hawkins-Moynihan amendment should be adopted. At this hearing and also in my many contacts with farmers in Pennsylvania and elsewhere throughout my Senate service, dairy farmers have convincingly demonstrated that they are faced with very serious economic difficulties. According to some testimony in the hearing, one-quarter of the dairy farmers in Pennsylvania would be pushed into bankruptcy by the passage of this amendment. Further, according to that testimony, many other dairy farmers would be seriously endangered by this amendment.

My additional concern is over the lack of any substantive, helpful provisions in the dairy title of the bill if the Hawkins-Moynihan amendment is passed. The dairy farmers in Pennsylvania are confronted, as are their counterparts in other States, by the serious problem of overproduction, which this amendment does not adequately address. In Pennsylvania, farmers are willing to help in the formulation of a policy to eradicate this dilemma. For instance, this summer, I visited with farmers at the York County Fair in Pennsylvania, where I was given the idea that instead of putting all of our efforts into decreasing production, perhaps we ought to try to increase consumption. Recently, I was able to include a provision in the agriculture appropriations bill to research ways to explore this idea.

I believe it is important to point out that the farmers in Pennsylvania recognize the importance of other issues facing the Nation, namely the danger of a spiraling budget deficit. They are committed to doing their part in tackling this urgent dilemma, and they have encouraged my efforts to help in this process. One argument that has been advanced in favor of the pending measure is that a cut in the dairy price support will reduce the deficit. I am convinced that the Hawkins-Moynihan amendment will not provide significant relief from the pressure of the deficit.

I believe that farmers, whose interests are simple, are ready to pursue a course of action for the improvement of agriculture and, as a result, for the Nation. I believe, that this amendment does not improve this course.

Mr. BOSCHWITZ. Mr. President, very shortly, I will move to table the amendment of the Senator from Florida.

I appreciate the remarks of my friend from California. I point out that the largest increases in production outpacing consumer demand, as he put it, is coming in his state of California. The largest increase in CCC removal is coming in his state of California.

His State is really the only major State that has its own marketing order, and the result is that it encourages production in his State.

I understand that the cost of the Dairy Program must be reduced, but as long as his farmers are getting that free water and other advantages, it is very hard to do it out that way, particularly when the State has its own marketing order.

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Mr. WILSON. Mr. President, will the Senator yield for a question?

Mr. BOSCHWITZ. I yield for a question.

Mr. WILSON. If the Senator objects to the fact that these surpluses are being produced in my State, why not support the Hawkins amendment?

I do not dispute the facts. I agree. Not only in my State, but also in every other State, the existence of the current program inevitably is going to provide an economic incentive for the kind of increasing overproduction that is without end in sight.

For the reasons I indicated, there is no way that I think you can expect dairy farmers in any State to cut back on production, when we, the Federal Government, are encouraging them to engage in overproduction.

I do not dispute the facts. I simply say that the only way we are going to turn that around in my State, the State of Minnesota, or any other dairy-producing State is by changing this program, which almost requires that they engage in overproduction.

Mr. BOSCHWITZ. Mr. President, I am now going to move to table, with the final statement that in the event that California does not have its own marketing order, it may not be affected by this at all.

On behalf of myself, Senator Leahy, and Senator Kasten, I move to table the amendment.

Mr. LEAHY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is the Senator's motion to table the Hawkins Amendment No. 1060 or 1059?

Mr. BOSCHWITZ. No 1059.

The PRESIDING OFFICER. The motion of the Senator from Minnesota is to table the Hawkins Amendment No. 1059.

The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. East] and the Senator from Maryland [Mr. Mathias] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. Stennis] is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chambers desiring to vote?

The result was announced -- yeas 50, nays 47, as follows:

(See Rollcall Vote No. 317 Leg. in the ROLL segment.)

So the motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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Mr. KASTEN. 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 VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

Mr. HELMS. I object.

The PRESIDING OFFICER (Mr. Armstrong). Objection is heard.

The legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MELCHER. Mr. President, we have accomplished one vote on the question of whether or not the provision in the Senate committee bill reducing the amount of support prices for milk was adequate. The amendment offered by the distinguished Senators to further reduce those costs was narrowly tabled. There are several other amendments like that which deal with different commodities that are covered in the bill. It would be inconceivable to me to think that we would somehow brush aside the efforts of various Senators to amend the bill. While I supported the dairy provisions that are contained in the bill as reported, and voted to table the amendment just tabled, I fully recognize and support the efforts of Senators to offer their amendments so that they can have the issue debated and then voted upon. I would like to get on to other aspects of the bill with such amendments so that we can continue the process of working through to final passage of the bill. The parliamentary procedure we are following with the Dole amendment pending, and the Christmas tree that is built out on the motion to recommit the bill to committee, blocks any other amendment from being offered except in the case of unanimous consent. We have given our unanimous consent to get this process started, for dairy amendments to be offered. It is my hope that any other dairy amendments will be offered rather quickly so we can get on with the process of working through this bill.

At the point that we can get unanimous consent for the Dole motion to recommit Christmas tree is eliminated so that another amendment can be offered, I would like to have recognition to offer an amendment to cut the expenses in this bill, cut the costs in this bill by about \$8 billion so that we come within the budget, because it is only realistic to concede from the outset that there will probably be slight add-ons. We will adopt amendments that will add \$20 million here or \$35 million there or \$100 million elsewhere, and we should have some cushion. That is paramount and fundamental to final passage of the bill. I know we have argued over how much good we can do whether we have a 1-year target price or a 4-year target price freeze. We will probably get to that point sometime but fundamental to the bill is, is it within the budget?

Now, perhaps we could resolve that if we could unravel the Dole amendments attached to the motion the bill, because one of those amendments, or in my package is a savings of \$7.6 billion. I do not know whether the motion is ever going to get unraveled. But if I can get recognition, I will offer an amendment to the bill itself, not necessarily to the motion to recommit but to the bill itself, that does simply that, not 165 pages such as the motion to recommit -- plenty of pages but a far less number that identify where the costs can be made. My amendment would do two things: It would bring the costs in the bill under the budget and would provide that necessary cushion of about \$600 million which I believe is essential in order to keep the bill within the budget, because I know there will be add ons in small

amounts.

Now, having said that, Mr. President, I am ready, as I have been for several days -- as I told the Senate when we were last on this bill some 2 weeks ago -- to offer a package that would have \$7.6 billion savings but I thought perhaps there were more savings that could be achieved by careful scrutiny of the bill and during the interim we would come up with other savings.

In this package is now approximately 8 billion dollars worth of savings. I would hope we could get to it very quickly. It is rather fundamental to the bill. I do not know what advantage there is in having this parliamentary Christmas tree built up. By the way, we may not get rid of this Christmas tree until Christmas if we do not start action. Action on these amendments one after another is essential if there is any hope of getting rid of the bill in time for us to have final passage before Christmastime. We have not reached Thanksgiving yet, but the plans of the Senate and the House are not to be in session next week for Thanksgiving. After that we come back in December 22. There are other bills to take up.

So when the majority leader said yesterday that it is rather apparent that we should complete action on this bill this week, I think he is correct, if we have any hopes of getting it into conference, getting through with the conference committee and getting the report back from the conference committee so we can complete action on the bill prior to Christmastime.

I regret very much that we are not making faster progress and I regret very much that we have not had an opportunity on this side to offer the fundamental amendment to reduce the costs. It is of extreme importance to get the package in order so we can address some of the other issues.

Mind you, one of the issues raised with the amendment just disposed of was it would save \$600 to \$700 million over the 3 years of the budget resolution, and is a significant argument in favor of such an amendment. When the bill is over budget, it enhances the argument for any amendment that it would cut the cost even in a basic commodity program such as the previous amendment just disposed of and may distort or may change some votes on the merits itself simply because there is the desire by individual Senators to make sure the bill is within the budget. For the good of all of us, for the good of the country and certainly for the good of final passage of the farm bill this week, it is necessary to get to these amendments immediately. The time we are spending in quorum calls waiting for something to happen is not to the advantage of prompt passage of this bill. Might I point out that if we were not in this parliamentary position where we have the majority leader's motion to recommit filled up with his own amendments so no other amendment can be offered, we would be offering an amendment right now rather than being in a quorum call. Rather than my just standing here making a statement about what is needed to be done, we would be doing it. But due to the circumstance of having to get unanimous consent to offer any amendment at all -- that means by willingness of all 100 of us -- we are boxed in. It is a peculiar arrangement, whereby we are boxed in for this long time.

After all, the amendment that the majority leader offered, the series of amendments, was offered over 2 weeks ago. I think it is time to dispose of it.

Until there is no further dairy amendment -- and I understand there might be one or two more which would not take much time -- we cannot call up anything else. We cannot even ask unanimous consent to go to something else. We can ask it, but obviously we cannot get it. We cannot even properly debate the Dole package because it is not even before us, technically.

So I think we have an unwieldy and unworkable system here. I hope the majority leader and the chairman of the committee, managing the bill for the other side, will quickly come to a feeling that we should have some progress. Let us really put ourselves in the right kind of saddle, whereby we are actually going forward in trying to dispose of this bill.

Mr. BYRD. Mr. President, the pending question before the Senate at the moment is the motion to recommit, by Mr.

Dole, with amendments in the first- and second-degrees to the instructions. Am I correct?

The PRESIDING OFFICER (Mr. Cohen). The Senator is correct.

Mr. BYRD. So, if nobody talks, the Chair will put the question?

The PRESIDING OFFICER. That is also correct.

Mr. BYRD. Let the Record show that I sat down.

The PRESIDING OFFICER. The question occurs on the second-degree amendment. The yeas and nays have been ordered.

Mr. DOLE addressed the chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BYRD. May I ask the Senate to withhold that for a moment?

The PRESIDING OFFICER. The clerk will call the roll.

The bill 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. Is there objection? The Chair hears none, and it is so ordered.

Mr. EXON. Mr. President, will the Chair kindly explain to the Senator from Nebraska the present situation in which we find ourselves? I have an amendment I would like to bring up. Would it be in order for me to bring up that amendment, under the present parliamentary situation in which we find ourselves?

The PRESIDING OFFICER. No amendment is in order at present. The question is on amendment No. 940.

Mr. EXON. I presume that it would be in order to move an amendment if it could be obtained by unanimous consent. Is that correct?

The PRESIDING OFFICER. Another amendment could be offered by unanimous consent.

Mr. EXON. Mr. President, I ask unanimous consent that the Senator from Montana [Mr. Melcher], with Senator Exon a cosponsor, be allowed to offer an amendment with regard to bringing the present agricultural bill before us within the budget.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, reserving the right to object, we had a series of meetings yesterday, and it is my understanding that we were trying to figure out some way to resolve this entire matter in the next 2 or 3 days. I met with the distinguished managers of the bill and Senator Melcher, and it was indicated that there were a number of amendments that would be brought up -- dairy and other noncontroversial amendments. I will object until I know what the amendment is.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. I will be glad to explain the amendment to the Senator from Kansas. I believe he is familiar with it. It is the same amendment we have been trying to bring up for many days, and we have been blocked from doing so by the amendment of the majority leader that is presently before the Senate.

The amendment to which I have reference is an amendment that is in the hands of the Senator from Montana, who is standing to my left. It is an amendment that would bring into line the total expenditures on the farm bill in concurrence with the budget resolution.

I renew my request: I ask unanimous consent that we be allowed to bring up that amendment before the Senate at this time.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object, if the Senator would let us take a look at it, we will be glad to work with him.

Mr. EXON. That is fine. May I then suggest the absence of a quorum, with the understanding that I will be back in a few minutes to make the unanimous-consent request once again?

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

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. May we withhold the request?

Mr. EXON. I will be glad to withhold the request.

Mr. DOLE. Mr. President, maybe while they are examining the amendment, I could indicate again that I understand that there are about 90 amendments. There are a number of amendments that the managers are willing to accept, as I understand it.

Yesterday afternoon it was my understanding -- I thought I was in the room, but maybe I was not -- that we were going to pursue some of those amendments, dispose of them, and in the meantime we would try to get together to fashion a package that would break the dam on this legislation. That was certainly this Senator's understanding.

So I think it might be best to suggest the absence of a quorum, if it is all right with the managers.

The PRESIDING OFFICER. The clerk will call the roll.

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

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. We cannot vote; we cannot talk. Is that the idea?

The PRESIDING OFFICER. The clerk will call the roll.

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The assistant legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BYRD. Mr. President, I would hope there would be no objection to letting the Senator from Iowa simply talk.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. HARKIN. 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. HARKIN. Mr. President, here we sit, empty Chamber, not voting. Last week, on Wednesday evening, I had raised some potential objection to extending the provisions on the dairy price support bill, and at that time engaged in a colloquy with the distinguished majority leader who gave the assurances -- it is in the Record of last Wednesday -- that they were going to get on the farm bill and move expeditiously on it.

But here we are stalled again. Let the Record show that we reported this bill out of the Senate Agriculture Committee, I believe, on September 28. Here we are almost 2 months later bogged down with almost an empty Chamber while people try to figure out what to do.

I am not so disturbed that the majority leader has seen fit to exercise his powers under the Senate rules to go ahead, Christmas tree this bill, and fill up the amendment tree so that none of us can offer amendments on this side. I understand that is his right to do so.

But let us dispose of it. Let us go ahead and vote on his amendments. As I understand it, the pending business before the Senate right now is the amendment offered by the majority leader. Well, why do we not vote on it? I do not hear anybody wanting to talk on it any longer.

We are precluded from offering amendments on this side. The Senator from Montana has had an amendment pending for over a month. Yet he cannot offer this amendment because the majority leader has seen fit to lock this thing up.

I think it is clear now. It is clear to us here, and it is clear to the farmers across this country who is stalling this farm bill. It is not this side.

I would ask the distinguished majority leader, if he were here, why we cannot move this bill. His amendment is pending. Let us vote on it. We all know what it contains. Everybody has read it. We are big kids around here. But no.

There is a stalling going on.

Well, if the majority leader does not have the votes, then he does not have the votes. But let us vote on it. That is the legislative process.

As I said last week, I have a bunch of amendments I would like to bring up. I do not intend to debate them at length just to state the case to see if there is any opposition. Let us have a vote on it or at least a vote on the tabling motion.

I think that is the way the legislative process ought to work. I say to the distinguished chairman of the Agriculture Committee who is here that is the way it has worked in the Agriculture Committee all year. We debated it. We had our votes. No one was cut off. We were not blocked. We debated it, and then we voted.

That is the way it ought to be here on the floor of the Senate, too. So I think -- again, as I said, Mr. President -- it is clear who is blocking this farm bill, who is stalling it, who is putting off the votes, who is working behind closed doors to strike deals, and who is preventing this side from offering amendments.

I think it is clear. I think the farmers in this country know it, too.

So I hope the majority leader will abide by what he said last week -- that they are going to bring it up, and that he wants to pass it. He said, and I quote the distinguished majority leader from last Wednesday's Record, "Let me indicate my farmers are just as concerned, I believe, as those in Iowa and with the cooperation of all Members we can pass the farm bill in 3 or 4 days."

I believe that is true. But we cannot if we have these kinds of stalling tactics day after day here on the Senate floor.

I appreciate the opportunity the distinguished chairman of the committee has given me to talk. I always appreciate the opportunity to be able to talk and to make my case.

But I still cannot offer an amendment. The only way I can offer an amendment is by asking for unanimous consent. Of course, I am sure that would be objected to. A few moments ago the distinguished Senator from South Dakota rose to offer an amendment. I understand the amendment, have no objection to it and like his amendment. I think it is a good amendment. But I will continue to object to people asking for unanimous consent to bring up amendments until we stick to the regular order of business. The regular order of business is the amendment offered by the distinguished majority leader.

Let us vote on it. Let us quit stalling and beating around the bush.

Farmers out in my State are already wondering what the programs are going to be next year. They have to make decisions on fall plowing, whether to put fertilizer on or not.

I am sure the farmers in North Carolina, the farmers in Montana, farmers all over this country, would like to know. Farmers in Texas would like to know what they can count on next year for a farm program.

Again, last Wednesday the distinguished majority leader said, "Unless there is some unforeseen problem that I have not anticipated, it is my intention, again depending upon the manager of the bill, to take up the farm bill."

He said, "My farmers are already planting the wheat. The Senator does not have that problem in Iowa."

I objected to it. I said we do.

"We have had wheat in the ground since September," the majority leader said, "so we have been anxious to pass the farm bill for the last several months."

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I asked who was anxious to pass the farm bill. We were ready to pass it out of committee in the summer. But someone objected. We finally had the votes and reported it out on September 19, if my memory serves me correctly.

This Senator has been willing to let a unanimous-consent request go through to get off the regular order of business for reconciliation, for the textile bill, unanimous consent last week on the dairy provisions, extending the present dairy price supports level. We worked out an agreement.

But now I see nothing but a stall happening.

I do not know about other Senators, but I can tell you this Senator from Iowa is not at all happy with the way things are being dragged out here. This is Tuesday, November 19. In 3 more days we will go home for Thanksgiving. Then we come back and have 2 or 3 weeks left. I heard reports and rumors, and I do not know whether they are true, that those in the leadership position on that side over there are saying that maybe if we bring this bill up in the closing hours of the Senate, when senatorial panic sets in, when Senators want to go home for Christmas, then we can ram something through because no one cares because everybody wants to get out of here.

I saw that happen 4 years ago. The conference report on the farm bill passed on December 16, 1981, at 10 o'clock at night, the last vote of the last day of the session that year. We could barely make our case on the floor on that farm bill because everybody wanted to go home.

So once again, Mr. President, it seems to me that it is very clear now -- it may not have been clear last week, it may not have been clear 2 weeks ago because we were on some other things but it is clear now -- who is stalling this farm bill, who does not want to have votes on it. It is not on this side of the aisle. We are ready to vote.

As I understand it, Mr. President, the regular order of business is the pending Dole amendment. When this Senator sits down, if no one seeks recognition, if no one suggests the absence of a quorum, we will proceed to a vote on the Dole amendment. So this Senator is going to sit down and not talk and hope that we can move to a vote on the pending Dole amendment.

I yield the floor.

Several Senators addressed the Chair.

Mr. PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, concerning the farm bill, I do not like to hear a discussion about stalling. That is all I will say about that, except to say that I spent about 5 months trying to produce a farm bill. I have become an expert at stalling watching. But that is not the argument. The debate should not be over that. If the Senator from Iowa will favor us with a copy of any specific amendments he wishes to call up, we will be glad to work with him. He has not presented either the distinguished ranking Democrat on the committee or me with a copy of anything. I do not know whether he is shooting an arrow in the air, and where it will fall he knows not where.

I have no argument with the Senator from Iowa. He is my friend and colleague. I suggest a lot of us have been trying to work to bring this farm bill to a vote.

Of course there are problems. There are close divisions on issues. I for one intend to do everything I can to make sure that the taxpayers' pocketbooks are not raided under a pretext. I do not want to debate to get off on that.

We all know what we voted for and what the Senate approved in terms of the budget resolution. We all know how much this farm bill overshoots that budget resolution. We all know what our duty is if we meant what we said when we voted earlier this year in favor of the budget resolution.

You cannot have it both ways. You cannot shovel out the money and then pretend that everything is hunky-dory

because we are looking after the farmers.

We are not looking after the farmers. We are driving them deeper into the ground.

The Senator suggested that I might suggest the absence of a quorum and, of course, I do suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ABDNOR. 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. ABDNOR. Mr. President, I have no amendment at the desk.

Mr. HARKIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. It does require unanimous consent.

Mr. HELMS. Mr. President, I might say for the Record that we are awaiting clearance on an amendment from the other side of the aisle, which clearance I anticipate will be available shortly. The Abdnor amendment has been agreed to by the distinguished Senator from Nebraska and I agree with it and the Senator from Iowa agrees with it. When we get the clearance, we will attempt to proceed.

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

Mr. BYRD. Mr. President, will the Senator withhold?

Mr. HELMS. Certainly.

Mr. BYRD. Mr. President, I would hope there would be some understanding worked out here whereby Senators on this side of the aisle would be allowed to offer amendments. I think that is my problem here. I do not mind giving consent to Mr. Abdnor to call up his amendment. But before I do that, I want some understanding that Senators on this side of the aisle are likewise going to be able to call up amendments.

Mr. HELMS. Will the Senator yield?

Mr. BYRD. Yes.

Mr. HELMS. We have had two telephone calls with Senators on that side of the aisle and we have pleaded with them to come over here and present their amendments. Senators DeConcini and Nunn will be here shortly.

Mr. BYRD. Senator Melcher has been trying for several days to call up an amendment and has been unable to do so. It requires unanimous consent right now because the distinguished majority leader has before the Senate, a motion to recommit with instructions and amendments in the first and second degrees. No amendment can be called up until at least the amendment in the second degree to the majority leader's motion to recommit with instructions is disposed of. Senator Melcher has been ready for days to call up his amendment but has not been able to do so. If we can work out an arrangement whereby Senators on this side can call up amendments likewise, perhaps we can get on with our business.

But until we are able to do that, I think we ought to just stay on the motion to recommit with instructions in two degrees. We can debate that or we can vote on it and we can do so now, and Senators on this side are ready to do so.

Mr. HELMS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I will take just a minute because I know we want to get on with this legislation. That was why on yesterday it was the understanding -- at least I left with that impression -- that there would be a number of noncontroversial amendments called up. Dairy amendments would be called up. In the meantime there would be an effort to determine whether or not we could fashion some kind of a package that would have bipartisan support.

Now, if bipartisan support is no longer a desire on the other side of the aisle, then obviously that is a factor which must be considered.

It was my understanding that we would dispose of a number of amendments today. I do not think either the distinguished Senator from Nebraska or the distinguished Senator from Montana had any objection to that. That did not mean that other Senators could not object, but at least that was the premise on which we were operating.

If that is now not the case, then I hope the managers will bear with me just a while longer; we are drafting an amended version. We will dispose of whatever is pending at the desk now, part of it, because we do not want to delay action on the bill. So we did not have unanimous consent, I must confess, to proceed, but we thought the managers of the bill were the ones consulted when we had the bill up. Perhaps we missed something there.

Mr. BYRD. Mr. President, I ask the distinguished majority leader, if he will yield to me, whether or not he would be willing to take down his motion to recommit -- and, of course, that would take with it the two amendments in the instructions -- and just let any Senator then who wishes to call up an amendment take a shot at it?

Mr. DOLE. That thought has occurred to me but not frequently. I am still hopeful there will be an accommodation amendment with the distinguished Senators from Montana, Nebraska, and others on one side and a number of us on the other side. We have not given up, but I think for the time being that has not yet quite gelled. I do not have the feeling we have quite put it together.

Mr. BYRD. I thank the Senator for yielding. I was just suggesting a way the Senate could get on with its work on the bill.

Mr. DOLE. We appreciate those suggestions.

Mr. BYRD. I thank the Senator. I will try to think of some more.

Mr. MELCHER. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield to the Senator from Montana.

Mr. MELCHER. I thank the majority leader for yielding.

It is true that the best concept we could arrive at for unraveling this dilemma and what we are going to do with the farm bill would be a bipartisan approach, and it is certainly true that all of us on either side of the aisle realize that in order to satisfy the administration -- which is not a requirement but which is desirable -- we reduce the costs of the various aspects of the bill. While we have arrived at approximately \$8 billion in savings going our route without disturbing the target price freezes that are in the bill, we do not know how far we have to go. I know the majority leader has inquired of the administration what figure they are talking about for reduction in the cost of the bill, either in the 3 years that our budget resolution covers or the 4 years for the life of the bill.

I wonder if the majority leader could advise us what figure would be the bottom line that would be satisfactory to the administration.

Mr. DOLE. I think the Senator indicated, if you look at a 4-year cost, the current law extended would cost \$92 billion. The committee bill, with a 4-year freeze, would cost \$100 billion. The Melcher bill, with a 4-year freeze, would cost \$90 to \$95 billion; and the amendment that is pending, the Dole-Lugar-Helms, et al., amendment would be \$85 billion. All those estimates are 4-year costs.

We were advised yesterday by the OMB Director that the 3-year cost of the Senate committee-reported bill would be \$65 billion. The savings that I think both sides generally agree on, amount to about \$8 billion. The Senator from Montana gets \$8 billion one way; we get \$8 billion another way. So there is not much dispute except on one area -- \$2.2 billion on whether it is a 1-year freeze or something else.

I think we also discussed yesterday that we would ask the USDA to take a look for additional savings. So far as I know, we have not yet received that information. We are far above the budget resolution, but our view was things have changed since that time and the farm crisis is worse so we should not be bound by that. But it was my impression -- if I incorrectly state it, maybe the chairman can correct me -- that OMB Director Miller was aiming at a target of about \$50 billion. We were talking about in the neighborhood. In my view it would not be impossible to get the bill off the floor this week, go to conference, and come to some agreement. This would give some of us an opportunity to talk to the President about it when he comes back either late this week, early next week, or the following week -- he is coming back before then, but there will be a recess next week -- we need to determine if we could agree on some additional savings on a bill so the President would sign it.

Now, there may be some who do not want a bill -- maybe for good reason. Maybe they do not like the bill. Maybe they do not think it is good politics. Maybe it is good politics to not have a bill. But my view is that there is still a good possibility that we can get a bill that will be signed.

Now, if we want to get a bill that will be vetoed, that is not hard to do either. Just pass anything, send it to the White House, and the President will veto it. It would be too late to enact another bill this year. For some Senators that may make sense; they are not in wheat areas. There is no real pressure. But there is considerable pressure in wheat-producing States right now and there has been such pressure since September.

That is sort of the scenario. I do not quarrel with the figures. The Senator has about \$8 billion in savings. We have about \$8 billion in savings. They contain different approaches. The Senator from Montana might be willing to go a little higher if we could find some fairly good, additional savings. I think then we have at least an opportunity to get a bill passed and signed. I do not think a veto would help the farmers in any way. It might make a few political points.

So we are willing to work on that and pursue it on a bipartisan basis just as we did on the tobacco bill. That was bipartisan. We did not have anybody up here screaming that it was not bipartisan. I think there were about an equal number of Senators on each side who supported that effort.

Mr. MELCHER. I thank the majority leader, but I just want to be clear.

Let us just speak about the 3-year budget cycle. I guess that is what we are usually speaking about.

Is it clear that somewhere between \$8 billion and \$11 billion or \$12 billion is what the administration is suggesting, or is it between \$8 billion and \$15 billion?

Mr. DOLE. They were suggesting the difference between \$50 and \$65. We were hoping to pick up \$700 million on dairy. But so far, that does not look very likely. That is \$700 million less we could add.

I do not know precisely today whether we have received any additional suggestions for savings from USDA. Apparently, they have not yet arrived.

Mr. MELCHER. It is also true that some saving -- for instance, in dairy -- is greater in the House bill than it is in

the Senate bill.

Mr. DOLE. I guess it is a question of policy.

Mr. MELCHER. The final version probably will show it.

Mr. DOLE. I think so.

Also, my own view is that the administration is prepared to go a little beyond the budget for good policy, but not prepared to go far if it is bad policy, as they view it. That is their view. We may disagree, whether we are Democrats or Republicans.

It is my understanding, from visiting with the OMB Director, that if the bill contain good policy -- in other words, if it shows more flexibility on loan rates, more flexibility on target prices and increase the Conservation Reserve Program, and some other areas that most of us support -- then they might be willing to support it. I say "might" because I do not know for certain whether they will want to pay a bit more for good policy.

So I hope the distinguished Senator from Montana is not unwilling to try to work out something. It seems to me that it would be in the interest of farmers in all States.

Mr. MELCHER. I am very willing to work with the majority leader and even, I might say, with the administration, which has been reluctant to discuss alternatives, I believe, to their own proposal.

I hope that, due to the work of the majority leader and the chairman of the committee, the administration will realize that in order to get a farm bill, it is necessary that they work with us, too. I think perhaps they are. At least, from my point of view, there seems to be some progress with them.

I do not want to hold up anything here. I think that, as quickly as we can, we should be voting on the various amendments that we know we are going to face, because Senators have been waiting for several months to be able to offer their amendments on various programs, and I think they should have that right. I hope we can proceed rapidly.

Mr. ABDNOR. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. ABDNOR. In response to the Senator from Montana, I have one of those amendments that everybody is for. I have not found any opposition. It will take a few minutes, and it will mean one amendment that could be out of the way. I do not know of anyone opposed to it. It is very necessary.

I hope they will reconsider and let me have the amendment adopted and out of the way, so that we can pay attention to the more controversial amendments.

Mr. DOLE. I thank the Senator from South Dakota. That was my understanding of what we would do with part of the day. But that is not happening.

On that basis, it was my hope that while that was being done, we could be working on a modification of the amendment at the desk. We are just wasting time. If we let some of these amendments that are going to be adopted be adopted by voice vote, in an hour or so we will have our modification ready to offer, and we will be ready to vote. I know that other Members have other ideas.

Mr. HARKIN. Mr. President, will the majority leader yield on that point?

Mr. DOLE. I yield.

Mr. HARKIN. I raised an objection and will continue to object, because we have amendments over here to offer.

The distinguished chairman of the committee says that he has not seen any of my amendments. I know of no rule of the Senate that says I have to send amendments to the chairman of the committee or anyone else. They have to be offered at the desk.

I find that because the majority leader has filled up the amendment tree, I cannot do it unless I have unanimous consent. It is obvious that I will not get unanimous consent to offer my amendments.

If the majority leader will say that no one will object to any unanimous-consent request to offer amendments, fine; go ahead with that. But I cannot see playing by two sets of rules -- one for that side of the aisle and one for this side of the aisle.

That is why I will insist upon the regular order. If the majority leader says that anybody who wants to bring up amendments can, it is all right with me. I see two sets of rules here.

Mr. DOLE. We certainly do not want to have two sets of rules. That is why the managers went through a list of all amendments and said, "These are not controversial, and this will require a vote."

Let us face it: We are not kidding anybody. The key vote is on commodities. Until we resolve that, maybe we should not worry about anything else. If that is not resolved, all the other amendments are not going anywhere, in any event.

I think the votes are critical I am not going to quarrel with anybody who wants to object. They have that right.

We are now preparing an amendment that we think will at least be brought up. If there are not enough votes for it, we will try something else, or somebody else will try something else.

Those who are determined to have the President veto this can have their way. It will not be difficult.

Some people are counting how many seats they will get if they do this or that. My farmers do not care how many seats are involved in 1985 or 1986. They are worried about their own farms and family security.

Mr. President, let me remind my colleagues that from 5 to 6:30 p.m., in room S-207, we will be honoring our distinguished colleague from Mississippi, Senator Stennis. I am joined by the distinguished minority leader, and we hope we can see you all there. Maybe we can work out our differences while we are visiting with Senator Stennis.

Mr. ABDNOR. Mr. President, I do not think we have two sets of rules.

I have a number of amendments I would like to offer, but they are controversial, and I recognize it. The majority leader has assured me that at the proper time I will have a chance to offer them. As I understood it, if there were some on which there were no controversy, we could dispose of them.

Do I correctly understand the Senator to say that there are a couple of amendments on the other side and he is simply waiting for the Senators to come here and offer them?

Mr. DOLE. The chairman advised me that they were willing to take a number of amendments on either side.

I am prepared to yield the floor to the chairman and the ranking minority member, Senator Zorinsky. There are Members on both sides right now, and we can accept the amendments which are not controversial. We know what the controversial amendments are. We are not kidding anyone. Why not dispose of 9 or 10 amendments? I suppose that by 6:30 we might have the other amendment drafted, and by 8 or 9 o'clock we could have a vote.

Mr. HELMS. Mr. President, the distinguished majority leader is exactly right. It is the same level playing field today that there was when I arrived here 12 years, 10 month, and 18 or 19 days ago.

We are operating exactly as we did the first day I walked on the Senate floor. How many times has Senator Byrd come to me and said, "Jesse, what is your amendment about?" I give him a copy of it. I never declined to do that, and I think he will confirm that.

But the truth is that Senator Zorinsky and I have a responsibility of trying to keep track of what is going on.

So, I must reject with as much civility as I possess, and I hope it is of sufficient quantity to dispell the notion that anyone is being treated improperly or unfairly.

I indicated earlier that we have asked Senator DeConcini and Senator Nunn to come with their amendment. We have a list of noncontroversial amendments, and we have always operated that way, tried to clear out the noncontroversial amendments in preparation for those which will require considerable debate.

Mr. MELCHER. Mr. President, will the chairman yield?

Mr. HELMS. I yield for a question.

Mr. MELCHER. I thank the Chair for yielding.

Now, we all know what we want are amendments to be made available to both sides of the aisle so they can look at them. But what really serves no purpose, I respectfully point out to the chairman, is to indicate that my amendment on cutting the cost in the bill is not known and not understood by both sides.

We have been working on it for 2 or 3 weeks, and at each stage the Senator's side as well as others on my side are kept abreast. It has been virtually the same for over 2 weeks and there has been some additions during the past week to bring it up to about the \$8 billion mark from \$7.6 billion to \$8 billion.

The fact is that it is an amendment that the chairman and the majority leader do not want called up at this time. It that not correct?

Mr. HELMS. That is not correct.

Mr. MELCHER. Then I shall ask unanimous consent to bring up my amendment, to lay aside the Dole motion to reconsider with instructions, and to offer the amendment. I do not have the floor now. I am just saying I would seek the floor to do that.

Is that acceptable to the chairman?

Mr. HELMS. So what the Senator wants to do and, incidentally, he did not ask a question but that is fine.

Mr. MELCHER. This is a question.

Mr. HELMS. His speech preceded it was not, but I enjoyed it. I always do.

Mr. MELCHER. Excuse me.

Mr. HELMS. What the Senator wants me to do is to agree to prevent the majority leader from completing a compromise that will give us a bill hopefully that will not be vetoed.

Mr. MELCHER. That is not the thing.

Mr. HELMS. Of course that is it.

Mr. MELCHER. Will the Senator yield further?

Mr. HELMS. I yield.

Mr. MELCHER. That is not quite it because the savings that is in the majority leader's package as it stands now are very similar to the savings that would be in my amendment.

Mr. HELMS. Some of it. The Senator is correct. That indicates the bipartisan effort that is being made.

I will say to the Senator he is not the only Member of the other side of the aisle with whom we consulted. We are trying to make it bipartisan.

Mr. MELCHER. Might I just state to the chairman -- --

Mr. HELMS. Yes.

Mr. MELCHER. I do not care which way we go, whether we go this way.

Mr. HELMS. Yes, the Senator does care.

Mr. MELCHER. This way to start voting on the majority leader's amendment or my way to start voting on my amendment which is much shorter. It only addressed one point on cutting costs in the bill. I do not care either way.

Mr. DOLE. Do it together.

Mr. MELCHER. I wish to do it together. When are we going to do it? I think we are spinning our wheels here.

Maybe it is time to put the chains on.

Mr. HELMS. We are not spinning our wheels. We can be allowed to proceed with some of the amendments.

Mr. MELCHER. I am all for that.

Mr. HELMS. I thank the Senator.

Mr. MELCHER. I am all for that. I am all for anything.

Mr. HELMS. I ask unanimous consent that it be in order for the distinguished Senator from South Dakota to call up an amendment?

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

Mr. HELMS. I asked that unanimous consent to prove a point and I just proved it.

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

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

RECESS UNTIL 6 P.M.

Mr. DOLE. Mr. President, I move that the Senate stand in recess until 6 p.m.

The motion was agreed to, and at 5:15 p.m., the Senate recessed until 6 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Wilson).

Mr. HARKIN and Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I am inclined to yield to the distinguished Senator from Iowa. Would he care to share with me what he has in mind?

Mr. HARKIN. I was going to talk a little and then ask unanimous consent to offer an amendment I have here and ask for its consideration, and see if that would be acceptable to the other side.

Mr. HELMS. Would the Senator be willing to let Senator Zorinsky and me take a look at his amendment?

Mr. HARKIN. Sure.

Mr. HELMS. Mr. President, I say to my friend from Iowa that I would have some reluctance about not objecting to his calling up this amendment. I will be delighted for him to take such time as he wishes to discuss it; and, depending upon what is being worked in a bipartisan effort, we will then advise the Senator about the amendment, if that is all right with him.

Mr. HARKIN. I would appreciate it if the chairman would yield to me for the purpose of a colloquy.

Mr. HELMS. Certainly. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I have an amendment I would like to send to the desk. I do not know that I understood what the distinguished chairman said.

Mr. HELMS. If the Senator will yield -- he has the floor -- Senator Zorinsky and I had agreed that Senator Abdnor would call up an amendment, and I feel obliged to honor that commitment to Senator Abdnor. If the Senator will go ahead and make his remarks, I will appreciate his not offering this amendment, to which I will have to object.

Mr. HARKIN. I understand.

Mr. President, I take the floor again to make the point I made before. I wish this did not have to happen. We are ready to vote on these amendments. We know what the Dole amendment contains. Everyone is ready to vote on it up or down. We can have a vote on it right now. Yet, again we are being told the we have to wait for some kind of new package that is coming out.

Mr. HELMS. Mr. President, if the Senator will yield -- I say this in all friendliness -- he is the one who objected to the Abdnor amendment.

Mr. HARKIN. The distinguished chairman is absolutely right.

Mr. HELMS. So what the Senator wishes to do is take over the job of Senator Zorinsky and the Senator from North Carolina. In all fairness, I say to him that I cannot permit that.

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Mr. HARKIN. What the Senator from Iowa is trying to do is, No. 1, to make a point, and that is that this farm bill is being stalled; that even though the distinguished majority leader has it within his power to fill up the tree as he done, to prevent amendments, I do not think it is in the best interests of the legislative process to not permit us to offer our amendments and have them debated and voted on.

I point out that the amendment that is the regular order of business now, the Dole amendment No. 940, is 224 pages in length. At least, we have had this for some time to look at.

I ask this rhetorically: I heard the distinguished majority leader say that at 6:30, they might have another package together. I wonder if that is going to be around 200 pages. He said we might vote at 8 to 9 o'clock, and that gives us an hour and a half to look at 150 to 200 pages. I hope it is not that long. I hope it is a simple amendment that we can look at and debate thoroughly and vote on it.

The distinguished majority leader has been saying that he wants to get a bipartisan package. I would like to get a bipartisan package, too, but I thought that is what we had. We reported a bill out of the Agriculture Committee. As I understand, some Democrats voted for it and against it, and some Republicans voted for it and against it. That sounds quite partisan to me. So what we got from the Ag Committee was a bipartisan bill, because there were Senators on both sides of the aisle who voted for it. I happen to be one who voted against it, as I know the distinguished chairman voted against it -- I suppose for different reasons. We all had our reasons for voting against it.

So we do have a bipartisan bill before us. I guess "bipartisan" is like beauty: it is in the eye of the beholder.

I do not mean to speak for any Senator other than this one, Mr. President, and my responsibility is not just to vote on something that the President or his advisors, as the case may be -- obviously, the President is not involved in this now, because he is at the summit in Geneva -- but this Senator's responsibility is not just to rubberstamp whatever the Director of OMB or the Secretary of Agriculture or the President or his advisors want. I would be shirking my responsibility and my duty to my constituents if I were to just rubberstamp what they want.

Mr. HELMS. Mr. President, if the Senator will yield, certainly this Senator is not a rubber stamp for anybody. This Senator accepts his responsibility, and I think the responsibility of all Senators is to get a bill that will pass the Senate, survive conference, and has a chance of not being vetoed. But the No. 1 responsibility is to get a fiscally responsible piece of legislation, and I submit that this bill, as it now stands, would be made worse by the Senator's amendment, in terms of cost. The Senator can justify it any way he wishes, but I am concerned about the Federal deficit. We cannot move toward a balanced budget as long as we have more and more spending in each bill that comes through.

I respect the Senator, and I thank him.

Mr. HARKIN. I appreciate the distinguished chairman for his comments.

Again I am just saying that the distinguished majority leader was on the floor a while ago saying that we had to have a bill that the President would sign and not veto. I do not know what the President will sign or what he will not sign. I do not know that there has been some edict from on high at the White House saying, "This is what I will take and this is what I will not." Even if there were, this Senator over the last 11 years has seen three different Presidents say well, they will sign something or will not sign something. Then you send it down and by gosh they sign it. There is always a give and take. Obviously, the President may say that he will not sign a certain farm bill, but then when presented with it he might have a different view of it when he is presented with it.

So, I do not know that we can really tell exactly what it is that the President will sign or will not sign as a farm bill.

Perhaps sometimes I wish he were more involved with the development of the farm bill and our farm problems than has been the case over the last several months. I understand he cannot be. Right now he is in Geneva and that is where he should be and that is of the utmost importance right now. But in the past, I would have hoped that the White House

might have been a little bit more involved than perhaps they were. But, again, I repeat, that just to try to work out a bill that is acceptable to whoever is representing the President down here -- today it may be one of his advisers, it may be the Secretary of Agriculture, probably the Director of OMB -- to just say that we have to approve a vote on a bill that they will approve, again this Senator does not think it is his responsibility to rubber-stamp whatever it is they approve.

My job, as I see it, is to do the best job I can both in the Agriculture Committee, here on the floor of the Senate, to devise a farm bill that will increase farm income, that will help us out of the mess that we are in in agriculture and do it within reasonable bounds of what the budget will allow.

The chairman of the Agriculture Committee said that we wanted to cut the deficit. Yes, we all want to cut the deficit.

But again I point out that the distinguished Senator from Montana has had before us for I think at least a couple weeks now a pending amendment that would make significant cuts in the farm bill and indeed bring it under the budget. And yet he is not allowed to offer that amendment. Every time he gets up to offer it he is precluded from offering it.

So, again I think those of us on this side have been responsible in the area of fiscal integrity in terms of our farm programs and what we want.

Certainly, even the 4-year target price freeze is within the budget. If you look upon the budget as being a 3-year budget cycle if that is the case we are in budget. If you want to assume we go beyond that 3 or 4 years, then, of course, you can make the case that we are out of the budget.

So it depends. Again it is like beauty. It is in the eye of the beholder whether we are in the budget or outside the budget on agriculture.

I would argue that we are well within the confines of the budget as it is right now for the next 3 years, because that is really what our budget cycle is looking at right now in the budget. But nonetheless, I wish we could have a vote on the amendment offered by the Senator from Montana. But we are not allowed to. In this the most deliberative, the greatest deliberative body in the world, we cannot get a vote on the amendment of the Senator from Montana.

So, again I hope that when we work out this so-called bipartisan agreement, we will at least have sufficient time to look at it.

I can only say I do not know what is bipartisan and what is not.

Again, we reported a bill out of committee that some Republicans voted for. That seems to me to be pretty bipartisan right there for a 4-year target price freeze.

I think we should have a vote on it on the floor of the Senate and see if it is bipartisan or not and let the chips fall where they are. But I hear talk about working out some kind of bipartisan package.

Bipartisan involving who? This Senator has not been invited to any meetings. I represent a State which is second only to California in terms of our agricultural receipts.

I dare say my colleague from Iowa, who is not here, I do not even know if he has been invited either to any of these so-called bipartisan meetings in trying to hammer out a package.

So whatever is being done behind closed doors is certainly being done not with this Senator's attendance and I assume without a lot of Senators' attendance who are distinctly interested in what the shape and the content of the farm bill will be.

But I keep hearing that we have to have a farm bill that the President will sign, but I do not know what that means.

Again I think our responsibility here is to pass a farm bill that will get farmers some income, help them pay off their debts, help us solve the financial crisis that plagues our Farm Credit System and our independent bankers all over this country. What we need is a farm bill that will increase farm income not a farm bill that will decrease farm income.

So I do not think that just being asked to vote for something that someone assumes that the President will sign or not sign is my responsibility.

I do not want to talk any longer. I am talking only because no one will permit a vote around here. We cannot get a vote on the pending amendment which is the amendment offered by the Senator from Kansas, Mr. Dole.

I see the distinguished majority leader on the floor. I wish we would just go ahead and have the vote on it up or down, see where the chips fall on this thing.

But, evidently that is not going to happen. Evidently, we are going to be kept at bay on this side of the aisle so that we cannot offer our amendments, so that we will have no prospect at all of really shaping a bipartisan approach. And I would think the place to do it is here on the Senate floor. Let us have our votes. Let people offer amendments. But we are being precluded from that.

Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. What is the pending regular order before the Senate right now?

The PRESIDING OFFICER. The pending business is amendment 940 offered by the majority leader.

Mr. HARKIN. A further parliamentary inquiry, Mr. President. Is there a unanimous-consent request pending at this time?

The PRESIDING OFFICER. No.

Mr. HARKIN. Mr. President, I really think we should get to a vote on the pending amendment.

Mr. President, I move to table the Dole amendment 940.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The assistant legislative clerk proceeded to call the roll.

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

Mr. DOLE. Mr. President, reserving the right to object, they will start voting on the other motion.

Mr. PRYOR. Mr. President, should the majority leader be inquisitive about my reason for taking the floor and asking for the quorum call to be rescinded at this time, I simply wish to ask the distinguished chairman of the Agriculture Committee a question and I will not offer an amendment nor offer a motion to table.

Mr. DOLE. Mr. President, I am constrained to object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll

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

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

The question is on the motion to table.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Iowa [Mr. Hawkins] to table the amendment of the Senator from Kansas (Mr. Dole). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. East], Senator from Maryland [Mr. Mathias], Senator from Connecticut, [Mr. Weicker], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. Stennis] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced -- yeas 88, nays 8, as follows:

(See Rollcall Vote No. 318 Leg. in the ROLL segment.)

So the motion to lay on the table amendment No. 940 was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I am happy to yield to the Senator from Arkansas.

Mr. PRYOR. If the majority leader will yield at this point, I would like to pose a question to the distinguished chairman of the Agriculture Committee, whom I see on the floor.

Mr. President, may we have order in the Chamber, please?

The PRESIDING OFFICER. The Senate will be in order. If Senators desire to converse, please take their conversations to the cloakrooms.

Mr. PRYOR. Mr. President, it is 15 minutes to 7. There is a rumor floating around the floor that we are about to have a 200-page agriculture bill submitted to the Senate in due time.

Mr. President, I think we are at a stalemate. Just as a matter of a little history, this particular bill that is now the business of the Senate, was reported from the Senate Agriculture Committee, to the best of my knowledge, on September 19. That is a 2 full months ago. Here we are almost on Thanksgiving eve going into Christmas, with a long conference to be held. Let us just be honest with ourselves: There is no conceivable way that we can take this bill with 90 amendments, or 60, 50, whatever, and move forward and have an agriculture bill.

My question to the chairman is this: The chairman on that date that we reported the bill voted against referring this particular bill to the floor. If my memory serves me correctly, the reason given by the chairman was that it was over

budget.

I have a solution that is simple, that will be fair, and I hope the distinguished majority leader and the chairman will listen to a proposal that I have.

Mr. HELMS. I hope the Senator will proceed.

Mr. PRYOR. Then I will ask my question of the chairman.

The distinguished Senator from Montana several weeks ago, through his own work effort, his own work product, working on weekends, devised a way of rectifying the chairman's concern and objection to this bill. He worked it out in good faith. He has attempted on many, many occasions to offer that amendment which would bring this bill under budget. Somehow or another, for some reason or another, that work product of the Senator from Montana ended up on that side of the aisle. That is history.

My proposal is this, Mr. President, to the distinguished chairman: That we vitiate all orders for yeas and nays, that we go back to where we started, and that we allow the Senator from Montana to offer the amendment bringing this bill, that was sent to the floor after 27 markup sessions, that is now under consideration, within budget and which will remove the objections of the chairman and many people in this body who feel it is overbudget. Once that is accomplished, then let us take the bill that we sent to the floor that is within budget and vote on it up or down.

I think I can say to the distinguished majority leader and the distinguished chairman that that might be a way to solve the dilemma and the impasse that we are in, and that impasse, in my opinion, will prevent and preclude us from having a bill this year.

I submit that to the chairman. My question is, Would the chairman consider that procedure for bringing this matter to the attention of the Senate?

Mr. HELMS. Mr. president, let me begin my response to the Senator by asking him a question.

Mr. DOLE. Mr. President, I yield for that purpose. I think I still have the floor.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. HELMS. Where did the Senator get the idea that the Melcher amendment or even the Dole-Lugar bill would be within the budget resolution?

Mr. PRYOR. Will the Senator repeat the question?

Mr. HELMS. The Senator from Arkansas is my friend and I greatly admire him. Where did you get the idea that the Melcher amendment would bring us within the budget resolution?

Mr. PRYOR. I think it is beyond dispute that the Melcher proposal would bring this bill within the budget.

Mr. HELMS. That is not correct. The Melcher amendment will cost \$90 billion to \$95 billion. The current law costs \$92 billion. The committee bill, against which I voted, will cost \$100 billion. The Dole-Lugar bill is a little bit better than the rest of them. It will cost \$85 billion.

I say that in the frame of reference that during the previous administration, the Carter administration, the farm bill as estimated to cost \$20 billion in 4 years.

I have not committed to vote for anything that I have heard yet. Up until this vote I was committed to helping the majority leader maintain his position until he could work out something that would perhaps justify my concerns about

the budget.

I do not have the floor now and I could not make any move if I wanted to, and I do not want to. That is the best I can do for the Senator.

As for my support, we have to get a great deal nearer the responsibility of the Senate before I can vote for a piece of legislation.

Mr. PRYOR. Will the Senator yield so I may respond?

Mr. DOLE. I am happy to yield.

Mr. PRYOR. To answer the distinguished chairman, these figures offered in the proposal by Senator Melcher of Montana, those are the figures, I say to my distinguished chairman, that were supplied to the distinguished Senator from Montana by the Congressional Budget Office. I know we can take USDA figures, OMB figures, or whatever, but day in and day out this Senator believes that the CBO has better figures than those other two particular agencies or functions of government.

I humbly submit, even if it would be over or above the budget, at least let the Senator from Montana who worked up this proposal offer the amendment to the agriculture bill and then let us vote up or down on the agriculture bill which came from the distinguished chairman's committee after 27 days of markup and let us go to conference with it. We will have some opportunities there to deal with figures and to deal with other concerns and problems. But otherwise, I say to my chairman, we are basically tonight and tomorrow -- well, this is wishful thinking, that we are going to be able to pass an agriculture bill and send it to conference and come back before Christmas. We think we owe an obligation to the farmers of this country to move and to move forward, and to do it now. That is my humble suggestion. I hope the distinguished chairman and majority leader will consider it.

Mr. DOLE. Mr. President, I think we all appreciate suggestions. There are 90 amendments. We understand there are about 12 that are in dispute. Obviously, this area is the most prominent one. But it seems to me that there is a strong indication at the White House that a 4-year freeze is going to be vetoed and if you have a 4-year freeze in the committee bill and a 5-year freeze on the House side when you go to conference, you are not going to end up with anything less than a 4-year freeze. That is one strategy, just go to conference, have the bill vetoed, and start it over again. We are not going to get any farm bill that way.

The other strategy is to try to save some money and I commend the distinguished Senator from Montana. I think the savings he has suggested and others have suggested are helpful. They have gone a long way to satisfy the budget requirement.

Maybe what I am seeking to do is not possible. We can bring up another amendment -- it will be similar to the one that has just been disposed of, with a few exceptions which I shall explain at the time -- and have a vote on it. If that amendment is defeated, there will probably be other amendments.

There may be the votes to pass a 4-year freeze. I think if that is the choice the Members have, that amendment would pass. Having voted, I think, for every farm bill that has ever been before the Senate under Democratic and Republican Presidents, I do not take the responsibility lightly. But I have learned over the years that sometimes, people have to compromise. The vote in the committee was by one vote, 9 to 8. That was not a big margin. So it seems to me that if there is some way to break the logjam, I would be happy to discuss it with the managers and we hope to have the amendment prepared here in the next few minutes.

In the meantime, I am going to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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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.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. The Senator did not hear.

The PRESIDING OFFICER. Objection was heard.

Mr. EXON. I thank the Chair.

The legislative clerk resumed calling the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. Once again, we cannot vote, we cannot talk.

The legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. There was an objection?

The PRESIDING OFFICER. Yes.

Mr. EXON. I thank the Chair.

The legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER (Mr. Gramm). Is there objection.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. DOLE. 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. DOLE. Mr. President, I have been meeting with the distinguished chairman of the committee and the ranking member, Senator Helms and Senator Zorinsky, and others on both sides of the aisle. There is going to be an amendment offered which will exceed 220 pages in length. I am advised by Members on both sides they would like to study it, which they certainly have the right to do. It is going to be somewhat different than the amendment which was tabled earlier. It will include some additional provisions. I think -- and I will ask the chairman to confirm this, and Senator Zorinsky, and the distinguished minority leader, who is now on the floor -- rather than have the amendment offered and spend a couple hours either reading it or studying it, we might be better off to distribute copies of the amendment tonight and try to get back on the bill by 10 o'clock tomorrow morning. Then that amendment could be offered at that time.

If there is no objection from the managers of the bill, I would suggest that course of action.

Mr. HELMS. Does the Senator intend to lay down the amendment tonight?

Mr. DOLE. We would lay it down in the morning.

Mr. HELMS. Lay it down in the morning. That is agreeable with me.

Mr. ZORINSKY. I am not aware of any objections on this side.

Mr. HARKIN. Mr. President, I only wish to ask the distinguished majority leader, does he have any idea how soon we might be able to get some copies?

Mr. DOLE. I was told earlier that it would be 10 minutes. That was about 7. I think the amendment is just about drafted. I would hope in the next 5 or 10 minutes.

Mr. HARKIN. I hope that it is not 10 or 11 o'clock tonight.

Mr. DOLE. I think we need copies for staff on the other side.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. BYRD. I would certainly not recommend having the clerk read the amendment. I think that the majority leader can supply copies to Senators. They would have an opportunity overnight to look at the amendment, as would the staff, and the Senate could go out. The majority leader certainly does not need unanimous consent to do this. If there is an objection, he can do it, anyhow.

Mr. DOLE. That is correct. But I want to make certain that everyone is going to stay around long enough to get copies, because in the morning someone might say, "I think I want it read," and that would take a couple of hours.

Mr. BYRD. Some Senators -- not this Senator -- may want an explanation of the amendment or may want to ask the distinguished majority leader some questions.

Mr. MELCHER. Will the amendment be laid down tonight?

Mr. DOLE. Just to make certain that we do not have any technical errors in it, we will make copies available to Members tonight and it will be laid down tomorrow morning.

Mr. HARKIN. Will the distinguished majority leader yield for a question?

Mr. DOLE. I yield.

Mr. HARKIN. I assume that the majority leader will lay down his amendment tomorrow, which will fill up the slot we tabled today, amendment 940, which again leaves us without any provision to amend that amendment at all. It will be a motion to table or an up and down vote, but we will not be able to amend it. Am I correct in that?

Mr. DOLE. On that amendment, yes.

Mr. HARKIN. Again, in all sincerity, I ask the majority leader: Assuming that we dispose of that amendment one way or the other, will we ever be allowed on this side to start offering our amendments and start having votes on our amendments? We have been waiting for weeks.

I have four or five amendments. The Senator from Montana has an amendment. We have other amendments here.

I am wondering, after we dispose of that one way or the other, could we have assurance from the majority leader that we will be recognized and that the amendment tree will not be filled up again so that we will not be precluded from offering our amendments?

Mr. DOLE. I say to the distinguished Senator from Iowa that I understood that most of the people on that side were for the committee bill. The answer is yes, there will be that opportunity. We can ask the Chair.

If the amendment offered tomorrow morning is adopted, will the bill then be open to further amendment?

The PRESIDING OFFICER. The first-degree amendment will be open to further amendment.

Mr. HARKIN. But not the amendment the majority leader is going to lay down tomorrow. That will not be open for amendment.

The PRESIDING OFFICER. The second-degree amendment will not be open for amendment.

Mr. HARKIN. I have amendments -- --

Mr. DOLE. Do you have a mandatory program amendment?

Mr. HARKIN. I have a voluntary program. You will love it. [Laughter.]

It will help increase the farmers' income in Kansas, and it will be below the budget.

Mr. DOLE. I would like to see how many votes it gets.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. MELCHER. As I understand it, the proposal is to go out tonight and to study the amendment and be prepared tomorrow, around 10 o'clock, to consider it.

Mr. DOLE. There will be no more votes tonight, in case any Members are waiting for that.

Mr. MELCHER. I wonder if we do not run some risk, when the amendment is laid down tomorrow, of 1 out of 100 -- I do not want to do this, but 1 out of 100 might say, "It's a long amendment, and I want to hear it read." That might take up most of tomorrow, reading it, or at least 3 or 4 hours. That is a risk we would take.

Mr. DOLE. That could only come from someone who does not want the bill to pass.

Mr. MELCHER. That is true. I am not suggesting that I would recommend that at all. I think we ought to use the available time we have for considering the majority leader's amendment.

Is this the one that contains both a 1-year freeze and a 4-year freeze?

Mr. DOLE. I might say that the precedent for this is March 21, 1978. The distinguished Senator from Georgia, Mr. Talmadge, was chairman of the committee, an outstanding chairman, and we went to conference with two different approaches. I have had that in mind ever since 1978. I thought that was a brilliant idea that came from the Democratic side. I hope we can do it again. The Senator from Montana voted for it.

Mr. MELCHER. And it has the soybean provision for \$35 an acre?

Mr. DOLE. It has a sugar provision.

Mr. MELCHER. Is the sugar provision changed?

Mr. DOLE. Yes.

Mr. MELCHER. How is it changed?

Mr. DOLE. Well, we have had some areas in the country where they have had some severe disasters, and we have tried to accommodate some of those requests, to ease up on those who can qualify in disasters where you have double-cropping areas.

Second, we tried to make it a no-cost program.

Those are basically the changes in the sugar program. There is not significant additional cost, but it takes a change in the law, because in some parts of the country, particularly in some of the Southern States, as I understand it, there has been almost total devastation. Under the present law, it is very difficult to qualify.

Mr. MELCHER. A hurricane disaster. I understand.

I have no objection, none whatsoever. I am just making a comment.

Mr. DOLE. We will also try to have available in the morning a summary sheet -- maybe even tonight, if we can get it together -- as to precisely what the amendment contains.

There is not much new in it, to be frank about it. There are some new provisions. We found a few errors in the other amendment. The basic program is pretty much the same.

We do not touch the \$50,000 payment limit. That was something the Senator from Montana indicated a deep interest in yesterday. We do not include that in our amendment, but it is in the bill. We do not change the peanut program; that is in the bill. There is a slight change in the corn program -- an upside-down, no-lose amendment.

Mr. BOSCHWITZ. An opportunity-income amendment.

Mr. DOLE. It is a very clever amendment. I wish I had thought of it. [Laughter.]

I do not understand it.

Mr. EXON. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. EXON. Is the amendment having to do with natural disasters limited to hurricanes only, or are there basic changes with regard to changing county lines, changing crops, changing the mix of crops that could allow for the qualification of a disaster? Is this a comprehensive change in the program or is it limited to hurricanes only?

Mr. DOLE. It is a limited one that relates to certain crops that do not have target price protection: soybeans and sugarcane.

Mr. EXON. I did not quite understand. Has the bill any change at all in the Corn Program from the bill that was tabled earlier?

Mr. DOLE. There is a change. The Senator from Minnesota will change the Corn Program with his amendment.

Mr. BOSCHWITZ. Yes.

Mr. DOLE. I do not understand it. That is not a requirement.

I am happy to yield to the Senator from Minnesota to explain it.

Mr. BOSCHWITZ. I believe the majority leader said something like that the last time about Gramm-Rudman.

Mr. EXON. Is the Corn Program change a secret?

Mr. DOLE. No. I just do not understand.

Mr. BOSCHWITZ. If you like I will explain it.

Mr. EXON. Can my friends from Minnesota explain what the corn is? I think we vaguely have an understanding of what the changes are with regard to the soybeans. It has as I understand it essentially the same floating parity for wheat as was in the earlier bill that was tabled; is that right? Have there been changes?

Mr. DOLE. It is the same sound provision we had earlier.

Mr. EXON. But I am not sure that I understand corn.

How is the corn changed from the majority leader's amendment that we tabled earlier today?

Mr. BOSCHWITZ. We have added to the package a provision that in the event the market price rises above the projections that USDA has made the deficiency payment would not be reduced because of that but the upside would be the opportunity income would be for the farmer.

In other words, now the deficiency payment is the difference between a target price and the loan. In the event the market price exceeds the loan, then the deficiency payment is reduced.

I went to the leader and I went to the USDA, and I said: What are the projections for the market price over the 4-year period of the bill? They told me what they were; \$2.04 the first year, \$2.19 the second year, \$2.24 the third year, and \$2.43 the fourth year.

And as the target price comes down I said the farmer is going to lose some income. Suppose that the market is above the estimated market price. In that case under the provisions that I have added to the bill the upside or the opportunity income would be for the farmer. I will show it to the Senator by way of a graph and he will see.

Mr. EXON. Is this, may I ask my friend from Minnesota, the program that he visited with me about a week or so ago?

Mr. BOSCHWITZ. I did. It was in the bill that I introduced and it would now be made part of this bill.

It would provide a real opportunity if there is a market recovery, very frankly if there is a short crop which is about every third year or so in corn.

Mr. EXON. Does this program cost additional money or does it save money in the bill as far as corn is concerned now?

Mr. BOSCHWITZ. It does not change the cost of the bill as the cost is now projected.

The cost of the bill as it is projected makes certain assumptions as to where the market price will be, and they figure the market price is going to be above the loan so that the deficiency payment would shrink.

My question to them was that suppose you have estimated wrong, suppose you have estimated too low and the market price in 1986 is \$2.40 rather than \$2.04 as you have stated. Who gets that 36 cents? Is the deficiency payment simply reduced by 36 cents as would now be the law, or would the 36 cents, the opportunity income, go to the farmer? Under this provision in the package that 36 cents would go to the farmer.

Mr. EXON. It sounds intriguing and all that without any additional cost?

Mr. DOLE. As far as projections are concerned.

Mr. EXON. As far as projections are concerned.

Mr. DOLE. His view is they are based on certain projections. If those projections are not accurate, it is not the farmer's fault and he should, if the market price increases, still get the same deficiency payment. But that is another change.

If I could just indicate, we are thinking about a rice provision. We have not determined whether to include it or not. There is also a change in the emergency disaster loan cap. I think most everything else has been covered except this upside amendment.

Mr. ZORINSKY. Mr. President, will the majority leader yield for a question?

Mr. DOLE. I yield.

Mr. ZORINSKY. Does it still retain the referendum on wheat in the corn bill?

Mr. DOLE. Right, it has the same 4-year provision that the distinguished Senator from Nebraska offered in committee.

Let me indicate that it is my hope that these copies will be available soon.

Mr. MELCHER. Mr. President, will the majority leader yield further?

Mr. DOLE. I yield.

Mr. MELCHER. I thank the majority leader for yielding.

I want to point out that these lengthy amendments with different concepts do take some time not only to prepare, as apparently it has taken all day to prepare, but to debate it. It would appear to me that the majority leader is setting the stage for little opportunity if any to finish this bill this week. I am willing to cooperate on that and I am willing to try. But when we get a proposal that blends into one package of 1-year target prices and a 4-year target price freeze that alone causes some real difficulties.

To add now a new program for soybeans, which may be very fine, and I might be all for it, will require considerable amount of checking. CBO, I do not think, has priced this out. We are concerned not with adding costs to the bill. I know the Department of Agriculture has said that it is a wash, which seems rather odd. But we are operating under CBO figures and that is the way we have been to keep them uniform. We will still have to have it costed out by the Congressional Budget Office.

I doubt whether they can find that wash. That has to be considered, and I am sure the majority leader is concerned about that in keeping down, not adding to, the cost of the bill, but hopefully finding enough cost reductions so we have a package that merits approval by the Senator and by the electorate. I thank the majority leader for yielding.

Mr. DOLE. I do not quarrel with that statement by the Senator from Montana. Obviously the managers are all concerned about the cost. We are all concerned about the cost. We know the Senator from Montana has indicated a way to make some savings.

There are other suggestions that have been set forth. Some will be included in this package. But for the most part, they are duplicate suggestions that have come from both sides.

I do not believe there are that many major differences between the amendment tomorrow and the amendment that was tabled earlier.

**ROLL:**

[Rollcall Vote No. 317 Leg.]

YEAS -- 50

Abdnor	Andrews	Baucus
Bentsen	Bingaman	Boren
Boschwitz	Bumpers	Burdick
Byrd	Cohen	Cranston
DeConcini	Dixon	Dodd
Durenberger	Eagleton	Evans
Exon	Ford	Glenn
Goldwater	Gore	Gorton
Grassley	Harkin	Hart
Heflin	Heinz	Inouye
Johnston	Kasten	Leahy
Levin	Long	Matsunaga
McConnell	Melcher	Mitchell
Pressler	Proxmire	Pryor
Riegle	Rockefeller	Sarbanes
Sasser	Simon	Specter
Stafford	Weicker	

NAYS -- 47

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Armstrong	Biden	Bradley
Chafee	Chiles	Cochran
D'Amato	Danforth	Denton
Dole	Domenici	Garn
Gramm	Hatch	Hatfield
Hawkins	Hecht	Helms
Hollings	Humphrey	Kassebaum
Kennedy	Kerry	Lautenberg
Laxalt	Lugar	Mattingly
McClure	Metzenbaum	Moynihan
Murkowski	Nickles	Nunn
Packwood	Pell	Quayle
Roth	Rudman	Simpson
Stevens	Symms	Thurmond
Trible	Wallop	Warner
Wilson	Zorinsky	

NOT VOTING -- 3

East	Mathias	Stennis
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[Rollcall Vote No. 318 Leg.]

YEAS -- 88

Abdnor	Andrews	Armstrong
Baucus	Bentsen	Biden
Bingaman	Boren	Boschwitz
Bradley	Bumpers	Burdick
Byrd	Chafee	Chiles
Cochran	Cranston	D'Amato
Danforth	DeConcini	Denton
Dixon	Dodd	Dole
Domenici	Durenberger	Eagleton
Evans	Exon	Ford
Garn	Glenn	Goldwater
Gore	Gorton	Gramm
Grassley	Harkin	Hart

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Hatch	Hecht	Heflin
Heinz	Helms	Hollings
Humphrey	Inouye	Johnston
Kassebaum	Kasten	Kennedy
Kerry	Lautenberg	Leahy
Levin	Long	Lugar
Matsunaga	Mattingly	McClure
McConnell	Melcher	Metzenbaum
Mitchell	Moynihan	Nickles
Nunn	Packwood	Pell
Pressler	Pryor	Riegle
Rockefeller	Roth	Rudman
Sarbanes	Sasser	Simon
Simpson	Specter	Stafford
Stevens	Symms	Thurmond
Trible	Warner	Wilson
Zorinsky		

NAYS -- 8

Cohen	Hatfield	Hawkins
Laxalt	Murkowski	Proxmire
Quayle	Wallop	

NOT VOTING -- 4

East	Mathias	Stennis
Weicker		

**SUBJECT:** AGRICULTURAL PRICES (91%); FOOD PRICES (89%); DAIRY FARMING (89%); DAIRY PRODUCTS (79%); AGRICULTURAL SUBSIDIES (79%); LEGISLATIVE BODIES (79%); FARMERS & RANCHERS (79%); DAIRY INDUSTRY (59%); FLUID MILK MFG (59%); PUBLIC POLICY (59%); AGRICULTURAL MARKETING (59%); PRICE INCREASES (59%); AGRICULTURE (59%); FOOD INDUSTRY (59%); PRODUCTIVITY (59%); AGRICULTURE REGULATION & POLICY (59%); TAXES & TAXATION (59%); COMMODITIES TRADING (59%);