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131 Cong Rec S 16248

REFERENCE: Vol. 131 No. 162; Continuation of Senate Proceedings of November 21, 1985, Issue No. 161; and Proceedings of November 22, 1985, Issue No. 162.

MESSAGE: The TEXT of this document exceeds 5,000 lines.

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

SPEAKER: MR. ABDNOR; MR. ANDREWS; MR. ARMSTRONG; MR. BAUCUS; Mr. BOREN; MR. BOSCHWITZ; MR. BRADLEY; MR. BUMPERS; MR. BURDICK; MR. BYRD; Mr. CHAFEE; MR. CHILES; MR. COCHRAN; MR. CRANSTON; MR. DECONCINI; MR. DOLE; MR. DURENBERGER; MR. EXON; MR. FORD; MR. GARN; MR. GORTON; MR. GRAMM; MR. GRASSLEY; MR. HARKIN; Mr. HART; Mrs. HAWKINS; Mr. HEFLIN; Mr. HEINZ; MR. HELMS; MR. INOUE; MR. JOHNSTON; MRS. KASSEBAUM; MR. KASTEN; Mr. KENNEDY; MR. KERRY; MR. LAUTENBERG; MR. LEAHY; MR. LEVIN; MR. LONG; MR. MATHIAS; MR. MATSUNAGA; MR. MCCLURE; MR. MELCHER; MR. MOYNIHAN; Mr. PRESSLER; Mr. QUAYLE; MR. SARBANES; MR. SIMON; MR. SIMPSON; MR. STENNIS; MR. STEVENS; MR. SYMMS; Mr. TRIBLE; MR. WILSON; MR. ZORINSKY

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

The PRESIDING OFFICER. The Senate will now resume consideration of the unfinished business, S. 1714, which will be stated by title.

The legislative clerk read as follows:

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

The Senate resumed consideration of the bill.

Pending:

Hawkins Amendments No. 1118 (to Amendment No. 939), to reauthorize certain child nutrition programs.

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Mr. DOLE. Madam President, a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The pending question is on the Hawkins amendment, No. 1118.

Mr. DOLE. Madam President, we had a late, late evening last night. I guess it was about 1:11 this morning when the Senate adjourned.

Many of our colleagues attended the briefing by Secretary of State George Shultz this morning, and that probably has delayed some of them.

However, I believe I reflect the views of Members on both sides when I say there is a desire to move ahead with this bill, and one way to do that is to get a vote early on, so that Members will know that we are serious about it.

I will not make the unanimous-consent request now, but I will do so when the managers arrive, and that is that there be 30 minutes equally divided on the pending amendment. I hope it can be worked out in a bipartisan way. Child nutrition never has been partisan.

It seems to me that we can accommodate the concerns of everyone.

It is good that the Senator from Florida has submitted an amendment somewhat different from the House version, so that we can go to conference and work out some important areas that should be addressed.

I will wait until the managers arrive, but I hope we can obtain that unanimous-consent agreement.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill 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 (Mr. Symms). Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand some of our colleagues are stuck in traffic. I think the rain is the problem in addition to everything else. That is where a couple of my colleagues are who have an interest in this bill.

Senator Melcher has an interest in this amendment. I think at least we could start the debate on it. Senator Melcher has asked me questions that I cannot fully respond to. But I think the one significant difference between this bill and the House-passed bill is the funding level. So we might as well go to work.

AMENDMENT NO. 1118

(Purpose: To reauthorize certain child nutrition programs)

Mr. MELCHER. Mr. President, this is a child nutrition measure; it is not just a run-of-the-mill amendment. It is one of the significant bills that Congress addresses from time to time to make sure that the child nutrition programs are kept and upgraded as much as possible.

The House passed a bill earlier this year by an overwhelming margin. I think the vote was almost 360 in favor and less than 60 opposed.

We have had it in the Agriculture Committee for some time. It was my understanding that perhaps the bill would be passed separately.

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There really are not any enemies that I know of in either body to child nutrition programs.

So I am quite amazed to find now that we are addressing it as an amendment to the farm bill, but since it has not been taken care of, this is one of the vehicles to which it can be attached. So I have no objection to that.

But I do have some problem when I try to understand what in the child nutrition program is the bill that was passed by the House that is not in this bill.

So for that purpose I would seek to inquire, if she will yield, if the author of this amendment will explain exactly what are the differences between the House-passed bill and this amendment as offered.

(Mr. WILSON assumed the chair.)

Mrs. HAWKINS. As I understand it, the amendment at the desk does not add 6 cents to the breakfast program at a cost of \$42 million. It does not raise the current tuition limit of the private school participation at an increased cost of \$3 million. It extends the special milk program with regards to schools which currently are ineligible for the program. It does not have an increase cost of \$15 million. It does include food service equipment assistance. It does not increase the cost of the program by \$1 million. It does have the special supplemental food program. It does not increase cost by \$60 million.

So those are the funding increases contained in H.R. 7 that my amendment does contain. The programs are there, it just does not have this increased money.

Mr. MELCHER. If the Senator will yield further, nothing else has changed in the House bill?

Mrs. HAWKINS. I did not understand the question.

Mr. MELCHER. Those were the only changes from the House-passed bill?

Mrs. HAWKINS. There are some technical changes in some programs and administratively. I have a 5-page section-by-section analysis which I will be glad to send to the Senator.

Mr. MELCHER. Yes, I would be happy to receive that.

Mr. President, as the majority leader has earlier stated, the chairman of the Agriculture Committee and ranking member of the Agriculture Committee and several others of the Senate Agriculture Committee that are interested in this proposal -- it is the Child Nutrition Reauthorization Act, but it is offered as an amendment -- are not here yet. They are apparently caught in traffic.

As I look around on both sides, I believe maybe that is true of the committee staff, also. They must have been caught in traffic.

This is an extremely important act. And if it is going to be an amendment to this bill -- if that is the best and most expeditious way to handle it -- it merits some consideration and some full understanding by the Senate. I believe there is a great deal of interest in it.

I am going to start my preparation now, Mr. President, as expeditiously as I can to address these matters contained in this act and see what the differences are as it is presented here from the House-passed bill. Unless someone else seeks the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. D'Amato). Without objection, it is so ordered.

Mrs. HAWKINS. Mr. President, I might make some statements which would be helpful to all those who are so vitally interested in this program which has languished in the Senate for 2 years. We should have reauthorized this a year ago.

There are no surprises in this amendment. It is very similar to a bill that Senator Dole introduced last year. It is quite close to the draft of the Dole-Boschwitz bill that was circulated at staff level in between food stamp markup sessions. The changes proposed for various child nutrition programs constitute some fine-tuning measures.

I am not really certain the farm bill is the best way to accomplish program reauthorization. However, we are running out of time in this session and I really do not feel, as we are nearing Thanksgiving, that the committee should forget the children again.

We are talking about how we want to have a child nutrition program. We need to do this and we need to do it today.

The programs, as I said, were supposed to be reauthorized last year but Congress never completed the process. This past year they continued on a rather tenuous basis through appropriation. It is time we end the situation and act responsibly to ensure the future of these programs.

Mr. President, this amendment would reauthorize the five expiring child nutrition programs for 4 years at current service. It is very simple. There are no spending increases.

Much like the House bill, which contains \$120 million in cost increases for fiscal year 1986, the programs that would be reauthorized are the Summer Food Service Program; the Supplemental Food Program for Women, Infants, and Children, usually referred to as WIC; the Commodity Distribution Program; nutrition education and training; and State administrative expenses. It is a brief, straightforward amendment. We hope that the section-by-section analysis of the amendment that we have distributed will answer the questions of those that are so concerned about child nutrition.

It is not a very controversial thing on the floor. This is not controversial. It has never been partisan since I have been in the Senate. And being a member of the Agriculture Committee and also chairman of the Subcommittee on Children, Family, Drugs and Alcoholism, children and family subcommittee, I feel it is a duty upon this body, if we do nothing else at all before Thanksgiving, that we take care of this languishing reauthorization. It is a very bad example to the school programs, to those children that are waiting, and all of our administrators who do not know what is going to happen with the children's programs.

We hope that we would just have a bipartisan cosponsorship. Anyone who is interested in this is welcome to come down and be a cosponsor. The amendment is designed to steer clear of those who wish to reduce spending in some or all of these programs and those who wish to increase spending. That is the way it works here. No one gets the whole pie.

In several cases, haphazardly, in my judgment, this is the only way we can realistically hope to achieve a reauthorization of these programs this year. As I stated earlier, before some of the Senators came to the floor, this is no surprise. We have had this circulated, I believe, since May or June. It seems like I have seen it many, many times, and wondered why we did not hurry and work on it.

It would have been introduced last night, early in the evening; however, it was my understanding that the managers of the bill wanted to accept some amendments by unanimous consent and I was told to wait until all of those that were noncontroversial and that had unanimous consent be authorized and then, on an orderly basis, we would submit our amendments. I chose to be orderly and I submitted mine after being recognized.

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This is the Hawkins-Dole and others amendment. The programs need the support of this Senate. We need stability in this program. It is a multiyear reauthorization that we can afford.

We need a vehicle to go to conference on. These are probably the most important programs, and I do not believe they should be left behind in the rush of other legislative matters that may be of some interest to some States and of no interest to other States. Good, sound program management is most achievable only when the people operating these programs know that Congress supports the programs fully, and intends for them to be continued for several years.

I mentioned that phones in the offices of other Senators do not ring as often as mine, being chairman of the Children and Family Subcommittee.

The amendment that I submitted would clear a logjam that has existed in this body for over 1 year, and there is nothing complicated about this. The authorization for five child nutrition programs expired September 30, 1984. I think it is inexcusable that people are standing around talking about what is the difference between this and the other bill when we all know it is going to go to conference. These programs have been continued by virtue of the appropriations contained in regular and continuing resolution appropriation acts. Good, sound program management is not achievable when we have so many wrong signals going to those that absolutely wonder if we are going to cut, add, eliminate, or all or some of the above. We are talking about child nutrition -- the most important part, I feel sometimes, of the entire farm bill.

I would like to let those of our colleagues know why we chose to put child nutrition on the farm bill. It was the only game in town last night.

Our committee, as everyone has known, has been consumed with an enormous workload this year in hearings, markup meetings, and now floor consideration. We have talked so much about wheat, grain, feed grains, corn, other commodities, targeted programs, marketing orders, dairy programs, and creating havoc in my opinion for certain commodities in the United States.

I think it is time and have felt it was time, but in the interest of the lateness of the hour last night we agreed earlier on to lay the amendment down, and we would consider it this day. It is time we focused on these child nutrition programs.

Those that serve with Senator Dole on the Nutrition Subcommittee, on the Agriculture Committee have been concerned for over a year that we need to deal with reauthorization. Meetings have been held. Most of the meetings were at staff level to assess what type of child nutrition package might be acceptable in a broad spectrum to the committee, and to the full Senate. Suggestions and recommendations were obtained which resulted in the removal of a number of items from several sources from a potential nutrition package.

This package, to the best of my knowledge, represents a consensus of what we believe is double in the time left in this session. It should not be controversial. There should not be perception in anybody's mind that this is not straightforward. If we were to do the right thing, which is a wonderful way to start this day so early in the morning for those that were here so late in the night, we could get everybody on both sides of the aisle, and the consponsors to accept the amendment, and get on with it.

I feel for too long we have held this bill hostage. It is not right. It is not the right signal. Grown up people play big games sometimes, and forget about the children. But I never forget about the children, and the Nation will benefit by its children.

This program has to have a constant signal, and has to have reauthorization. And I apologize to those managers of these programs throughout the country for having not had the package since its expiration in September 1984.

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

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

Mr. MELCHER. Will the Senator yield for a question?

Mrs. HAWKINS. Yes.

Mr. MELCHER. I have listened to the comments of the junior Senator from Florida, and she is absolutely correct. I commend her for bringing this matter to a head. I can only say that within the committee it would have passed any time, any day that she or one or two others from the majority side of the Agriculture Committee would vote with us. We would have had this in the farm bill a long time ago. This was the best vehicle.

Might I ask the Senator from Florida, did I understand that the total difference in cost between the Child Nutrition Reauthorization Act passed by the House, and what is before us now is \$250 million per year?

Mrs. HAWKINS. That is 2 years, Senator.

Mr. MELCHER. It is \$125 million per year?

Mrs. HAWKINS. One hundred million dollars per year.

Mr. MELCHER. Per year? The Senator listed other costs. What is the total cost per year difference between this version of reauthorization and the version of reauthorization in child nutrition that the House passed?

Mrs. HAWKINS. This bill is at current services.

Mr. MELCHER. This bill is at current services?

Mrs. HAWKINS. That is correct.

Mr. MELCHER. My question is still the same. What is the savings difference between this and what the House has passed per year?

Mrs. HAWKINS. I read a list off in answer to a previous question about what it did not contain.

It does not contain the increased cost of \$42 million for school breakfast; it does not include the increased cost of \$3 million for private school participation; it does not include the costs of \$15 million for special milk programs; it does not include \$1 million for food service equipment assistance; and, it does not include the \$60 million for the special supplement program. It does not include the \$121 million that the House has. It maintains all programs.

Mr. MELCHER. Is it \$241 million?

Mrs. HAWKINS. \$121 million.

Mr. MELCHER. The total is \$121 million, and that is per year?

Mrs. HAWKINS. Yes.

Mr. MELCHER. \$121 million per year. I thank the Senator.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader.

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

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The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, let me indicate that I do not think there is much controversy about this program. I am chairman of the Nutrition Subcommittee. It had been our hope to have a separate piece of legislation. In fact, it has been on what we call the "must" list that I give to Senator Byrd from time to time of things we must do. One of the things has been child reauthorization programs.

So I hope we can dispose of this matter on a voice vote. I think the difference is in the funding level. We are going to go to conference with the House, and I think we can probably work out the differences.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I want to join my distinguished colleague from Montana and also compliment the Senator from Florida for bringing this to a head and bringing this before the Senate floor. I was listening to the distinguished majority leader just a moment ago saying this was on his "must" list. I say the "must" list also. But I would point out that the House has passed this four times, and sent it to the Senate. It has gone to the Senate Agriculture Committee where it sat languishing for lack of action.

Most recently the House passed H.R. 7 in September by a vote of 367 to 59, which indicates it had broad bipartisan support in the House.

So I am glad this is coming to a head. However, I am greatly disappointed that the amendment now before us does absolutely nothing -- absolutely nothing -- to repair the damage that has been wrought over the last 4 years by the budget cuts on the poor and disadvantaged children of this country.

For the life of me, I cannot understand why we have to be so cautious when the House of Representatives by a vote of 367 to 59 passed H.R. 7.

I think we should be as equally concerned about the poor children of this country as are the Members of the other body.

The amendment before us, as I said, does absolutely nothing to repair the damages. It only contains the basic services which we have now, which are at best woefully inadequate to meet the needs that exist.

If the distinguished Senator from Florida would yield for a question, I would like to inquire why, since the budget allows for the increases in H.R. 7, it is not part of this amendment? Why is this \$120 million cut if, in fact, the budget allows.

I wonder if the Senator from Florida would respond to that question. Why is it that we have so little to maintain the services at the lower sum and not have the \$120 million increase provided for in H.R. 7?

Mrs. HAWKINS. I would like to answer.

Mr. HARKIN. Why is it that the budget allows \$400 million, and the House passed H.R. 7 which restored some of these cuts at \$120 million -- why is it that we have to be so harsh in the services, if the budget allows for the larger amount? Why do we not put it in?

Mrs. HAWKINS. The budget resolution did not allow for increases unless they were taken out of someplace else. The nutrition program was to be continued at the current level. This level provided that the nutrition programs could be increased at \$120 million but it stated that savings of \$120 million would be found in other items.

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Mr. HARKIN. If I may respond to that -- --

Mrs. HAWKINS. I believe that Senator D'Amato will introduce amendments today to include reductions to compensate for the increases that some wish to propose. As I said earlier, before the Senator came to the floor, this is not what everybody would like.

I have been here for quite some time, and I must tell the Senator that this body does not have the luxury to spend a lot of time watching what the House does. This body has to spend a lot more time on our own bills, and be a lot more responsible. It is quite irresponsible not to agree on these programs for child nutrition which expired on September 30, 1984. We need to send a signal that good, sound Government management is achievable when people who operate these programs know that the Congress supports the programs fully. We have had a lot of debate about those programs over the years. This has been a compromise. We have a lot of people who are concerned about this. Some Members do want to increase the amounts. A lot of times, it is difficult to do that or consider it, especially at 9 o'clock at night. It seems to me, in my judgement, that responsible Senators, the chairman, and the Senator from Kansas, who was chairman of the Nutrition Subcommittee, have worked hard to break the logjam. We must send a signal to those participating in this program. We would like to have the junior Senator from Iowa be a cosponsor. We would like to have this amendment sponsored by all Senators on the floor. I have not asked for the yeas and nays, but it seems to me that this could be a program that would quickly be accepted.

As a member of that Agriculture Committee, we are hurting farmers every minute we stand here and do not enact a farm bill.

That is what we are here for, to talk about a farm bill, and every minute we stand here and do not enact a farm bill, we are costing individual farmers millions of dollars, untold uncertainties, with pleadings for more and more help for farmers going into bankruptcy.

I must say I would plead with the Members of this body to just accept this amendment so we can get back to the important farm bill, so that we can go on to farm credit.

I did not ask for the yeas and nays earlier, but I will ask for the yeas and nays at this time. I would also ask unanimous consent to add Senator Dole as a cosponsor.

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

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. HARKIN. Mr. President, I had yielded to the Senator from Florida to answer a question. I was waiting for her to finish her answer. Mr. President, I have the floor.

Mrs. HAWKINS. I believe I had the floor.

The PRESIDING OFFICER. The Senator from Florida was recognized. The Senator from Florida has asked for the yeas and nays.

Who yields time?

Mr. HARKIN. I did not yield the floor.

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

Mrs. HAWKINS. Mr. President, to correct the record, I had yielded -- --

Mr. HARKIN. Mr. President, I have the floor and I have not yielded the floor.

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

Mr. KENNEDY. Mr. President, will the Senator yield to me?

Mr. HARKIN. I am delighted to yield to the Senator from Massachusetts for the purpose of questions and comments.

Mr. KENNEDY. Mr. President, first, I commend the work and leadership of the Senator from Iowa on this issue which I believe is of enormous importance and consequence to our country. In establishing the priorities of this country, there is no clearer issue to be chosen than this particular question of nutrition for our children. Our commitment as a society and as a nation is to reach out and provide food and nutrition to the neediest people in our society, primarily the children in our society. This is the basic question that we are addressing here today.

Some say that this amendment is a real compromise and that we ought to be willing to accept this particular proposal. I find it very difficult to understand why this proposal is a true compromise. It appears to me that we have seen a steady erosion of support and commitment as a society to the food programs that affect the low-income people of this Nation. There has been, as I understand it, a dramatic reduction in the child nutrition programs over the last 3 years. I would be interested if the Senator from Iowa would agree with me.

I understand that the funding for the child nutrition program in 1981 was cut by \$1.5 billion, or a third of its funding which represents the deepest cut of any of the means-tested Federal entitlement programs. The cumulative cuts in these programs total \$5.2 billion from 1982 to 1985. We are not just talking about cosmetics, we are talking about deep cuts. We have budget problems and we are going to deal with those problems. There is some room in the budget conference however to provide for modest expansions in these programs.

The commitment of this country to addressing the problems of child nutrition has faded in the period of the last 3 to 4 years. I am wondering if the Senator from Iowa would agree with me that of all the various policy programs we have in our country, the one thing we know how to do is grow food and fiber in this country and the second thing is feed people. The evaluation of these programs, I believe, has indicated very clearly that: First, there is a need; and second, these programs have been effective. We are not talking about waste, fraud, and abuse -- these are sort of standard words around here -- in bloated social programs. These programs have been evaluated, they are meeting a critical need.

I am interested, as one who is strongly committed to these programs, in what the view of the Senator from Iowa is in terms of instructing us whether he feels that even with this amendment, with all good intentions of the Senator from Florida -- and I certainly would grant those good intentions -- whether his analysis of this proposal is that it is a very significant and major retreat from this Nation's commitment to that whole range of child nutrition programs which I review in my formal statement on this matter.

Mr. HARKIN. I appreciate the remarks of the distinguished Senator from Massachusetts. He is absolutely right; this is a retreat, a massive retreat. I cannot understand why, when the budget allows and the House has passed H.R. 7, which encompasses some of the increases necessary to repair damage done in the last 4 years by a vote of 367 to 59 -- the House has passed legislation four times and the Senate has not acted on it -- why we cannot also repair the damage that was done.

A moment ago, I was told by the author of this amendment that there were not offsetting cuts that would allow for this, that the function 600 would not allow for this.

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I responded by saying we did indeed cut food stamps by \$580 million, the same function. The budget conferees allowed for a \$240 million increase in food stamps. So there is about an \$800 million cut right there.

All we are asking for is \$120 million to increase the WIC Program, the School Breakfast Program, and the Supplemental Milk Program.

What we have before us, while I agree with the Senator it is well-intentioned, does not even take the first step in repairing the damage done over the last 4 years.

Mr. KENNEDY. Let me ask another question of the Senator. Is there not also a clear tone in this amendment -- a clear policy declaration? This amendment eliminates the Summer Food Service Program startup funds, the Child Care Program startup funds, and the Child Care Food Program advance payments. We as a country are trying to address the problems of families, of working people where two members of the family are out working. We are trying to address the problems of single-parent families. The explosion in those demographic figures in the period of the last 5 years has just been extraordinary. There have been efforts in the private sector and in the public sector to provide child care programs for millions of needy children and others in our society. And, we have found in the past that in this kind of situation, there is a need for small amounts of start-up money to develop programs. Is it the understanding of the Senator from Iowa that this particular amendment effectively cuts or eliminates those start-up funds for programs? It is my reading of the amendment that it does.

So this is a very clear indication of, really, what those who support this amendment are attempting to do. They are saying, "Halt, stop. We are not going to provide the kinds of early start-up resources which are so essential to programs, so we will effectively deny otherwise qualified children from being able to participate in these programs." I must say I find that enormously distressing and I think it is a very clear indication that this amendment is very, very seriously flawed. I think we are left in a position where someone could possibly say that if we oppose this amendment we are somehow indifferent to these kinds of problems and, on the other hand, a vote in favor of the amendment could be interpreted as supporting many of these policy decisions which I find enormously troublesome.

I am interested in what observations the Senator from Iowa would make.

Mr. HARKIN. Mr. President, I think the Senator from Massachusetts is absolutely right. The children in these programs are the very children that will fall through the so-called safety net. These are the children most in need; yet they are being left behind with this amendment. They are just being left out, carved out, as if they were of no consequence whatsoever. It is a very small amount of money. We are not asking to bust the budget. This is well within the budget. We cut the Food Stamp Program, we allowed for this money, now we are being told we have to back off even more.

The Senator from Massachusetts is absolutely right on point. These programs that he mentioned are left behind, not included in this amendment. How can this be a compromise? This is no compromise. This is a backward step we are taking here.

I understand they say, well, they are going to go to conference on it, maybe they will work something out. But I do not think we ought to take the position in this body that we have to start from behind ground zero to go to conference with the House on this. I think we have to start from the strongest possible position.

Do we as a body want to repair the damage that has been done over the last 4 years to programs like the WIC Program? This amendment does not provide any increase at all in WIC -- none, zero, zip.

The WIC Program is a program which is currently serving about one-third of the eligible people in this country, and this program has proven to be cost effective; for every dollar we have invested we have gotten \$3 in savings. It is one of the best programs we have ever had in this country, and yet this amendment allows for no increase at all, when in fact the budget allows for it. That is what is so perplexing to me, why we have to be saddled with an amendment that not

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only leaves behind the programs that were just mentioned by the distinguished Senator from Massachusetts but which does nothing to increase the WIC Program, the School Breakfast Program, which the USDA has already said is nutritionally inadequate, and yet the House bill -- in fact, the bill that was before the Senate last year in the Senate Agriculture Committee -- had funds in it for the School Breakfast Program. I do not know why this amendment does not do anything for the School Breakfast Program. Again, I would like to ask the author of the amendment, why is there not anything in this amendment providing for any kind of increase in the School Breakfast Program? Does the author of the amendment feel the School Breakfast Program is adequate the way it is, or, again, is this some kind of budget consideration? I am just wondering why there is no money for the School Breakfast Program.

Mrs. HAWKINS. The junior Senator from Iowa is on target. I do not disagree with the Senator that we do not need further reductions, but in following this program -- I do not know if the Senator attended the hearings or not -- we had testimony in the hearings conducted by Senator Dole which showed that the changes made in 1981 provided a better program, that the WIC Program became a better program. They had some trouble adjusting to the changes to WIC, say, in 1981, but when the statement is made that there is no money increase here, the WIC Program has grown from \$800 million in 1980 to \$1.5 billion last year, and that is a huge change. In farm belt programs, maybe that is not a big change, but WIC has gone up. I do not need to talk about how the participation has increased. It has been a very, very good program; 2 to 3 million kids are now participating in it. This Senator is on record for 5 years as casting votes on many, many occasions that supported child nutrition. It was this Senator who led the fight on the floor to prevent reductions in the same Child Nutrition Program when earlier this year there was a reduction proposed by the administration as part of its fiscal year 1986 budget recommendations.

Mr. HARKIN. Mr. President, if I can retain the floor -- --

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. If I can retain my time, I do not doubt the good intentions of the Senator from Florida. She is right. She has been a leader in this area, and I know that she is very concerned about it. That is why I am engaging in this colloquy, because I feel that there is enough support in this body for the kind of restoration that is encompassed in H.R. 7. I believe the votes are here for it. You cannot make a budget argument against it.

As I said, we made those cuts in the Food Stamp Program. What H.R. 7 did and what is lacking in this amendment is, No. 1, a restoration of a mere \$1 million to the School Lunch Program which was cut \$1 billion in the 1981 Reconciliation Act. H.R. 7 restored \$1 million to the School Lunch Program. I know the Senator from Florida knows as well as I do what has happened in that School Lunch Program since 1981. We have had 3 million kids dropped out of the School Lunch Program since 1981. The data I have shows that the student enrollment in those schools which have a School Lunch Program has gone down by 6 percent, but the program participation has gone down by 13.6 percent. So we have had a tremendous dropoff in the School Lunch Program. I think it is asking too much to restore \$1 million.

The second part of H.R. 7 that is not encompassed in this amendment, I talked about just a moment ago, and that is \$42 million for the School Breakfast Program -- again, a program which the USDA has said is nutritionally inadequate. We know that the School Breakfast Program reaches the poorest and most needy of kids and yet this amendment does not allow for that.

The third thing that this amendment lacks is the special milk program, the kindergarten milk program, at a cost of only \$15 million. In 1982, this special milk program was cut by \$110 million, a 90-percent cut in 1982, and all we are asking is let us put back \$15 million.

Finally, H.R. 7 added an authorization of \$60 million to the WIC Program which would serve an additional 125,000 women, infants, and children. In total, \$120 million, which was encompassed in the budget. I do not understand why we cannot do that. As I said, I believe the votes are here for it. Quite frankly, I believe the Senator from Florida supports it, so I do not know why we have to be taking such a back seat in this effort. I think we ought to send a

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message loudly and very clearly to this country that we have accepted all the cuts we are ever going to accept in these programs and we are going to restore some of the damage that was done. Between 1980 and 1984, the total number of children in poverty increased by about 16.3 percent. The need is great. As the Senator from Massachusetts pointed out, what this amendment does is leave a glaring loophole for really the poorest and neediest of children to fall through and not be served.

So again I hope that some needed changes might be made in this amendment to bring it up to a level that I think would reflect what this body really wants to do. I do think the votes are here for it. I do not think we have to be so cautious in this. If there is some possibility of working out perhaps some agreements on some modest increases, I think we can move ahead on it very expeditiously.

Mr. DOLE. Will the Senator yield?

Mr. HARKIN. I am delighted to yield.

Mr. DOLE. Mr. President, I wonder if I might suggest that we temporarily lay this amendment aside and the two Senators get together and see if they can resolve these differences. Then we could, hopefully, if we do that, vitiate the yeas and nays and have a voice vote. If that is satisfactory to both principals in this case, I would make that request.

Mr. HARKIN. I would be delighted to do so.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. May I hear the request, Mr. President?

Mr. DOLE. I just asked that we temporarily lay this amendment aside, we have a little confab with the interested parties and then hopefully be able to work out what we can here and work out the rest in conference and have a voice vote.

Mr. KENNEDY. Fine. No objection.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Reserving the right to object.

Mr. DOLE. Now there is no objection, as I understand it.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

AMENDMENT NO. 1119

(Purpose: To require Federal agencies before making loans or grants to foreign countries to certify that the loans or grants will not be used to enhance the competitiveness of foreign soybeans)

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. I send to the desk an amendment which has been cleared, as I understand it, dealing with soybeans.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. Heflin] proposes an amendment numbered 1119.

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

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

The amendment is as follows:

At the end of the pending amendment, add the following: At the appropriate place in the bill, add a new section as follows:

FOREIGN SOYBEANS

Sec. . Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency (as defined in section 551(1) of title 5, United States Code) must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

Mr. HEFLIN. Mr. President, I rise today to offer an amendment on behalf of the American soybean producer.

Over the past 7 years, I have discussed many issues with the soybean farmers in Alabama. The one issue that has brought more complaints and more attention is the Government subsidies that enhance the competitiveness of soybean producers in countries such as Brazil and Argentina. Sadly enough, many of these subsidies are provided not by the governments of these countries, but rather by the U.S. Government.

Mr. President, I have no problem with the use of Federal money for humanitarian purposes in some countries; however, I don't think it is necessary for us to spend taxpayers money to promote a product in another country that will be exported against U.S. farm grown commodities. I think Mr. B.B. Spratling, Jr., a good friend of mine and former president of the American Soybean Association, best sums up the situation. He said in a recent article, "Federal agencies need to look at the difference between humanitarianism and cut-throat competition."

Many countries already enjoy competitive advantages over the U.S. farmer. One advantage, is the cost of labor. American farmers spend about \$25 per acre for labor while farmers in other countries spend less than \$3 an acre. Moreover, American farmers pay about \$14 an acre more for herbicides than do their competitors. Foreign governments heavily subsidize the processing of their soybeans into meal and oil to the extent that United States suppliers cannot offer raw beans to a country like Pakistan as cheap as Brazil would offer processed meal and processed oil.

Mr. President, in addition to these advantages, the Agency for International Development has expended millions of dollars in research projects to help Brazil to develop subtropical varieties of soybeans to further compete with the American farmer on the world market. According to an Agency for International Development representative, AID spent \$330 million on agricultural programs in foreign countries during the 1984 fiscal year.

It would appear that these advantages would be enough to enhance the position of our trading partners. But it does not stop here. Other U.S. money has been or will be spent to construct or improve transportation links, such as roads and railways, to enable farmers to transport their raw products to shipping docks or processing facilities.

The U.S. Agency for International Development has agreed to take a closer look at its foreign agricultural programs. I am told that this is an effort to "take a more careful look at programs to be certain to minimize serious adverse effects on U.S. agricultural exports."

Mr. President, this is not the time to take a closer look. We all know the current economic conditions in the farm sectors brought on by reduced agricultural exports. It is time to take action.

The amendment I offer today is a step in the right direction. It is a short amendment and is self-explanatory. The amendment reads:

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Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

Mr. President, I would like to distinguish my amendment from an earlier amendment that was offered by the Senator from Idaho, Senator Symms, and was agreed to by a vote of 65 to 13.

The Symms amendment, as I understand it, gives the Secretary of Treasury the authority and directive to instruct the U.S. executive directors of the international banks to use the voice and vote of the United States to oppose any assistance by such institutions for the production of agricultural commodities if these commodities are in surplus or the export of such commodity would cause substantial injury to U.S. producers of the same commodity.

The amendment I offer is directed at taxpayers money that Congress appropriates to departments and agencies. This amendment requires that the head of any department or agency that makes loans or grants, to a major soybean producing country in competition with the United States for export markets, must first certify to Congress that such loans or grants will not be used to give foreign soybean producers a competitive edge over our own farmers in world markets.

Mr. President, I urge my colleagues to support this amendment that I have offered on behalf of all U.S. soybean farmers.

Mr. President, I understand that this amendment is acceptable to both sides.

Mr. HELMS. Mr. President, if the Senator will forbear for 30 seconds, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEFLIN. 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. HEFLIN. Mr. President, I ask unanimous consent that the name of my colleague from Alabama, Senator Denton, be added as a cosponsor.

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

Mr. HELMS. Mr. President, we have examined the amendment, and now that it is acceptable, I should like to be a cosponsor of it.

Mr. HEFLIN. I ask unanimous consent that the name of the Senator from North Carolina (Mr. Helms) be added as a cosponsor.

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

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and recommend its adoption, and I ask that my name be added as a cosponsor.

Mr. HEFLIN. Mr. President, I am delighted to ask unanimous consent that the name of the Senator from Nebraska [Mr. Zorinsky] be added as a cosponsor.

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

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If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 1119) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 1120

(Purpose: To minimize the adverse impact of the milk program on beef and pork producers)

Mr. HEFLIN. Mr. President, I send to the desk an amendment which I understand has been cleared or is in the process of being cleared.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that amendment No. 1118 be temporarily laid aside?

Mr. HELMS. I ask unanimous consent that amendment No. 1118 be temporarily laid aside.

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

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. Heflin] proposes an amendment numbered 1120.

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

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

The amendment is as follows:

AVOIDANCE OF ADVERSE IMPACT OF MILK PROGRAM ON BEEF AND PORK PRODUCERS

Sec. . The Secretary shall take into account any adverse impact of the reductions in milk production on beef and pork producers in the United States and shall take all feasible steps to prevent such impact.

Mr. HEFLIN. Mr. President, when the Dairy Diversion Program was authorized in the Dairy and Tobacco Adjustment Act of 1983, there was some concern in this body as to the existing potential for a severe impact on both pork producers and cattlemen by the cull dairy cows which dairymen would be selling for slaughter. There was a fear that the additional volume of meat on the market would be directly competing with beef and pork for the consumer's dollars.

At that time, I cosponsored an amendment that required the Secretary of Agriculture, in setting up contracts for the paid diversion program, to take into consideration any adverse impact this program would have on pork and beef producers. The amendment was designed to provide for the orderly marketing of cull dairy cows so as not to disrupt the cattle and hog market.

Mr. President, the dairy title of this bill, as you well know, does not contain a whole herd buy-out provision as does the House-passed farm bill, nor does it contain a dairy diversion program as does the House-passed farm bill. The dairy

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title does, however, give the Secretary of Agriculture authority to adjust the milk support price if Government purchase exceed or fall short of some trigger level. With so much surplus dairy production taking place these days, and so many surplus cows giving milk, any adjustment which we make to bring dairy production in line is bound to bring more meat on the market. However, in making adjustments, we in Congress, as well as the Secretary, should take every precaution to help minimize any adverse affect which these adjustments could have upon livestock producers.

Mr. President, it is important to recognize the strains under which livestock producers have been operating in the past few years. First, the administration implemented the Payment-in-Kind Program which resulted in increased feed cost. We saw devastating drought conditions in many parts of the country. Now, we see a flood of cheap meat imports from Canada. We must be sensitive to any additional impact on the red meat sector that could result from a new dairy program.

The amendment I offer today simply requires the Secretary to take into account any adverse impact of the reductions in milk production on beef and pork producers. It also directs the Secretary to take all feasible steps to minimize such impact.

I urge my colleagues to join in support of my amendment.

Mr. HELMS. Mr. President, we have examined the amendment and find it entirely acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment offered by the distinguished Senator from Alabama, and we accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (1120) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the name of my colleague from Alabama, Senator Denton, be added as a cosponsor of the amendment.

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

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

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

AMENDMENT NO. 1121

(Purpose: To permit producers under certain conditions to repay loans for a crop of soybeans at a level that is the lesser of the loan level determined for such crop or the prevailing world market price for soybeans)

Mr. HELMS. Mr. President, I ask unanimous consent that amendment No. 1118 be laid aside temporarily.

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

Mr. HEFLIN. Mr. President, I have an amendment which has been discussed, and I believe it will be cleared.

This amendment would give discretionary authority to the Secretary of Agriculture to implement a marketing loan for soybeans. It is in his discretion.

One purpose of this amendment is to expand the parameters as we go to conference on the soybean title and give the matter attention. In conference, we would have the opportunity to look at a soybeans marketing loan as a potential for the final farm bill to include.

This amendment, in effect, would make it discretionary with the Secretary as to whether or not he wanted a marketing loan. Then it would be available in conference, as we consider soybeans problems, and it would be within parameters for the conference to consider.

I do not think there is any objection to this. It is purely discretionary.

At this time, I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. Heflin] proposes an amendment numbered 1121.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the amendment be notified.

Is there objection to this amendment?

Mr. HELMS. I do not know. I have not seen it.

Mr. HEFLIN. Basically, it just makes it discretionary for the Secretary to have the right to create a marketing loan for soybeans, in his discretion.

Mr. HELMS. If the Senator will let us look at it for a moment, I suggest the absence of a quorum.

Mr. HEFLIN. If the Senator will withhold that, I will withdraw the amendment, and we can take it up later.

Mr. HELMS. All right.

Mr. HEFLIN. Mr. President, I withdraw the amendment at this time.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the pending amendment be set aside so I may offer an amendment.

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

AMENDMENT NO. 1122

(Purpose: To make Commodity Credit Corporation stocks available free or at reduced cost for liquid fuels processing)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. Zorinsky] proposes an amendment numbered 1122.

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

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

The amendment is as follows;

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new subtitle:

SUBTITLE D -- ETHANOL

LIQUID FUELS

Sec.. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation," and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities."

Mr. ZORINSKY. Mr. President, The amendment I am proposing would allow the Secretary of Agriculture to make surplus Commodity Credit Corporation stocks available free or at reduced cost for processing into liquid fuels.

As we face overwhelming levels of production and declining exports, we must pursue alternate uses for our Nation's surplus crops or simply become buried in mountains of grain. This amendment will promote the utilization of surplus grain in a manner that will not only reduce such surpluses -- and thereby enhance the market price -- but will contribute to domestic fuel self-sufficiency and national security as well.

I urge its adoption.

I believe this has been cleared by both sides.

Mr. HELMS. Mr. President, it has indeed.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Nebraska.

The amendment (No. 1122) was agreed to.

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

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

The motion to lay on the table was agreed to.

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The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1123

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado [Mr. Hart], for himself and Mr. Dole, proposes an amendment numbered 1123.

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

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

The amendment is as follows:

At the end of the pending amendment insert: On page 231, between lines 5 and 6, insert the following new section:

PROTECTION OF SUGAR PRODUCERS

Sec. . (a) Section 401(e) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)) is amended --

(1) by inserting "(1)" after the subsection designation; and

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

"(2) (A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugar cane, because of the bankruptcy or other insolvency of the processor, to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, upon demand made by such producers and upon such assurances as to nonpayment as the Secretary shall require, shall pay such producers such maximum benefits less benefits previously received by them. Upon such payment, the Secretary shall be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment and shall have authority to pursue such claims as necessary to recover the benefits not paid to the producers. (B) The Secretary shall carry out this paragraph through the Commodity Credit Corporation."

(b) The amendment made by this section shall apply to nonpayments occurring after January 1, 1985.

Mr. HART. Mr. President, let me begin by expressing my thanks to the majority leader for his help in formulating this proposal. His work, and the efforts of Senator Baucus, the Democratic manager, Mr. Zorinsky, and others, are most appreciated.

This proposal applies to the sugar program under the 1949 Agriculture Act. It provides that the USDA, through the Commodity Credit Corporation, is responsible for direct payments to producers if processors enter bankruptcy or insolvency. If a producer enters into a program of the USDA in good faith, and with the assurances that program requirements are followed, the USDA bears a reasonable responsibility to the producer. That would mean that the Secretary would be obligated to recover lost assets from the appropriate court.

The need for this amendment became apparent when, this summer, producers in five States had between \$24 and \$27 million in payments withheld due to the Great Western processor bankruptcy. I wrote the USDA asking for assistance for farmers in Kansas, Colorado, Nebraska, Montana, and Ohio. And USDA replied there was nothing in the

law to make these farmers whole.

To avoid this problem in the future, the amendment changes the basic certification process whereby USDA approves processors for conveyance of payments to producers. Until now, this process had no teeth -- the Department has engaged in a perfunctory certification process based solely on an application filed by letter.

In the event of a bankruptcy, under our amendment, the Secretary shall make payments to producers within 30 days of the final payment date specified in contracts between processors and producers. The Secretary is provided a grace period to establish whether, in fact, payments have been denied.

Through the work of the majority leader and others, the amendment has been written retroactive to January 1, 1985. This means that protection will not only be afforded in the future, but will also be extended to the producers who suffered due to the inadequacy of the existing certification program.

This amendment affirms the intent of Congress. The payments we provide under the sugar program are for the farmers who participate in it. The amendment does not disturb the orderly conduct of the bankruptcy process, but protects producers who have participated in good faith. The amendment is supported by the National Sugar Beet Growers Association, the Rocky Mountain Farmer's Union and others.

In addition to Senators Dole and Baucus, Senators Zorinsky, Exon, and Glenn have pledged their support. I urge the adoption of the amendment.

Mr. DOLE. Mr. President, I share the views of the distinguished Senator from Colorado on the impact of about 17 States here as far as the prospective provisions of this measure are concerned.

There are also a number of sugar beet producers in Kansas, Colorado, Nebraska, Montana, Ohio, a number of States that have been severely impacted because, as the distinguished Senator from Colorado pointed out in this case, the processor gets the loan and the producers do not get the loan. The processor takes bankruptcy and there are the producers without any recourse or very little recourse.

Mr. President, I am pleased to join the Senator from Colorado, Senator Hart, in offering this amendment to rectify a longstanding inequity with respect to repayments under sugar producer-processor marketing agreements. I am particularly gratified that, by making this provision retroactive to the first of this year, we may be able to make sugar producers whole who lost their entire crop value back in March when the Great Western Sugar Co. filed for bankruptcy.

Mr. President, sugar is the only crop where, as a result of the perishable nature of the commodity, processors rather than farmers take out the actual price support loan from the Commodity Credit Corporation. They do so only after signing a contract with CCC assuring that they have entered into marketing agreements, committing them to repay the producers once the refined sugar is sold.

In the case of bankruptcy or other insolvency on the part of the processor, as in the case of Great Western, sugar under loan is forfeited to the Government and producers with marketing agreements are forced to pursue their claims as unsecured creditors. As in other instances, such as the grain elevator bankruptcy case in 1981, the likelihood of receiving more than a few cents on the dollar is minimal.

This amendment would rectify this situation by requiring the CCC to step in after a bankruptcy declaration or insolvency and repay the loan to producers with marketing agreements. CCC would then assume the producers' legal interest with respect to distribution of any assets under the bankruptcy proceeding.

Mr. President, I appreciate the work of the Senator from Colorado in this issue, and hope that the managers of this bill will accept the amendment.

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I thank the Senator from Colorado for initiating this action.

Mr. BAUCUS. Mr. President, this amendment corrects an egregious error.

This year farmers in five States were left holding the bag when the Great Western Sugar Co. filed for bankruptcy.

Great Western had collected funds from the USDA sugar program. Great Western had also taken possession of sugar beets from farmers in five Western States -- including Montana.

The farmers had given up their crop but had not received payment.

When Great Western filed for bankruptcy these CCC funds -- those funds destined for farmers -- were placed in a pot with all the rest of Great Western's assets.

Farmers in five States -- including my own State of Montana -- lost \$25 million.

This is especially outrageous given the fact that USDA is required to certify that processors are worthy conveyors of funds from the CCC to farmers. It is clear that USDA treats this requirement rather casually. If USDA is going to grant certification without examination, then USDA should bear the costs.

The amendment authored by the Senator from Colorado, the Senator from Nebraska, and myself is very simple. It says that where USDA certifies a processor as worthy and that processor then defaults or files for bankruptcy, the USDA shall pay the farmers who have turned over their crop.

I am glad to remedy this wrong.

(The names of Senators Dole, Zorinsky, Baucus, Kassebaum, Glenn, Symms, Exon, Bentsen were added as cosponsors of the amendment, by unanimous consent.)

Mr. HELMS. Mr. President, we approve the amendment.

Mr. ZORINSKY. Mr. President, we have looked at the amendment on this side of the aisle and recommend its approval.

I congratulate the Senator from Colorado for his wisdom in recognizing this much-needed amendment and introducing it.

This amendment provides lien protection and rules for conveyance of payments to sugar producers.

Under the sugar program, sugar processors are the conduit for support payments intended to benefit producers. Unfortunately, when processors go bankrupt, as happened with Great Western Sugar Co. in 1985, sugar payments are treated as assets of the processor, and are seized to satisfy claims of unsecured creditors. This is clearly contrary to program intent.

The amendment further provides that sugar forfeited under the program and sold by the Commodity Credit Corporation be treated as an asset to be used for producer restitution.

Common notions of equity dictate that these changes be made to ensure that the benefits of the sugar program continue to go to those for whom the program was implemented.

I urge my colleagues to join me in adopting the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Colorado.

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The amendment (No. 1123) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1124

(Purpose: To express the sense of the Congress that food producers who permit gleaning of their fields and nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts, and for other purposes)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia [Mr. Tribble] proposes an amendment numbered 1124.

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

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

The amendment is as follows:

At the end of the pending amendment, insert:

On page 284, between lines 14 and 15, insert the following new section:

GLEANING OF FIELDS

Sec. . (a) Congress finds that --

(1) food banks, soup kitchens, and other emergency food providers help needy persons seeking food assistance at no cost to the government:

(2) gleaning is a partnership between food producers and nonprofit organizations through which food producers permit members of such organizations to collect grain, vegetables, and fruit which have not been harvested and distribute such items to programs which provide food to needy individuals;

(3) support of gleaning to supply food to the poor is part of the Judeo-Christian heritage as set out in the Book of Leviticus: "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien.";

(4) a 1977 General Accounting Office analysis estimated that during the 1974 harvest 60,000,000 tons of grain, vegetables, and fruit, valued at \$5,000,000,000, were unharvested;

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(5) the diets of millions of people in the United States could have been supplemented with such lost grain, vegetables, and fruit;

(6) a number of State and local governments have enacted "Good Samaritan" laws which limit the liability of food donors and provide an incentive for food contributions; and

(7) numerous civil, religious, charitable, and other nonprofit organizations throughout the country have begun gleaning programs to harvest such food items and channel them to the needy in the United States.

(b) It is the sense of Congress that --

(1) food producers who permit gleaning of their fields and civic, religious, charitable, and other nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts; and

(2) State and local governments should be encouraged to enact tax and other incentives designed to increase the number of food producers who permit gleaning of their fields and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce.

At the end of the pending amendment add the following:

On page 413, line 8, insert ", including veal" before the period.

On page 420, line 8, insert "(A)" after the paragraph designation.

On page 420, between lines 11 and 12, insert the following:

"(B) In developing plans or projects, the Committee shall --

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

Mr. TRIBLE. Mr. President, this amendment commends those farmers and charitable organizations who aid the needy both here and abroad by gleaning America's farmlands.

Throughout the United States there is an active gleaning movement. Farmers donate surplus crops to help those who are less fortunate and charitable groups distribute these crops to feed the hungry in America and around the world. Virginia and many other States have enacted tax incentives encouraging surplus crop donations.

The people involved in these worthwhile efforts deserve to know that the Congress supports their work. My amendment commends those individuals and encourages State and local governments to adopt tax incentives and other measures that will promote this worthy charitable effort.

The gleaning of fields to supply food to the poor is as old as the Book of Leviticus where it is written "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and alien." Today, food producers and hunger relief organizations collect vegetables, grains, and fruit which are passed over during harvest or may not be suitable for sale. Those food stuffs are then distributed to needy individuals, rather than being lost.

One of the best examples of such an effort is the potato project in Virginia. This program is administered largely by

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three individuals from the Society of St. Andrew in Big Island, Virginia. It began as a temporary effort to distribute surplus potatoes to needy families in Virginia and the District of Columbia. Yet, after only 2 years, the society has distributed millions of pounds of surplus potatoes -- which otherwise would have simply been thrown away -- to needy individuals in more than 40 States.

Mr. President, I ask unanimous consent that a Washington Post article describing the potato project be printed in the Record.

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

POTATO POWER -- 2 Va. Pastors Gather Tons of Tubers To Feed Needy in D.C., 35 States

Big Island, Va. -- Nothing about the weather-beaten sheep shed off a narrow gravel road that twists up through the Blue Ridge some 30 miles west of Lychburg suggests it is the headquarters of a growing national hunger-fighting organization.

But before the year is out, a unique operation called the Potato Project, based here, will have rescued 8 million pounds of potatoes from garbage heaps and dispatched them to hungry people in 35 states and the District of Columbia.

Begun 14 months ago by two United Methodist preachers, the Potato Project has forged a long-missing link in the food distribution chain between waste in the fields and hungry people in the cities.

The basic premise is simple: Collect potatoes that are not marketable -- because they are misshapen or were nicked by the digging machines -- but are perfectly good to eat, and ship them to food warehouses and soup kitchens in cities and on Indian reservations.

"We stumbled into it last spring [1983] and were just going to do it for eight weeks, from the Eastern Shore to eight Virginia cities and the District of Columbia," said the Rev. Ray Buchanan, one of the founders of the Potato Project. "Somehow, we just never stopped."

From the improvised office in their hill country sheep shed, Buchanan and his partner, the Rev. Kenneth Horne, have distributed potatoes through more than 80 outlets, at a cost currently running at 3.8 cents a pound. They plan to double the volume in 1985, as well as branching out into such items as green beans, corn and frozen fish. They learn about available potatoes "by word of mouth," Horne said. "You work with one farmer. He learns that things are on the up and up, and he says, 'I know a guy you ought to call,' and the word gets around."

Last week, for example, they had a call from a broker on Virginia's Eastern Shore whom they had got in touch with four or five months ago. Could the Potato Project use a load of potatoes rejected by the "chippers" because they had knots on them and wouldn't fit in the potato chip machinery?

They could.

Two days later, a huge silver tractor-trailer truck eased into the space behind First Rising Mount Zion Baptist Church on N Street NW and dumped 49,000 pounds of potatoes for the Council of Churches to distribute to the poor in Washington.

To keep costs at a minimum, the Potato Project seeks distribution sites as close as possible to where the potatoes are grown. "We try to make sure that nothing is resold, and we try to make sure it gets to the people who need it," Horne said.

Their United Methodist connections come in handy, but "if we find a place where there's not a Methodist Church, we can always call the Episcopalians or the Lutherans," Horne said.

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Buchanan and Horne are convinced they have only scratched the surface of a mountain of food that could go to the needy. "We'll move 8 million pounds [of potatoes] this year, and we're only dealing with 27 or 28 growers" in a dozen states, Buchanan said. "In Maine alone there are 1,100 growers.

"Last year, one grower, who is also a broker, gave us 2.4 million pounds. I asked him, 'What did you do before we came along?' He said, 'Well, I gave the starch plant all they could use, and then I dumped 3 million pounds.'"

The Potato Project pays the growers' cost of bagging the potatoes -- the bulk load that went to Washington last week was unusual -- and the freight to the nearest distribution center, though the receiving food banks or soup kitchens are invited to help pay shipping costs if they can.

Besides the satisfaction of knowing the potatoes are nourishing someone in need, the grower may get a tax benefit for a charitable contribution. Buchanan has been lobbying both in Richmond and in Washington recently to get laws covering such benefits strengthened.

The early days of the Potato Project were particularly chaotic on the financial front, Kenneth Horne's brother David recalled. "There was a time last winter when we were in a really tight financial situation.

"We finally got out from under, and Ken went off to raise some money so we would have a little cushion. But while he was gone, a guy called and wanted to give us 2.25 million pounds. And somebody else called with another batch. We hated to turn them down, so when Ken came back in a couple days, he was all excited because he'd raised \$6,000. But we'd already spent it!" David Horne said.

Buchanan and Kenneth Horne, both Vietnam veterans who have been friends ever since they began graduate study for the ministry at Duke University, have long since given up the pastoral ministry to operate the Potato Project full time, though "somebody is speaking somewhere about three times a month," Buchanan said.

The speaking helps raise money to keep the project going. The three administrators pay themselves salaries of \$17,500 each. Bills for telephone service, which is essential, run to \$600 or more a month, David Horne said.

The bulk of next year's \$646,300 budget will go for bagging the potatoes and for freight. "We're looking for donated bags and donated freight, but donated freight is very difficult to arrange because of the nature of the business," said fund-raiser Horne.

Farmers and processors have offered them other foodstuffs. "A green bean packer on the Eastern Shore of Virginia said he could give me several hundred bushels of green beans," Buchanan said. Their only flaw: they are too long or too short to fit into the processing machinery.

There have also been offers of frozen fish, dairy products, even watermelons.

"What we foresee at some time in the future is that we may get so many potatoes given to us that we can't use them all fresh, so we may want to experiment with dehydration. Then you get into a whole new ballgame," said Buchanan.

"One of the things that makes this program is that it's not just direct relief; it strikes at one of the systemic causes of hunger," he said. Given the amount of food that they have already collected, and the tons more they know is out there, he said, "the only limitation to the program is financial."

Mr. TRIBLE. Mr. President, the potato project is one of many gleaning programs that are helping in the fight against hunger. It is a valuable and moving example of volunteerism at work, and exactly the sort of private sector initiative that we in Congress should encourage.

My amendment commends such efforts and acknowledges the contribution they make. The amendment also urges State and local governments to enact measures promoting gleaning programs like the potato project.

I urge my colleagues to adopt this amendment.

Mr. President, this amendment has been shared with both the majority and minority sides. It is my understanding that they also support this initiative.

I yield the floor at this time.

Mr. HELMS. Mr. President, I thank the Chair.

This is a good amendment and I commend the Senator from Virginia on it.

Like the able Senator from Virginia, I have been tremendously impressed by the creative effort being put forward by so many individuals and private nonprofit organizations who are working to help feed the poor. They are sort of the unsung heroes. We do not read anything about them. All we hear about is what the Government is doing and what the Government should do.

We have many examples of it in my own State, I say to the Senator.

But I do commend him on the amendment.

There often appears to be a misunderstanding that the sole source of food assistance for the poor in the United States is -- or should be -- provided by the Federal Government in the form of various Federal food and nutrition programs. Certainly this is a major portion of the overall effort. Federal programs such as food stamps and other programs cost taxpayers over \$18 billion annually. However, what is often overlooked is the significant contribution being made by individuals and private groups.

Gleaning -- the process of gathering the fruit and vegetables remaining after harvest -- is certainly a vital element in this network of private sector responses to feeding the needy in the United States.

I am familiar with the specific "Potato Project" identified by Senator Tribble. From all I've heard and read, it is, indeed, a worthy project making a tremendous impact in providing food to the needy, both directly and through nonprofit organizations.

One of the most encouraging mornings I have spent in the Senate was 2 years ago when I chaired a hearing of the Senate Committee on Agriculture, Nutrition, and Forestry on "Private Sector Initiatives to Feed America's Poor." The rich diversity of efforts being initiated was most encouraging. These individuals and groups have identified problems specific to their communities, and they have developed successful, varied approaches to address these problems.

Several groups that submitted testimony included references to gleaning programs. One of the most extensive gleaning programs is operated by the Food Bank, Inc., of Santa Clara County, San Jose, CA. A food "mobilizer" contacts orchardists, growers, and packers. Volunteers and a paid truckdriver then pick the produce, following carefully predetermined arrangements agreed upon with the owner, and haul it back to the warehouse for storage and distribution. The food bank maintains an insurance policy and extensive liability coverage to protect the grower. The food bank provides the fruit and vegetables to local nonprofit agencies that feed the needy as well as distributing "brown bags" of the produce to low-income elderly persons each week.

These gleaning operations are indeed a labor of love and compassion by the countless volunteers who participate in the many phases of the successful gleaning program. The Senator from Virginia is wise to bring this issue before the Senate to commend these operations, and on behalf of the majority, I am prepared to accept the amendment with wholehearted enthusiasm.

We do approve the amendment on this side.

Mr. ZORINSKY. Mr. President, I am pleased to support Senator Tribble's amendment commending the efforts of food producers who permit gleaning of their fields and nonprofit organizations that glean the fields and distribute the commodities to the needy.

I am proud of the recent efforts in my own State of Nebraska in this regard. In October of this year, the Nebraska State Legislature agreed to a resolution encouraging Nebraskans to help alleviate hunger in my State and abroad. "Nebraska Shares" is the official name of this statewide effort. Nebraska producers are helping by donating grain to this effort. This has a twofold effect: It helps alleviate the glut of grain and helps feed hungry people in Nebraska and abroad. In addition, 10 percent of the accumulated proceeds has been earmarked specifically to meet Nebraska's needs.

I applaud the Senator's efforts to encourage and commend the practice of gleaning fields, and I urge my colleagues to support the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Virginia.

The amendment (No. 1124) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1125

(Purpose: To ensure the promotion of veal under the beef promotion program)

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana [Mr. Quayle] proposes an amendment numbered 1125.

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

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

The amendment is as follows:

At the end of the pending amendment add the following:

On page 413, line 8, insert ", including veal" before the period.

On page 420, line 8, insert "(A)" after the paragraph designation.

On page 420, between lines 11 and 12, insert the following:

"(B) In developing plans or projects, the Committee shall --

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"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

Mr. QUAYLE. Mr. President, today, I am introducing an amendment to the beef promotion provision of the farm bill. My amendment would guarantee the producers of veal fair and equitable treatment under the provisions of the act.

I am pleased to say that I have worked closely with representatives of both the U.S. cattle and veal industry to construct an amendment that can be supported by the proponents of the beef promotion and research provision.

Under the act as written, the veal industry would contribute significantly to the program, but would have little hope of benefiting from direct promotion or research during implementation of the program. Given the structure of the beef board and operating committee set forth in the act, it is unrealistic and highly unlikely that veal, a distinctive and easily recognizable meat product, would receive product-specific promotion and attention under the act, as is necessary in order for this program to be administered fairly.

My amendment would simply ensure that the final promotion and research program, as approved by the Secretary of Agriculture, would include as a part of its overall activities a fair and equitable treatment of the veal industry.

The veal industry is primarily located in the Great Lakes States, Wisconsin, Indiana, Illinois, Michigan, and Ohio. My State of Indiana ranks second overall in veal production. This important industry contributes not only to the economy of the local and State communities in which these farms are located but also serves as an additional market for dairy calves and fluid milk; the two primary inputs required in the production of commercial veal.

Mr. President, every year, more than 1 million milk-fed commercial veal calves are sold in the United States, and an additional 4 or 5 million head of grass-fed and so-called bob veal are marketed. Because of the size and prominence of the veal industry, it will contribute substantially to the Beef Promotion and Research Program being debated as part of this farm bill.

In crafting such a program, we must take great care to ensure that no segment of an industry required to participate is unfairly disadvantaged by the structure of the act. My amendment recognizes the characteristic nature of the veal industry, its distinct consumer identity and ensures its producers fair and equitable coverage under this promotion effort.

I would again remind my colleagues that I have worked directly with the leadership of the beef industry in crafting this amendment, and have developed it with the assistance and support of the National Cattlemen's Association and the American Veal Association, and I would hope that it could be accepted by this body.

Mr. KASTEN. Mr. President, I rise in support of the Quayle amendment.

Wisconsin has a \$125 million veal industry, the largest in the country. Veal brings Wisconsin several thousand jobs, and provides vitally needed income to thousands of Wisconsin dairy farmers. The Wisconsin Department of Agriculture estimates that 1 out of every 4 calves born on Wisconsin dairy farms goes into the veal industry.

Veal occupies an important, and distinct, place in the American diet. I was therefore concerned to see that the Beef Promotion Program reported by the Agriculture Committee included no specific mention of veal or the need for veal promotion.

Clearly, veal is not the same as beef. To a large extent, veal and beef are competitors for the public's food dollar. Yet, because both come from dairy cattle, both beef and veal producers would be assessed \$1 per head to fund the promotion program established in this bill.

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Mr. President, I support promotional efforts for beef. The Dairy Promotion Program we established 2 years ago has worked well for dairy farmers, and I am hopeful that a promotion program for beef might bring similar good results.

But I point out to my colleagues that veal producers have a turnover on each calf of 4 months or less, compared to 2 years or so for beef cattle. Relative to the weight of their calves, veal producers are actually assessed more heavily than beef cattle producers.

Equity demands that veal producers be assured that veal will be treated equitably under the promotion program. The Quayle amendment provides fairness, by requiring that segments of the beef industry, including veal, receive equitable and fair treatment under the act.

Mr. President, I can honestly say that veal producers in Wisconsin were delighted and relieved to hear about the Quayle amendment. They are a relatively small industry, and they were justifiably afraid that Congress was about to tax them to pay for a program that might not help them promote their product. The language in the Quayle amendment substantially meets their concerns; I am very pleased to support it; and I urge my colleagues to join me.

Mr. HELMS. Mr. President, as the Senator has indicated, this amendment would simply direct the committee and the board entrusted to administer the beef promotion and research program to treat veal products in an equitable manner, along with other beef products. Veal producers are concerned that, because their product is a specialty product, the checkoff fund will not be used to promote the product they produce, to wit, veal.

This language is acceptable to everyone, as I understand it, and certainly is on this side. Speaking for the majority, we are willing to accept it.

Mr. ZORINSKY. Mr. President, we have not seen the amendment yet. I suggest the absence of a quorum just for a moment so we can take a look at it.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ZORINSKY. 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. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and can find no objection and recommend its approval and passage.

Mr. MELCHER. Mr. President, do I understand that this is an amendment to help those people who produce veal calves, may I ask the distinguished Senator from Indiana?

Mr. QUAYLE. Yes, the Senator is correct. This is an amendment to ensure the producers of veal fair and equitable treatment under the Beef Promotion Act.

Mr. MELCHER. And that they receive part of the funds, part of the funds designated for research?

Mr. QUAYLE. Just a fair amount; not necessarily a designated amount, but "fair and equitable" is the language.

Mr. MELCHER. Who is to determine that?

Mr. QUAYLE. The Secretary and the Board.

Mr. MELCHER. Is this amendment one that has been reviewed by the American Cattlemen's Association?

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Mr. QUAYLE. The Senator is correct. It is my understanding that the Cattlemen's Association, which I know the Senator has a great deal of interest in, supports it.

Mr. MELCHER. I thank the Senator from Indiana for clarifying this. I certainly have no objection.

Mr. QUAYLE. Mr. President, I ask unanimous consent that Senator Lugar be added as a cosponsor.

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

The question is on agreeing to the amendment of the Senator from Indiana [Mr. Quayle].

The amendment (No. 1125) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 1126

(Purpose: To modify the provisions relating to honey price support)

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

The PRESIDING OFFICER (Mr. Denton). Without objection, the amendment of the Senator from Florida will be temporarily set aside.

The clerk will report the amendment of the Senator from Indiana.

The legislative clerk read as follows:

The Senator from Indiana [Mr. Quayle] proposes an amendment numbered 1126.

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

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

The amendment is as follows:

At the end of the pending amendment, add the following:

Beginning on page 212, strike out line 8 and all that follows through line 14 on page 214 and insert in lieu thereof the following:

HONEY PRICE SUPPORT

Sec. 1101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended --

(1) by striking out "honey," in the matter preceding subsection (b); and

(2) by amending subsection (b) to read as follows:

"(b)(1) For each of the 1986 through 1988 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at such level as the Secretary determines, will maintain the competitive relationship of

honey in domestic and export markets after taking into consideration the cost of producing honey, supply and demand conditions, and world prices for honey.

"(2) Beginning with the 1989 crop of honey, the price of honey shall not be supported through loans, purchases, or other operations.

On page 214, line 15, strike out "(6)" and insert in lieu thereof "(3)".

Mr. HELMS. Mr. President, I wonder if I could suggest to the distinguished Senator from Indiana and to the able ranking minority member a 30-minute time limitation, equally divided.

Mr. ZORINSKY. Mr. President, I would like to clear this with Senator Boren as to the time limit, because he does have an interest in this. I would like an opportunity to contact him before agreeing to the unanimous-consent request.

Mr. HELMS. That would be satisfactory, of course.

Might I ask the Chair to start the clock, just in case we get the time agreement?

Mr. ZORINSKY. We have no objection to taking it up, but without a time limit until Senator Boren is notified.

The PRESIDING OFFICER. The clock has been started in case an agreement is reached.

Mr. QUAYLE. Why don't I go ahead and talk while the Senator is trying to arrange a time agreement?

Mr. HELMS. Very well.

Mr. QUAYLE. Mr. President, this amendment will have a little bit of controversy; unlike my last amendment, that was not.

Basically, Mr. President, this amendment phases out the honey price support program over a period of 3 years. I would say at the outset that what we are confronted with here is this: Does this body have the capacity to say no, or to begin to eliminate subsidies and farm programs that we have had on the books for a number of years and that are no longer needed? I certainly believe that this is one such program.

I would say that this is perhaps a small litmus test designed to see how responsive we are going to be to a very, very small group of people that benefit overwhelmingly from this honey program. It is a sweet program for a few selected people in this country. There are a total of about 211,000 beekeepers in this country. Of that number, only 2,400 participate. Many of these beekeepers receive a subsidy, a direct payment, on the forfeiture of their collateral in excess of \$1 million. This is a \$1 million farm program we are talking about.

We are not talking about the little guy in this case. We are not talking about the family farmer. We are talking about beekeepers that make \$1 million in 1 year on providing bees to this country.

Now I know everybody likes bees. They all like honey. They are nice little things, as long as they do not sting you. But I will tell you, we, the Government and the taxpayers, have been stung to the tune of about \$100 million a year for this program. It is one of the sweetest ripoffs that has come along in a long, long time -- \$100 million to take care of 2,400 beekeepers.

Now I am sure that in each State we all have a few beekeepers that participate in this program. In my home State of Indiana we have 8,000 beekeepers. And I have heard from some of them and I am sure everybody else has heard from their beekeepers, each of which make a lot of money from this program.

We have to ask ourselves why we have this program. People make the argument that the reason we have this

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program if for pollination purposes; that you have this program for cross-pollination; that the bees help pollinate seeds and the fruits and berries and things like that; and that you are going to have bees there to have any kind of crop. Well, there is no doubt about it, bees help those crops.

But do you know what is interesting? Over the course of the years, Mr. President, that actual number of bee colonies from those States that produce these crops, like the State of Washington and New York, beekeepers have actually left those States. Beekeepers have left those States where they are needed for pollination and they have migrated basically to the upper central Midwest States, where it is more economical to locate bees there because of the clover and alfalfa and the production of honey is better. Not for purposes of pollination, or for helping out seeds and fruits, and everything else that we are talking about in pollination, but to increase the production of honey.

That was not the intended purpose of this program. So what we have seen in some capacity is that those people who need this program have actually been hurt because the beekeepers have actually left their State. They have moved to profitable areas. Therefore, we now have a situation where the supply of honey is abundant; the Government is going to purchase 75 percent of the honey production in this country -- 75 percent of it. It is going to cost the taxpayer \$100 million a year.

We have seen over the years where in 1980 there were 1,500 participants. It has grown. It is now around 2,400. Some estimate that the number is as high as 3,000. It is going to be going up and up and up. And why is it going to be going up and up and up? Because it is very profitable, and very lucrative for a few number of beekeepers in this country.

It is the type of situation where we have encouraged production of honey -- not pollination, but encouraged production.

I think this is an interesting proposition. Because we will hear the defenders of the bees and beekeepers and all of that. This will test whether we, in fact, as a U.S. Senate, can actually say no to a very, very small group of people that have utilized this program to their own economic benefit, and I would suggest not to the benefit of agriculture in general.

Furthermore, there are a lot of people in agriculture that need to have beehives, and that need to have colonies on their farms. There is no doubt about that. It is a cost. It is a cost that is incurred. It is a cost -- like you have to have fertilizer. You have to have equipment. You have to have seed. It is cost of doing business.

I suggest that if this amendment is agreed to many of those people in agriculture that are dependent upon bees for pollination on their farms would benefit by this, because what you would have is people that are presently in the bee production business just to produce honey -- and not for pollination purposes -- would get back into the pollination business. Therefore, the actual cost for pollination would go down to that individual farmer, and also obviously the price is going to go down to the Federal Treasury as well.

This program in my opinion is absolutely outrageous. The more I got into it the more I could not believe it. When I first heard about this program from some of my colleagues on the Agriculture Committee, and Senator Boschwitz, I said, you have got to be kidding me. I remember over in the House every once in a while Silvio Conte would stand up and make a speech about it. Nothing was ever done. It sort of went away. No one paid a lot of attention to it.

Now we have gotten into a situation where the number of participants have grown over the years, the cost of the program has grown over the years, and we are now spending \$100 million. Let me repeat. This money is not for the dirt farmer. This is not for the family farm out there. This is for the millionaire. You have a millionaire bees club around America.

They probably all contacted everybody. They are very wealthy, influential people. They own a lot of bees. They want to have more bees. They've got bees everywhere. You know, they buzz around here. Sometimes there are not even bees buzzing around here. Other things buzz around here.

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But bees? They are important. We are probably going to hear some arguments about bees being important to our national security. We are not going to be able to get along without the bees, particularly the 100 million dollars' worth of bees -- buzz, buzz, buzz; bees, bees, bees. They are buzzing about everywhere. We are going to have a lot of bees on this floor and bees around everywhere, and bees for everybody -- 100 million dollars' worth for the millionaire -- not the little guy, but for the millionaire.

This is just a test to see if we can say no to those lovely little things called bees. But, actually, we are not saying no to the bees, because they are going to be here. We are not going to be saying no to those farmers that need the bees for pollination purposes, because, as a matter of fact, I think they would do better without this program. We are going to be saying no to those people that have had it very, very good for a long period of time.

So we will just see, Mr. President, whether we can build up our courage here and say no to the beekeepers, the big boys, the few that benefit from this program. Maybe we cannot. But if we cannot say no in this particular program, we might as well throw in the towel, we might just as well say we cannot do it, and we are going to spend whatever it takes. Whatever little special interest group come along, we are going to say yes.

This is a lesson of political science. How to get organized, how to get organized at the grassroots level and make sure that you contact that Senator and that Congressman, and make sure they preserve the status quo. Make sure they preserve that sweet subsidy that has been ripping off the taxpayers for a numbers of years. Make sure that they are able to organize, and will come up and, by golly, if you do not vote for them, watch out for those bees, watch out for those bees. We need bees. We like the little buzz and hum. We like bees.

Well, Mr. President, we will see. The amendment is very straightforward. We have the support of the administration. They would like to get rid of it. They have a very difficult time monitoring the program. There are all sorts of reports. The GAO report is very, very exact, and it says we ought to get rid of the program. They have a tough time monitoring the program.

The reason they do is that you can take honey from Canada or somewhere, and turn that in as collateral. You can add corn syrup to it, and get the poundage up a little bit. How many inspectors are going to go out and monitor it? Once we buy it, we have to store it. We have to pay for the storage cost, we have to pay for the transportation cost, and we have to pay for the administration cost. We would phase out this program over a 3-year period of time. As a matter of fact, I would like to eliminate it today. It would not cause me any heartburn. The reason we choose to phase it out over 3 years is that people said "no," you cannot be too abrupt. They said, "Senator, you cannot do it overnight. You have to give these people time, and you have to give them notice." We do give them notice.

We give them notice 3 years. I say if anybody is really interested in this program, and what an unsweet deal it really is, they ought to read the GAO report on the Federal price support for honey, and its recommendation that it ought to be phased out. It is a good, well-documented report.

I wish everybody could read it because I tell you, if one would read this report -- as a matter of fact, if you even listened to this debate, you would be hard pressed to vote for a continuation of this program. I realize there are a lot of obligations out there and things of that sort. I hope we can in fact just begin this ball rolling in a different direction.

At this time, Mr. President, I ask unanimous consent to add Senator Kerry as a cosponsor.

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

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that my name also be added as a cosponsor.

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

Mr. BOSCHWITZ. Mr. President, I have talked to my friend from Indiana a number of times about this program,

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and the facts are quite straightforward and direct. We produced in 1983, the last year for which we have figures, 205 million pounds of honey. The CCC acquired 115 million pounds of honey.

So one would think, my goodness, we are short of honey. But do not despair. We imported 110 million pounds of honey. So the 205 million pounds that were produced, the CCC came up with 115, and in order to bridge the gap, 110 million pounds were imported.

Indeed, some of the larger producers imported honey because it was more profitable to surrender at 60 cents a pound, more profitable to surrender the honey that they produced to the CCC, and imported from abroad for less, and supply their customers with imported honey.

As my friend from Indiana has noted, there are about 210,000 maybe 250,000 beekeepers in this country -- 3,000, 4,000, 5,000 of them are in the program. The program has some very, very large users. They are few to be sure.

I might say that Minnesota is one of the largest States that uses this program. There really are only eight States that do use the program.

The program simply is not sensible, for us to acquire 115 million pounds of honey and then import virtually the same amount at a lower price. It is not sensible.

This program really has very little justification for continuity.

The GAO report that my friend from Indiana referred to goes into quite great detail about the uses of the bees and pollinating and so forth, and says in the event the program were to be discontinued, such pollination services as the bees provide would not be inhibited, would not be in short supply. Of course, certainly they are very important, important in Minnesota, in California, and in other States. But the facts just speak for themselves.

We produce 205 million pounds of honey. The CCC buys well over half of that, and then we just import what the CCC buys. Even some of the larger producers that now surrender to the CCC are supplying their customers with imported honey.

I think this is a program which really should be high on the list for discontinuance. I suggest to my friend from Indiana we could have done it faster than 3 years, but, nevertheless, 3 years is a good start. I trust the Senate will see it that way.

I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I rise in opposition to my good friend's amendment to eliminate an essential farm program.

Let me say first of all that beekeepers are not millionaires. The beekeepers I know are South Dakota farmers and people who have beehives on a part-time basis. They are struggling to make a living. The impression which has been put forth of beekeepers by my good friend from Indiana, at least from my point of view, is very misleading. Beekeepers I have known, and I had been one many years ago in the 4-H, are in quite a different category.

In any event, to get on with the substance of the issue, the Honey Loan Program not only assures a supply of honey, but, more importantly, provides the assurance that nearly 100 agricultural crops will be effectively pollinated. We can afford to import honey, but we cannot afford not to have pollination.

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When the Honey Program was established, its main purpose was to provide adequate pollination of agricultural crops in the United States.

It was known then and it is known today that honeybees help in the pollination of crops raised in the United States. Without the pollination provided by honeybees, production of these crops would be substantially reduced. The estimated value of these crops is \$19 billion.

Honeybees also provide essential pollination services for hundreds of wild plants on which animal wildlife depends for food. Over 90 percent of the pollination done by beekeepers is done free of charge. The only income these beekeepers receive is from the production of honey. If we take away this program, many of these beekeepers will be forced out of business.

I can say if our beekeepers were treated fairly in terms of imports and exports, they would not need these types of programs. As I shall point out, they have not been treated fairly in the import situation. We have tried for years to get the International Trade Commission to take action but we have not been successful.

What this amendment is proposing would destroy the domestic beekeeping industry. That is what we are voting on in the Senate today.

If these beekeepers are lost, then the pollination service they provide will also be lost.

Experts estimate that a further reduction in the number of bee colonies in the United States would correspondingly reduce production of certain crops. We are currently near the minimum number of bee colonies to meet the pollination demands of our agricultural producers.

I would say to those Senators and staffs from urban areas who are listening in the various offices, that every American has an interest in preserving the beekeeping industry because of the interest in having an adequate supply of good, low cost food.

My friend's comments sound very similar to the many statements which I have heard in this Chamber before.

For over 10 years many of us have been trying to get the attention of three different administrations and to urge them to take some action against the increased honey imports. In 1976 the International Trade Commission investigated the impact of honey imports on the domestic industry and the price support program. The International Trade Commission nearly 10 years ago recommended that action be taken to restrict honey imports. Unfortunately, the recommendations of the ITC were never implemented. As a result, honey imports have continued to increase.

During the past 10 years honey imports have increased from 34 million pounds to 120 million pounds. During this same period honey production has not increased. In fact, the USDA estimate of honey production for 1984 shows the lowest level in 30 years.

The impact of higher imports on the Honey Program was well illustrated last year. In 1984 domestic honey production fell to the lowest level in 30 years. Imports were at the highest level in history and the cost of the Honey Program was also at the highest level in history.

It is clear that the real problem the honey program faces is not overproduction, excessive support levels, or a decline in consumption but imports. Rather than eliminate the honey loan program, we should be addressing the issue of constantly increasing honey imports.

For 5 years we have tried to get the administration to conduct a section 22 International Trade Commission investigation of honey imports. The administration has continually said imports are not the problem and has argued that the support level is too high.

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The determination has been made without any study or investigation.

I would suggest that before we eliminate the Honey Program, let us investigate the issue of excessive imports. If the ITC finds that imports are not the problem, only then should we consider making changes in the honey program.

I have introduced legislation, cosponsored by 17 of my colleagues, to mandate a section 22 International Trade Commission investigation of honey imports. I am considering offering this legislation as an amendment to the farm bill. I believe such an action is a much more responsible approach than eliminating and destroying the beekeeping industry.

Mr. President, let me make a few more comments to summarize. I know there have been many articles written and it is always tempting to make light of bees and so forth, and being stung, et cetera.

As I pointed out in my speech, we are talking about a very basic natural resource.

Let me just respond to some of the points which have been made concerning the honey loan programs.

The statement that a small percentage of people participate in the honey program is very deceiving. When GAO determined 211,007 beekeepers were eligible for the program, they included all the people who maintained a few beehives as a hobby. The honey they produce is used by their family and friends. Including these people in the statistics would be like considering every American who has a garden eligible for farm program benefits. If we used this type of definition for all farmers we would probably have nearly 100 million farmers in the United States.

More accurate statistics indicate that approximately 200,000 of those beekeepers are hobbyists, similar to the people who have a garden in their backyard as a hobby. There are approximately 10,000 part-time beekeepers who maintain bees as a sideline business. They derive most of their business from other sources. There are only approximately 1,600 full-time beekeepers in the United States. Most of them participate in the honey program.

If the honey program were eliminated, most, if not all of the commercial beekeepers and many of the part-time beekeepers would be forced out of business. Without the loan program the domestic price for honey would very likely drop to the 25 to 30 cents per pound range. No commercial operation could survive at that price. As a result we would import virtually all of the honey consumed in the United States and potentially suffer a significant reduction in the production of a number of crops due to lack of proper pollination. If the farmers did begin to pay pollination fees to beekeepers that would only increase their costs and increase the price of apples, oranges, and dozens of other foods.

The loss of these commercial beekeeping operations would also put thousands of people out of work. Beekeeping is a very labor intensive industry. One beekeeper or worker can maintain about 1,000 hives. This is a full-time job. So if we eliminate the commercial beekeeping industry approximately 40,000 jobs across the United States would be lost. Many of these jobs are in rural areas and in many cases are the only industry in a small town. The loss of the beekeeping industry would only further depress these rural areas and put more people on unemployment.

The various commodity groups do not say they need the beekeepers to pollinate their crops because they take the service provided by the honeybees for granted. The farmers have always had the honeybees there to pollinate so they do not know how much they depend on the honeybee for pollination.

Mr. President, the GAO report cited very few actual abuses in the honey program. Basically, it only talks about possible methods of abusing the program, rather than actual abuses. I would like to give an equal number of ways that one can abuse almost any other Federal program

The primary concern about the GAO report is the lack of information about honey production. That I would go along with. Maybe if USDA had more information or personnel who understand the honey industry, they would realize the real problem is honey imports and that we do need to maintain a beekeeping industry in the United States. The GAO report also states that a number of cooperatives and commercial beekeepers place a large amount of money in a CCC

loan. I would say these loans appear to be very small in comparison with the benefits some of the huge dairy operators, cotton, corn, and wheat farmers receive under Federal programs. If the Senate wants to prevent honey producers or beekeepers from getting farm program benefits -- --

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

Mr. PRESSLER. Yes.

Mr. HELMS. Mr. president, I asked the Senator to yield even though I am fascinated by the Senator's defense of the program. Would he be interested in entering into a time agreement?

Mr. PRESSLER. Does the Senator mean move to table?

Mr. BOREN. Mr. President, I would like to speak very briefly.

Mr. HELMS. Senator Boren is on the Senator's side and I think he will want to let Senator Boren speak before he tables.

Mr. PRESSLER. I appreciate that, Mr. President. I am known for veryshort speeches in this Chamber. I have never talked for more than 5 or 10 minutes. I have talked for 6 minutes here. I come from the House, where we are limited to about 5 minutes. I am just about finished with this particular speech. Then I may respond to further statements made on the amendment.

Mr. HELMS. Maybe it would be well to -- --

Mr. PRESSLER. I would be delighted with a time agreement. I would like 2 more minutes unless there are more people who want to speak on it in this Chamber.

Mr. QUAYLE. Mr. President, I want 1 minute.

Mr. BOREN. I would like 2 minutes. If we could enter into an agreement of 4 minutes to a side, that should be adequate.

Mr. QUAYLE. Four minutes to a side would be all right.

Mr. PRESSLER. Mr. President, I shall summarize what I have said here.

Mr. BOREN. Mr. President, I wonder if the Senator might yield to make that unanimous-consent request?

The PRESIDING OFFICER. The Chair advises that the Senate has spent 30 minutes, 56 seconds on bees so far. The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I want to ascertain from the distinguished Senator from South Dakota if he is agreeable to a time agreement from this time on of 4 minutes to a side?

Mr. PRESSLER. Absolutely, Mr. President.

Mr. HELMS. Mr. President, I make that request.

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

Mr. PRESSLER. Mr. President, I conclude by saying that the principal point of my speech is that we should address the import issue. It is very unfair, as the International Trade Commission has found. But we have not succeeded in getting any administration to take action. That is real problem.

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Let us not destroy a basic industry, one that is basic to our food supply and, yes, I would say to our national defense, because it is related. Therefore, I rest my case.

Mr. HEINZ. Mr. President, I rise as a cosponsor of this amendment introduced by my distinguished colleague from Indiana, Senator Quayle, that will phase out the Department of Agriculture honey support program. The honey program is an example of farm policy designed with the best intentions, but which has had disastrous results for consumers, for honey processors and packers, and for many commercial beekeepers as well.

The honey support program was enacted in 1949 in an effort to stimulate pollination and insure a sufficient supply of domestically produced honey. Rather than increasing pollination, the program has succeeded in reducing the number of bee colonies by 24 percent over the past 30 years. In addition, the program has allowed the current price of honey to rise to 65 cents per pound, nearly double the world market price of between 30 and 40 cents per pound. This increase has resulted from the formula used to set the honey support price under the program, which is based on inflation and other economic factors that bear no relation to world market conditions for honey.

One result of this large price differential is that the U.S. Government has become the chief customer for domestically produced honey. Honey producers who participate in the program are allowed to forfeit back to the Government honey they have produced under program loans but which they are unable to sell commercially. Between 1980 and 1983, the amount of honey forfeited under the program increased from just over 5 million pounds a year to 106 million pounds a year. Simultaneously, imports of honey have been increasing at a rapid rate. From 1978 to 1984, total honey imports more than doubled, from 56 million pounds a year to 128 million pounds a year.

Mr. President, the honey program has clearly not had the desired effect of increasing honey production in a cost-effective manner. It is opposed by the USDA, and has been the subject of a lengthy and critical report by the General Accounting Office. The honey program is costly to the Government, it hurts consumers and manufacturers of honey products, and it should be eliminated. I urge my colleagues to join in support of this amendment to phase out the honey program.

The PRESIDING OFFICER. Will the Senator from North Carolina indicate whether he is in favor of the amendment so we may keep track of the time?

Mr. HELMS. Mr. President, I am opposed to the amendment.

I designate to the Senator from Indiana control of the time.

Mr. CHAFEE. Mr. President, will the Senator yield to me?

Mr. QUAYLE. I yield 2 minutes to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I rise in support of the amendment of the Senator from Indiana [Mr. Quayle]. This amendment embodies a course of action recently recommended by the General Accounting Office, and I urge the Senate to take that recommendation to heart.

This very modest proposal would phase out the honey price support program over 3 years. By approving it, we would take a small but significant step toward a more sensible agricultural policy. If, on the other hand, we reject the Quayle amendment, we will establish beyond a shadow of doubt that we are incapable of correcting even the most egregious of farm program absurdities.

The honey program has rightly become a prime example of a Federal farm program gone sour. It has outlived its usefulness, and benefits only a few, at the expense of many.

It seems to me we are right down to hard rock now, Mr. President. If we cannot adopt this amendment, I just do not

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think that the U.S. Senate has the capacity to get a handle on this farm program in any respect.

Under this scheme, taxpayers pay \$100 million per year to support 1 percent of the Nation's beekeepers. This amounts to about 2,500 producers -- most of them large, commercial producers who sell 75 percent of their honey to the Government.

The average subsidy is about \$40,000 per year. A handful of individual producers, however, have been known to collect as much as \$1 million per year by selling their wares to their best customer -- the U.S. Government.

Meanwhile, the honey we buy with our scarce tax dollars is given away, because American consumers can buy cheaper honey from abroad.

Perhaps these anomalies could be overlooked if there were a compelling need for the program. According to the GAO, this is quite simply not the case. Its August 1985 report points out that the honey program was originally intended to be temporary -- a means of ensuring that crop pollination would take place until producers could pay for it themselves. We have clearly reached that point, as the report states in no uncertain terms.

After its extensive survey, GAO concluded that the honey program has become costly and unnecessary, that its administration is insufficient to prevent fraud and abuse, and that improvements would be costly and not necessarily effective. Its final recommendation to Congress: phase out the program.

Five weeks ago, 75 Senators voted to adopt the Gramm-Rudman proposal. Many of us did so in the hope that the specter of automatic, across-the-board spending cuts would jar us into making some difficult choices -- far more difficult than the one before us today.

I would urge every Senator who supported Gramm-Rudman to support this amendment as well. As far as I can see, the choices aren't going to get any clearer or easier than this.

Mr. President, I think it is time we did away with this program. We are trying to get a grip on the budget. We passed the Gramm-Rudman proposal, which 75 Senators voted for, in order to do something about these terrible deficits. Here is a teeny little step that I hope we will take to eliminate this program.

I commend the Senator from Indiana.

Mr. QUAYLE. Mr. President -- --

Mr. HELMS. Mr. President, will the Senator yield to me?

Mr. QUAYLE. Yes, Mr. President.

Mr. HELMS. I am advised that I said I was opposed to the amendment. I am so sleepy that I misspoke.

Mr. QUAYLE. I hope the Senator supports my amendment.

Mr. HELMS. I am in favor of the amendment, which is why I designated the Senator from Indiana to be in control of the time. I do not know if this is a question of to bee or not to bee -- that is not the question.

I thank the Senator.

Mr. QUAYLE. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 4 minutes of the 8 minutes left.

Mr. QUAYLE. We have 4 minutes a side. The Senator from either Nebraska or Oklahoma has 4 minutes.

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Mr. ZORINSKY. Mr. President, I ask unanimous consent to designate Senator Boren in control of the time in opposition to the amendment.

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

Mr. QUAYLE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Two minutes of the Senator's time have been used.

Mr. QUAYLE. Mr. President, the question of national security has been raised, which is not unbelievable, but a bit incredulous. As a matter of fact, there was a national security issue back in World War II. Beeswax was used as a lubricant.

I want to tell the Senate that we no longer need to have beeswax as a lubricant. We have progressed immensely since World War II in that area, so no longer is it a national security issue.

Now, imports have been raised. In 1970, at 13 cents per pound, we had 8.9 million pounds of imports. When we went up to 69.8 cents per pound, we had 128 million pounds. The higher the price support, the higher the imports. So that is the import argument.

Now, the pollination argument. On the \$19 million figure that has been bandied around here, it assumes in phasing out this program that you are going to lose pollination. I say that by phasing out this program, you are going to increase pollination because the beekeepers have seen a nice little, sweet subsidy out there, and they have gotten out of pollination and into the production of honey.

Now, this is very simply a litmus test of whether this place can say no to anybody, bees included -- bees, bees, bees, buzz, buzz, buzz, buzz all around the place, buzz everywhere. There is nothing finer than a honeybee. I understand that. But, by golly, enough is enough. We have to say no to this ripoff. I hope that the Senate would support the amendment that phases it out over 3 years. I would like to phase it out today, or yesterday, if I could, but this is a modest approach.

I have been approached by a number of people: "Don't do it in 1 year. Give us some time."

This does give us some time. I like bees. We all love bees. But we cannot afford them any more; \$100 million saved is \$100 million earned. I am sorry for all those wonderful bees, to be against bees, because I like the honeybee as much as anybody else.

The PRESIDING OFFICER. There are 10 seconds left on the side for the amendment. The Senator from Oklahoma.

Mr. BOREN. How much time is remaining to those opposed to the amendment?

The PRESIDING OFFICER. Two minutes and 3 seconds.

Mr. BOREN. I thank the Chair. I yield myself 2 minutes.

Mr. President, I am very encouraged by the eloquent statement by the author of the amendment just now that he loves bees. I hope that, if his amendment passes, we will be able to get the zoos of the country to have a few bees for display so that his children in future years will have the opportunity to know about honeybees as he has, because we probably will not have any more if his amendment passes.

Seriously, this is an important matter. The problem is not the domestic program. The problem is imports. The domestic use of honey from 1980 to 1983 has grown from 226 million pounds to 278 million pounds. The production by domestic producers during this same period of time has grown from 200 million pounds, only up to 205 million. So

clearly the increases in production have been very, very modest for the domestic producers over the past 4 years. They have not been as much as the increase in domestic usage.

The reason for the problem is imports. Imports in 1980 were only 49 million pounds, and they have now grown to 109 million pounds. If you trace the growth of imports compared to the growth of CCC stocks, you will find that they have tracked exactly.

Imports are the problem. We have not changed the duty on imports from the 1 cent per pound set back in 1955.

Now, we have tried to deal with that problem in the bill. Obviously, we will want to deal with it as we have with other commodities. That is the reason why we have adopted a marketing loan approach so that the price will be set by the market. This will stop the incentive for the influx of foreign imports and will solve the problem.

It would be easy to lighthearted about this matter, but it is serious. I ask unanimous consent to print in the Record at this point an article from Farmline -- that is a USDA publication -- September 1984, "More Than Honey at Stake."

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

[From Farmline, September 1984]

MORE THAN HONEY AT STAKE

Rising honey stockpiles are creating a buzz about a price support program that was once considered noncontroversial.

Until a few years ago, there were no significant honey surpluses on government hands. The honey program mainly provided beekeepers with low-interest operating loans that allowed them to use their honey as collateral. When beekeepers sold their crops, they repaid the government loans. Things worked so well, in fact, that the government accumulated no honey surpluses under the price support program during the 1970's.

In 1980, however, things changed. Surpluses began to pile up and, every year since then, government acquisitions and expenditures have grown dramatically. In one word, the problem might be summarized as price.

In 1981, for the first time ever, the U.S. government support price was higher than the wholesale price for extracted honey, according to USDA economist Frederic L. Hoff of the Economic Research Service. Some analysts contend that U.S. inflation pushed the support price to an artificially high level. Others say world prices did not keep pace with the U.S. support price because of lagging world demand. Whatever the cause, imports, particularly from Mexico and China, increased dramatically.

With no quotas on imports and only a 1-cent per pound tariff, U.S. processors could make more of a profit by purchasing cheaper foreign honey. The resulting surpluses in domestic output were handled in accordance with methods prescribed by the honey support program, ending up in government storage, either purchased outright or voluntarily forfeited by beekeepers under the terms of their loans. There is little incentive to repay loans if the loan price is as high as or higher than the market price.

The government acquired 6 million pounds of the 1980 honey crop at an estimated cost of \$3 million. The following year, 39 million pounds worth \$22 million were added to stocks; then, 75 million pounds of the 1982 honey crop were acquired at a cost of \$45 million. USDA's Agricultural Stabilization and Conservation Service (ASCS) currently estimates that 115 million pounds, more than half of the 1983 honey crop, will be acquired by the government at a cost of around \$72 million. Since raw honey is purchased under the program, additional government expenditures will be required to process and dispose of the stocks through donations to charity, the school lunch program, and other food assistance programs.

When compared with costs of other agricultural support programs, expenditures for honey appear insignificant. However, they have been rising and they're already quite large relative to the value of the honey crop. The entire 1983 crop was valued at only \$125 million.

A LITTLE HISTORY

Unlike most other support programs, price supports for honey did not originate during the Depression. The commercial honey industry was smaller in the 1930's. Cane sugar was the universal sweetener, and "domesticated" bees were valued primarily for their role in pollinating farm crops.

During World War II, sugar rationing opened more of a market for honey as it was substituted for cane sugar in processed foods. At the government's request, beekeepers went all out to increase colony numbers and honey production. Then, when sugar rationing ended after the war, honey's use and price dropped close to pre-war levels.

To preserve the domestic honey industry, a price support program was established by the Agricultural Act of 1949. By 1952, the current program had evolved. In the early years, the government accumulated stocks of honey, but by 1954 demand caught up with production and government storage was soon emptied.

Basically, the support program has two parts: purchases and loans. Although most of the program activity has centered around loans, purchase provisions allow beekeepers to sell their honey directly to USDA's Commodity Credit Corporation (CCC) at the support price. Loan provisions permit beekeepers to apply for loans that require the domestically produced honey crop as collateral. If market prices don't at least match the guaranteed support price, beekeepers may forfeit their honey crop instead of repaying their loans.

By using a formula, USDA determines a parity price, and the Secretary of Agriculture sets the support price within the legislated range of 60 to 90 percent of parity. For the past 12 honey crops, the support has been set at the minimum 60 percent. The support price has still risen each year, however, because of increasing input costs and other factors used in the parity pricing formula.

TODAY'S INDUSTRY

The honey industry has evolved, like the rest of commercial agriculture, into a specialized farm enterprise. Commercial beekeepers (those with 300 or more hives) produce an estimated 60 percent of the domestic honey crop, although they account for only about 1 percent of the nation's 200,000 or more beekeepers.

The structure of commercial beekeeping can be divided into two groups: migratory and nonmigratory. Most commercial beekeepers relocate their bee colonies several times during the year to provide pollination services, to reach the most abundant sources of nectar, or often to escape damage from pesticides. By migrating, beekeepers can also provide their bees with a longer supply of nectar to extend the production season. The nonmigratory beekeepers seldom move their colonies over any significant distance.

A small group of beekeepers specialize in the production of queens and package bees. This tiny industry does not depend on honey production at all, but provides queens and bee colonies for new and replacement hives.

The remaining beekeepers fall into two more categories: hobbyists who have fewer than 25 hives; and part-timers, with 25 to 299 hives. These operations, for the most part, are too small to require a full-time beekeeper.

For many producers who specialize in commercial honey production, honey provides about 90 percent of their income from beekeeping. "Some beekeepers," Hoff says, "either supplement or earn a significant portion of their income from fees charged for pollination services on farms and in orchards."

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Pollination is one good reason why the bee industry is critically important to the nation's agriculture, and it's often used to help justify a federal support program for honey. Insect pollination is essential to the production of many crops, including apples, almonds, alfalfa, and cucumbers. According to USDA statistics, in 1973 about 3.5 million acres of fruits, vegetables, oilseeds, and legume seed crops produced in the United States were dependent upon insect pollination. Another 63 million acres derived some benefit from insect pollination.

Honeybees are the most reliable pollinators. Farmers cannot depend on wild bees and other pollinating insects to do the whole job, according to USDA scientist Hachiro Shimanuki of the Agricultural Research Service. "Wild bee populations have dramatically declined in the past few decades," he says. The reasons: the increasing use of pesticides and the destruction of natural habitats for bees as man changes the environment to suit his own needs.

The assurance of an adequate honeybee population depends on commercial beekeeping and, thus, on a profitable honey industry, Shimanuki says. "Since many beekeepers depend on honey for the vast majority of their income, the economic well-being of the honey industry will dictate the number of commercial beekeepers."

The industry already has some concerns about its future. Glen Gibson, a spokesman for the American Beekeeping Federation, says that members of his organization want import limitations and increased tariffs on honey to limit the competition from abroad. He contends that lowering the support price would push returns below the cost of production.

"We don't have a market at home, and we can't sell overseas because of prices. It's sell to the government at the support price or go out of business," Gibson says.

In 1976, the International Trade Commission recommended a 5-year plan of import restrictions and higher tariffs. At that time, however, President Ford decided it was not in the national economic interest to impose such restrictions.

Should import quotas now be used to restrict the quantity of honey entering the domestic market, even though such quotas seem to conflict with the objective of free trade? Hoff says this issue will almost certainly receive attention as the new farm legislation for 1985 is being developed. "When examining the honey program, it's likely that legislators will take a close look at program costs, imports, and the pollination issue," he says.

MR. BOREN. I URGE MY COLLEAGUES TO CONSIDER THAT THE POLLINATION PROVIDED FOR FRUIT TREES AND OTHER GROWING CROPS IS EXCEEDINGLY IMPORTANT FOR THIS INDUSTRY, AND THAT IT MAY NOT ONLY BE THAT BEES WILL DISAPPEAR AND HAVE TO BE KEPT IN THE ZOO, BUT IT ALSO MAY BE THAT OTHER CROPS WILL BE SEVERELY JEOPARDIZED BECAUSE OF THE FAILURE TO HAVE CROSS-POLLINATION. SO IT IS SERIOUS. I URGE MY COLLEAGUES TO VOTE NO.

I YIELD BACK THE REMAINDER OF MY TIME.

THE PRESIDING OFFICER. ALL TIME HAS EXPIRED.

MR. BOREN. THERE IS NO TIME. ALL TIME HAS EXPIRED.

MR. PRESIDENT, I MOVE TO TABLE THE AMENDMENT OF THE SENATOR -- --

MR. HELMS. WILL THE SENATOR WITHHOLD?

MR. BOREN. I WITHHOLD.

MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT I MAY PROCEED FOR 30 SECONDS.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

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MR. HELMS. I THANK THE CHAIR.

I DO NOT KNOW WHO WROTE THE SONG, "IF YOU GOT THE MONEY, I GOT THE HIVES," BUT IT SURE FITS THIS PIECE OF BUREAUCRACY -- THIS GIVEAWAY PROGRAM.

MR. PRESIDENT, IN THE REALM OF AGRICULTURAL PROGRAMS, THE HONEY PROGRAM IS RELATIVELY SMALL. HOWEVER, OVER THE PAST FEW YEARS, IT HAS BECOME INCREASINGLY EXPENSIVE TO THE AMERICAN TAXPAYER, AND BURDENSOME TO ADMINISTER.

UNDER THE CURRENT HONEY PRICE SUPPORT PROGRAM, THE SECRETARY OF AGRICULTURE OFFERS LOANS OR PURCHASES INTENDED TO SUPPORT THE PRICE OF HONEY AT A LEVEL BETWEEN 60 AND 90 PERCENT OF PARITY.

FOR MORE THAN A DECADE, THE SUPPORT PRICE HAS BEEN SET NEAR THE MINIMUM LEVEL OF 60 PERCENT OF PARITY. HOWEVER, THE AMOUNT OF HONEY PLACED UNDER LOAN AND ULTIMATELY FORFEITED TO THE COMMODITY CREDIT CORPORATION HAS INCREASED DRAMATICALLY OVER THE PAST 5 YEARS.

ACQUISITIONS BY THE CCC AMOUNTED TO APPROXIMATELY 6 MILLION POUNDS OF THE 1980 CROP. THIS FIGURE JUMPED TO 38.7 MILLION POUNDS FOR 1981 AND 74.5 MILLION POUNDS FOR 1982. IN 1983, THE GOVERNMENT ACQUIRED 115 MILLION POUNDS, AN AMOUNT REPRESENTING ONE-HALF OF THE HONEY PRODUCED IN THIS COUNTRY.

SINCE 1974, THE PRICE SUPPORT LEVEL FOR HONEY HAS GROWN BY ALMOST 320 PERCENT, FROM 20.6 CENTS A POUND TO 65.8 CENTS. THE RECENT JUMP IN GOVERNMENT ACQUISITIONS OF HONEY CAN BE TRACED TO INCREASES IN THE SUPPORT PRICE ABOVE MARKET CLEARING LEVELS. WHILE THE SUPPORT PRICE IN 1980 APPROXIMATED THE AVERAGE DOMESTIC WHOLESALE PRICE, THE SPREAD BETWEEN THE SUPPORT PRICE AND THE MARKET CLEARING LEVEL HAS DRAMATICALLY INCREASED OVER THE PAST 4 YEARS. IT IS ESTIMATED THAT, IN 1984, THE SUPPORT PRICE EXCEEDED WHOLESALE PRICES BY 15 CENTS.

THESE INCREASING CCC ACQUISITIONS OF HONEY HAVE RESULTED IN SIGNIFICANTLY INCREASED COSTS TO THE AMERICAN TAXPAYER. WHILE THE HONEY PROGRAM COST \$4 MILLION IN 1980, IT EXCEEDED \$88 MILLION IN 1983.

MR. PRESIDENT, THE BENEFITS OF THIS NEARLY \$100 MILLION PROGRAM WENT TO RELATIVELY FEW PEOPLE. SPECIFICALLY, ACCORDING TO A RECENT GAO REPORT, ONLY 2,300 PEOPLE PARTICIPATED IN THE LOAN PROGRAM. THE REMAINING 210,000 BEEKEEPERS IN THE UNITED STATES ARE LARGELY HOBBYISTS, WHO, FOR THE MOST PART, DISTRIBUTE THEIR HONEY LOCALLY TO FRIENDS AND NEIGHBORS.

IT IS IMPORTANT TO REMEMBER, MR. PRESIDENT, THAT UNDER THE HONEY PROGRAM, AND ON BEHALF OF BUT A COUPLE OF THOUSAND PEOPLE, OUR GOVERNMENT IS ACQUIRING MORE THAN 1 OUT OF EVERY 2 POUNDS OF HONEY PRODUCED IN THIS COUNTRY.

IRONICALLY, TO AVOID SPOILAGE, THE DEPARTMENT HAS BEEN DISTRIBUTING FORFEITED HONEY THROUGH THE VARIOUS FEEDING PROGRAMS. BUT IN DOING SO, THEY HAVE DISPLACED COMMERCIAL SALES, AND THE GOVERNMENT ENDS UP TAKING OVER STILL MORE HONEY.

IN ADDITION, THERE IS REASON TO BELIEVE, THAT AS PART OF THESE FORFEITURES, THE GOVERNMENT IS OVERTAKING HONEY THAT MAY BE FOREIGN PRODUCED OR ADULTERATED. ACCORDING TO THE GAO REPORT, IT IS VERY DIFFICULT, AND SOMETIMES IMPOSSIBLE FOR THE

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DEPARTMENT TO DETERMINE WHETHER HONEY IS IMPORTED OR DOMESTICALLY PRODUCED.

IN ADDITION, IT IS POSSIBLE TO MIX AS MUCH AS 40 PERCENT CORN SYRUP WITH HONEY, WITHOUT ALTERING THE TASTE OR APPEARANCE OF THE HONEY. WHILE THERE IS A TEST TO DETERMINE WHETHER HONEY IS SO ADULTERATED, IT IS PROHIBITIVELY EXPENSIVE FOR THE DEPARTMENT TO UNDERTAKE.

MR. PRESIDENT, I AM SYMPATHETIC WITH THE PLIGHT OF THE BEEKEEPER. HOWEVER, WITH THE CURRENT BUDGETARY SITUATION, I DON'T THINK WE CAN AFFORD TO RUN \$100 MILLION PROGRAMS FOR THE BENEFIT OF BUT 2,300 PEOPLE, ESPECIALLY WHERE THE PROGRAM IS SO OPEN TO FRAUD AND ABUSE.

THE GENERAL ACCOUNTING OFFICE HAS RECOMMENDED THAT WE PHASE OUT THIS PROGRAM. THEIR RECOMMENDATION IS EMBODIED IN THE QUAYLE AMENDMENT, AND I FEEL IT IS A RECOMMENDATION WE SHOULD ALL SUPPORT.

MR. PRESIDENT, THE HONEY PROGRAM IS RELATIVELY SMALL, BUT AS HAS BEEN INDICATED THIS MORNING, IT IS BECOMING INCREASINGLY EXPENSIVE TO THE AMERICAN TAXPAYER. SO MAYBE HONEY DOES NOT HAVE THE MONEY ANYMORE.

MR. COCHRAN. THE HONEY PROGRAM HAS OPERATED SINCE 1950, ENABLING BEEKEEPERS TO HAVE LOAN FUNDS FOR OPERATING EXPENSES WHILE WAITING FOR FAVORABLE PRICES TO MARKET THEIR HONEY.

UNDER CURRENT LAW, HONEY PRICE SUPPORTS ARE CALCULATED AS A PERCENTAGE OF PARITY. THE 1985 RATE IS 65.3 CENTS PER POUND; IN 1984, IT WAS 65.8 CENTS. IF THE MARKET PRICE FAILS TO REACH THIS SUPPORT PRICE, FARMERS CAN CANCEL THEIR LOANS BY FORFEITING THEIR HONEY TO THE GOVERNMENT.

IN 1980, BORROWERS STARTED FORFEITING THEIR HONEY TO THE GOVERNMENT FOR THE FIRST TIME IN 10 YEARS BECAUSE OF A FLOOD OF LOW-PRICED IMPORTS. SINCE THAT TIME, THE GOVERNMENT HAS BEEN ACQUIRING INCREASING QUANTITIES OF HONEY AS FORFEITURE OF LOAN COLLATERAL BECAUSE THE SUPPORT PRICE HAS BEEN GREATER THAN THE WORLD MARKET PRICE. FROM 1980 TO 1983, HONEY ACQUISITION COSTS MULTIPLIED MORE THAN 24 TIMES. OVER 220 MILLION POUNDS WERE FORFEITED, AT A COST OF NEARLY \$133 MILLION.

IMPORTED HONEY IS PRICED CONSIDERABLY BELOW THE U.S. LOAN SUPPORT LEVEL OF 65.3 CENTS PER POUND. AT THIS PRICE SUPPORT LEVEL, CCC INVENTORIES WILL CONTINUE TO GROW RAPIDLY AS IMPORTED HONEY TAKES AWAY THE DOMESTIC MARKET FOR U.S.-PRODUCED HONEY.

RECOGNIZING THIS PROBLEM THE AGRICULTURE COMMITTEE ADOPTED TWO CHANGES WITH SUBSTANTIAL BUDGET IMPLICATIONS. THE COMMITTEE AGREED TO IMPLEMENT THE MARKETING LOAN ALLOWING FOR FLEXIBLE REPAYMENT TERMS AND INITIATE A SCHEDULE OF HONEY PRICE SUPPORT REDUCTIONS TO ADDRESS THE DUAL PROBLEM OF EXCESSIVE CCC INVENTORY AND GROWING PROGRAM COST.

IF THE SENATE RETAINS THE COMMITTEE-REPORTED PROGRAM, DRAMATIC RESULTS ARE EXPECTED. TO ILLUSTRATE, IN 1983, 106 MILLION POUNDS OF HONEY WERE FORFEITED TO THE CCC AT A COST OF \$65.7 MILLION. GAO ESTIMATES THAT AN ADDITIONAL 14 CENTS PER POUND MUST BE ADDED TO THIS FOR HANDLING, STORAGE, PROCESSING, AND TRANSPORTATION, BRINGING THE TOTAL COST TO THE GOVERNMENT TO ALMOST \$80.6 MILLION FOR THE 1983 CROP.

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AN ANALYSIS SUPPLIED BY THE AMERICAN BEEKEEPING FEDERATION INDICATES IF THE 1983 CROP HAD BEEN UNDER THE PROGRAM OUTLINED IN THE BILL REPORTED BY THE AGRICULTURE COMMITTEE, AND THE 1983 62-CENT-PER-POUND LOAN RATE HAD BEEN DISCOUNTED TO 40 CENTS -- APPROXIMATELY THE WORLD MARKET PRICE -- PRODUCERS COULD HAVE SOLD THEIR HONEY RATHER THAN FORFEITING IT TO THE CCC. THE RESULTING COST TO THE GOVERNMENT WOULD HAVE BEEN LESS THAN \$24 MILLION.

IT COULD BE ASSUMED THAT ADDITIONAL PRODUCTION WOULD HAVE BEEN PUT UNDER THE PROGRAM HAD THE MARKETING LOAN PROVISIONS BEEN AVAILABLE IN 1983. EVEN TAKING THIS INTO ACCOUNT, AND ADDING \$5.5 MILLION TO THE COST TO COVER AN ADDITIONAL 25 MILLION POUNDS, THE COST WOULD STILL HAVE BEEN LESS THAN \$29 MILLION. THE SAVINGS OVER THE 1983 ACTUAL COST WOULD HAVE BEEN ALMOST \$52 MILLION ACCORDING TO THIS ANALYSIS.

UNDER THE NEW BILL REPORTED BY THE AGRICULTURE COMMITTEE, THE PARITY BASED LOAN PROGRAM IS TERMINATED AND A MARKET-ORIENTED LOAN PROGRAM IS ESTABLISHED. IN 1986, THE LOAN RATE WOULD BE THE SAME AS FOR 1985 -- 65.3 CENTS PER POUND. BUT, FOR 1987 THROUGH 1989, THE LOAN WOULD BE THE HIGHER OF 85 PERCENT OF THE AVERAGE PRICE RECEIVED BY FARMERS DURING THE PRECEDING 5 YEARS, EXCLUDING THE HIGH AND LOW YEARS, OR 50 CENTS PER POUND. TO ALLOW FOR A SMOOTH TRANSITION, THE LOAN LEVEL WOULD NOT BE REDUCED MORE THAN 5 PERCENT IN ANY YEAR.

THE COMMITTEE-REPORTED HONEY PROGRAM ALSO INCLUDES THE MARKETING LOAN. IT IS THIS PROVISION THAT WOULD HAVE PRODUCED THE SAVINGS FOR 1983 THAT I JUST DESCRIBED. UNDER THE MARKETING LOAN, THE SECRETARY CAN PERMIT REPAYMENT OF LOANS AT LEVELS THAT WOULD MINIMIZE LOAN FORFEITURES, ELIMINATE EXCESSIVE GOVERNMENT STOCKS, REDUCE GOVERNMENT STORAGE COSTS, AND MAINTAIN THE COMPETITIVENESS OF U.S. HONEY IN DOMESTIC MARKETS.

ANALYSIS BY USDA AND CBO ARE IDENTICAL FOR HONEY AND SHOW THAT THE PROVISIONS ADOPTED BY THE AGRICULTURE COMMITTEE WILL MAKE SUBSTANTIAL REDUCTIONS IN PROGRAM COST. SAVINGS FOR 1986-88 TOTAL \$114 MILLION FROM COST OF EXTENDING CURRENT LAW. AND, BY 1990, THE ANNUAL COST WILL DECLINE FROM \$125 MILLION TO \$42 MILLION -- A 66-PERCENT REDUCTION.

THE AGRICULTURE COMMITTEE'S APPROACH IS ON THE RIGHT TRACK AND PROVIDES MAXIMUM FLEXIBILITY TO THE DEPARTMENT OF AGRICULTURE TO OPERATE AN EFFICIENT AND EFFECTIVE HONEY PROGRAM. IT SUPPORTS THE DOMESTIC INDUSTRY IN A VERY COST EFFECTIVE MANNER BY PROVIDING A FLEXIBLE PRICING SYSTEM TO COMPETE WITH IMPORTED HONEY WHILE EFFORTS ARE MADE TO INCREASE CONSUMPTION IN THIS COUNTRY. AT THE SAME TIME, IT PROVIDES FOR PHASING IN A MORE MARKET-ORIENTED LOAN RATE TO MORE ACCURATELY REFLECT MARKET PRICES FOR HONEY.

THE HONEY INDUSTRY IS ANOTHER EXAMPLE OF A U.S. INDUSTRY FACING STIFF FOREIGN COMPETITION. THIS DOES NOT MEAN THE PROGRAM SHOULD NOT BE CHANGED. WHAT IT MEANS IS THE PROGRAM MUST BE EFFICIENT AND EFFECTIVE -- AND TO REACH THESE OBJECTIVES, THE PROGRAM MUST BE FLEXIBLE AND MARKET RESPONSIVE. THE COMMITTEE BILL OFFERS SUCH A PROGRAM.

I URGE SENATORS TO SUPPORT THE COMMITTEE-PASSED HONEY PROGRAM BECAUSE IT IS RESPONSIVE TO THE NEEDS OF BOTH THE DOMESTIC INDUSTRY FOR INCOME SUPPORT AND THE FEDERAL BUDGET BY REDUCING PROGRAM COST.

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MR. BOREN. MR. PRESIDENT, ON BEHALF OF MYSELF AND THE SENATOR FROM SOUTH DAKOTA, I MOVE TO TABLE THE PENDING AMENDMENT AND 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 CLERK WILL CALL THE ROLL.

THE LEGISLATIVE CLERK CALLED THE ROLL.

MR. SIMPSON. I ANNOUNCE THAT THE SENATOR FROM NORTH CAROLINA [MR. EAST], THE SENATOR FROM ARIZONA [MR. GOLDWATER], AND THE SENATOR FROM CONNECTICUT [MR. WEICKER] ARE NECESSARILY ABSENT.

MR. CRANSTON. I ANNOUNCE THAT THE SENATOR FROM OHIO [MR. METZENBAUM] IS NECESSARILY ABSENT.

THE PRESIDING OFFICER (MR. EVANS). ARE THERE ANY OTHER SENATORS IN THE CHAMBER WHO DESIRE TO VOTE?

THE RESULT WAS ANNOUNCED -- YEAS 36, NAYS 60, AS FOLLOWS:

(See ROLL CALL VOTE NO. 334 LEG. in the ROLL segment.)

SO THE MOTION TO LAY ON THE TABLE THE AMENDMENT (NO. 1126) WAS REJECTED.

MR. QUAYLE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE MOTION TO LAY ON THE TABLE WAS REJECTED.

MR. KENNEDY. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. DOLE. MR. PRESIDENT, HAS THE AMENDMENT BEEN DISPOSED OF?

THE PRESIDING OFFICER. THE MOTION TO TABLE HAS BEEN DEFEATED. THE AMENDMENT HAS NOT BEEN ADOPTED.

MR. BOREN. MR. PRESIDENT, WILL THE MAJORITY LEADER YIELD?

MR. DOLE. YES.

MR. BOREN. I BELIEVE THE WILL OF THE SENATE HAS BEEN EXPRESSED ON THIS. I WOULD NOT OBJECT TO PROCEEDING NOW TO VOICE VOTE THE MATTER, IF THAT IS THE WILL OF THE AUTHOR OF THE AMENDMENT.

MR. HELMS. HAVE THE YEAS AND NAYS BEEN ORDERED?

THE PRESIDING OFFICER. THEY HAVE NOT BEEN ORDERED.

THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM INDIANA [MR. QUAYLE].

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THE AMENDMENT (NO. 1126) WAS AGREED TO.

MR. KENNEDY. MR. PRESIDENT, I MOVED TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. HELMS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. DOLE. MR. PRESIDENT, IF I COULD HAVE THE ATTENTION OF MY COLLEAGUES.

THE PRESIDING OFFICER. THE SENATE WILL PLEASE BE IN ORDER.

MR. DOLE. MR. PRESIDENT, I HAVE BEEN IMPORTUNED BY A NUMBER OF MY COLLEAGUES ON EACH SIDE ABOUT WHAT OUR PLANS ARE. I CAN ONLY SAY I DO NOT REALLY KNOW. WE ARE GOING TO CONTINUE AS LONG AS NECESSARY TO COMPLETE ACTION ON THE BILL. THAT MAY BE A LONG TIME. BUT DO NOT BE MISLED BY THAT ADJOURNMENT RESOLUTION WHICH SAYS SATURDAY NIGHT. THAT COULD BE CIRCUMVENTED QUITE EASILY.

SO IT JUST SEEMS TO ME THERE ARE A LOT OF AMENDMENTS OUT THERE. WE HOPE SOME WILL JUST FLY AWAY.

I WISH TO CONGRATULATE THE MANAGERS. WE HAVE DISPOSED OF 7 OR 8 THIS MORNING AND I BELIEVE 14 OR 15 LAST NIGHT. WE ARE ABOUT TO WORK OUT SOMETHING ON CHILD NUTRITION. WE HOPE OTHER MAJOR AMENDMENTS -- I BELIEVE THE CHAIRMAN HAS AN A LIST HE WOULD LIKE TO DISPOSE OF -- THAT THEY CAN BE BROUGHT UP AS QUICKLY AS POSSIBLE AND THAT OTHERS MIGHT BE ABLE TO TELL THE MANAGERS THAT THEY WERE NOT GOING TO OFFER SEVEN AMENDMENTS BUT MAYBE ONLY ONE. THEN WE COULD NOTIFY OUR COLLEAGUES, MANY OF WHOM WOULD LIKE TO KNOW BY 2 O'CLOCK JUST HOW LATE WE WILL BE HERE TONIGHT.

MR. BYRD. WILL THE DISTINGUISHED MAJORITY LEADER YIELD?

MR. DOLE. YES.

MR. BYRD. MR. PRESIDENT, I WISH TO SUPPORT THE MAJORITY LEADER IN WHAT HE SAYS. WE OUGHT TO TRY TO FINISH THIS BILL TODAY; IF NOT TODAY, TOMORROW. BUT THERE ARE SOME SENATORS WHO HAVE NOT HAD A CHANCE TO CALL UP THEIR AMENDMENTS. THEY ARE ENTITLED TO CALL THEM UP, AND I AM SURE THE MAJORITY LEADER AGREES WITH ME ON THAT.

BUT LET US DO EVERYTHING WE CAN TO SEE THAT SENATORS WHO HAVE AMENDMENTS AND WANT TO CALL THEM UP, THAT THEY HAVE THE OPPORTUNITY, AND THE OPPORTUNITY NOT BE DENIED THEM, AND GET ON, AS WELL AS WE CAN, TO EXPEDITE THE AGRICULTURE BILL.

MR. DOLE. I CERTAINLY URGE MY COLLEAGUES AGAIN ON BOTH SIDES THAT WE ARE NOT GOING TO REQUEST ROLLCALL VOTES, EITHER THE MINORITY LEADER OR ME, BUT THERE WILL PROBABLY BE A NUMBER OF VOTES. SO KEEP THAT IN MIND BEFORE YOU HEAD FOR THE AIRPORT.

MR. STEVENS. IS IT POSSIBLE THAT WE MIGHT GET SOME TIME LIMIT ON AMENDMENTS, EVEN THOUGH WE DO NOT HAVE AN OVERALL TIME AGREEMENT, SO THAT THERE WOULD BE A FAIRER ALLOCATION OF TIME HERE AS WE GO INTO THE NIGHT AND POSSIBLY TOMORROW?

MR. DOLE. WE HAVE BEEN DOING THAT QUITE SUCCESSFULLY AS THEY COME UP. BOTH MANAGERS HAVE BEEN WILLING TO ACCEPT 10 MINUTES ON A SIDE, SOME EVEN LESS. THE LAST

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AMENDMENT WAS 15 MINUTES. I GUESS WE DID NOT GET AN AGREEMENT ON THE BEES AND THAT TOOK ABOUT AN HOUR.

THE PRESIDING OFFICER. THE QUESTION RECURS ON THE AMENDMENT OF THE SENATOR FROM FLORIDA, NO. 1118.

MR. HELMS. MR. PRESIDENT, I INQUIRE OF THE DISTINGUISHED SENATOR FROM IOWA AND THE DISTINGUISHED SENATOR FROM FLORIDA IF I AM CORRECT IN MY IMPRESSION THAT -- --

MR. FORD. MR. PRESIDENT, I MAKE A POINT OF ORDER THAT THE SENATE IS NOT IN ORDER.

THE PRESIDING OFFICER. THE SENATOR FROM KENTUCKY IS CORRECT. THOSE SENATORS WHO ARE CONVERSING IN THE AISLE, PLEASE RETIRE TO THE CLOAKROOMS SO THE SENATOR FROM NORTH CAROLINA MAY BE HEARD. THOSE SENATORS WHO ARE CONVERSING IN THE AISLES, PLEASE RETIRE TO THE CLOAKROOM OR TO THEIR DESK SO THAT WE MAY CONTINUE. THE CHAIR WILL NOT CONTINUE UNTIL THE SENATE IS IN ORDER. THE SENATE IS NOT IN ORDER.

THE SENATOR FROM NORTH CAROLINA.

MR. HELMS. I THANK THE CHAIR.

MY QUESTION WAS: DOES THE SENATOR FROM IOWA PERCEIVE THAT WE MAY BE ABLE TO PROCEED TO WHAT I UNDERSTAND TO BE AN ACCOMMODATION BETWEEN SENATOR HAWKINS AND SENATOR HARKIN? CAN THE SENATOR GIVE ME SOME IDEA WHEN THAT WILL BE?

MR. HARKIN. IF THE SENATOR WILL YIELD.

MR. HELMS. CERTAINLY.

MR. HARKIN. YES, WE HAVE REACHED AN AGREEMENT. I JUST GAVE SENATOR DOLE, THE MAJORITY LEADER -- --

MR. HELMS. MR. PRESIDENT, I CANNOT HEAR THE DISTINGUISHED SENATOR; I AM SORRY.

MR. HARKIN. I THANK THE SENATOR.

YES, WE HAVE WORKED OUT AN ACCOMMODATION AND, HOPEFULLY, THE LANGUAGE WILL BE PREPARED SOON. I RECENTLY CHECKED WITH THE DISTINGUISHED MAJORITY LEADER AND I BELIEVE IT IS BEING WORKED OUT RIGHT NOW. I HAVE A FEELING PRETTY SOON IT WILL ALL BE WORKED OUT. SO WE WILL HAVE AN AGREEMENT MADE ON THE CHILD NUTRITION ISSUE.

MR. HEFLIN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT ANY IMPEDIMENT TO PREVENT THE CONSIDERATION OF THE AMENDMENT THAT I WILL SEND TO THE DESK AT THIS TIME BE REMOVED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1127

(PURPOSE: TO PERMIT PRODUCERS UNDER CERTAIN CONDITIONS TO REPAY LOANS FOR A CROP OF SOYBEANS AT A LEVEL THAT IS THE LESSER OF THE LOAN LEVEL DETERMINED FOR SUCH CROP OR THE PREVAILING WORLD MARKET PRICE FOR SOYBEANS)

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MR. HEFLIN. 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 ALABAMA [MR. HEFLIN] PROPOSES AN AMENDMENT NUMBERED 1127.

MR. HEFLIN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

ON PAGE 209, BETWEEN LINES 9 AND 10, INSERT THE FOLLOWING:

"(3)(A) IF THE SECRETARY DETERMINES THAT SUCH ACTION WILL ASSIST IN MAINTAINING AND COMPETITIVE RELATIONSHIP OF SOYBEANS IN DOMESTIC AND EXPORT MARKETS AFTER TAKING INTO CONSIDERATION THE COST OF PRODUCING SOYBEANS, SUPPLY AND DEMAND CONDITIONS, AND WORLD PRICES FOR SOYBEANS, THE SECRETARY SHALL PERMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS SUBSECTION FOR A CROP AT A LEVEL THAT IS THE LESSER OF --

"(I) THE LOAN LEVEL DETERMINED FOR SUCH CROP; OR

"(II) THE PREVAILING WORLD MARKET PRICE FOR SOYBEANS, AS DETERMINED BY THE SECRETARY.

"(B)(I) IF THE SECRETARY MAKES THE DETERMINATION DESCRIBED IN SUBPARAGRAPH (A), THE SECRETARY SHALL PRESCRIBE BY REGULATION --

"(I) A FORMULA TO DEFINE THE PREVAILING WORLD MARKET PRICE FOR SOYBEANS; AND

"(II) A MECHANISM BY WHICH THE SECRETARY SHALL PERIODICALLY ANNOUNCE THE PREVAILING WORLD MARKET PRICE FOR SOYBEANS.

"(II) IF THE SECRETARY MAKES THE DETERMINATION DESCRIBED IN SUBPARAGRAPH (A), NOT LATER THAN 60 DAYS AFTER SUCH DETERMINATION, THE SECRETARY SHALL --

"(I) PUBLISH IN THE FEDERAL REGISTER PROPOSED REGULATIONS SPECIFYING SUCH FORMULA AND MECHANISM; AND

"(II) INVITE PUBLIC COMMENT ON SUCH PROPOSAL.

ON PAGE 209, LINE 10, STRIKE OUT "(3)" AND INSERT IN LIEU THEREOF "(4)".

ON PAGE 209, LINE 13, STRIKE OUT "(4)" AND INSERT IN LIEU THEREOF "(5)".

ON PAGE 210, LINE 1, STRIKE OUT "(5)" AND INSERT IN LIEU THEREOF "(6)".

MR. HEFLIN. MR. PRESIDENT, THIS AMENDMENT HAS BEEN CLEARED ON BOTH SIDES AND I

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BELIEVE IT WILL BE ACCEPTED. IT ESTABLISHES A "MARKETING LOAN" FOR SOYBEANS WHICH IS DISCRETIONARY WITH THE SECRETARY OF AGRICULTURE TO WHETHER OR NOT HE WILL PUT IT INTO FORCE AND EFFECT.

THIS HAS ALREADY BEEN AGREED TO. IF I COULD GET THE ATTENTION OF THE CHAIRMAN OF THE AGRICULTURE COMMITTEE AND THE RANKING DEMOCRAT, I BELIEVE WE CAN DISPOSE OF THIS AMENDMENT.

MR. BOSCHWITZ. WILL THE SENATOR STATE THE CONTENT OF THE AMENDMENT?

MR. HEFLIN. MR. PRESIDENT, I BELIEVE THIS HAS BEEN CLEARED ON BOTH SIDES. IT IS A DISCRETIONARY "MARKETING LOAN."

MR. HELMS. MR. PRESIDENT, I APOLOGIZE TO THE SENATOR. I WAS CONFERRING WITH ANOTHER SENATOR.

MR. PRESIDENT, THIS AMENDMENT IS ACCEPTABLE ON THIS SIDE.

MR. MELCHER. MR. PRESIDENT, I WONDER IF THE DISTINGUISHED SENATOR FROM ALABAMA WILL BRIEFLY EXPLAIN TO ME WHAT THIS WOULD MEAN IN THE LOAN LEVEL FOR SOYBEANS.

MR. HEFLIN. IT WOULD KEEP THE LOAN LEVEL IN SOYBEANS AT THE SAME LEVEL AS THE PRESENT TIME. IT DOES NOT LOWER THE LOAN RATE RELATIVE TO SOYBEANS. IT JUST ALLOWS A REPAYMENT AT THE WORLD PRICE. IT DOES NOT CHANGE THE LOAN RATE FROM THE CURRENT LAW. IT DIFFERS ONLY IN THE RATE OF REPAYMENT OF THE LOAN. IT IS DISCRETIONARY WITH THE SECRETARY. THE MAIN OBJECT IS TO INCREASE THE PARAMETERS AS THE BILL GOES TO CONFERENCE. IT WILL BE WITHIN THE PARAMETERS FOR THE CONFEREES TO CONSIDER, AS THEY CONSIDER OTHER MATTERS DEALING WITH SOYBEANS.

MR. BUMPERS ADDRESSED THE CHAIR.

MR. MELCHER. MR. PRESIDENT, I WILL YIELD TO THE DISTINGUISHED SENATOR FROM ARKANSAS IN A MOMENT, BUT I WISH TO PURSUE THE THOUGHT SO I KNOW WHERE WE ARE COMING OUT.

WE HAVE ADOPTED IN THE DOLE PACKAGE A DIFFERENT CONCEPT FOR SOYBEANS THAN WE HERETOFORE HAVE HAD. MY QUESTION GOES TO THE POINT, SINCE THAT HAD AN EFFECT ON LOAN RATES IN THE DOLE PACKAGE, DOES THIS CHANGE WHAT THE EFFECT OF THE DOLE PACKAGE WAS?

MR. HEFLIN. WHATEVER FINAL DISPOSITION IS MADE PERTAINING TO THE LOAN RATE BY THIS WOULD BE MAINTAINED. AS I AM INFORMED, THIS DOES NOT CHANGE IT. IT WOULD MEAN ONLY THE REPAYMENT PHASE OF IT AND IT IS DISCRETIONARY.

MR. MELCHER. I UNDERSTAND THAT. THE DOLE PROPOSAL ON SOYBEANS WOULD PAY PRODUCERS \$35 AN ACRE AND THE FORGIVING OF SOME INTEREST ON ANY SOYBEANS THAT THEY HAD UNDER LOAN. SO IT MIGHT BE DESCRIBED AS ABOUT A \$49 PER ACRE PAYMENT TO SOYBEAN PRODUCERS; THAT IS, \$35 PER ACRE, PLUS THE INTEREST FORGIVINGS.

I THINK IT IS 35 AND 5 -- 35 PLUS WHATEVER THE INTEREST IS WHICH HAS BEEN ESTIMATED TO BE CONCEIVABLY, OR APPROXIMATELY, \$14 PER ACRE FOR THE AMOUNT OF SOYBEANS PRODUCED PER ACRE THAT ARE UNDER LOAN.

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THAT IS NOT VERY CONFUSING EXCEPT FOR THE GENERAL PUBLIC, INCLUDING MYSELF. BUT THAT IS MY UNDERSTANDING.

THE DOLE SOYBEAN PROPOSAL, IN ADDITION, WOULD START PHASING DOWN THE LOAN, 85 PERCENT OF THE ROLLING AVERAGE OF PRICES FOR SOYBEAN -- THAT IS, THE ROLLING AVERAGE BEING A 5-YEAR AVERAGE, PLUS WITH THE HIGH AND THE LOW YEARS OUT. THEN THAT WOULD PROBABLY REDUCE THE LOAN RATE FOR SOYBEANS. THAT IS MY UNDERSTANDING.

MR. HEFLIN. LET ME RESPOND TO THAT. WHAT THIS SAYS IS THE SECRETARY -- --

MR. MELCHER. I WANT TO MAKE CLEAR.

MR. HEFLIN. LET ME RESPOND.

MR. MELCHER. I WAS TALKING ABOUT WHAT IS IN THE DOLE VERSION.

MR. HEFLIN. I UNDERSTAND THAT. I AM TRYING TO EXPLAIN HOW MINE PLAYS INTO THIS. THIS WOULD SAY IF THE SECRETARY DETERMINES THAT IF AN EFFECTIVE MARKETING LOAN IS NEEDED OR, IF HE MAKES THAT DETERMINATION, THE SECRETARY SHALL COMMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS SECTION FOR A CROP AT A LEVEL WHICH IS A LESSER OF, FIRST, THE LOAN LEVEL DETERMINED FOR SUCH CROP; TWO, THE PREVAILING WORLD MARKET PRICE.

SO THIS DOES NOT GET INTO THE FORMULA PERTAINING TO THE LOAN RATE. IT JUST SAYS IF IT IS DETERMINED THAT IT GOES INTO EFFECT, THEN IT WILL BE THE LOAN LEVEL DETERMINED FOR SUCH CROP, OR THE PREVAILING WORLD MARKET PRICE FOR THE SOYBEANS.

MR. FORD. MR. PRESIDENT, WILL THE DISTINGUISHED SENATOR YIELD?

MR. HEFLIN. WHICHEVER IS LESS. THAT IS THE MARKETING LOAN.

THE PRESIDING OFFICER. THE SENATOR FROM MONTANA HAS THE FLOOR.

MR. MELCHER. I YIELD.

MR. FORD. MR. PRESIDENT, WILL THE SENATOR YIELD WITHOUT LOSING HIS PLACE ON THE FLOOR FOR A QUESTION?

MR. MELCHER. I YIELD TO THE SENATOR FROM KENTUCKY FOR A QUESTION.

MR. FORD. I JUST WANTED TO ASK A QUESTION.

DOES THE AMENDMENT OF THE DISTINGUISHED SENATOR FROM ALABAMA START NOW FOR THE 1985 CROP?

MR. HEFLIN. NO.

MR. FORD. IT DOES NOT? IT STARTS ON THE 1986 CROP?

MR. HEFLIN. YES, IT STARTS WITH THE 1986 CROP.

MR. FORD. NOBODY CAN USE IT IN 1985?

MR. HEFLIN. FIRST, IT DOES NOT START UNLESS THE SECRETARY DIRECTS. IT IS STRICTLY DISCRETIONARY WITH THE SECRETARY. IT IS PUT IN THERE FOR THE PURPOSE OF GIVING, WITHIN

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THE PARAMETERS OF THE CONFEREES, THE POWER TO LOOK AT A MARKETING LOAN.

MR. FORD. MR. PRESIDENT, I WANT TO DO SOMETHING FOR THE SOYBEAN GROWERS. I THINK WE HAVE GONE TOO FAR. I THINK WHAT WE HAVE DONE IN THIS BILL WILL GIVE THEM THE OPPORTUNITY 1 YEAR, AND FOR THE OUT YEARS THERE IS NO FLOOR OUT THERE. WE ARE REALLY GOING TO SEE SMALL SOYBEAN GROWERS GO UNDER.

I WISH MAYBE WE COULD HAVE AN OPPORTUNITY TO GET ALL OF OUR COLLECTIVE HEADS TOGETHER AS IT RELATES TO WHAT WE ARE GOING TO DO WITH SOYBEANS. OTHERS OF US HAD ANOTHER AMENDMENT THAT WE TRIED TO PUT TOGETHER ALONG WITH THE AMENDMENT OF THE DISTINGUISHED SENATOR FROM ARKANSAS.

I WANT TO FIND OUT WHERE YOU ARE GOING. I DO NOT WANT TOO MANY SOYBEAN AMENDMENTS TODAY, IF I CAN KEEP FROM IT; JUST ONE.

MR. HEFLIN. I DO NOT THINK THIS CAUSES ANY PROBLEM. FIRST, IT IS DISCRETIONARY. IT DOES NOT CHANGE THE LOAN FORMULA. IT MERELY SAYS THAT THE PRODUCER CAN REPAY AT THE LESSER OF EITHER TWO OPTIONS: ONE, THE LOAN LEVEL THAT IS DETERMINED FOR SUCH CROP; SECOND, THE PREVAILING WORLD MARKET PRICE.

MR. MELCHER. MR. PRESIDENT, I THANK BOTH SENATORS FOR THEIR COMMENTS, AND RESPONSE. IT IS MY JUDGMENT THAT SOYBEANS WERE PLACED IN A POSITION OF UNCERTAINTY IN THE DOLE PACKAGE. AT LEAST IT IS NOT CERTAIN IN MY MIND WHAT THE FINAL OUTCOME OF THAT IS IN TERMS OF WHERE DOES THE LOAN RATE GO AFTER THEY GET \$50 PER ACRE IN THE 1986 CROP.

WHAT IS THE LOAN RATE FOR 1987, 1988, AND 1989? SOYBEANS ARE NOT A CROP WE ARE INVOLVED IN IN MONTANA. I ONLY ADDRESS MY REMARKS TO SOYBEANS IN REGARD TO THE OVERALL PACKAGE OF WHAT WE ARE DOING WITH THE VARIOUS CROPS BECAUSE, AFTER ALL, THERE IS SOME SORT OF AN INTERPLAY BETWEEN SOYBEANS AND OTHER CROPS THROUGHOUT THE COUNTRY.

SO THE LESS SOYBEANS ARE GROWN IN A SOYBEAN AREA, WE WOULD ANTICIPATE MORE GRAINS TO BE GROWN. SO THERE IS AN INTERPLAY. WE HAVE TO TRY TO UNDERSTAND WHAT THE OUTCOME OF THIS ENTIRE PACKAGE WILL BE.

AS I JUDGE FROM THE REMARKS OF THE SENATOR FROM ALABAMA, I THINK HIS AMENDMENT IS MORE ATTUNED TO WHAT THE COMMITTEE HAS IN THE COMMITTEE BILL.

MAY I ASK THE SENATOR A QUESTION WITHOUT LOSING MY RIGHT TO THE FLOOR? I ADDRESS THAT QUESTION TO THE SENATOR FROM ALABAMA. DOES NOT HIS AMENDMENT ALIGN SOYBEANS AND SOYBEAN LOANS MORE LIKE THE COMMITTEE BILL WAS THAN IS IN THE DOLE PACKAGE?

MR. HEFLIN. YES; BUT IT DOES NOT CHANGE THE EXISTING PROVISIONS.

MR. MELCHER. I THANK THE SENATOR. I THINK WE ARE GOING TO BE HAVING OTHER AMENDMENTS OF THIS NATURE THAT WERE TOUCHED UPON IN THE DOLE PACKAGE.

I THINK WHEN WE GO TO CONFERENCE, THERE IS GOING TO BE SOME REAL DEBATE ON WHICH WAY WE GO. AFTER ALL, WE GET CONFLICTING THINGS IN THE SAME BILL. THE CONFEREES ARE SUPPOSED TO BE DIRECTED ONE WAY OR THE OTHER. FOR THAT PURPOSE, MR. PRESIDENT, I ASK FOR THE YEAS AND NAYS ON THIS AMENDMENT.

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MR. HEFLIN. JUST A MOMENT. I SUGGEST THE ABSENCE OF A QUORUM.

THE PRESIDING OFFICER. IS THERE A SUFFICIENT SECOND? THERE IS NOT A SUFFICIENT SECOND.

MR. BUMPERS. WILL THE SENATOR FROM MONTANA YIELD SO THAT I MAY ASK THE SENATOR FROM ALABAMA A QUESTION?

MR. MELCHER. YES. I AM HAPPY TO YIELD TO THE SENATOR FROM ARKANSAS.

MR. BUMPERS. I HAVE A SOYBEAN AMENDMENT THAT I AM GOING TO OFFER SHORTLY CHANGING THE LOAN RATE ON SOYBEANS. BUT AS I UNDERSTAND THIS, THIS DOES NOT GO TO THE FLOOR THAT IS SET UP IN THE DOLE SUBSTITUTE.

LET ME JUST REHASH WHERE WE ARE. UNDER THE DOLE SUBSTITUTE BILL WE ARE AMENDING NOW, THE SOYBEAN LOAN RATE, WHICH AT THIS MOMENT IS \$5.02 A BUSHEL, WILL IN 1986 BE 75 PERCENT OF THE AVERAGE PRICE OF BEANS FOR THE PRECEDING 5 YEARS, TAKING OUT THE HIGH AND LOW YEARS.

SO WHATEVER THE AVERAGE PRICE IS FOR A 3-YEAR PERIOD, 75 PERCENT OF THAT WILL BECOME THE LOAN RATE. WE HAVE DONE SOME CALCULATIONS AND THAT MEANS THAT THE LOAN RATE IN 1986 IS GOING TO FALL TO \$4.40, A VERY DRAMATIC DROP FROM TODAY'S LOAN RATE OF \$5.02.

MY QUESTION TO THE SENATOR FROM ALABAMA IS SIMPLY THAT I WANT TO BE SURE I UNDERSTAND HIS AMENDMENT. IT SAYS THAT WHEREVER THE LOAN RATE IS ESTABLISHED NEXT YEAR, THAT THE SECRETARY WILL HAVE THE DISCRETION TO ALLOW FARMERS TO PAY THE LOAN BACK AT THE LOAN LEVEL, OR THE WORLD MARKET PRICE, WHICHEVER IS LOWER. SO IF BEANS ARE SELLING ON THE WORLD MARKET AT \$4 AND THE LOAN IS \$4.60, A FARMER CAN REDEEM THE \$4.60 LOAN AT \$4, WHICH IS THE LESSER OF THOSE TWO FIGURES.

MR. HEFLIN. THAT IS RIGHT.

MR. BUMPERS. MR. PRESIDENT, ARE YOU NOT GLAD THAT YOU HAVE ME HERE TO EXPLAIN THESE THINGS FOR YOU?

MR. MELCHER. I WILL SAY TO THE SENATOR FROM ARKANSAS HE HAS MY ETERNAL GRATITUDE.

[LAUGHTER.]

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. MELCHER. MR. PRESIDENT, DO I UNDERSTAND THE SENATOR FROM ALABAMA DOES NOT WANT THE YEAS AND NAYS?

MR. HEFLIN. NOT IF THE MANAGERS WILL AGREE TO ACCEPT THE AMENDMENT.

MR. HELMS. MR. PRESIDENT, I ACCEPT THE AMENDMENT ON THIS SIDE.

MR. MELCHER. I WILL NOT ASK FOR THE YEAS AND NAYS.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT.

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THE AMENDMENT (NO. 1127) WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. HEFLIN. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1128

(PURPOSE: TO DIRECT THE SENATE CONFERENCE ON S. 1714 TO WORK TOWARD THE TARGETING OF WHEAT DEFICIENCY PAYMENTS TO FAMILY FARMERS)

MR. BOREN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BOREN. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM OKLAHOMA [MR. BOREN], FOR HIMSELF AND [MR. MCCLURE], PROPOSES AN AMENDMENT NUMBERED 1128.

MR. BOREN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

AT THE APPROPRIATE PLACE IN THE BILL, ADD THE FOLLOWING SECTION:

TARGETING OF WHEAT DEFICIENCY PAYMENTS

SEC. . (A) THE SENATE FINDS THAT --

(1) A FAMILY FARM IS DEFINED BY THE DEPARTMENT OF AGRICULTURE AS ONE HAVING GROSS AGRICULTURAL SALES BETWEEN \$30,000 AND \$499,999;

(2) THERE ARE 603,782 FARMS THAT FALL WITHIN USDAS DEFINITION OF A FAMILY FARM;

(3) THESE FAMILY FARMS ACCOUNT FOR 90 PERCENT OF ALL AGRICULTURAL PRODUCTION IN THE UNITED STATES;

(4) FAMILY FARMS HOLD 66.82 PERCENT OF TOTAL FARM DEBT;

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(5) 20 PERCENT OF ALL FAMILY FARMS HAVE BOTH A NEGATIVE CASH FLOW AND A DEBT-TO-ASSET RATIO ABOVE 40 PERCENT;

(6) 58 PERCENT OF ALL FAMILY FARMS ARE FACING FINANCIAL DIFFICULTY;

(7) THERE WERE A TOTAL OF 328,194 FARMERS WHO RECEIVED WHEAT DEFICIENCY PAYMENTS IN 1984; AND

(8) APPROXIMATELY 30 PERCENT OF ALL WHEAT DEFICIENCY PAYMENTS WERE MADE TO FARMERS WHO DO NOT PRIMARILY RELY UPON THE PRODUCTION OF WHEAT FOR A LIVING.

(B) BASED ON THE FINDINGS SET OUT IN SUBSECTION (A), IT IS THE SENSE OF THE SENATE, THAT THE SENATE CONFEREES ON S. 1714, THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985, WORK TOWARDS TARGETING, TO THE MAXIMUM EXTENT PRACTICABLE, THE BENEFITS OF WHEAT DEFICIENCY PAYMENTS TO FAMILY FARMS THAT RELY UPON AGRICULTURE FOR THEIR PRIMARY SOURCE OF INCOME; AND

(C) IT IS FURTHER THE SENSE OF THE SENATE THAT THE SENATE CONFEREES SHOULD TAKE INTO CONSIDERATION PRODUCERS WHOSE WHEAT PRODUCTION MAY BE MINIMAL BUT NEVERTHELESS RELY UPON AGRICULTURE AS THE PRIMARY SOURCE OF INCOME.

MR. BOREN. MR. PRESIDENT, THIS IS A SENSE-OF-THE-SENATE RESOLUTION OFFERED AS AN AMENDMENT. IT SAYS THAT OUR CONFEREES WILL WORK AS HARD AS POSSIBLE IN CONFERENCE WHEN WORKING ON THE WHEAT PROGRAM TO DEVELOP A PROGRAM -- --

MR. STENNIS. MR. PRESIDENT, MAY WE HAVE ORDER SO THAT THE SENATOR CAN BE UNDERSTOOD?

THE PRESIDING OFFICER. THE SENATE WILL PLEASE BE IN ORDER.

MR. BOREN. I THANK THE CHAIR AND THE SENATOR FROM MISSISSIPPI.

MR. PRESIDENT, THIS AMENDMENT WOULD SIMPLY EXPRESS THE SENSE OF THE SENATE THAT OUR CONFEREES SHOULD WORK IN CONFERENCE WHEN WORKING ON THE WHEAT PROGRAM TO TRY TO DIRECT THE MAXIMUM BENEFIT POSSIBLE TO THOSE WHO ARE FAMILY-SIZE FARMERS.

AS WE HAVE DISCUSSED MANY TIMES BEFORE ON THIS FLOOR, WE OBVIOUSLY HAVE LIMITED RESOURCES. THE FAMILY-SIZE FARMERS ARE EXPERIENCING THE GREATEST DEGREE OF FINANCIAL STRESS.

WE DISCUSSED THIS IN THE COMMITTEE AT LENGTH AND WE HAVE DISCUSSED THIS ON THE FLOOR.

THIS WOULD SIMPLY EXPRESS THE SENSE OF THE SENATE THAT WE SHOULD, TO THE MAXIMUM DEGREE POSSIBLE, TRY TO PROVIDE ASSISTANCE, TO THE GREATEST EXTENT POSSIBLE, FROM THESE PROGRAMS TO THE FAMILY-SIZE FARMERS. IT WILL GIVE US DIRECTION AS WE GO INTO THE CONFERENCE. IT IS MY UNDERSTANDING THAT IT HAS BEEN CLEARED ON BOTH SIDES OF THE AISLE.

I HAVE OFFERED THE AMENDMENT ON BEHALF OF MYSELF AND SENATOR MCCLURE.

IN THE INTEREST OF TIME, I WILL FOREGO ANY FURTHER COMMENTS BECAUSE I THINK THIS IS A MATTER THAT IS FULLY UNDERSTOOD ON BOTH SIDES OF THE AISLE.

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THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. DOLE. MR. PRESIDENT, I HAVE LOOKED AT THE AMENDMENT. I DO NOT THINK IT IS A GOOD IDEA AT ALL, BUT IT IS A SENSE-OF-THE-SENATE AMENDMENT. I DO NOT KNOW HOW YOU WILL ADMINISTER A MEANS TEST PROGRAM. I KNOW THE SENATOR FROM OKLAHOMA IS VERY SINCERE AND HAS WORKED HARD ON IT. WE ARE WILLING TO TAKE IT TO CONFERENCE.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, WITHOUT OBJECTION, THE AMENDMENT IS AGREED TO.

THE AMENDMENT (NO. 1128) WAS AGREED TO.

MR. HELMS. I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. BOREN. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1129

(PURPOSE: TO PROHIBIT THE AVAILABILITY OF FUNDS FOR CERTAIN FOREIGN ASSISTANCE ACTIVITIES WHICH WOULD ASSIST THE EXPORT OF COMPETING AGRICULTURAL COMMODITIES)

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY SET ASIDE SO THAT I MAY OFFER AN AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BUMPERS. I SEND AN AMENDMENT TO THE DESK.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS] PROPOSES AN AMENDMENT NUMBERED 1129.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING: AT THE END OF THE BILL, ADD THE FOLLOWING:

PROHIBITION ON ASSISTANCE FOR COMPETING AGRICULTURAL COMMODITIES

SEC. . NONE OF THE FUNDS AUTHORIZED TO BE APPROPRIATED TO CARRY OUT CHAPTER 1 OF PART I OF THE FOREIGN ASSISTANCE ACT OF 1961 MAY BE AVAILABLE FOR ANY TESTING OR BREEDING FEASIBILITY STUDY, VARIETY IMPROVEMENT OR INTRODUCTION, CONSULTANCY, PUBLICATION, CONFERENCE, OR TRAINING IN CONNECTION WITH THE GROWTH OR PRODUCTION IN A FOREIGN COUNTRY OF AN AGRICULTURAL COMMODITY FOR EXPORT IF SUCH EXPORT WOULD COMPETE IN WORLD MARKETS WITH A SIMILAR COMMODITY GROWN OR PRODUCED IN THE

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UNITED STATES. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT ACTIVITIES DESIGNED TO INCREASE REGIONAL FOOD SECURITY IN DEVELOPING COUNTRIES IF SUCH ACTIVITIES WILL HAVE A NEGLIGIBLE IMPACT ON EFFORTS TO PROMOTE AGRICULTURAL COMMODITIES OF THE UNITED STATES; NOR SHALL ANYTHING IN THIS SECTION BE CONSTRUED TO PROHIBIT RESEARCH ACTIVITIES INTENDED PRIMARILY TO BENEFIT AMERICAN PRODUCERS.

MR. BUMPERS. I WILL BE VERY BRIEF, MR. PRESIDENT.

INCIDENTALLY, THE LANGUAGE OF THIS AMENDMENT HAS BEEN CHANGED EVER SO SLIGHTLY SINCE I SENT IT TO THE MANAGERS A COUPLE OF DAYS AGO. IT HAS BEEN DONE IN DEFERENCE TO SOME CONCERNS OF THE FOREIGN RELATIONS COMMITTEE.

MR. PRESIDENT, I CALL THIS AMENDMENT THE U.S. AID AMENDMENT. WHAT IT SAYS IS THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT MAY NOT GIVE GRANTS FOR RESEARCH TO BENEFIT FOREIGN COUNTRIES SO AS TO IMPROVE FOREIGN CROP VARIETIES AND PRODUCTION PRACTICES WHERE THE COMMODITY GROWN IN THAT COUNTRY WILL COMPETE IN WORLD MARKETS WITH AN EXPORTED AMERICAN AGRICULTURAL COMMODITY.

THE FOREIGN RELATIONS COMMITTEE RAISED AN OBJECTION AND SAID TWO THINGS:

NO. 1, THERE ARE SOME AREAS OF AFRICA WHERE THERE ARE SMALL QUANTITIES OF EXPORTS BETWEEN COUNTRIES. I HAVE DONE MY VERY BEST TO CAREFULLY WORD THIS AMENDMENT SO THAT THESE SMALL EXPORTS WILL NOT BE DISTURBED. I, OF COURSE, HAVE ABSOLUTELY NO OBJECTION TO COUNTRIES IN AFRICA ATTEMPTING TO DEVELOP THE ABILITY TO FEED THEMSELVES WITH OUR HELP WHO FURTHER THIS AIM BY EXPORTING SMALL QUANTITIES BETWEEN NEIGHBORS. AS EVERYBODY KNOWS, THAT IS A TERRIBLY DEPRIVED AREA.

NO. 2, MY AMENDMENT WILL NOT DISTURB RESEARCH DONE TO IMPROVE THE PLANT GENETICS OR PLANT PRODUCTION, OR EVEN THE INTRODUCTION OF A NEW PLANT VARIETIES WHERE THE RESEARCH IS INTENDED TO HELP FEED THE PEOPLE OF THE BENEFITED FOREIGN COUNTRY.

LET ME EXPLAIN THE GENESIS OF MY AMENDMENT:

BRAZIL, NOT TOO LONG AGO, HAD ABOUT 1 PERCENT OF THE WORLD SOYBEAN EXPORT MARKET. TODAY, BRAZIL HAS ABOUT 15 PERCENT OF THE EXPORT MARKET OF SOYBEANS. A LOT OF THAT CAN BE ATTRIBUTED TO RESEARCH GRANTS WHICH HAVE BEEN GIVEN TO AMERICAN UNIVERSITIES BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT EXCLUSIVELY FOR THE PURPOSE OF HELPING BRAZIL PRODUCE BETTER VARIETIES OF SOYBEANS.

AID MAY NOT BE ABUSING THE RESEARCH PROGRAMS ON A LARGE SCALE, BUT I CAN TELL YOU ONE THING: WHEN IT WAS DETERMINED, AND THE PRESS REPORTED, THAT GRANTS WERE GOING TO AMERICAN UNIVERSITIES TO HELP BRAZIL IMPROVE THE QUALITY OF THEIR SOYBEANS THAT COMPETE WITH US IN INTERNATIONAL MARKETS -- AND BRAZIL IS ONE OF THE BIGGEST NEMESSES WE HAVE IN THIS BUSINESS -- OUR FARMERS WERE OUTRAGED.

YOU HAVE HEARD A LOT OF TALK HERE ABOUT SOYBEANS AND HOW THE SOYBEAN FARMERS ARE GOING BROKE. THE LOAN PRICE DOES NOT EVEN EQUAL THE COST OF PRODUCTION, AND THE CURRENT SLUMP IN SOYBEAN PRICES, AS WELL AS RICE AND COTTON PRICES, CAN, IN SOME MEASURE, BE ATTRIBUTED TO U.S. AID ASSISTANCE TO OUR COMPETITORS.

I HOPE THE MANAGERS OF THE BILL WILL BE WILLING TO ACCEPT MY AMENDMENT.

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MR. PRESIDENT, WHILE THE MANAGERS ARE DISCUSSING, I WANT TO POINT OUT THAT EXPORTS OF AGRICULTURAL PRODUCTS IN THIS COUNTRY HAVE GONE FROM A HIGH OF \$44 BILLION IN 1981 TO, IN 1985, \$33.3 BILLION. THAT IS A DECLINE OF 25 PERCENT IN EXPORTS OF AMERICAN PRODUCTS. THE PROJECTION FOR 1986 IS FOR A FURTHER DECLINE.

MR. PRESIDENT, LET US SAVE THE U.S. AID FOR INTERNATIONAL DEVELOPMENT. LET US NOT GIVE MONEY TO FOREIGN COUNTRIES SO AS TO ASSIST THEM TO COMPETE WITH AMERICAN-GROWN EXPORT PRODUCTS.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. HELMS. MR. PRESIDENT, WE FIND THE AMENDMENT ACCEPTABLE ON OUR SIDE.

I AM ADVISED THAT IT IS CLEARED ON BOTH SIDES.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1129) WAS AGREED TO.

AMENDMENT NO. 1130

(PURPOSE: TO IMPROVE THE USE OF AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS UNDER THE FOOD STAMP PROGRAM)

MR. BOSCHWITZ. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BOSCHWITZ. IN BEHALF OF MYSELF, SENATOR DOLE, AND SENATOR HAWKINS, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. WITHOUT OBJECTION, THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM MINNESOTA [MR. BOSCHWITZ] FOR HIMSELF, MR. DOLE, AND MRS. HAWKINS, PROPOSES AN AMENDMENT NUMBERED 1130.

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

ON PAGE 278, AFTER LINE 26, INSERT THE FOLLOWING NEW SECTION:

AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

SEC. . (A) SECTION 11 OF THE FOOD STAMP ACT OF 1977 (7 U.S.C. 2020) IS AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING:

"(O)(1)(A) NOT LATER THAN OCTOBER 1, 1986, EACH STATE AGENCY SHALL DEVELOP AND SUBMIT TO THE SECRETARY A PLAN FOR THE USE OF AN AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM TO ADMINISTER THE FOOD STAMP PROGRAM IN SUCH STATE.

"(B) SUCH PLAN SHALL PROVIDE FOR THE AUTOMATION OF SUCH OPERATIONS NECESSARY TO ADMINISTER THE FOOD STAMP PROGRAM AS THE SECRETARY CONSIDERS APPROPRIATE.

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"(C) SUCH PLAN MAY PROVIDE FOR AUTOMATION OF INTAKE PROCEDURES, ELIGIBILITY DETERMINATIONS, CALCULATION OF BENEFITS, VERIFICATION PROCEDURES, COORDINATION WITH RELATED FEDERAL AND STATE PROGRAMS, THE ISSUANCE OF BENEFITS, RECONCILIATION PROCEDURES, THE GENERATION OF NOTICES, PROGRAM REPORTING, AND OTHER APPROPRIATE OPERATIONS NECESSARY TO ADMINISTER THE FOOD STAMP PROGRAM.

"(2)(A) NOT LATER THAN APRIL 1, 1987, THE SECRETARY SHALL PREPARE AND SUBMIT TO THE COMMITTEE ON AGRICULTURE OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY OF THE SENATE AN EVALUATION OF THE SUFFICIENCY OF THE PLAN SUBMITTED BY EACH STATE AGENCY UNDER PARAGRAPH (1).

"(B) SUCH REPORT SHALL INCLUDE AN ANALYSIS OF ANY ADDITIONAL STEPS REQUIRED TO BE TAKEN BY EACH STATE AGENCY TO ACHIEVE AN EFFECTIVE AND COST-EFFICIENT AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM.

"(C) AFTER SUBMITTING SUCH REPORT, THE SECRETARY SHALL PERIODICALLY UPDATE SUCH REPORT.

(B)(1) SECTION 16 OF THE FOOD STAMP ACT OF 1977 (7 U.S.C. 2025) (AS AMENDED BY SECTION 1438) IS AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTION:

"(J)(1) SUBJECT TO PARAGRAPH (3), IN THE CASE OF A PLAN FOR AN AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM SUBMITTED BY A STATE AGENCY TO THE SECRETARY UNDER SECTION 11(O), SUCH STATE AGENCY SHALL --

"(A) COMMENCE IMPLEMENTATION OF SUCH PLAN NOT LATER THAN OCTOBER 1, 1987; AND

"(B) COMPLETE IMPLEMENTATION OF SUCH PLAN NOT LATER THAN OCTOBER 1, 1989.

"(2) SUBJECT TO PARAGRAPH (3), IF A STATE AGENCY FAILS TO COMPLETE IMPLEMENTATION OF SUCH PLAN IN ACCORDANCE WITH PARAGRAPH (1)(B), THE SECRETARY SHALL REDUCE BY 5 PERCENT THE PERCENTAGE POINTS BY WHICH COSTS MAY BE PAID BY THE SECRETARY UNDER SUBSECTION (G) FOR EACH 6 MONTH PERIOD THAT A STATE AGENCY FAILS TO IMPLEMENT SUCH PLAN AFTER OCTOBER 1, 1989.

"(3) THE SECRETARY MAY --

"(A) EXTEND A DEADLINE IMPOSED UNDER PARAGRAPH (1); OR

"(B) WAIVE OR REDUCE THE AMOUNT OF THE REDUCTION REQUIRED UNDER PARAGRAPH (2) ON THE BASIS OF THE GOOD FAITH EFFORT OF A STATE AGENCY TO IMPLEMENT A PLAN IN ACCORDANCE WITH PARAGRAPH (1)(B)."

(2) SECTION 16(G) OF SUCH ACT IS AMENDED BY INSERTING "SUBJECT TO SUBSECTION (J)," AFTER "1980,".

MR. BOSCHWITZ. MR. PRESIDENT, THIS AMENDMENT ENCOURAGES THE STATES TO AUTOMATE THE FOOD STAMP PROGRAM.

MEDICAID AND AFDC ARE WELL AHEAD OF FOOD STAMPS IN AUTOMATION; THIS AMENDMENT WOULD HELP BRING FOOD STAMP COMPUTERIZATION UP TO SPEED. ELIGIBILITY DETERMINATIONS, CALCULATION OF BENEFITS, AND ISSUANCE OF BENEFITS COULD ALL BE AUTOMATED TO IMPROVE AND MODERNIZE THE FOOD STAMP PROGRAM.

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STATES WOULD BE REQUIRED TO SUBMIT A 2-YEAR PLAN FOR THE USE OF AN AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM TO ADMINISTER THE FOOD STAMP PROGRAM.

I BELIEVE THIS AMENDMENT HAS BEEN CLEARED ON BOTH SIDES.

MR. DOLE. MR. PRESIDENT, I AM ADVISED THAT THE AMENDMENT IS ACCEPTABLE ON BOTH SIDES.

MR. ZORINSKY. MR. PRESIDENT, I SUPPORT THE AMENDMENT TO IMPROVE THE USE OF AUTOMATED SYSTEMS UNDER THE FOOD STAMP PROGRAM.

I FEEL CONFIDENT THAT THIS AMENDMENT WILL HELP STATES IN THEIR ATTEMPTS TO REDUCE FOOD STAMP ERRORS.

I URGE MY COLLEAGUES TO JOIN ME IN SUPPORTING THE AMENDMENT.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1130) WAS AGREED TO.

MR. DOLE. I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. BOSCHWITZ. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1131

(PURPOSE: TO SUBJECT PUBLICLY OWNED LANDS TO THE PROVISIONS RELATING TO HIGHLY ERODIBLE LAND CONSERVATION, AND WETLAND CONSERVATION)

THE PRESIDING OFFICER. THE SENATOR FROM WISCONSIN.

MR. KASTEN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY SET ASIDE.

THE PRESIDING OFFICER. IS THERE OBJECTION? WITHOUT OBJECTION, IT IS SO ORDERED.

MR. KASTEN. I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM WISCONSIN [MR. KASTEN] PROPOSES AN AMENDMENT NUMBERED 1131.

AT THE END OF THE PENDING AMENDMENT INSERT:

ON PAGE 316, LINE 1, INSERT "(INCLUDING PUBLICLY OWNED LAND)" AFTER "LAND" THE SECOND PLACE IT APPEARS.

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ON PAGE 317, LINE 21, INSERT ", WHETHER PUBLICLY OR PRIVATELY OWNED" AFTER "AREA".

MR. KASTEN. MR. PRESIDENT, THESE ARE TECHNICAL AMENDMENTS TO THE CONSERVATION TITLE OF THE FARM BILL. THESE AMENDMENTS AIM AT CLARIFYING THE INTENT OF CONGRESS AS TO THE SCOPE OF THE SODBUSTER AND SWAMPBUSTER SECTIONS OF THIS TITLE. THEY WOULD ENSURE THAT THESE SECTIONS APPLY TO LAND LEASED FROM FEDERAL, STATE, AND LOCAL GOVERNMENTS FOR THE PRODUCTION OF AGRICULTURAL COMMODITIES.

ABOUT 0.3 PERCENT OF FEDERALLY OWNED LAND IS PLANTED TO CROPS OF VARIOUS KINDS. THAT AMOUNTS TO APPROXIMATELY 771,000 ACRES, SCATTERED OVER MOST OF THE 50 STATES. THIS LAND IS LEASED OR RENTED FROM A NUMBER OF FEDERAL AGENCIES: ABOUT TWO-THIRDS OF IT FROM THE CORPS OF ENGINEERS AND THE FISH AND WILDLIFE SERVICE.

EXTENDING THE PROTECTIONS OF THE SODBUSTER AND SWAMPBUSTER SECTIONS TO THIS LAND IS A LOGICAL ADDITION TO WHAT I BELIEVE IS AN EXCELLENT CONSERVATION TITLE, FAR AND AWAY THE BEST CONGRESS HAS EVER INCLUDED IN A FARM BILL.

MR. PRESIDENT, I URGE ADOPTION OF MY AMENDMENTS.

MR. PRESIDENT, I BELIEVE THIS AMENDMENT IS ACCEPTABLE TO THE MANAGERS OF THE BILL.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. DOLE. MR. PRESIDENT, THIS AMENDMENT REALLY STRENGTHENS THE SODBUSTER LEGISLATION. I UNDERSTAND FROM THE MINORITY SIDE THAT IT HAS BEEN CAREFULLY EXAMINED ON THEIR SIDE AND IS ACCEPTABLE.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE, IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1131) WAS AGREED TO.

MR. KASTEN. I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. DOLE. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1132

(PURPOSE: TO FREEZE THE BASES AND YIELDS FOR WHEAT, FEED GRAINS, COTTON, AND RICE)

MR. BOSCHWITZ. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BOSCHWITZ. I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

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THE SENATOR FROM MINNESOTA [MR. BOSCHWITZ] PROPOSES AN AMENDMENT NUMBERED 1132.

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

SEC. . NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT:

"(A) THE FARM PROGRAM PAYMENT YIELD FOR EACH OF THE 1986 THROUGH 1989 CROPS OF WHEAT SHALL BE THE AVERAGE YIELD ESTABLISHED FOR THE FARM FOR THE 1981 THROUGH 1985 CROPS OF WHEAT, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO PAYMENT YIELD FOR WHEAT WAS ESTABLISHED FOR THE FARM FOR THE 1981 THROUGH 1985 CROPS OF WHEAT, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE.

"(B) FOR THE PURPOSE OF DETERMINING ANY REDUCTION REQUIRED TO BE MADE FOR ANY OF THE 1986 THROUGH 1989 CROPS OF WHEAT AS THE RESULT OF AN ACREAGE LIMITATION PROGRAM, THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED TO WHEAT FOR HARVEST IN THE 1981 THROUGH THE 1985 CROP YEARS.

"(C) THE FARM PROGRAM PAYMENT YIELD FOR EACH OF THE 1986 THROUGH 1989 CROPS OF FEED GRAINS SHALL BE THE AVERAGE YIELD ESTABLISHED FOR THE FARM FOR THE 1981 THROUGH 1985 CROPS OF FEED GRAINS, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO PAYMENT YIELD FOR FEED GRAINS WAS ESTABLISHED FOR THE FARM FOR THE 1981 THROUGH 1985 CROPS OF FEED GRAINS, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE.

"(D) FOR THE PURPOSE OF DETERMINING ANY REDUCTION REQUIRED TO BE MADE FOR ANY OF THE 1986 THROUGH 1989 CROPS OF FEED GRAINS LIMITATION PROGRAM, THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED TO FEED GRAINS FOR HARVEST IN THE 1981 THROUGH 1985 CROP YEARS.

"(E) THE FARM PROGRAM PAYMENT YIELD FOR EACH OF THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON SHALL BE DETERMINED ON THE BASIS OF THE AVERAGE YIELDS PER HARVESTED ACRE ON THE FARM FOR THE 1981 THROUGH 1985 CROPS OF UPLAND COTTON, EXCEPT THAT THE AVERAGE YIELDS SHALL BE ADJUSTED BY THE SECRETARY FOR ABNORMAL YIELDS IN ANY YEAR CAUSED BY DROUGHT, FLOOD, OR OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCER. IN CASE FARM YIELD DATA FOR 1 OR MORE YEARS ARE UNAVAILABLE OR THERE WAS NO PRODUCTION, THE SECRETARY SHALL PROVIDE FOR APPRAISALS TO BE MADE ON THE BASIS OF ACTUAL YIELDS AND PROGRAM PAYMENT YIELDS FOR SIMILAR FARMS IN THE AREA FOR WHICH DATA ARE AVAILABLE.

"(F) FOR THE PURPOSE OF DETERMINING ANY REDUCTION REQUIRED TO BE MADE FOR ANY OF THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON AS THE RESULT OF AN ACREAGE LIMITATION PROGRAM, THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED TO UPLAND COTTON FOR HARVEST IN THE 1981 THROUGH 1985 CROP YEARS.

"(G) THE YIELD ESTABLISHED FOR A FARM FOR ANY OF THE 1986 THROUGH 1989 CROPS OF RICE SHALL BE DETERMINED ON THE BASIS OF THE AVERAGE YIELDS PER HARVESTED ACRE FOR THE 1981 THROUGH 1985 CROPS OF RICE. THE AVERAGE YIELDS SHALL BE ADJUSTED BY THE SECRETARY FOR ABNORMAL YIELDS IN ANY YEAR CAUSED BY DROUGHT, FLOOD, OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCER. IF NO RICE WAS PRODUCED ON SUCH FARM DURING SUCH PERIOD, THE YIELD SHALL BE DETERMINED TAKING INTO

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CONSIDERATION THE YIELD OF COMPARABLE FARMS IN THE SURROUNDING AREA AND SUCH OTHER FACTORS AS THE SECRETARY DETERMINES WILL PRODUCE A FAIR AND EQUITABLE YIELD.

"(H) FOR THE PURPOSE OF DETERMINING ANY REDUCTION REQUIRED TO BE MADE FOR ANY YEAR AS THE RESULT OF AN ACREAGE LIMITATION PROGRAM, THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE PLANTED TO RICE FOR HARVEST IN THE 1981 THROUGH 1985 CROP YEARS.

"(I) IN NO EVENT MAY THE TOTAL OF ALL CROP ACREAGE BASES FOR ANY FARM EXCEED THE TOTAL ACREAGE OF CROPLAND ON THE FARM."

MR. BOSCHWITZ. MR. PRESIDENT, THE AMENDMENT WOULD HAVE THE EFFECT OF INCREASING TILLABLE ACREAGE BASES AND YIELDS ON PROGRAM CROPS WHICH HAVE CREPT UPWARD OVER A PERIOD OF YEARS. FOR INSTANCE, IN 1975, THE BASE ON WHEAT WAS 53.5 MILLION ACRES. TODAY, THE BASE ON WHEAT IS 93.9 MILLION ACRES. OF COURSE, THERE HAS ALSO BEEN AN INCREASE IN YIELD OVER THE PERIOD.

MR. DOLE. MR. PRESIDENT, IF THE SENATOR WILL YIELD, I WONDER IF WE COULD GET A TIME AGREEMENT OF 20 MINUTES EQUALLY DIVIDED ON THE AMENDMENT?

MR. BOSCHWITZ. THAT WOULD BE AGREEABLE WITH ME.

MR. ZORINSKY. THAT IS SATISFACTORY TO US, MR. PRESIDENT.

THE PRESIDING OFFICER. IS THERE OBJECTION, WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BOSCHWITZ. MR. PRESIDENT, INSTEAD OF JUST PROVIDING INCOME PROTECTION ON CURRENT PROGRAMS, REALLY, THE CURRENT PROGRAMS HAVE BUILT-IN INCENTIVES WHICH ENCOURAGE PLANTING FOR THE PROGRAM. THE MORE ACRES ONE CAN GET INTO THE PROGRAM, THE HIGHER THE YIELD THEY CAN GET, THE MORE THE PROGRAM BENEFITS ARE. SO THIS AMENDMENT WOULD GO A LONG WAY IN FREEZING DOWN THE GROWTH OF THE COST OF GOVERNMENT PROGRAMS.

IT IS EASILY POSSIBLE, I MIGHT SAY, MR. PRESIDENT, TO HAVE A COMBINED BASE ACREAGE OF MORE THAN YOU HAVE TILLABLE IN ACRES ON YOUR FARM. THAT IS PHANTOM ACRES. THIS AMENDMENT ALSO ADDRESSES THAT QUESTION.

IT IS EASILY POSSIBLE TO HAVE A COMBINED BASE ACREAGE FOR TWO OR MORE FARM CROPS THAT EXCEEDS THE TOTAL TILLABLE ACRES ON THE FARM. THIS OCCURS WHEN A FARM WITH A WHEAT BASE, FOR EXAMPLE, THAT EXCEEDS THE PAYMENT LIMITATION, IS ALLOWED TO PLANT A DIFFERENT CROP, PERHAPS BARLEY, ON THE ACRES THAT WOULD OTHERWISE BE SET-ASIDE, SO THE FARM RETAINS ITS WHEAT BASE AND AT THE SAME TIME DEVELOPS A BARLEY BASE. THE RESULT IS THAT THE BASES EXCEED THE TOTAL ACREAGES OF THE FARM. SO THIS AMENDMENT WOULD ALSO DEAL WITH PHANTOM ACRES.

BASICALLY, IT SETS THE BASE ON AN AVERAGE OF 1981 THROUGH 1985 FOR BOTH THE BASE IN ACRES AND ALSO THE BASE IN YIELDS. THE AMENDMENT IS ESTIMATED TO SAVE \$700 MILLION OVER 3 YEARS AND WOULD GO A LONG WAY TOWARD RESTRAINING THE GROWTH OF THE COST OF THE VARIOUS COMMODITY PROGRAMS.

MR. PRESIDENT, I RESERVE THE REMAINDER OF MY TIME.

MR. ZORINSKY. MR. PRESIDENT, I SUGGEST THE ABSENCE OF A QUORUM.

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THE PRESIDING OFFICER. THE CLERK WILL CALL THE ROLL.

THE ASSISTANT 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.

MR. DOLE. MR. PRESIDENT, I AM ADVISED THAT THE DISTINGUISHED SENATOR FROM NORTH CAROLINA (MR. HELMS) IS IN AGREEMENT WITH THE POLICY. IT IS A GOOD POLICY. I THINK THE SENATOR FROM MINNESOTA HAS DEMONSTRATED TIME AND AGAIN THAT HE SEEKS A GOOD POLICY. IT MAY ALSO SAVE \$700 MILLION.

I KNOW THERE MAY BE SOME WHO WILL NOT SHARE THAT VIEW.

MR. HELMS. MR. PRESIDENT, THE SENATOR FROM MINNESOTA HAS ONCE AGAIN GONE TO THE HEART OF A VERY BASIC PROBLEM WITH OUR FARM PROGRAMS.

THAT PROBLEM IS THAT THE MORE ACRES MULTIPLIED BY THE MORE BUSHEL, POUNDS, OR BALES A FARMER CAN POSSIBLY PRODUCE, THE MORE SUBSIDIES HE GETS.

NATURALLY, WHEN THE GOVERNMENT PROVIDES AS MUCH INCENTIVE FOR PRODUCTION AS IT PRESENTLY DOES -- PRODUCTION GOES UP. THIS IS WHAT I LIKEN TO THE ACCELERATOR FOOT.

THEN WITH THE OTHER FOOT -- THE BRAKE FOOT -- WE INSTITUTE ACREAGE CONTROL PROGRAMS TO TRY AND STOP THE ACCELERATING PRODUCTION MACHINE.

THE SENATOR'S AMENDMENT WOULD EFFECTIVELY TAKE SOME PRESSURE OFF OF THE ACCELERATOR FOOT. IT WOULD TELL FARMERS THAT THEY WILL NO LONGER GET INCREASING SUBSIDIES FOR INCREASING THE SIZE OF THEIR FARMS OR INCREASING THEIR YIELDS.

THE AMENDMENT MAKES GOOD SENSE AND AS A BONUS, THE DEPARTMENT OF AGRICULTURE INFORMS ME THAT IT WILL SAVE \$700 MILLION OVER THE NEXT 3 YEARS.

I URGE SUPPORT FOR THE AMENDMENT.

MR. DOLE. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT WHILE WE ARE AWAITING THE DISTINGUISHED SENATOR FROM MONTANA [MR. MELCHER] TO COME TO THE FLOOR IF THERE ARE NO OTHERS WISHING TO SPEAK, THAT AT LEAST FOR THE NEXT FEW MOMENTS, THE QUORUM NOT BE CHARGED TO EITHER SIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

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. BOSCHWITZ. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ORDER FOR THE QUORUM CALL BE RESCINDED.

MR. HEFLIN. I OBJECT.

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THE PRESIDING OFFICER (MR. COHEN). OBJECTION IS HEARD.

THE LEGISLATIVE CLERK CONTINUED THE CALL OF THE ROLL.

MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ORDER FOR THE QUORUM CALL BE RESCINDED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE TWO PENDING AMENDMENTS BE SET ASIDE FOR THE PURPOSE OF AN AMENDMENT BEING CALLED UP BY THE DISTINGUISHED SENATOR FROM NEW JERSEY AND THE DISTINGUISHED SENATOR FROM WASHINGTON.

MIGHT I INQUIRE OF ALL INTERESTED IN THE SUGAR AMENDMENT IF A TIME AGREEMENT OF 1 HOUR, EQUALLY DIVIDED, IS SATISFACTORY.

MR. GORTON. THAT IS ACCEPTABLE.

MR. BRADLEY. MR. PRESIDENT, IT IS ACCEPTABLE TO THE SENATOR FROM NEW JERSEY, BUT I DO NOT KNOW IF THE SENATORS FROM HAWAII WOULD AGREE TO THAT, AND THEY DO HAVE AN INTEREST IN THE AMENDMENT.

THE PRESIDING OFFICER. IS THERE OBJECTION?

MR. ZORINSKY. MR. PRESIDENT, RESERVING THE RIGHT TO OBJECT WE WOULD LIKE TO CHECK WITH TWO OTHER PARTICIPANTS. CAN WE START THE AMENDMENT AND THEN GET A TIME AGREEMENT?

THE PRESIDING OFFICER. THE CHAIR CANNOT HEAR THE SENATOR FROM NEBRASKA.

MR. HELMS. MR. PRESIDENT, I WILL WITHHOLD MY UNANIMOUS-CONSENT REQUEST AT THE MOMENT. I SUGGEST THAT WE PROCEED AS IF WE HAVE A TIME AGREEMENT AND THAT THE TIME BE RECORDED SO THAT WE WILL KNOW IF AND WHEN WE GET THE TIME AGREEMENT. WOULD THAT BE SATISFACTORY?

MR. BRADLEY. THE DISTINGUISHED SENATOR FROM HAWAII IS ON THE FLOOR NOW.

MR. HELMS. THE PROPOSAL HAS BEEN MADE FOR 1 HOUR, EQUALLY DIVIDED.

MR. INOUE. MR. PRESIDENT, IF THE CHAIRMAN WILL YIELD, I WOULD BE VERY HAPPY TO ACCEPT THAT.

MR. HELMS. IN THAT CASE, I DO PROPOUND THE UNANIMOUS-CONSENT REQUEST.

MR. BOSCHWITZ. MR. PRESIDENT, RESERVING THE RIGHT TO OBJECT, IT IS MY UNDERSTANDING THAT, UNDER THIS UNANIMOUS-CONSENT AGREEMENT, AT THE CONCLUSION OF THE SUGAR AMENDMENT, WE WILL RETURN TO MY AMENDMENT THAT IS PRESENTLY PENDING.

THE PRESIDING OFFICER. THAT IS CORRECT.

MR. HELMS. HAS THE CHAIR RULED ON THE UNANIMOUS-CONSENT REQUEST?

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HELMS. I THANK THE CHAIR.

AMENDMENT NO. 1133

(PURPOSE: TO PROVIDE PRICE SUPPORT FOR THE 1985 AND SUBSEQUENT CROPS OF SUGAR)

MR. BRADLEY. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM NEW JERSEY [MR. BRADLEY], FOR HIMSELF, MR. GORTON, MR. CHAFEE, MR. LAUTENBERG, MR. MOYNIHAN, AND MR. ROTH PROPOSES AN AMENDMENT NUMBERED 1133.

MR. BRADLEY. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

SUGAR PRICE SUPPORT

SEC. 1001. SECTION 201 OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1446) IS AMENDED --

(1) BY STRIKING OUT "HONEY, AND MILK" IN THE FIRST SENTENCE AND INSERTING IN LIEU THEREOF "HONEY, MILK, SUGAR BEETS, AND SUGARCANE"; AND

(2) BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTION:

"(1)(1) THE PRICE OF EACH OF THE ANNUAL CROPS OF SUGAR BEETS AND SUGARCANE SHALL BE SUPPORTED IN ACCORDANCE WITH THIS SUBSECTION.

"(2) THE SECRETARY SHALL SUPPORT THE PRICE OF DOMESTICALLY GROWN SUGARCANE THROUGH NONRECOURSE LOANS AT SUCH LEVEL AS THE SECRETARY DETERMINES APPROPRIATE BUT NOT LESS THAN 18 CENTS PER POUND FOR RAW CANE SUGAR FOR THE 1985 CROP. IN THE CASE OF EACH OF THE 1986 THROUGH 1988 CROPS, SUCH LEVEL AS THE SECRETARY DETERMINES TO BE APPROPRIATE TAKING INTO CONSIDERATION THE TOTAL SUPPLY OF SUGAR, TOTAL PROGRAM COSTS, AND SUCH OTHER FACTORS AS THE SECRETARY DETERMINES TO BE APPROPRIATE, EXCEPT THAT THE ESTABLISHED PRICE FOR A CROP DETERMINED UNDER THIS CLAUSE MAY NOT BE REDUCED BY MORE THAN 5 PERCENT FROM THE LEVEL DETERMINED FOR THE PRECEDING CROP.

"(3) THE SECRETARY SHALL SUPPORT THE PRICE OF DOMESTICALLY GROWN SUGAR BEETS THROUGH NONRECOURSE LOANS AT SUCH LEVEL AS THE SECRETARY DETERMINES NECESSARY TO REFLECT A FAIR AND REASONABLE RELATIONSHIP BETWEEN THE LEVEL OF PRICE SUPPORT FOR SUGARCANE AND SUGAR BEETS.

"(4) THE SECRETARY SHALL ANNOUNCE THE LOAN RATE TO BE APPLICABLE DURING ANY FISCAL YEAR AS FAR IN ADVANCE OF THE BEGINNING OF SUCH FISCAL YEAR AS IS PRACTICABLE

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CONSISTENT WITH THE PURPOSES OF THIS SUBSECTION.

"(5) LOANS UNDER THIS SUBSECTION DURING ANY FISCAL YEAR SHALL BE MADE AVAILABLE NOT EARLIER THAN THE BEGINNING OF SUCH FISCAL YEAR AND SHALL MATURE BEFORE THE END OF SUCH FISCAL YEAR."

MR. BRADLEY. MR. PRESIDENT ON BEHALF OF MYSELF AND MY DISTINGUISHED COLLEAGUES -- THE SENATOR FROM WASHINGTON, MR. GORTON, THE SENATOR FROM RHODE ISLAND, MR. CHAFEE, THE SENATOR FROM NEW JERSEY, MR. LAUTENBERG, AND THE SENATOR FROM NEW YORK, MR. MOYNIHAN -- I ASK THAT WE DEAL WITH THE QUESTION OF SUGAR SUBSIDIES THAT ARE NOW IN THE CURRENT FARM LAWS.

MR. PRESIDENT, THIS AMENDMENT WILL ACCOMPLISH MODERATE, BUT IMPORTANT, REFORMS IN AMERICAN SUGAR POLICY. OUR PRESENT FEDERAL SUGAR PROGRAM IS COMPLETELY IRRESPONSIBLE. IT COSTS AMERICAN CONSUMERS A FORTUNE EACH YEAR, CREATES TREMENDOUS ECONOMIC DISTORTIONS IN OUR DOMESTIC ECONOMY, HINDERS OUR EFFORTS TO PROMOTE EXPORTS OF AMERICAN PRODUCTS, UNDERMINES THE ECONOMIES OF OUR ALLIES IN THE CARIBBEAN AND LATIN AMERICA, AND MOST RECENTLY, RESULTS IN DIRECT OUTLAYS FROM THE FEDERAL TREASURY.

BEFORE DESCRIBING THE AMENDMENT, MR. PRESIDENT, LET ME FIRST DISCUSS OUR PRESENT SUGAR POLICY IN FURTHER DETAIL. UNDER THE 1981 FARM BILL, THE GOVERNMENT PROVIDES NONRECOURSE, LOW-INTEREST LOANS TO SUGAR PRODUCERS. THESE LOANS ARE EXTENDED BY THE COMMODITY CREDIT CORPORATION OF THE DEPARTMENT OF AGRICULTURE TO SUGAR PRODUCERS WHO USE THEIR SUGAR AS COLLATERAL FOR THE LOANS. IF THE DOMESTIC PRICE FOR SUGAR EXCEEDS THE LOAN RATE, PLUS SHIPPING, HANDLING, AND STORAGE COSTS, THE PRODUCERS WILL SELL THE SUGAR ON THE MARKET AND PAY OFF THE LOAN. IF, HOWEVER, THE MARKET PRICE IS BELOW THE PRICE GUARANTEED BY THE GOVERNMENT PROGRAM, THE PRODUCER SIMPLY DEFAULTS ON THE LOAN. SINCE THE COLLATERAL ON THE LOAN IS THE SUGAR ITSELF, THE GOVERNMENT ENDS UP OWNING THE SUGAR AND THE PRODUCER KEEPS THE MONEY FROM THE LOAN AT WHATEVER PRICE WAS SET BY THE GOVERNMENT.

UNDER THE PROGRAM, LOAN LEVELS HAVE INCREASED FROM 17 CENTS PER POUNDS FOR THE 1982-83 CROP TO 18 CENTS PER POUND CURRENTLY. SINCE THE 1981 BILL HAS BEEN ENACTED, WORLD SUGAR PRICES HAVE BEEN SUBSTANTIALLY BELOW THE LOAN RATES SET OUT IN LEGISLATION. INDEED, WORLD MARKET SUGAR HAS BEEN PRICED AT 5 CENTS FOR MOST OF THIS YEAR. TO MAKE CERTAIN THAT DOMESTIC PRICES STAY WELL ABOVE THE INFLATED LOAN LEVELS, THE GOVERNMENT HAS TAKEN DRASTIC STEPS. THESE HAVE COME IN THE FORM OF IMPORT QUOTAS, WHICH WERE FIRST IMPOSED IN MAY 1982. EACH YEAR, THE QUOTAS HAVE BEEN TIGHTENED TO LIMIT SUPPLY IN THIS COUNTRY AND KEEP PRICES WELL ABOVE THE LOAN LEVELS SET OUT IN THE FARM BILL. WHILE THE UNITED STATES IMPORTED OVER 5 MILLION TONS OF SUGAR IN 1981, THE QUOTAS FOR THIS YEAR WAS LESS THAN 2.5 MILLION TONS.

I MIGHT SAY THAT IN THIS BILL THOSE QUOTAS WILL GO EVEN LOWER. MR. PRESIDENT, THIS IS TRULY AN AMAZING PROGRAM. PERHAPS THE FINEST AND MOST ACCURATE ANALYSIS OF THIS PROGRAM WAS PERFORMED BY THE ECONOMISTS' COMMITTEE ON PUBLIC POLICY. THIS GROUP HAS BEEN ABLE TO OBTAIN UNANIMITY AMONG 124 ECONOMISTS -- AND WE ALL KNOW HOW DIFFICULT IT IS TO GET ECONOMISTS TO AGREE ON ANYTHING -- INCLUDING FOUR NOBEL LAUREATES, EIGHT PAST PRESIDENTS OF THE AMERICAN ECONOMIC ASSOCIATION AND A HOST OF OTHER DIGNITARIES AND FORMER OFFICIALS, THAT THE CURRENT SUGAR PROGRAM IS INEFFICIENT, INEQUITABLE AND INEFFECTUAL. MR. PRESIDENT, I ASK THAT THE ECONOMISTS'

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STATEMENT BE PRINTED IN THE RECORD AT THIS TIME.

THERE BEING NO OBJECTION, THE STATEMENT WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

ECONOMISTS' COMMITTEE ON PUBLIC POLICY

ECONOMISTS' STATEMENT OPPOSING THE SUGAR PRICE SUPPORT PROGRAM

WE, THE UNDERSIGNED ECONOMISTS, UNDERSTAND THAT THE SUGAR PRICE SUPPORT PROGRAM WILL BE PHASED OUT OR REVISED AS PART OF THE NINETY-NINTH CONGRESS'S DELIBERATIONS ON THE FARM BILL. THE ADMINISTRATION HAS SUBMITTED LEGISLATION WHICH PROMISES TO REDUCE THE SUGAR PRICE SUPPORTS SUBSTANTIALLY. WE BELIEVE THAT THE SUGAR PRICE SUPPORTS SHOULD BE ELIMINATED OR REDUCED IN THE INTEREST OF CONSUMERS, OF GENERAL ECONOMIC EFFICIENCY AND OF INTERNATIONAL COMITY.

WE TAKE THIS POSITION OUT OF OUR PERSUASION THAT COSTS OF THE PROGRAM ARE LARGE AND ITS BENEFITS SMALL, THAT IT IS INEQUITABLE, THAT IT IS INEFFECTUAL, AND THAT IT IS INCONSISTENT WITH SOUND INTERNATIONAL ECONOMIC POLICY.

THE PROGRAM RAISES THE COST OF SUGAR TO CONSUMERS -- THAT IS ITS MOST OBVIOUS DIRECT RESULT. AS HAS BEEN DEMONSTRATED THROUGH COMPETENT ECONOMETRIC ANALYSIS, IT ALSO RAISES THE PRICES CONSUMERS MUST PAY FOR SUGAR SUBSTITUTES SUCH AS HIGH FRUCTOSE CORN SYRUP. SIMILARLY, IT HAS BEEN DEMONSTRATED THAT THESE PRICE INCREASES RESULT IN HIGHER PRICES FOR SWEETENER -- INTENSIVE GOODS, INCLUDING BEVERAGES, BAKERY GOODS, DAIRY PRODUCTS, AND CONFECTIONS.

IN 1983 ALONE, THE DIRECT COST TO CONSUMER'S IS ESTIMATED BY THE DEPARTMENT OF AGRICULTURE TO HAVE BEEN \$3.1 BILLION. FOR 1984 THE TOTAL COST TO CONSUMERS, TAKING ACCOUNT OF THE EFFECTS ON THE PRICES OF SUBSTITUTES IS ESTIMATED BY VARIOUS SCHOLARS AS LYING BETWEEN \$3.5 BILLION AND \$4.5 BILLION. TAKING \$3.75 BILLION AS A BEST ESTIMATE OF THE TOTAL COST TO CONSUMERS, THIS TRANSLATES TO AN AVERAGE COST OF \$41 IN ONE YEAR TO EACH AMERICAN HOUSEHOLD.

THE NET BENEFITS ACCRUING TO SUGAR PRODUCERS AND PROCESSORS, WERE AT MOST \$386 MILLION, ABOUT 10.3% OF THE COSTS. FURTHER, THE TOTAL ONE-TIME LOSS OF INVESTMENT IN SPECIALIZED EQUIPMENT AND FACILITIES, WHOSE VALUE WOULD BE LARGELY OBLITERATED IF THE PROGRAM WERE DISCONTINUED IN ITS ENTIRETY, IS LESS THAN HALF A SINGLE YEAR'S COST OF THE PROGRAM TO CONSUMERS.

THUS, THE NET COSTS TO THE AMERICAN ECONOMY AMOUNTED TO AN ESTIMATED \$3.3 BILLION IN 1984.

THE COSTS OF THE PROGRAM ARE HIGH AND THE BENEFITS ARE LOW FOR ONE MAIN REASON: MOST OF THE RESOURCES USED IN PRODUCING BOTH CANE SUGAR AND BEET SUGAR COULD BE PUT TO BETTER USE, THAT IS, THEY COULD BE USED TO PRODUCE COMMODITIES THAT PEOPLE VALUE MORE HIGHLY THAN SUGAR. ARTIFICIALLY DIVERTING THOSE RESOURCES TO SUGAR PRODUCTION, DEPRIVES CONSUMERS AND THE REST OF THE ECONOMY OF THOSE OTHER GOODS THAT COULD, AT CURRENT LEVELS OF ECONOMIC ACTIVITY, BE PRODUCED INSTEAD.

THE PROGRAM IS INEQUITABLE. SINCE PEOPLE WITH LOWER INCOMES SPEND A LARGER SHARE OF THEIR BUDGETS ON FOOD THAN DO THOSE IN HIGHER BRACKETS, IT IS THEY WHO BEAR A

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DISPROPORTIONATELY LARGE SHARE OF THE COST. IN CONTRAST, FEW OF THE BENEFITS ACCRUE TO SMALL FAMILY FARMS. ABOUT TWO-THIRDS OF THE SUGARCANE CROP IS PRODUCED IN FLORIDA AND HAWAII. MORE THAN 95 PERCENT OF PRODUCTION IN HAWAII IS CARRIED OUT BY FIVE LARGE CORPORATIONS. IN FLORIDA, PLANTATIONS AVERAGE 2,826 ACRES AND MOST OF THE PRODUCTION IS CONCENTRATED ON A SMALL NUMBER OF THEM. ALTHOUGH SUGAR BEET FARMING IS PREDOMINANTLY FAMILY FARMING, THE AVERAGE INDIVIDUAL UNIT IS LARGE. IN 1974, THE LATEST YEAR FOR WHICH SUITABLE DATA ARE AVAILABLE, 66 PERCENT OF CASH RECEIPTS FOR SUGAR BEETS WERE RECEIVED BY FARMS THAT GROSSED \$500,000 OR MORE (\$982,000 OR MORE IN 1984 PRICES).

THE PROGRAM IS INEFFECTUAL. THE PROGRAM FAILED ENTIRELY TO PROTECT CONSUMERS FROM EXTRAORDINARILY HIGH PRICES IN 1974 AND 1980, WHEN WHOLESALE PRICES WERE AS HIGH AS 30 CENTS PER POUND (EQUIVALENT TO 59.2 CENTS AND 35.4 CENTS, RESPECTIVELY, IN 1984 PRICES). WITH THE PROGRAM, SUGAR CONSUMPTION PER CAPITA HAS DECLINED BY 31 PERCENT SINCE 1970, PRIMARILY AS A RESULT OF INCREASED PRODUCTION OF SUGAR SUBSTITUTES, UNDER THE UMBRELLA OF THE SUGAR PRICE SUPPORTS.

THE INTERNATIONAL IMPACTS OF THE PROGRAM ARE ALSO UNDESIRABLE. THE PROGRAM IMPAIRS THE ABILITY OF DEVELOPING COUNTRIES, AS WELL AS THE UNITED STATES, TO MAKE EFFICIENT USE OF THEIR AGRICULTURAL RESOURCES.

THE PROGRAM CURRENTLY PROVIDES TO NATIONS FAVORED BY THE GRANT OF SUGAR QUOTAS SHORT-RUN BENEFITS IN THE FORM OF PREMIUMS OVER THE WORLD MARKET PRICE, AMOUNTING, FOR SOME COUNTRIES, TO TENS OR HUNDREDS OF MILLIONS OF DOLLARS IN 1984. BUT THESE BENEFITS ARE RAPIDLY DISAPPEARING AS IMPORTED SUGAR IS DISPLACED BY SUBSTITUTES. OUR SUGAR PROGRAM ENSURES THAT SUGAR IMPORTS ARE THE FIRST TO BE CROWDED OUT. EXPORTS TO THE UNITED STATES FROM LATIN AMERICAN COUNTRIES DECLINED FROM 3.4 MILLION TONS IN 1981 TO 1.7 MILLION TONS UNDER THE QUOTAS FOR CROP YEAR 1984-85. FURTHERMORE, THE PROGRAM HAS DEPRESSED THE PRICE AT WHICH SUGAR EXPORTERS CAN SELL THEIR PRODUCT ON THE WORLD MARKET.

BY REDUCING THE ABILITY OF DEBTOR NATIONS IN THE THIRD WORLD TO EARN DOLLARS, THE PROGRAM IMPAIRS THEIR ABILITY TO IMPORT AND TO SERVICE THEIR DEBTS. THE PROGRAM, THUS, HURTS AMERICAN AGRICULTURE AND OTHER EXPORT SECTORS AND WORKERS EMPLOYED IN THEM, WHILE, AT THE SAME TIME, IT REDUCES THE EARNINGS AND STABILITY OF AMERICAN FINANCIAL INSTITUTIONS.

FINALLY, THE PROGRAM IS INCONSISTENT WITH THE ANNOUNCED AMERICAN COMMITMENT TO OPEN INTERNATIONAL MARKETS AND WITH OUR LONG-STANDING POLICY OF ASSISTING DEVELOPING COUNTRIES. IT IS SPECIFICALLY INCONSISTENT WITH CURRENT AMERICAN EFFORTS TO EXPAND WORLD MARKETS FOR AMERICAN AGRICULTURAL EXPORTS.

WE URGE THE ELIMINATION OF THE PROGRAM OF PRICE SUPPORTS AND IMPORT QUOTAS FOR SUGAR. IF THAT SHOULD PROVE IMPOSSIBLE, WE RECOMMEND REDUCING THE SUPPORTS FROM THE CURRENT LOAN RATE OF 18 CENTS PER POUND TO A LEVEL SUCH AS THE 12 CENTS PER POUND INITIALLY PROPOSED BY THE ADMINISTRATION, ELIMINATION OF THE QUOTAS, AND A RETURN TO IMPORT DUTIES TO THE EXTENT NECESSARY TO PROTECT THE LOWER SUPPORT PRICE.

MR. BRADLEY. MR. PRESIDENT, THE PRESENT PROGRAM BENEFITS FEW PEOPLE AT A TREMENDOUS COST TO THE MANY. IN 1984, THE TOTAL COST TO CONSUMERS HAS BEEN ESTIMATED AT BETWEEN \$3.5 AND \$4.5 BILLION DOLLARS. WHAT IS WORSE IS THAT THE NET

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BENEFIT TO PRODUCERS IS AT MOST \$386 MILLION. SO THE BENEFITS OF THIS PROGRAM ARE ONE-TENTH THE TOTAL COST. IT WOULD MAKE MORE SENSE TO SIMPLY WRITE A CHECK TO PRODUCERS IN THIS AMOUNT, SCRAP THE PROGRAM AND RID THE AMERICAN CONSUMER OF THIS HORRENDOUS BURDEN. AND, MR. PRESIDENT, LET US NOT MINCE WORDS HERE -- THIS COST TO CONSUMERS RESULTING FROM A MISGUIDED FEDERAL PROGRAM IS NOTHING MORE THAN A HIDDEN TAX ON AMERICAN CITIZENS.

TO ADD INSULT TO INJURY, THIS HIDDEN TAX PLACES AN UNFAIR BURDEN ON THE LOWER INCOME GROUPS WITHIN OUR SOCIETY. THESE GROUPS INVARIABLY SPEND A GREATER PORTION OF THEIR INCOME ON NECESSITIES SUCH AS FOOD -- SINCE SUGAR IS A FOOD ITEM, LOWER INCOME FAMILIES ARE TAXED DISPROPORTIONATELY. AND THE BENEFICIARIES? MORE THAN 95 PERCENT OF SUGAR PRODUCTION IN HAWAII IS IN THE HANDS OF FIVE CORPORATIONS. WHERE IS THE SOCIAL JUSTICE IN SUCH A POLICY?

BUT THE FAILURE OF THE PROGRAM TO PROTECT CONSUMERS DOES NOT END THERE MR. PRESIDENT. WHILE PROVIDING A GUARANTEED MINIMUM PRICE FOR PRODUCERS, THERE IS NO PROTECTION FOR CONSUMERS IF PRICES WERE TO DRASTICALLY INCREASE AS THEY DID IN 1981. THIS IS A SPECIAL INTEREST POLICY AT ITS WORST. WE ARE TELLING PEOPLE, IF PRICES DROP WE WILL HELP PRODUCERS AND PASS THE COSTS ONTO CONSUMERS; IF PRICES RISE, PRODUCERS CAN REAP THE REWARDS OF THE MARKET BUT CONSUMERS MUST FEND FOR THEMSELVES.

THE PROBLEMS DO NOT END HERE. SUGAR IS TREATED AS NO OTHER AGRICULTURAL COMMODITY; THEREBY, ADVERSELY AFFECTING ALL OTHER COMPONENTS OF OUR AGRICULTURAL ECONOMY. IN ALL OTHER CASES, FARMERS ARE RESPONSIBLE FOR THE COST OF TRANSPORTING GOODS TO GOVERNMENT STORAGE LOCATIONS; SUGAR FARMERS ARE NOT. THE FEDERAL GOVERNMENT MAINTAINS A RIDICULOUSLY HIGH MARKET STABILIZATION PRICE, ALMOST FIVE TIMES HIGHER THAN THE WORLD MARKET PRICE. IN AN EFFORT TO AVOID LOAN FORFEITURE, USDA IMPOSES STRINGENT IMPORT RESTRICTIONS ON SUGAR PRODUCING NATIONS -- OUR ALLIES IN THE CARIBBEAN AND LATIN AMERICA. THE RESULT, THESE COUNTRIES DO NOT EARN DOLLARS AND THEREFORE ARE UNABLE TO PURCHASE OTHER AMERICAN COMMODITIES.

MR. PRESIDENT, I ONLY WISH THE STORY ENDED HERE. SUPPORTERS OF OUR PRESENT SUGAR POLICY ARGUE THAT SO MANY JOBS ARE AT STAKE THAT THE PROGRAM MUST CONTINUE. THEY CONVENIENTLY IGNORE THE JOB DISPLACEMENT THIS POLICY IS CAUSING IN OTHER SECTORS. JOB LOSSES ARE GREATEST IN REFINERIES THAT CAN NO LONGER PURCHASE FOREIGN SUGAR AND AMONG NUMEROUS CONFECTIONERS -- MANUFACTURERS OF CANDY, CHOCOLATES, BAKED GOODS, AND SO FORTH. IT IS ESTIMATED THAT 10 PERCENT OF THE JOBS IN THE CANDY MANUFACTURING INDUSTRY COULD BE AFFECTED. IN THE INTERESTS OF PROTECTING DOMESTIC SUGAR PRODUCERS FROM FOREIGN COMPETITION WE ARE CHOKING ANOTHER VIABLE SECTOR OF OUR ECONOMY. THE COMMERCE DEPARTMENT REPORTED A 43-PERCENT INCREASE IN IMPORTED CANDY IN 1984 AND EXPECTS ANOTHER 40-PERCENT INCREASE THIS YEAR.

MR. PRESIDENT, ALL OF THESE ARGUMENTS LEAD TO ONLY ONE POSSIBLE CONCLUSION. THE SUGAR PROGRAM MUST BE COMPLETELY DISMANTLED. HOWEVER, IN DEFERENCE TO POLITICAL REALITIES WHAT WE ARE PROPOSING TODAY IS A MUCH MORE MODERATE ACTION. FIRST, OUR AMENDMENT HAS NO EFFECT UPON THIS YEAR'S CROP. ALL CHANGES TAKE EFFECT ON OCTOBER 1, 1986. AT THAT TIME, THE PRICE SUPPORT LEVEL -- PRESENTLY 18 CENTS PER POUND -- WILL BE REDUCED BY 5 PERCENT. ADDITIONAL REDUCTIONS OF 5 PERCENT WILL APPLY TO THE 1988 CROP AND THE 1989 CROP. THIS WILL RESULT IN LOWER COSTS FOR ALL AMERICAN CONSUMERS. THIS AMENDMENT WILL NOT AFFECT THE SPECIAL TREATMENT SUGAR PRODUCERS RECEIVE IN HAVING THE FEDERAL GOVERNMENT PAY THE COSTS OF TRANSPORTING THEIR SUGAR TO STORAGE

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LOCATIONS. I WISH IT DID. BUT WE CHOSE NOT TO.

MR. PRESIDENT, WE HAVE HERE A FAIR AND MODERATE PROPOSAL. THE PRESENT SUGAR PROGRAM IS HORRIBLE ECONOMIC POLICY. A VOTE AGAINST THIS AMENDMENT IS A VOTE IN FAVOR OF CONTINUING WHAT IS EFFECTIVELY A \$3.5 TO \$4.5 BILLION TAX BURDEN, AN AVERAGE OF \$41 PER HOUSEHOLD; IT IS A VOTE IN FAVOR OF SEVERELY IMPACTING THE ABILITY OF OTHER FARMERS TO COMPETE IN FOREIGN MARKETS; IT IS A VOTE IN FAVOR OF UNFAIRLY DISPLACING JOBS IN THE REFINERY AND CANDY-MAKING INDUSTRY; AND, IT IS A VOTE TO INCREASE THE BUDGET DEFICIT. YES, MR. PRESIDENT, A MAJOR ARGUMENT OF PROPONENTS OF OUR PRESENT SUGAR POLICY HAS BEEN THAT THE PROGRAM HAS NO BUDGETARY IMPACT. THIS IS FALSE. USDA ESTIMATES THAT THE COST OF THE SUGAR PROGRAM IN FISCAL YEAR 1985 WAS \$140 MILLION. ITS ESTIMATE FOR FISCAL YEAR 1986 IS \$214 MILLION. I REALIZE THAT WE JUST PASSED LANGUAGE REQUIRING THE PRESIDENT TO OPERATE THE PROGRAM AT NO COST TO THE TREASURY. FIRST OFF, THAT LANGUAGE IS NOT IN THE HOUSE BILL AND I DOUBT ITS PROSPECTS OF EVER BECOMING PUBLIC LAW. AND SECOND, IF IT DID BECOME LAW IT WOULD BE YET ANOTHER WAY TO MISLEAD THE AMERICAN CITIZEN. WE CAN PROCLAIM THAT THE SUGAR PROGRAM OPERATES AT NO COST TO THE TAXPAYER. WHAT WE DO NOT PUBLICIZE IS THE HORRENDOUS BURDEN ON THE AMERICAN CONSUMER -- YET ANOTHER HIDDEN TAX.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT A LETTER FROM THE SECRETARY OF STATE IN SUPPORT OF OUR AMENDMENT BE PRINTED IN THE RECORD AT THIS POINT.

THERE BEING NO OBJECTION, THE LETTER WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

THE SECRETARY OF STATE,
WASHINGTON, DC, OCTOBER 11, 1985.

HON. BILL BRADLEY,
U.S. SENATE.

DEAR SENATOR BRADLEY: I AM WRITING IN SUPPORT OF THE GORTON/BRADLEY AMENDMENT TO THE AGRICULTURE, FOOD, TRADE AND CONSERVATION ACT OF 1985 (S. 1714) THAT WOULD REDUCE THE CURRENT PRICE SUPPORT LEVEL FOR SUGAR BY ONE CENT PER POUND EACH YEAR FROM 1987 TO 1989. THE ADMINISTRATION HAS LONG RECOGNIZED THE SERIOUS PROBLEMS WHICH THE HIGH U.S. SUGAR SUPPORT PRICE CAUSES FOR OUR TRADING PARTNERS IN THE CARIBBEAN BASIN AND ELSEWHERE, AS WELL AS THE COSTS IMPOSED ON THE U.S. CONSUMER. WE BELIEVE THAT PASSAGE OF YOUR AMENDMENT WOULD BE IN THE LONG-TERM FOREIGN POLICY INTEREST OF THE UNITED STATES AS WELL AS IN THE INTEREST OF THE AMERICAN CONSUMER.

THE HIGH U.S. SUPPORT PRICE ENCOURAGES INEFFICIENT U.S. PRODUCTION AND THE SUBSTITUTION OF SUGAR BY OTHER SWEETENERS. IT THUS CUTS OPPORTUNITIES FOR LOWER-COST AND MORE EFFICIENT CARIBBEAN BASIN AND OTHER PRODUCERS' SUGAR TO COMPETE IN OUR MARKET. WHILE EXPORTERS TO THE U.S. ALSO RECEIVE THE HIGH U.S. PRICE, THEY HAVE NEVERTHELESS SEEN TOTAL REVENUES DECLINE BECAUSE OF DRASTIC REDUCTIONS IN THE QUOTAS THEY ARE ALLOWED TO SHIP, CURRENTLY LESS THAN HALF OF 1981 LEVELS. LATIN AMERICAN SUGAR EXPORTS TO THE U.S. WERE VALUED AT \$1.4 BILLION IN 1981; THIS WAS REDUCED TO AN AVERAGE OF \$693 MILLION ANNUALLY FOR 1982-84. THIS REDUCTION IN REVENUES HAS HAD A SERIOUS IMPACT ON STRATEGICALLY IMPORTANT NATIONS IN THE CARIBBEAN AND CENTRAL AMERICA. EMPLOYMENT HAS BEEN SEVERELY HARMED, WITH IMPLICATIONS FOR SOCIAL AND POLITICAL UNREST IN THOSE REGIONS.

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SUGAR HAD LONG BEEN THE THIRD LARGEST EXPORT TO THE U.S. FROM LATIN AMERICA. IT IS A KEY FOREIGN EXCHANGE EARNER FOR THE COUNTRIES OF CENTRAL AMERICA AND THE CARIBBEAN, AND AN IMPORTANT ONE FOR SUCH MAJOR DEBTOR COUNTRIES AS BRAZIL AND ARGENTINA. THE STRATEGICALLY IMPORTANT DOMINICAN REPUBLIC, FOR EXAMPLE, WHICH IS UNDERGOING A DIFFICULT ECONOMIC ADJUSTMENT PROGRAM, HAS TRADITIONALLY DERIVED CLOSE TO THIRTY PERCENT OF ITS TOTAL FOREIGN EXCHANGE EARNINGS FROM SUGAR SALES TO THE U.S. SUGAR IS IMPORTANT TO MANY COUNTRIES IN ASIA AND AFRICA AS WELL.

THE REDUCED ACCESS TO THE U.S. SUGAR MARKET FOR BENEFICIARY COUNTRIES OF THE CARIBBEAN BASIN INITIATIVE (CBI) HAS UNDERMINED THE CBI TRADE PROGRAM, A TOP FOREIGN POLICY PRIORITY APPROVED BY CONGRESS IN THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT. WE HAVE A MAJOR NATIONAL INTEREST IN REVITALIZING THE ECONOMIES OF THE STRATEGICALLY IMPORTANT CARIBBEAN BASIN AND IN CONTINUING TO PROVIDE EXPORT OPPORTUNITIES TO THOSE COUNTRIES WHICH ARE STRUGGLING TO REPAY THEIR EXTERNAL DEBTS.

THE CONTRACTING U.S. SUGAR MARKET, AND THE DOWNWARD PRESSURE ON WORLD SUGAR PRICES, HAS MEANT A CONTINUATION OF MAJOR ECONOMIC AND HENCE POLITICAL STRESS IN THESE COUNTRIES. IT ALSO HAS MEANT AN INCREASED NEED FOR U.S. ECONOMIC ASSISTANCE, ESPECIALLY BALANCE-OF-PAYMENTS SUPPORT, AND THE ARGUMENTS FOR EXTENDING THAT AID WILL BECOME MORE COMPELLING IF ACCESS TO OUR MARKET CONTINUES TO BE REDUCED.

IN THE ADMINISTRATION'S VIEW, THE GORTON/BRADLEY AMENDMENT WILL PROVIDE BASIC PROTECTION TO U.S. SUGAR PRODUCERS AGAINST HIGHLY DEPRESSED WORLD PRICES WITHOUT ENCOURAGING INORDINATELY HIGH-COST PRODUCTION OR INEFFICIENT SUBSTITUTION. LOWER U.S. DOMESTIC PRICES WILL DECREASE CARIBBEAN BASIN EXPORTERS' PER-UNIT REVENUES IN THE SHORT TERM. HOWEVER, LOWER U.S. PRICES WILL REDUCE THE DIFFERENCE BETWEEN THE PROTECTED DOMESTIC PRICE AND THE WORLD PRICE AND WILL HAVE A STABILIZING EFFECT ON THE SHARE OF OUR MARKET AVAILABLE TO FRIENDLY FOREIGN PRODUCERS. WE BELIEVE THAT YOUR AMENDMENT WOULD HAVE THE EFFECT OF ALLOWING OUR FINANCIALLY-STRAPPED CARIBBEAN BASIN AND OTHER SUGAR SUPPLIERS THEIR TRADITIONAL ACCESS TO THE U.S. MARKET WHILE SAVING THE AMERICAN CONSUMER BILLIONS OF DOLLARS IN UNNECESSARY COSTS FOR SUGAR AND SWEETENED PRODUCTS.

FOR THESE REASONS WE BELIEVE THE GORTON/BRADLEY AMENDMENT MERITS THE FULL SUPPORT OF MEMBERS OF CONGRESS.

SINCERELY YOURS,
GEORGE P. SHULTZ.

MR. BRADLEY. MR. PRESIDENT, THE U.S. DEPARTMENT OF AGRICULTURE SUPPORTS THE AMENDMENT. CONSUMERS ARE IN SUPPORT OF THE AMENDMENT. ONE HUNDRED TWENTY-FIVE ECONOMISTS ARE IN SUPPORT OF OUR AMENDMENT. BUT A HANDFUL OF SUGAR PRODUCERS ARE OPPOSED. MR. PRESIDENT, THIS IS A CLEAR VOTE -- WILL THE SPECIAL INTEREST PREVAIL OR SOUND ECONOMIC POLICY?

MR. PRESIDENT, I YIELD 10 MINUTES TO THE SENATOR FROM WASHINGTON.

MR. GORTON. MR. PRESIDENT, I AM PLEASED TO JOIN WITH MY COLLEAGUE FROM NEW JERSEY, SENATOR BRADLEY, AND A NUMBER OF MY OTHER DISTINGUISHED COLLEAGUES, INCLUDING SENATOR ROTH, SENATOR LAUTENBERG, AND SENATOR MOYNIHAN IN OFFERING THIS

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AMENDMENT TO THE SUGAR PROGRAM CONTAINED IN THE 1985 FARM BILL.

AS THE BILL CURRENTLY IS WRITTEN, THE FEDERAL LOAN RATE FOR DOMESTICALLY PRODUCED SUGAR WOULD BE FROZEN AT 18 CENTS PER POUND FOR THE 4 YEAR DURATION OF THE BILL. OUR AMENDMENT WOULD MAINTAIN THAT FREEZE FOR THE FIRST YEAR OF THE PROGRAM, THEN DROP THE LOAN RATE 5 PERCENT IN EACH OF THE NEXT 3 YEARS.

I WOULD LIKE TO POINT OUT THAT THIS AMENDMENT IS WHOLLY CONSISTENT WITH PROVISIONS IN THE DOLE AMENDMENT PASSED EARLIER. IN THAT AMENDMENT THE SENATE INCLUDES A PROVISION FOR A 1-YEAR FREEZE IN THE TARGET PRICES FOR FEED GRAINS, COTTON AND RICE AND ESTABLISHED AN ACREAGE REDUCTION-TARGET PRICE MODEL FOR WHEAT WHICH ACHIEVES SIMILAR RESULTS IN THE LONG RUN. ALL THIS AMENDMENT SEEKS TO ACHIEVE IS EQUALITY WITH THE TREATMENT AFFORDED THE OTHER MAJOR COMMODITIES IN THIS BILL. IF WE ARE GOING TO FREEZE SUPPORT MECHANISMS FOR COMMODITIES FOR 1 YEAR AND REDUCE THEM BY 5 PERCENT IN THE NEXT 3 YEARS, LET US DO IT ACROSS THE BOARD. AT THE VERY LEAST, WE SHOULD SEEK EQUALITY BETWEEN THE CROPS, AS WE HAVE FOR WHEAT. IF WE ARE GOING TO BE FAIR IN OUR APPROACH TO REDUCING THE FEDERAL EXPENDITURES FOR FARM PROGRAMS AND CONSUMER IMPACTS OF FARM PROGRAMS, THIS IS AN APPROPRIATE AMENDMENT.

MR. PRESIDENT, BEFORE WE PROCEED FAR IN THIS DEBATE, OUR COLLEAGUES SHOULD UNDERSTAND CLEARLY THAT THIS AMENDMENT IS NOT DESIGNED TO DISMANTLE THE DOMESTIC SUGAR INDUSTRY, AS SOME HAVE INFERRED. THIS AMENDMENT WILL NOT THROW THOUSANDS OF FARMERS OFF THEIR FARMS, AS SOME HAVE SAID. AND THIS AMENDMENT WILL NOT, IN ANY WAY, SHAPE OR FORM, MEAN THAT CONSUMERS WILL NOT BE ABLE TO GO TO THEIR SUPERMARKETS AND PURCHASE HIGH QUALITY SUGAR AND SUGAR-CONTAINING PRODUCTS, AS OTHERS HAVE MAINTAINED.

IN FACT, THIS AMENDMENT REPRESENTS A MINOR REFORM IN A VERY EXPENSIVE PROGRAM, THE COST OF WHICH IS BORNE BY THE AMERICAN PUBLIC EVERY TIME ANYONE BUYS FOOD FOR HIS OR HER FAMILIES. MOREOVER, THIS PROGRAM, IF CONTINUED AT THE LEVEL ANTICIPATED IN THE COMMITTEE APPROVED FARM BILL, WILL CONTINUE TO AFFECT THE TAXPAYER THROUGH INCREASED FEDERAL EXPENDITURES. THE AMENDMENT DOES NOT DISMANTLE THE SUGAR PROGRAM. IT FREEZES IT FOR 1 YEAR AND THEN REDUCES IT BY LESS THAN 1 PENNY -- LESS THAN 1 PENNY, MR. PRESIDENT -- IN EACH OF THE NEXT 3 YEARS.

I HOPE THAT AS THIS DEBATE CONTINUES, MY COLLEAGUES WILL NOT LOSE SIGHT OF WHAT THE BRADLEY-GORTON AMENDMENT ATTEMPTS TO DO.

MR. PRESIDENT, PROPONENTS OF THE CURRENT SUGAR PROGRAM CLAIM THAT ANY SAVINGS THAT MIGHT BE ACHIEVED THROUGH REDUCTIONS IN THE SUGAR PRICE SUPPORT PROGRAM IN THE UNITED STATES WILL NOT BE PASSED ON TO THE CONSUMER. THAT IS NONSENSE. ACCORDING TO THE DEPARTMENT OF AGRICULTURE, CHANGES IN THE PRICE OF RAW AND REFINED SUGAR ARE DIRECTLY AND ALMOST IMMEDIATELY REFLECTED IN RETAIL SUGAR PRICES. FORTY PERCENT OF THE SUGAR CONSUMED IN THIS COUNTRY IS PURCHASED AS A PLAIN, OFF-THE-SHELF COMMODITY. THE OTHER 60 PERCENT OF THE SUGAR CONSUMED IN THE UNITED STATES IS CONTAINED IN PROCESSED PRODUCTS SUCH AS CAKE MIXES, JAMS AND BAKERY PRODUCTS.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT TO INCLUDE A TABLE AT THIS POINT IN THE RECORD WHICH CLEARLY SHOWS THAT SINCE 1980, WHEN RETAIL SUGAR PRICES REACHED OVER 50 CENTS PER POUND, WHOLESALE AND RETAIL PRICES FOR PLAIN, OFF-THE-SHELF SUGAR HAVE FOLLOWED PARALLEL PATHS. THE TRANSLATION OF THIS TABLE IS QUITE PLAIN -- THE PRICE THAT

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SUGAR RETAILERS HAVE CHARGED CONSUMERS FOR THEIR PRODUCT HAS REFLECTED THE PRICE CHANGES IN RAW OR REFINED SUGAR. THE SAVINGS INDEED HAVE BEEN PASSED ON TO THE CONSUMER.

THERE BEING NO OBJECTION, THE TABLE WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

TABLE 2. -- U.S. SUGAR PRICES, 1980-84

[In cents per pound]

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

Calendar year and quarter	New York spot raw n1
1980	30.11
1981	19.73
1982	19.92
1983	22.04
1984	21.74
1980:	
I	21.84
II	28.89
III	32.64
IV	37.09
1981:	
I	26.50
II	18.76
III	17.33
IV	16.34
1982:	
I	17.69
II	19.50
III	21.83
IV	20.69
1983:	
I	21.62
II	22.52
III	22.28
IV	21.75
1984:	
I	21.80

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II	22.03	
III	21.77	
IV	21.35	
Calendar year and quarter	Wholesale refined n2	
	Chicago-West	Northeast
1980	38.30	40.99
1981	28.25	30.68
1982	27.62	29.91
1983	29.09	31.98
1984	30.00	31.50
1980:		
I	28.71	30.66
II	36.30	39.01
III	41.17	44.04
IV	47.00	50.25
1981:		
I	35.50	38.27
II	27.47	29.67
III	25.43	27.97
IV	24.63	26.83
1982:		
I	27.50	27.40
II	26.77	29.23
III	28.20	32.13
IV	28.00	30.87
1983:		
I	28.00	31.60
II	28.87	32.13
III	29.50	32.50
IV	30.00	31.67
1984:		
I	30.00	31.50
II	30.00	31.50
III	30.00	31.50
IV	30.00	31.50
Calendar year and quarter	U.S. average retail refined	

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1980	42.70
1981	40.00
1982	34.30
1983	36.20
1984	36.30
1980:	
I	30.97
II	39.27
III	46.80
IV	53.93
1981:	
I	51.73
II	40.33
III	35.07
IV	32.90
1982:	
I	33.63
II	33.80
III	34.30
IV	35.40
1983:	
I	35.73
II	35.73
III	36.50
IV	36.73
1984:	
I	36.47
II	36.60
III	36.00
IV	36.23

n1 Raw sugar, c.i.f., duty/fee-paid, contract No. 12.

n2 Refined sugar list prices, Northeast cane and Chicago-West beet, f.o.b. plant. Starting 1982, prices are for bulk; prior years are for 100 paper bags.

Source: Bureau of Labor Statistics; Coffee, Sugar, & Cocoa Exchange, Inc.; and Thurston Greene Co.

MR. GORTON. THE CASE FOR PROCESSED PRODUCTS CONTAINING SUGAR IS JUST AS COMPELLING. WHEN PRICES FOR SUGAR ROSE DRAMATICALLY BY 77 PERCENT IN 1980, PRICES FOR SUGAR-CONTAINING PRODUCTS ALSO ROSE, BUT BY MUCH LESS -- ONLY 11.2 PERCENT. AS SUGAR

PRICES HAVE MODERATED SINCE 1980, PRICE ADVANCES HAVE FALLEN SHARPLY FOR ALL SUGAR-CONTAINING PRODUCTS, DESPITE THE CONTINUING ESCALATION OF LABOR, PACKAGING, AND OTHER COST FACTORS. THE AVERAGE PRICE INCREASES FOR SUGAR-CONTAINING PRODUCTS OVER THE PAST 5 YEARS HAVE BEEN LESS THAN HALF THOSE OF REFINED SUGAR. FOR EXAMPLE, IN 1980, THE COST OF A TYPICAL SUGAR-CONTAINING PRODUCT ROSE 11.2 PERCENT; THAT SAME YEAR THE COST OF COLA BEVERAGES ROSE 14.3 PERCENT. THE NEXT YEAR, 1981, WHEN RAW SUGAR PRICES BEGAN TO DROP, THE COST OF AN AVERAGE SUGAR-CONTAINING PRODUCT ROSE ONLY 5.4 PERCENT, AND COLA BEVERAGES ROSE ONLY 2.5 PERCENT. THIS PATTERN CONTINUES TODAY. WHILE SUGAR-CONTAINING PRODUCTS HAVE CONTINUED TO INCH UP IN PRICE, THEIR PRICE RISES HAVE SLOWED TO REFLECT THE LOWER COST OF RAW AND REFINED SUGAR.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT TO INCLUDE IN THE RECORD AT THIS POINT A TABLE PREPARED BY THE DEPARTMENT OF AGRICULTURE THAT SHOWS IN DETAIL THE RELATIONSHIP BETWEEN THE PRICE OF RAW AND REFINED SUGAR AND THE PRICE CONSUMERS PAY FOR SUGAR-CONTAINING PRODUCTS.

THERE BEING NO OBJECTION, THE TABLE WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

PRICE TRENDS FOR SUGAR AND SUGAR-CONTAINING PRODUCTS, 1980 to 1984

[Annual percentage change]

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

	Refined sugar (N.E. wholesale)	Average 14 sweetener containing products
Year:		
1980	+76.7	+11.2
1981	-25.1	+5.4
1982	-2.6	+2.0
1983	+7.0	+2.4
1984	-1.6	+3.1
5-year average change	+10.9	+4.8
	Cola beverages	
Year:		
1980	+14.3	
1981	+2.5	
1982	+1.6	
1983	+0.5	
1984	-1.1	
5-year average change	+3.6	

Source: USDA, Sugar and Sweetener Outlook and Situation Yearbook, July 1985, tables 4 and 6.

MR. GORTON. WE ALSO SHOULD NOT LOSE SIGHT OF THE FACT THAT AMERICAN CONSUMERS

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PAY MORE FOR SUGAR THAN NEARLY EVERY OTHER CITIZENRY IN THE WORLD. IN MAY 1985, THE AVERAGE RETAIL PRICE OF SUGAR PURCHASED IN WASHINGTON, DC, WAS 85 CENTS PER KILOGRAM -- MORE THAN TWICE AS MUCH AS A CONSUMER IN OTTAWA, CANADA, PAID FOR AN EQUIVALENT AMOUNT. AT THIS SAME TIME, THE PRICE OF SUGAR IN LONDON WAS 57 CENTS PER KILOGRAM -- 28 CENTS BELOW THE U.S. PRICE. THE PRICE IN PARIS WAS 54 CENTS -- 31 CENTS BELOW THE U.S. PRICE. AND, THE PRICE IN ROME WAS 65 CENTS -- 20 CENTS BELOW THE U.S. PRICE. OF ALL THE WORLD'S CAPITAL CITIES, ONLY ONE, TOKYO, HAS A HIGHER RETAIL PRICE FOR SUGAR THAN WE DO HERE.

MR. PRESIDENT, NOW THAT WE HAVE ESTABLISHED THAT CHANGES IN THE PRICE OF RAW AND REFINED SUGAR ARE PASSED ON TO CONSUMERS, WE MUST ASK: WHY DO AMERICANS PAY SO MUCH FOR SUGAR AND SUGAR-CONTAINING PRODUCTS THAN NEARLY EVERY OTHER NATION ON EARTH?

THE ANSWER IS STRAIGHTFORWARD, MR. PRESIDENT. WE HAVE ESTABLISHED A FEDERAL SUGAR PROGRAM THAT IS NOT PAID FOR OUT OF THE TREASURY, RATHER IT IS PAID FOR OUT OF CONSUMERS' POCKETS. EVERY 1 CENT INCREASE IN THE PRICE OF SUGAR COSTS AMERICAN CONSUMERS \$300 MILLION PER YEAR IN THE PRICES THEY PAY FOR SWEETENERS AND SWEETENED PRODUCTS. WITH SUGAR SELLING ON THE WORLD MARKET FOR LESS THAN 5 CENTS PER POUND AND SELLING IN THE UNITED STATES FOR AROUND 22 CENTS PER POUND, THE TAXPAYERS ARE FOOTING A TREMENDOUS BILL EACH YEAR. THAT IS WHY EVERY MAJOR CONSUMER ORGANIZATION IN THE UNITED STATES IS OPPOSED TO MAINTAINING THE SUGAR PROGRAM IN ITS CURRENT FORM.

MR. PRESIDENT, THERE IS NOW A NEW DANGER ON THE HORIZON THAT WILL CERTAINLY BECOME A REALITY IF WE DO NOT BEGIN TO REDUCE OUR UNREASONABLY HIGH PRICE SUPPORTS FOR SUGAR. IN SEPTEMBER THE ADMINISTRATION MADE A DECISION TO CHANGE THE GUIDELINES FOR ADMINISTERING THE SUGAR PRICE SUPPORT PROGRAM. IN SHORT, THE ADMINISTRATION MADE A POLICY DECISION TO PUT A FLOOR ON OUR SUGAR IMPORT QUOTAS AT ABOUT THE SAME LEVEL AS IN FISCAL YEAR 1985.

THIS DECISION WAS DONE IN THE FACE OF OPPOSITION FROM THE SUGAR PRODUCING INDUSTRY IN THE UNITED STATES, WHICH WANTED EVEN GREATER RESTRICTIONS ON IMPORTED SUGAR TO THIS COUNTRY. IF THE CURRENT SUGAR PROGRAM IS EXTENDED IN THE NEW FARM BILL AS RECOMMENDED BY THE AGRICULTURE COMMITTEE, IT HAS BEEN PROJECTED THAT THE SUGAR PROGRAM WILL COST THE TREASURY \$1 BILLION OVER THE LIFE OF THE BILL. THIS IS BECAUSE DOMESTIC PRODUCERS OPERATING UNDER EXCESSIVELY HIGH FEDERAL LOAN RATES WILL BEGIN DEFAULTING ON THOSE LOANS AND THE GOVERNMENT WILL BEGIN ACCUMULATING SURPLUS DOMESTIC SUGAR IN LARGE QUANTITIES.

IF THE BRADLEY/GORTON AMENDMENT WERE TO PASS, THIS BUDGETARY IMPACT WOULD BE MITIGATED. EVEN A LESS THAN 1 PENNY PER YEAR DECREASE IN THE LOAN RATE WOULD HELP ALLEVIATE THIS DRAIN ON THE FEDERAL BUDGET. THE LOWER LOAN RATE UNDER BRADLEY/GORTON WOULD RESTORE SOME BALANCE TO THE SUGAR SUPPLY-DEMAND SITUATION, AND PERMIT THE COMMODITY CREDIT CORPORATION TO MARKET THE SUGAR THAT WILL BE FORFEITED.

I AM SURE THAT SOME OF MY COLLEAGUES WILL SEEK TO REMIND ME THAT THE RECENTLY APPROVED DOLE AMENDMENT CONTAINED A PROVISION WHICH STATES THAT THE FEDERAL SUGAR PROGRAM MUST OPERATE AT NO COST TO THE GOVERNMENT. THIS PROVISION SIMPLY AND EMPHATICALLY DICTATES THAT THE SUPPLY OF FOREIGN SUGAR INTO THE UNITED STATES MUST

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BE REDUCED. THIS MEANS THAT THE PRESIDENT MUST ALTER HIS DECISION, MADE IN SEPTEMBER OF THIS YEAR, TO CONTINUE OUR QUOTAS ON IMPORTED SUGAR AT APPROXIMATELY THE SAME LEVEL THAT THEY WERE LAST YEAR.

MR. PRESIDENT, THIS ACTION PROVIDES AN UNPRECEDENTED PRICE GUARANTEE TO THE LARGE SUGAR PRODUCING CORPORATIONS IN THIS COUNTRY. BY CONTROLLING THE SUPPLY OF FOREIGN SUGAR, MUCH LIKE WE CONTROL THE FLOW OF WATER OUT OF A FAUCET, THE FEDERAL GOVERNMENT CAN GUARANTEE A TARGETED MARKET PRICE -- OR MARKET STABILIZATION PRICE -- FOR DOMESTIC SUGAR PRODUCERS. THE LOWER THE AMOUNT OF SUGAR WE IMPORT, THE HIGHER THE GUARANTEED PRICES FOR DOMESTIC GROWERS.

OUR AMENDMENT DOES NOT SEEK TO STRIKE THIS PROVISION AS CONTAINED IN THE DOLE AMENDMENT ACCEPTED BY THIS BODY. IF THIS PROVISION OF THE DOLE PACKAGE BECOMES LAW, HOWEVER, THE BRADLEY/GORTON AMENDMENT WILL PROVIDE A MINIMUM DEGREE OF CONTROL OVER THE EVER-INCREASING PRICES GUARANTEED TO SUGAR PRODUCERS IN THIS COUNTRY. INDEED, IF THE QUOTA PROVISION BECOMES LAW, THE BRADLEY/GORTON AMENDMENT BECOMES EVEN MORE CRUCIAL. AGAIN, OUR AMENDMENT CALLS FOR A FREEZE, THEN 5 PERCENT REDUCTIONS IN THE LOAN RATE IN EACH OF THE NEXT 3 YEARS. IF THIS AMENDMENT IS ENACTED, AND THE QUOTA PROVISION IS ALSO MADE LAW, THE NET AFFECT ON THE INCOME OF SUGAR PRODUCING COMPANIES WILL BE CLOSE TO ZERO. WITHOUT OUR AMENDMENT, THE CONGRESS WILL BE HANDING SUGAR CONGLOMERATES A GOVERNMENT CREATED, GOVERNMENT REGULATED MARKET WHICH WILL PROVIDE THEM WITH INCOME GUARANTEES FAR AND ABOVE THOSE EARNED BY ANY OTHER GROUP OF FARMERS IN THIS NATION.

IF ANY OF MY COLLEAGUES DOUBT THE POWER AND AUDACITY OF THE SUGAR INDUSTRY IN THIS COUNTRY, THEY NEED ONLY LOOK AT THE FACTS. JUST THIS MONTH, LESS THAN 2 WEEKS AGO, SUGAR PRODUCERS IN THIS COUNTRY THREATENED CONGRESS AND THE ADMINISTRATION WITH DEFAULTING ON FEDERAL LOANS FOR THOUSANDS OF TONS OF DOMESTICALLY PRODUCED SUGAR. THIS SUGAR WOULD BECOME THE PROPERTY AND RESPONSIBILITY OF THE FEDERAL GOVERNMENT. AS IF THIS WERE NOT ENOUGH, THESE SAME PRODUCERS, DOMINATED BY SIX LARGE SUGAR CONGLOMERATES, HAVE REPORTEDLY BEGUN BUYING FOREIGN SUGAR TO MEET THEIR DOMESTIC SUGAR CONTRACTS. MR. PRESIDENT, LET ME REPEAT: THE DOMESTIC SUGAR PRODUCERS WHO ARE LOBBYING SO HARD FOR A CONTINUATION OF THE CURRENT SUGAR PROGRAM ARE SO STRIDENT IN THEIR DEMANDS ON THE FEDERAL GOVERNMENT THAT THEY ARE THREATENING TO DEFAULT ON THEIR FEDERAL LOANS, DUMP THEIR SUGAR ON THE FEDERAL GOVERNMENT, AND BEGIN BUYING UP CHEAP FOREIGN SUGAR TO MEET THEIR DOMESTIC CONTRACTS. THIS ATTITUDE IS UNCONSCIONABLE, BUT THE REAL TRAGEDY IS THAT IT IS COMMONPLACE IN THE DOMESTIC SUGAR INDUSTRY.

THE SOLUTION TO THIS PROBLEM IS NOT CAPITULATION TO THE SUGAR INDUSTRY: IT IS THE PASSAGE OF BRADLEY/GORTON AMENDMENT WHICH WILL BEGIN THE SLOW PROCESS OF WEANING THE SUGAR INDUSTRY OFF THE ASSUMPTION THAT THE FEDERAL GOVERNMENT IS GOING TO GIVE THEM EXACTLY WHAT THEY WANT OUT OF THE SUGAR PROGRAM.

MR. PRESIDENT, I HAVE ALREADY DESCRIBED THE IMPACT OF THE SUGAR PROGRAM ON THE U.S. CONSUMER. UNFORTUNATELY, THAT IS NOT THE END OF THE STORY -- THE NEGATIVE IMPACT OF THE CURRENT SUGAR PROGRAM GOES FAR BEYOND THE CONSUMER. WHILE THE PROGRAM BENEFITS FEWER THAN 12,000 U.S. SUGAR PRODUCERS, WHO ARE DOMINATED BY SIX LARGE CORPORATIONS, THE PROGRAM IS THREATENING THE JOBS OF THOUSANDS OF WORKING MEN AND WOMEN EMPLOYED IN OTHER INDUSTRIES.

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CANE SUGAR REFINERIES IN THE UNITED STATES DEPEND UPON IMPORTED RAW SUGAR. SINCE THE 1981 SUGAR PROGRAM WAS ENACTED AND IMPORT QUOTAS WERE IMPOSED, SIX CANE SUGAR REFINERIES HAVE CLOSED. THESE REFINERIES EMPLOYED OVER 2,000 AMERICANS IN 1981. THERE ARE STILL OVER 4,000 PEOPLE EMPLOYED IN THE REFINING INDUSTRY, BUT THEIR JOBS COULD BE LOST AS WELL IF THE SUGAR PROGRAM IS LEFT UNCHANGED.

THE CHOCOLATE AND CONFECTIONER INDUSTRIES EMPLOY 60,000 PEOPLE IN THE UNITED STATES. THEY, TOO, HAVE BEEN STUNG BY OUR FEDERAL SUGAR PROGRAM. SINCE 1981, IMPORTS OF CHOCOLATE AND CONFECTIONARY PRODUCTS MADE WITH LOW-PRICED SUGAR OBTAINED ON THE WORLD MARKET HAVE DOUBLED, AND IN SOME CATEGORIES TRIPLED AND QUADRUPLED. AMERICAN CANDY MANUFACTURERS, WHO PAY AMERICAN PRICES FOR SUGAR, WILL NOT BE ABLE TO COMPETE WITH FOREIGN COMPETITORS UNLESS THE SUGAR PROGRAM IS CHANGED. IF THINGS CONTINUE AS THEY ARE, MANY DOMESTIC COMPANIES WILL HAVE NO CHOICE BUT TO RELOCATE THEIR MANUFACTURING FACILITIES OUTSIDE THE UNITED STATES, SO THEY TOO CAN USE LOW PRICED SUGAR. THESE JOBS WILL BE LOST TO AMERICAN WORKERS.

THE EFFECT OF THE SUGAR PROGRAM EVEN STRETCHES TO OTHER PRODUCERS OF AGRICULTURAL PRODUCTS. THE SUGAR PROGRAM IS ONE OF THE MOST GENEROUS AGRICULTURE PROGRAMS WE HAVE.

THE NUMBERS SPEAK FOR THEMSELVES. DURING 1982, IN MINNESOTA AND NORTH DAKOTA, FARMERS' RETURN OVER VARIABLE COSTS FROM SUGAR BEETS AVERAGED \$411 PER ACRE, WHILE THE RETURN FOR CORN AVERAGED \$121 PER ACRE. SIMILARLY, IN LOUISIANA THE RETURN FOR SUGARCANE AVERAGED \$458 PER ACRE, WHILE THE SOYBEAN RETURN WAS ONLY \$69 PER ACRE. AS I SAID EARLIER, THIS PROGRAM BENEFITS ONLY A HANDFUL OF PRODUCERS: 12,000 SUGAR PRODUCERS COMPARED TO 715,000 CORN FARMERS, 511,000 SOYBEAN FARMERS, AND 466,000 WHEAT GROWERS.

TO COMPOUND THE PROBLEM, THE SUGAR PROGRAM LESSENS THE WILLINGNESS AND ABILITY OF SUGAR PRODUCING NATIONS TO IMPORT AMERICAN AGRICULTURAL PRODUCTS. FOR EXAMPLE, IN 1981 BRAZIL EXPORTED 1.09 MILLION SHORT TONS OF SUGAR, VALUED AT \$388 MILLION, TO THE UNITED STATES. AT THE SAME TIME, IT IMPORTED 3.9 MILLION SHORT TONS OF AMERICAN WHEAT AND CORN, VALUED AT \$639 MILLION. THIS YEAR, BRAZIL WILL BE PERMITTED TO SHIP ONLY 368,000 TONS OF SUGAR TO THE UNITED STATES VALUED AT \$145 MILLION. NEXT YEAR IT WILL BE PERMITTED TO EXPORT ONLY ABOUT HALF OF THAT AMOUNT TO THE UNITED STATES. IF THE IMPORT QUOTAS CAUSE BRAZIL AND OTHER SIMILARLY SITUATED NATIONS TO REDUCE IMPORTS OF U.S. GRAIN, AS A RETALIATORY MOVE OR DUE TO ECONOMIC HARDSHIP, THE AMERICAN GRAIN FARMER WILL PAY A VERY HIGH PRICE TO SUPPORT THE FEW WHO PRODUCE SUGAR.

THE EFFECT OF THE CURRENT SUGAR PROGRAM ON OUR LATIN AMERICAN NEIGHBORS CANNOT BE UNDERESTIMATED. THERE IS A BIPARTISAN CONSENSUS THAT POLITICAL STABILITY IN LATIN AMERICA AND THE CARIBBEAN IS CRITICALLY IMPORTANT TO THE UNITED STATES. FOR THAT REASON, WE HAVE PROVIDED ECONOMIC ASSISTANCE TO OUR NEIGHBORS IN THIS HEMISPHERE AND ENACTED THE CARIBBEAN BASIN INITIATIVE.

UNFORTUNATELY, OUR SUGAR PROGRAM IS DOING MORE TO DAMAGE OUR LATIN AMERICAN AND CARIBBEAN ALLIES THAN THE CARIBBEAN BASIN INITIATIVE AND OUR OTHER AID PROGRAMS ARE ACCOMPLISHING IN THE FORM OF ASSISTANCE. SUGAR IS A CRITICAL CASH CROP TO MANY NATIONS IN LATIN AMERICA AND THE CARIBBEAN, AND EXPORTS OF SUGAR ARE CRITICAL TO THEIR ECONOMIES AND THEIR ABILITY TO PAY THEIR DEBTS. YET, THE U.S. SUGAR PROGRAM, BY RESTRICTING THE AMOUNT OF SUGAR IMPORTED INTO THIS COUNTRY, IS DESTROYING THIS MAJOR

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SOURCE OF INCOME FOR SUGAR-PRODUCING NATIONS.

BEFORE THE CURRENT PROGRAM WAS ENACTED, WE IMPORTED AN AVERAGE OF 3.3 MILLION TONS OF SUGAR FROM LATIN AMERICA AND THE CARIBBEAN INTO THE UNITED STATES EACH YEAR. THIS SUGAR PRODUCED \$1.4 BILLION IN EARNINGS FOR THOSE NATIONS IN 1981. IMPORTS FROM THE REGION, HOWEVER, ARE EXPECTED TO DROP TO LESS THAN 1 MILLION TONS IN THE COMING QUOTA YEAR WORTH LESS THAN \$500 MILLION. FOR NATIONS LIKE THE DOMINICAN REPUBLIC AND GUATAMALA, THE LOSSES FROM SUGAR SALES WILL EXCEED THE TOTAL AID THEY RECEIVE FROM THE UNITED STATES.

EQUALLY ALARMING, OUR POLICY IS DRIVING OUR ALLIES TO FIND SUPPORT FROM THE SOVIET UNION. IN THE PAST, CARIBBEAN AND LATIN AMERICAN NATIONS SHIPPED LITTLE IF ANY SUGAR TO THE U.S.S.R. HOWEVER, IN THE LAST 3 YEARS, SHIPMENTS TO THE U.S.S.R. HAVE AVERAGED OVER 1 MILLION TONS A YEAR. UNLESS OUR SUGAR PROGRAM IS CHANGED, THE TREND WILL CONTINUE. THESE NATIONS WILL DEPEND MORE ON THE SOVIET UNION AND LESS UPON THE UNITED STATES.

MR. PRESIDENT, THE ARGUMENTS AGAINST THE HIGH LOAN RATE FOR SUGAR IN THE FARM BILL ARE CLEAR. EQUALLY CLEAR TO MY COLLEAGUES SHOULD BE THE UNDERSTANDING THAT THIS AMENDMENT PERMITS THE PROGRAM TO CONTINUE VIRTUALLY IN ITS PRESENT FORM. WE DO NOT PROPOSE THE DISSOLUTION OF THE PROGRAM, AND WE RECOGNIZE THAT THE WORLD MARKET PRICE FOR SUGAR IS ARTIFICIALLY LOW. ALL WE PROPOSE IS THAT THE PROGRAM BE TREATED ON A PAR WITH OTHER COMMODITIES AND THAT IT SHOW SOME COMPASSION FOR THE AMERICAN CONSUMER WHO PAYS FOR THE PROGRAM EVERY TIME HE VISITS THE SUPERMARKET. THE WAY WE CAN DO THAT IS TO ADOPT THE BRADLEY/GORTON AMENDMENT TODAY. I URGE MY COLLEAGUES TO JOIN SENATOR BRADLEY, THE OTHER COSPONSORS, AND ME IN THIS IMPORTANT EFFORT.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. BRADLEY. MR. PRESIDENT, HOW MUCH TIME REMAINS ON THE SIDE OF THE PROPONENTS?

THE PRESIDING OFFICER. SEVEN MINUTES THIRTY SECONDS.

MR. BRADLEY. I SHALL RESERVE THE REMAINDER OF THE TIME.

MR. INOUE. MR. PRESIDENT, BEFORE YIELDING TO MY FRIEND FROM LOUISIANA, MAY I YIELD TO MY FRIEND FROM NORTH DAKOTA?

MR. JOHNSTON. THAT IS FINE, MR. PRESIDENT.

MR. INOUE. I YIELD TO THE DISTINGUISHED SENATOR FROM NORTH DAKOTA [MR. ANDREWS].

MR. ANDREWS. MR. PRESIDENT, WE ARE TALKING ABOUT A COMMODITY PROGRAM THAT IS TOTALLY DIFFERENT, TOTALLY SEPARATE FROM OTHER COMMODITY PROGRAMS. THIS IS A COMMODITY THAT WE DO NOT PRODUCE IN SURPLUS, MR. PRESIDENT. IF WE COULD MANAGE ANY TYPE OF COMMODITY PROGRAM, WE OUGHT TO BE ABLE TO MANAGE ONE LIKE THIS. WE CAN AND WE HAVE AND WE HAVE DONE IT WHILE MAKING A PROFIT FOR THE U.S. TREASURY.

THE SUGAR PROGRAM WE ENACTED AS PART OF THE 1981 FARM BILL WAS UNIQUE IN THAT, FOR THE MOST PART, IT WORKED.

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CERTAINLY, IT WORKED INsofar AS CONSUMERS ARE CONCERNED. SINCE 1981, THEY HAVE ENJOYED A RELIABLE SUPPLY OF SUGAR AT A STABLE, REASONABLE PRICE -- CURRENTLY 7.5 CENTS A POUND BELOW 1980 AND NEARLY 5 CENTS LOWER THAN 1981.

THE PROGRAM WE APPROVED 4 YEARS AGO PROVIDED A SIMPLE NONRECOURSE LOAN TO DOMESTIC SUGAR PRODUCERS, STARTING AT 17 CENTS A POUND, RAW VALUE, WITH VERY MODEST ANNUAL INCREASES TO THE CURRENT 18 CENTS A POUND LEVEL FOR THE 1985 CROP.

FOLLOWING EXTENSIVE HEARINGS AND DUE DELIBERATION, THE AGRICULTURE COMMITTEE HAS RECOMMENDED THAT THE PROGRAM BE CONTINUED FOR ANOTHER 4 YEARS WITH THE LOAN LEVEL "FROZEN" AT NOT LESS THAN 18 CENTS A POUND.

LEGISLATIVE HISTORY DEVELOPED IN CONNECTION WITH THE 1981 SUGAR PROGRAM URGED THAT IT BE ADMINISTERED IN A FASHION THAT WOULD AVOID LOAN FORFEITURES RESULTING IN COMMODITY CREDIT CORPORATION OWNERSHIP OF SUGAR. OPERATED THIS WAY, THE PROGRAM WOULD HAVE NO BUDGET IMPACT AND NO COST TO THE TREASURY.

FOR THE FIRST 3 YEARS OF THE CURRENT PROGRAM, IT WAS SUCCESSFULLY ADMINISTERED IN THIS REGARD. INDEED, IT IS ESTIMATED THE TREASURY WAS ENRICHED BY SOME \$355.2 MILLION IN DUTIES AND FEES IMPOSED ON FOREIGN SUGAR IMPORTS.

DURING THE MOST RECENT FISCAL YEAR, HOWEVER, AS A RESULT OF SOME ERRORS IN JUDGMENT AND SOME RATHER "LOOSE" ADMINISTRATIVE PRACTICES, A QUANTITY -- SOME 430,000 TONS -- OF RAW AND REFINED SUGAR WAS FORFEITED. I AM CONFIDENT THIS SITUATION CAN BE CORRECTED, HOWEVER, AND AS CHAIRMAN OF THE AGRICULTURE COMMITTEE'S SUBCOMMITTEE ON RURAL DEVELOPMENT, OVERSIGHT AND INVESTIGATIONS, IT IS MY INTENTION TO HOLD HEARINGS IN THE NEAR FUTURE DESIGNED TO FIND THE ANSWER TO WHAT I AM SURE IS A TEMPORARY PROBLEM. WE WILL HELP THE ADMINISTRATION "REDISCOVER" THE COST-FREE METHOD OF RUNNING THE SUGAR PROGRAM.

IN THE MEANTIME, TO NO ONE'S SURPRISE, OPPOSITION TO CONTINUING THE CURRENT SUGAR PROGRAM HAS SURFACED AND CHANGES ARE BEING PROPOSED.

IT IS IMPORTANT TO CONSIDER WHO WILL REALLY BENEFIT AND WHO WILL BE PENALIZED BY THESE CHANGES PROPOSED BY SENATORS BRADLEY AND GORTON.

THEY CALL FOR A 3.5 CENTS REDUCTION IN THE EFFECTIVE SUPPORT LEVEL FOR DOMESTICALLY PRODUCED SUGAR STARTING WITH NEXT YEAR'S CROP. AND, THEY MAINTAIN, THIS WILL RESULT IN BILLIONS OF DOLLARS IN SAVINGS FOR CONSUMERS.

THAT IS NOT TRUE.

IT IS IMPORTANT TO REMEMBER, SOME 75 PERCENT OF ALL SUGAR CONSUMED IN THIS COUNTRY IS CONTAINED IN ALREADY PREPARED AND PROCESSED FOODS AND BEVERAGES. THERE'S AN AVERAGE OF 2.5 POUNDS OF SWEETENER IN A 24-BOTTLE CASE OF SODA POP, FOR INSTANCE. THE BRADLEY-GORTON AMENDMENT WOULD REDUCE THE VALUE OF THAT SWEETENER IN A CASE OF POP BY 8.75 CENTS -- OR ABOUT A THIRD OF A CENT A BOTTLE. IS THAT SAVINGS GOING TO BE PASSED ON TO CONSUMERS? OR, IS IT SIMPLY GOING TO ENRICH THE BOTTLER TO THE TUNE OF \$70 PER TON FOR ALL THE SWEETENER HE BUYS. ACCORDING TO FORTUNE MAGAZINE, THE SOFT DRINK INDUSTRY IS ALREADY THE MOST PROFITABLE OF ALL AMERICAN BUSINESSES.

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CANDY BARS, COOKIES, ICE CREAM -- MR. PRESIDENT, YOU NAME THE PRODUCT AND I CAN ASSURE YOU THE PRICE THE CONSUMER PAYS FOR IT HAS VIRTUALLY NOTHING TO DO WITH THE PRICE OF THE SUGAR IT CONTAINS. IF IT DID, HOW COME THEY ALL COST SO MUCH MORE TODAY THAN THEY DID 5 YEARS AGO WHEN SUGAR PRICES WERE A WHOLE LOT HIGHER?

FOR MORE ON CONSUMERS, IF NEEDED, MY COLLEAGUES SHOULD SEE ADDENDUM NO. 1 SHOWING U.S. WORKERS LABOR ONLY 1.47 MINUTES TO EARN THE PRICE OF A POUND OF SUGAR, LESS THAN ANY OTHER COUNTRY.

DESPITE THEIR CLAIM, THE BRADLEY-GORTON PROPOSAL WILL DO LITTLE OR NOTHING FOR CONSUMERS.

THEY CLAIM A REDUCTION IN THE LOAN LEVEL FOR DOMESTIC SUGAR IS SOMEHOW GOING TO HELP OUR TRADING PARTNERS, PARTICULARLY IN THE CARIBBEAN AND LATIN AMERICA. THE FACT IS, THOSE COUNTRIES HAVE BENEFITED FROM THE U.S. SUGAR PROGRAM BECAUSE THEY GET THE U.S. PRICE FOR THE SUGAR THEY SELL HERE AS OPPOSED TO THE WORLD "DUMP" PRICE.

GIVEN THE DISPARITY BETWEEN THE CURRENT WORLD DUMP PRICE -- 5 CENTS -- AND THE PRICE EARNED BY FOREIGN SELLERS TO THE U.S. MARKET -- 18 TO 20 CENTS -- OUR TRADING PARTNERS WOULD HAVE TO MORE THAN TRIPLE THEIR VOLUME OF SALES TO THE UNITED STATES TO MATCH THEIR CURRENT DOLLAR EARNINGS.

AND, THE ONLY WAY SUGAR IMPORTS FROM ANY FOREIGN SOURCE CAN BE INCREASED IS TO REDUCE U.S. PRODUCTION.

APPROVAL OF THE BRADLEY-GORTON AMENDMENT, IN THE SIMPLEST TERMS, IS TO APPROVE EXPORTING U.S. JOBS TO IMPORT MORE SUGAR.

IF ONE SHARES MY CONCERN ABOUT OUR BALANCE OF TRADE DEFICIT AND IF YOU CARE ABOUT THE MORE THAN 100,000 AMERICANS EMPLOYED IN THE DOMESTIC SUGAR PRODUCING INDUSTRY, YOU'LL VOTE AGAINST THE BRADLEY-GORTON AMENDMENT.

THE NET EFFECT OF THE BRADLEY-GORTON AMENDMENT IS TO REDUCE THE LEVEL OF SUPPORT FOR THE 1986 CROP OF DOMESTICALLY PRODUCED SUGAR BY 3.5 CENTS PER POUND. THE AVERAGE U.S. BEET SUGAR GROWER PRODUCES SOME 5,000 POUNDS OF SUGAR PER ACRE AND, IN 1984 -- ACCORDING TO USDA -- HE HAD A NET, BOTTOM LINE PROFIT OF \$69.75 PER ACRE. THAT IS ABOUT A 11 PERCENT RETURN ON FULL ECONOMIC COSTS. THE GROWER'S SHARE OF A 3.5 CENTS PER POUND REDUCTION ON 5,000 POUNDS OF SUGAR EQUALS \$105 PER ACRE. BASED ON 1984 PRODUCTION COSTS, THE BRADLEY-GORTON PROPOSAL WILL RESULT IN THE AVERAGE GROWER LOSING \$35 PER ACRE NEXT YEAR, AND PUT HIM AN ADDITIONAL \$30 IN THE HOLE EACH OF THE NEXT 3 YEARS AS THE SUPPORT PRICE IS DROPPED AN ADDITIONAL PENNY.

THE BRADLEY-GORTON PROPOSAL WOULD WIPE OUT A \$70 PER ACRE PROFIT AND GIVE THE AVERAGE SUGAR BEET GROWER A \$120 PER ACRE LOSS IN 3 YEARS -- ASSUMING THERE IS NO INCREASE IN PRODUCTION COSTS DURING THE PERIOD.

IT WILL, IN SHORT, DESTROY THE DOMESTIC SUGAR PRODUCING INDUSTRY.

BECAUSE OF THE GLUT RESULTING FROM OVERPRODUCTION, WORLD SUGAR PRICES HAVE BEEN ON THE DECLINE SINCE 1981. IN THE UNITED STATES, ALTHOUGH WE EXPORT NO SUGAR ON THE WORLD MARKET, WE HAVE LOST EIGHT BEET SUGAR PROCESSING PLANTS AND THREE RAW CANE MILLS SINCE 1981 AND OUR ANNUAL SUGAR PRODUCTION HAS DECREASED BY SOME 200,000

TONS.

THERE ARE 14 SUGAR EXPORTING NATIONS IN THE CARIBBEAN BASIN AND, OF COURSE, THEY'RE MOST CONCERNED ABOUT FALLING WORLD SUGAR PRICES. BUT, THEIR RESPONSE TO THE WORLD MARKET SURPLUS SITUATION HAS BEEN TO INCREASE PRODUCTION BY NEARLY A QUARTER MILLION TONS. THEY'VE BEEN SURPASSED IN THIS REGARD BY EUROPEAN COMMUNITY NATIONS WHICH HAVE INCREASED THEIR ANNUAL SUGAR PRODUCTION SINCE 1981 BY MORE THAN 300,000 TONS -- AND FORECASTERS ARE PREDICTING EVEN GREATER PRODUCTION NEXT YEAR.

FIVE YEARS AGO, WHEN SUGAR PRICES ON THE WORLD MARKET WERE CONSIDERABLY HIGHER THAN THEY ARE TODAY -- AND INTEREST RATES WERE A GOOD DEAL HIGHER, TOO -- THE WALL STREET BANKERS WERE ANXIOUS TO MAKE LOANS TO OUR LESS DEVELOPED CARIBBEAN AND LATIN AMERICAN NEIGHBORS. NOW, THE BOTTOM HAS DROPPED OUT OF THE WORLD SUGAR MARKET AND WE ARE BEING TOLD SOME OF THESE COUNTRIES MAY NOT BE ABLE TO SERVICE THEIR DEBTS UNLESS THE UNITED STATES, IN EFFECT, TRANSFERS OUR DOMESTIC SUGAR PRODUCING INDUSTRY OUT OF THE COUNTRY. IT'S REASONABLE TO EXPECT THE UNITED STATES SHOULD DO WHAT IT CAN TO HELP OUR NEIGHBORS, BUT THERE IS NO REASON TO EXPECT THE FULL WEIGHT OF SUCH AN ECONOMIC BURDEN SHOULD REST WITH U.S. SUGAR PRODUCERS ANY MORE THAN IT SHOULD BE BORNE BY AMERICAN SHOE MANUFACTURERS, TEXTILE WORKERS OR ANY OTHER SINGLE INDUSTRY.

WE CAN CALL THIS PROGRAM SEVERAL THINGS, MR. PRESIDENT. I THINK WE CAN POINT OUT THAT IT IS A SUCCESSFUL JOB PROTECTION BILL FOR THE UNITED STATES. I THINK WE OUGHT TO POINT OUT THAT IT POINTS THE WAY TO LET US PRODUCE OUR OWN NEEDS IN SUGAR. BUT LET ME POINT OUT SOMETHING EVEN MORE IMPORTANT THAN THAT, MR. PRESIDENT.

I AM GETTING DARNED SICK AND TIRED OF INDIVIDUALS TALKING ABOUT THE COST OF THE SUGAR PROGRAM TO THE UNITED STATES. I THINK WE OUGHT TO EXAMINE WHAT THE WORLD PRICE OF SUGAR IS. THAT HAS BEEN ALLUDED TO AS 4 CENTS. THAT IS HOKUM AND EVERYBODY WHO STUDIES THE ISSUE KNOWS IT IS STRICTLY HOKUM. THE WORLD PRICE FOR SUGAR IS A DUMP PRICE FOR SUGAR THAT HAS NO HOME. NINETY PERCENT OF THE SUGAR IN THIS WORLD, MR. PRESIDENT, TRADES AT AGREED-UPON PRICES -- 28 AND 29 CENTS A POUND IN THE CASE OF EUROPE. AS A MATTER OF FACT, THE SOVIET UNION IS PAYING THE CUBANS 33 CENTS A POUND. BUT THAT LATIN AMERICAN PRODUCER WHO IS PRODUCING SUGAR ON A CONTRACT FOR EUROPE AT 27 OR 28 CENTS, IF HE 10-PERCENT OVERPRODUCES, GIVES IT AWAY OR DUMPS IT. THAT IS WHERE YOU GET THE 4 CENTS A POUND. TODAY, WE FIND OUR EUROPEAN ALLIES SUPPORTING THEIR PRICE OF SUGAR AT 28 CENTS A POUND AND DUMPING THE EXCESS THEY HAVE THIS YEAR ON THE WORLD MARKET IN THE NEIGHBORHOOD OF 4 CENTS. SEVERAL YEARS AGO, THEY WERE NOT DUMPING IT ON THE WORLD MARKET AT 4 CENTS AND WE WERE FORCED TO PAY IN THE NEIGHBORHOOD OF 50 OR 60 CENTS A POUND FOR SUGAR IN THIS COUNTRY. THE AMERICAN CONSUMER DOES NOT GAIN FROM BEING ON A YOYO, ROLLER-COASTER, PRICING PROGRAM FOR SUGAR. THAT IS EXACTLY WHAT WOULD HAPPEN.

I THINK WE ALL HAVE TO REALIZE THAT WE DO IN FACT AND INDEED HAVE A SENSIBLE, BROAD-GAUGED, EQUITABLE PROGRAM FOR THE AMERICAN SUGAR PRODUCER.

AND, THERE'S NO REASONABLE ARGUMENT TO SUPPORT THE SUGGESTION THE U.S. SUGAR INDUSTRY SHOULD BE DESTROYED SO WE CAN FORFEIT OUR DOMESTIC SUGAR MARKET TO THE PREDATORY TRADE PRACTICES OF FRANCE AND THE REST OF THE EEC.

VIRTUALLY EVERY SUGAR PRODUCING COUNTRY IN THE WORLD HAS A NATIONAL POLICY

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THAT INSULATES ITS PRODUCERS AND/OR CONSUMERS FROM THE WILD GYRATIONS OF THE RESIDUAL, DUMP, WORLD SUGAR MARKET. OUR OWN SUGAR PROGRAM HAS AND CAN WORK WELL WITHOUT IMPACTING ON OUR NATION'S BUDGET AND OUR AGRICULTURE COMMITTEE HAS UNANIMOUSLY AGREED IT SHOULD BE EXTENDED.

YOU MAY REGARD THE COMMITTEE'S SUGAR PROPOSAL AS A TRADE BILL BECAUSE IT SENDS A CLEAR MESSAGE THAT THE U.S. SUGAR INDUSTRY IS NOT GOING TO BE SACRIFICED IN ORDER TO EXPAND THE MARKET FOR HEAVILY SUBSIDIZED FOREIGN PRODUCERS.

YOU MAY REGARD IT AS A JOBS BILL, BECAUSE IT PRESERVES EMPLOYMENT OPPORTUNITIES FOR MORE THAN 100,000 AMERICANS.

MAY I POINT OUT WE ARE DEBATING A FARM BILL AND WONDERING WHAT TO DO WITH SURPLUSES.

THE BRADLEY-GORTON PROPOSAL WILL DESTROY THE DOMESTIC SUGAR INDUSTRY AND BANKRUPT THE MORE THAN 12,000 AMERICAN SUGAR-BELT GROWERS. IT WILL EXPORT JOBS AND DIVERT A MILLION ACRES OF SUGAR-BEET LAND TO OTHER CROPS ALREADY IN SURPLUS CROP PRODUCTION.

THE BRADLEY-GORTON AMENDMENT WOULD BENEFIT NO ONE AND MUST BE DEFEATED.

WE HAVE HAD, MR. PRESIDENT, THREE SEPARATE ROLLCALL VOTES ON THIS ISSUE IN THIS BODY IN THE LAST 2 OR 3 YEARS. IN EACH INSTANCE, THEY HAVE BEEN DEFEATED BY A 2-TO-1 MARGIN. IT IS MY SUGGESTION THAT WE SHOW THAT SAME GOOD WISDOM AND DEFEAT THIS PROPOSAL BY A SUBSTANTIAL VOTE.

MR. INOUE. MR. PRESIDENT, I YIELD TIME TO THE SENATOR FROM LOUISIANA.

MR. JOHNSTON. I THANK THE SENATOR. MR. PRESIDENT, HERE COMES THIS AMENDMENT IN THE NAME OF THE CONSUMER, BUT WHEN YOU LIFT THAT SHEEP'S CLOTHING, WHAT DO YOU FIND UNDER THIS AMENDMENT? YOU FIND THE BIG SOFT DRINK MAKERS, YOU FIND THE BIG CONFECTIONERS, YOU FIND THE BIG CORPORATE CANDY MAKERS. THERE THEY ARE, CAREFULLY CONCEALED UNDER THE SHEEP'S CLOTHING OF THIS CONSUMER AMENDMENT.

MR. PRESIDENT, DO YOU THINK FOR 1 MINUTE IF THIS WERE PASSED THAT THE CONSUMERS WOULD BE HELPED? OH, NO. YOU GO TO YOUR SUPERMARKET TODAY AND COMPARE THE DIFFERENCE IN THE COST OF DIET COKE AND THE REAL THING AND YOU WILL FIND THAT THEY ARE AT THE SAME COST. THEY WOULD HAVE YOU BELIEVE THAT IT IS THE COST OF THAT SUGAR THAT HAS MADE COKE GO UP FROM, IN THE OLD DAYS, 5 CENTS TO WHERE IT IS TODAY -- I DO NOT KNOW WHERE IT IS BUT IT IS ON THE WAY UP FROM WHEREVER IT IS.

MR. PRESIDENT, THIS IS NO CONSUMER AMENDMENT. THIS IS AN AMENDMENT TO MAKE SOME BIG PEOPLE BIGGER AND IN THE PROCESS, TO RUN THE FARMER OUT OF BUSINESS. IT IS NOT TOO MUCH TO SAY, MR. PRESIDENT, THAT THIS WILL RUN THE SUGAR FARMER OUT OF BUSINESS. THEY ARE ALREADY ON VERY MEAGER, THIN RATIONS. THEY ARE ALREADY BARELY SURVIVING. THERE ARE SUGAR MILLS THAT CLOSE UP EACH YEAR IN MY STATE, AND WHEN THEY DO, DOWN THAT DRAIN GO WITH THEM SUGAR FARMERS AND JOBS AND A BIT OF RURAL AMERICA. IN THE PROCESS, THE CONSUMER HAS NOT BEEN HELPED ONE BIT.

OH, I HEAR THE SIREN SONG OF THE FREE MARKET -- LET THE FREE MARKET WORK FOR THE CONSUMER. MR. PRESIDENT, IF THERE WAS EVER A CONTRADICTION IN FACT, THAT IS IT. NO. 1, IT

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IS NOT GOING TO AND IT NEVER HAS HELPED THE CONSUMER. NO. 2, THERE NEVER WAS AND THERE NEVER WILL BE A FREE MARKET IN SUGAR. IT IS ALMOST ALL CONTROLLED EXCEPT THAT WHICH IS DUMPED HERE IN AMERICA. MOST OF THE SUGAR IS SOLD ON LONG-TERM CONTRACTS FROM LIKE CUBA TO THE SOVIET UNION OR LIKE IN THE COMMON MARKET -- VERY CONTROLLED, VERY LONG TERM CONTRACT AND A MINISCULE AMOUNT IS DUMPED RIGHT HERE IN THE UNITED STATES, TO BE SURE AT ARTIFICIALLY LOW PRICES. BUT IF YOU THINK YOU ARE GOING TO CURE THAT PROBLEM BY DESTROYING THE AMERICAN SUGAR INDUSTRY, YOU ARE NOT GOING TO DO IT. IF YOU DESTROY THE AMERICAN SUGAR INDUSTRY, YOU WOULD COME RIGHT BACK WITH HIGHER PRICES AND DUMPED PRODUCTS, ONLY IT WOULD HELP SOME FOREIGN PRODUCER AND HELP SOME DOMESTIC LARGE CORPORATE SOFT DRINK MAKER.

CAN I HAVE 1 MORE MINUTE?

MR. INOUE. I YIELD 1 MORE MINUTE.

MR. JOHNSTON. AND IT IS NOT GOING TO HELP THE AMERICAN FARMER.

MR. PRESIDENT, TO ME IT IS A SUPREME IRONY WHEN MY DEAR FRIEND AND GREAT COLLEAGUE FROM NEW JERSEY, WHO HAS BEEN THE NO. 1 MEMBER OF THE SENATE, I GUESS, IN DEFENDING THE STRATEGIC PETROLEUM RESERVE, WHEN IT COMES TO KEEPING THIS COUNTRY FROM BEING DEPENDENT ON OPEC OIL, SAYS, "OH, MY GOSH, WE CANNOT BE DEPENDENT ON OPEC OIL; WE HAVE TO PUT MORE OIL IN THE STRATEGIC PETROLEUM RESERVE, BECAUSE IT IS A TERRIBLE THING" -- AND I AGREE WITH HIM -- "TO BE DEPENDENT ON FOREIGN SOURCES."

WHAT DOES THIS AMENDMENT DO? IT DRIVES THE AMERICAN SUGAR FARMER OFF THE FARM, INCREASES THE PROFITS OF THE BIG CORPORATE CONGLOMERATES WHO ARE MAKING COKE AND PEPSI AND ALL THE REST AND IN THE PROCESS IT IS HURTING THE AMERICAN FARMER. WE OUGHT TO DEFEAT THIS AMENDMENT.

MR. INOUE. MR. PRESIDENT, I YIELD 4 MINUTES TO THE SENATOR FROM MINNESOTA [MR. BOSCHWITZ].

MR. BOSCHWITZ. I THANK THE SENATOR. I MAY NOT TAKE ALL 4 MINUTES TO PURSUE THE COURSE OF MY FRIEND FROM NORTH DAKOTA AND ALSO THE COURSE OF THE DISTINGUISHED JUNIOR SENATOR FROM LOUISIANA THAT THE RETAIL PRICE WILL PROBABLY BE UNAFFECTED, BECAUSE AS HE POINTS OUT, THE SOFT DRINK PRODUCERS DO NOT MAKE A DISTINCTION IN COST WHETHER IT IS A SUGAR OR UNSUGARED PRODUCT.

THEN MY FRIEND FROM NORTH DAKOTA TALKED ABOUT THE INTERNATIONAL MARKET IN SUGAR. IT IS INTERESTING TO LOOK AT THAT INTERNATIONAL MARKET. THERE IS ABOUT 100 MILLION POUNDS OF SUGAR PRODUCED THROUGHOUT THE WORLD BUT MOST OF THAT IS CONSUMED IN COUNTRIES WHERE IT IS GROWN. ONLY ABOUT A QUARTER OF THAT COMES ONTO THE WORLD MARKET -- ABOUT 25 MILLION TONS, 26 MILLION TONS. A GOOD DEAL OF THE 25 OR 26 MILLION TONS IS TIED UP ON LONG-TERM CREDITS; FOR INSTANCE, CUBAN SUGAR WHICH IS COMMITTED TO OTHER COUNTRIES WITHIN THE EASTERN BLOC. SO THAT PERHAPS 18, 19 OR 20 MILLION TONS OF SUGAR COMES OFF THE WORLD MARKET.

IF WE SUDDENLY SUBMARINED THE SUGAR PROGRAM IN THIS COUNTRY AND WE TURNED THE 10 MILLION TONS THAT IS CONSUMED IN THIS COUNTRY ONTO THE WORLD MARKET, THEN INDEED THE WORLD MARKET IS NOT GOING TO STAY AT 4 OR 5 CENTS. THE WORLD MARKET IS EXTREMELY VOLATILE AND HAS PROVED ITSELF SUCH OVER THE YEARS, AND WHETHER OR NOT THERE WOULD BE A SAVINGS TO THE CONSUMER IS VERY, VERY QUESTIONABLE. IF THE AMERICAN DEMAND FOR

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SUGAR COMES ONTO THE WORLD MARKET, IT WOULD CONSUME UPWARD OF HALF OF THE EXISTING WORLD MARKET, PERHAPS MORE, AND THAT SUGAR PRICE WOULD CLEARLY SHOOT UP AND CLEARLY NOT BE THE SAVINGS THAT ARE SUGGESTED BY MY FRIEND FROM WASHINGTON OR MY FRIEND FROM NEW JERSEY.

MY FRIEND FROM NEW JERSEY SAYS THAT THIS PROGRAM ALSO ADVERSELY AFFECTS ALL OTHER PRODUCTS. I CERTAINLY WOULD DISAGREE WITH THAT AND SO WOULD EVERY CORN PRODUCER. THE CORN SWEETENER INDUSTRY REALLY HAS BEEN PROMOTED BY THE SUGAR PROGRAM OF THIS BILL, AND THE CORN INDUSTRY WOULD ALSO SUFFER A VERY, VERY HARSH BLOW IF THIS PROGRAM WITH RESPECT TO DOMESTIC SUGAR WERE UNDERMINED.

FURTHERMORE, AS MY FRIEND FROM NORTH DAKOTA POINTED OUT, IF SUGAR ACRES WERE REMOVED FROM THE PRODUCTION OF BEETS OR CANE, THEY WOULD TURN TO OTHER COMMODITIES ALREADY IN SURPLUS AND WOULD DRIVE THOSE PRICES DOWN AS WELL.

THIS HAS BEEN A PROGRAM THAT HAS HAD NO NET COST TO THE GOVERNMENT. THIS HAS BEEN A PROGRAM THAT HAS, INDEED, AFFORDED SOME PROSPERITY IN JUST SMALL SEGMENTS OF THE FARM ECONOMY, AND THIS IS A PROGRAM THAT SHOULD BE RETAINED. LET NOBODY BELIEVE THAT THE WORLD MARKET PRICE OF 4, 5 CENTS IS GOING TO STAY THERE IF AMERICAN DEMAND FOR SUGAR IS SUDDENLY THROWN ONTO THE WORLD MARKET. I THANK THE SENATOR.

THE PRESIDING OFFICER. THE SENATOR FROM HAWAII.

MR. BURDICK. WILL THE SENATOR YIELD FOR A QUESTION?

MR. INOUE. AFTER I YIELD TO THE SENATOR FROM IDAHO.

MR. PRESIDENT, I YIELD 2 MINUTES TO THE SENATOR FROM IDAHO.

MR. SYMMS. I THANK THE SENATOR FOR YIELDING.

THE PRESIDING OFFICER. HOW MUCH TIME DOES THE SENATOR YIELD?

MR. SYMMS. TWO MINUTES.

THE PRESIDING OFFICER. TWO MINUTES.

MR. SYMMS. MR. PRESIDENT, I AGREE WITH WHAT MY COLLEAGUES HAVE SAID, SENATOR BOSCHWITZ AND SENATOR ANDREWS AND THE DISTINGUISHED SENATOR FROM LOUISIANA. THEY MAKE THE POINT VERY WELL ABOUT THE WORLD SUGAR MARKET, BUT I WANT TO TALK TO MY COLLEAGUES ABOUT THE PRACTICAL ASPECT OF THIS AMENDMENT. I HAPPEN TO AGREE WITH WHAT SENATOR BOSCHWITZ JUST SAID ABOUT THE WORLD SUGAR MARKET. IT IS HIGHLY QUESTIONABLE WHAT WOULD HAPPEN IF THERE IS A SHORTFALL OF SOME 10 MILLION TONS OF SUGAR NOT PRODUCED IN THE UNITED STATES, BUT LET US TAKE AN ISOLATED CASE AND LOOK AT WHAT WOULD HAPPEN IN IDAHO.

THE MAJOR COST IN OUR FARM PROGRAM IS THAT OF THE SURPLUS GRAIN, WHICH WE HAVE IN STORAGE. IF THE PRICE OF SUGAR FALLS SIGNIFICANTLY AS A RESULT OF THIS AMENDMENT, IT IS LOGICAL TO ASSUME THAT THE GROWERS ARE GOING TO TURN TO ANOTHER CROP AND THEY WILL GO OUT OF THE BUSINESS. THAT IS WHAT HAPPENED WHEN THE PRICE WENT BELOW THIS LEVEL COST OF PRODUCTION A FEW YEARS BACK; WE LOST A LOT OF SUGAR PRODUCTION.

IN MY STATE -- AND YOU CAN MULTIPLY THIS BY THE OTHER SUGAR-PRODUCING STATES, BUT

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JUST IN IDAHO WE CURRENTLY GROW ABOUT 149,000 ACRES OF SUGAR BEETS. IF THIS ACREAGE WERE PLANTED TO WHEAT -- WE HAVE TO REMEMBER THIS IS HIGHLY PRODUCTIVE LAND. AT A MINIMUM IT WOULD PROVIDE 100 BUSHELS OF WHEAT PER ACRE. THAT IS 14 MILLION BUSHELS OF WHEAT THAT IT WILL PRODUCE, AND THAT IS A VERY CONSERVATIVE ESTIMATE, I SAY TO MY COLLEAGUES. WE ALREADY HAVE OVER 1 YEAR'S SUPPLY OF WHEAT IN STORAGE IN THE LOAN PROGRAM IN THE STATE OF IDAHO. THEY GROW ABOUT 60 MILLION BUSHELS OF WHEAT NOW AND THEY CANNOT SELL IT IS WHAT I AM SAYING, BECAUSE THE MARKET PRICE IS ABOVE THE MARKET CLEARING RATE. THEREFORE, THE WHEAT WILL PROBABLY GO UNDER THE CCC LOAN AND THE LOAN WILL NOT BE REDEEMED.

THIS WILL COST \$3 FOR THE LOAN PLUS 60 CENTS A YEAR FOR STORAGE AND HANDLING, AND SINCE THE CURRENT PRICE IS \$4.38, THIS WOULD ADD ANOTHER \$1.38 TO THE COST. SO THE NET RESULT IS THAT THIS ONE STATE, WHICH PRODUCES SOME OF THE SUGAR IN THE UNITED STATES, WILL END UP COSTING THE TAXPAYERS APPROXIMATELY \$60 MILLION MORE. I DO NOT SEE HOW MY COLLEAGUES CAN COME IN HERE AND SAY THEY ARE GOING TO SAVE THE TAXPAYERS ANY MONEY BY PROPOSING AN AMENDMENT THAT IS GOING TO CAUSE FARMERS TO GROW CROPS WE CANNOT SELL ALREADY.

MR. PRESIDENT, THE SUGAR BEET GROWERS OF MY STATE OF IDAHO AND THE NEIGHBORING STATE OF OREGON ARE VERY CONCERNED ABOUT THE FUTURE OF THEIR INDUSTRY.

I HAVE A LETTER FROM THE EXECUTIVE SECRETARY OF THE NYSSA-NAMPA BEET GROWERS ASSOCIATION EXPRESSING SOME OF THEIR CONCERNS.

I ASK THAT IT BE ENTERED IN THE RECORD.

THERE BEING NO OBJECTION, THE LETTER WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

NYSSA-NAMPA BEET

GROWERS ASSOCIATION,
NYSSA, OR, SEPTEMBER 25, 1985.

SENATOR STEVE D. SYMMS,
U.S. SENATE, WASHINGTON, DC.

DEAR SENATOR SYMMS: YOU ARE WELL AWARE OF THE IMPORTANCE OF THE SUGAR BEET INDUSTRY TO IDAHO'S AGRICULTURE BASED ECONOMY. THE NYSSA-NAMPA BEET GROWERS ASSOCIATION THANKS YOU FOR YOUR PAST SUPPORT OF OUR INDUSTRY AND ASK FOR YOUR CONTINUED SUPPORT AS THE SENATE ADDRESSES THE SENATE'S FARM BILL. THE BOARD OF DIRECTORS ARE IN FAVOR OF THE CONTINUANCE OF THE LOAN SUPPORT PROGRAM AT THE EIGHTEEN CENT LEVEL, BUT OPPOSE ANY AMENDMENTS WHICH WOULD LOWER THE LOAN RATE. WE OPPOSE THE GORTON-BRADLEY AMENDMENT TO THE FARM BILL, AND ASK THAT YOU OPPOSE THE SAME.

PRIOR TO MY BEING EMPLOYED BY THE NYSSA-NAMPA BEET GROWERS ASSOCIATION, I FARMED IN THE STATE OF WASHINGTON AND WITNESSED FIRST HAND THE EFFECT UPON THE LOCAL AGRICULTURAL ECONOMY THE LOSS OF THE SUGAR BEET INDUSTRY. THOSE CROP ACRES WERE CONVERTED TO CROPS ALREADY IN OVER-PRODUCTION AND SOME SUPPORTED BY GOVERNMENT SUBSIDIES. THE SUGAR PROGRAM, WITH THE PROPER MANAGEMENT CAN FUNCTION AT NO COST TO THE GOVERNMENT. IDEALLY, ALL GOVERNMENT PROGRAMS SHOULD OPERATE ON

THAT PRINCIPLE.

AGAIN, ON BEHALF OF THE SUGAR BEET GROWERS IN WESTERN IDAHO, WE URGE YOUR CONTINUED SUPPORT FOR THE CONTINUANCE OF A VIABLE SUGAR INDUSTRY.

SINCERELY YOURS,
RICH TURNER,
EXECUTIVE SECRETARY.

THE PRESIDING OFFICER (MR. DURENBERGER). AS MUCH AS THE CHAIR ENJOYS THE COMMENTS OF THE SENATOR, HIS TIME HAS EXPIRED.

MR. INOUE ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM HAWAII.

MR. INOUE. I YIELD 3 MINUTES TO THE SENIOR SENATOR FROM LOUISIANA.

THE PRESIDING OFFICER. THE SENATOR FROM LOUISIANA.

MR. LONG. MR. PRESIDENT, THE BURDEN OF THE ARGUMENT AGAINST THE SUGAR INDUSTRY IS THAT OUR OPPOSITION SEEMS TO FEEL THAT OUR FARMERS ARE MAKING TOO MUCH MONEY PRODUCING SUGAR.

MR. PRESIDENT, THAT IS NOT THE CASE IN LOUISIANA, AND I DOUBT IT IS THE CASE ANYWHERE IN THE UNITED STATES. WE HAVE LOST THOUSANDS OF WORKERS, THOUSANDS OF JOBS IN SUGAR PRODUCTION. IN SOME PARTS OF THE STATE, WHERE WE ONCE PRODUCED SUGAR, WE NO LONGER PRODUCE IT, SO THOSE WHO WOULD LIKE TO PUT US OUT OF SUGAR CAN FEEL REASONABLY PLEASED ABOUT THE WAY THINGS ARE IN LOUISIANA IN THAT REGARD. WE HAVE AREAS WHERE WE ONCE HAD ACTIVE RAW SUGAR MILLS GRINDING SUGARCANE WHERE TODAY IT IS NOT PLANTED AND IT IS NOT TAKEN TO THE MILLS BECAUSE THERE IS NOTHING OF THAT SORT IN THE AREA ANY LONGER.

WHEN THAT HAPPENS, OF COURSE, IT DISPLACES A LOT OF WORKERS. ADMITTEDLY, THOSE ARE NOT HIGH WAGE JOBS. THEY WERE BENEFITED BY WHAT AMOUNTS TO A MINIMUM WAGE. MANY OF THOSE POOR SOULS ARE FORCED ONTO THE WELFARE ROLLS AND UNEMPLOYMENT ROLLS BECAUSE THEY HAVE NOWHERE ELSE TO GO.

I BELIEVE THAT THE PEOPLE OF THIS NATION WANT TO PRESERVE JOBS FOR OUR DEDICATED WORKERS, WHO STRUGGLE VERY HARD IN THOSE FIELDS, TO MAKE A LIVING PRODUCING SUGARCANE AND SUGAR. I AM SURE THE PLIGHT OF THE SUGAR BEET FARMERS IS NO BETTER.

THOSE WHO SPEAK OF THIS MATTER THINK ABOUT THE RELATIVELY SMALL NUMBER OF PEOPLE. THEY ARE REFERRING TO THE PERSONS WHO OWN THE FARMS. THIS PROGRAM ALSO BENEFITS THOSE MANY THOUSANDS WHO WORK IN THE FIELDS, BECAUSE WITHOUT THIS PROGRAM THERE WOULD BE NO SUGARCANE FIELD WORKERS.

AS HAS BEEN INDICATED, THIS PROGRAM IS SUSTAINING THIS NATION'S NEED FOR SUGAR. IT IS ALSO PROVIDING VERY IMPORTANT JOBS TO PEOPLE WHO WORK VERY HARD AND REALLY DO NOT MAKE MUCH IN THE COURSE OF IT ALL.

THIS AMENDMENT WOULD FURTHER REDUCE THE PRICE OF SUGAR. THIS TYPE OF THING HAS

BEEN VOTED DOWN BEFORE, AND I HOPE THE SENATE WILL VOTE IT DOWN AGAIN.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. INOUE. I YIELD 1 MINUTE TO THE SENATOR FROM NORTH DAKOTA FOR A QUESTION.

MR. BURDICK. THE ABLE SENATOR AND I WERE IN THIS BODY A NUMBER OF YEARS BEFORE THERE WAS A SUGAR ACT. IS THAT CORRECT?

MR. INOUE. THE SENATOR IS CORRECT.

MR. BURDICK. AND AT THAT TIME THERE WAS LITTLE STABILITY IN THE MARKET. I KNOW THAT THE SUGAR PRICES WENT THROUGH WIDE FLUCTUATIONS. WILL THE SENATOR TELL ME WHAT THE HIGH AND LOW PRICES WERE AT THAT TIME FOR SUGAR?

MR. INOUE. MR. PRESIDENT, DURING THAT PERIOD, WHEN THE SUGAR ACT WAS NOT IN OPERATION, IN 1974, IT WENT AS HIGH AS 65 CENTS A POUND. THEN, SUDDENLY, BECAUSE OF THE OVERSUPPLY IN THE LATE 1970'S, IT CAME DOWN TO 17 CENTS A POUND, LIKE A ROLLER COASTER, AND THEN UP TO 42 CENTS A POUND IN 1980. TODAY, THE SO-CALLED WORLD SUGAR PRICE IS 12 CENTS A POUND.

MR. BURDICK. THEN, THE PRESENT ACT BRINGS STABILITY TO THE MARKET. IS THAT NOT IN THE INTEREST OF THE AMERICAN CONSUMER?

MR. INOUE. THE SENATOR IS CORRECT.

HOUSEWIVES CAN GO TO THE SUPERMARKET SHELVES AND NOTICE THAT, WHEREAS PRICES OF THE OTHER COMMODITIES MAY BE A ROLLER COASTER, IN THE CASE OF SUGAR, IT HAS BEEN RATHER STABLE.

MR. BURDICK. I THANK THE SENATOR.

MR. EXON. MR. PRESIDENT, A POINT OF ORDER.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. INOUE. I YIELD 5 MINUTES TO MY COLLEAGUE FROM HAWAII.

THE PRESIDING OFFICER. THE SENATOR FROM HAWAII.

MR. MATSUNAGA. I THANK MY SENIOR COLLEAGUE FOR YIELDING.

MR. PRESIDENT, I RISE IN STRONG OPPOSITION TO THE BRADLEY AMENDMENT. THE SUGAR PROGRAM IS PERHAPS THE MOST MISUNDERSTOOD OF ALL THE AGRICULTURAL PROGRAMS WE HAVE ON OUR STATUTE BOOKS. THERE ARE CERTAIN BASIC TRUTHS WHICH WE NEED TO KNOW BEFORE VOTING ON THE BRADLEY AMENDMENT:

FIRST, SUGAR IS AN IMPORT COMMODITY, NOT AN EXPORT COMMODITY, AS ARE ALL THE OTHER COMMODITIES COVERED IN THE FARM BILL. THE DOMESTIC INDUSTRY PRODUCES ONLY 55 PERCENT OF THE SUGAR CONSUMED IN THE UNITED STATES; 45 PERCENT IS IMPORTED. IT IS IMPORTANT THEREFORE, THAT WE CONTROL THE AMOUNT OF SUGAR IMPORTED INTO THIS COUNTRY IN ORDER TO PROTECT OUR DOMESTIC SUGAR INDUSTRY.

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THE COMMITTEE BILL AND THE DOLE SUBSTITUTE WILL DO THIS.

SECOND, THE SUGAR PROGRAM HAS NOT COST THE TAXPAYER 1 CENT. IN FACT, THE SUGAR PROGRAM HAS BEEN OF PROFIT TO THE TAXPAYER.

DURING THE PERIOD OF THE OLD SUGAR ACT OF 1934, WHICH WAS MISTAKENLY REPEALED IN 1974, THE TAXPAYER PROFITED BY AS MUCH AS \$600 MILLION OVER AND ABOVE THE COST OF OPERATING THE PROGRAM. UNDER THE CURRENT SUGAR PROGRAM, DURING THE PAST 4 YEARS, THE U.S. GOVERNMENT HAS ACTUALLY MADE A PROFIT OF MORE THAN \$200 MILLION.

NO OTHER AGRICULTURAL COMMODITY, OR ANY OTHER FEDERALLY OPERATED PROGRAM, CAN MAKE THAT CLAIM.

MOREOVER, THE GOVERNMENT SUGAR PROGRAM SAVED U.S. FARMERS, BUSINESSES, AND THE U.S. TREASURY BILLIONS OF DOLLARS OVER THE PAST 4 YEARS, ACCORDING TO A RECENT STUDY. THAT STUDY, CONDUCTED BY ECONOMIC PERSPECTIVES, INC. [EPI], OF MCLEAN, VA, FOUND THAT IF CONGRESS HAD NOT INCLUDED SUGAR IN THE 1981 FARM BILL, AMERICAN CORN GROWERS WOULD HAVE LOST \$900 MILLION, AND THE COMMODITY CREDIT CORPORATION WOULD HAVE SPENT AN ADDITIONAL \$1.5 BILLION IN GRAIN PRICE SUPPORTS.

IN 1975, WHEN THE SUGAR ACT WAS REPEALED, I HAPPENED TO BE MANAGING THE DEBATE ON THE FLOOR OF THE HOUSE; AND I MADE THE PREDICTION THAT IF THE SUGAR ACT WERE REPEALED, THE PRICE OF SUGAR WOULD JUMP FROM 17 CENTS, WHICH IT WAS AT THAT TIME, TO AT LEAST 27 CENTS A POUND. I WAS WRONG. THE PRICE OF SUGAR JUMPED UP TO 67 CENTS A POUND WITHIN 2 WEEKS AFTER THE SUGAR ACT WAS REPEALED.

SO WE HAVE A CASE WHERE THE SUGAR ACT HAS BEEN GOOD NOT ONLY FOR THE TAXPAYER BUT ALSO FOR THE CONSUMER. THE FACTS SHOW THAT WHENEVER THE SUGAR PROGRAM HAS BEEN IN EFFECT, THE CONSUMER HAS PAID LESS FOR SUGAR THAN WHEN THE PROGRAM WAS NOT IN EFFECT.

THIRD, THERE IS NO SUCH THING AS A SO-CALLED FREE WORLD SUGAR MARKET, AS THE PROPONENTS OF THE BRADLEY AMENDMENT CLAIM. OF THE 99 MILLION TONS OF SUGAR PRODUCED THROUGHOUT THE WORLD, ONLY ABOUT 12 MILLION TONS ARE SOLD IN THE SO-CALLED WORLD MARKET.

WHAT IS THIS FREE WORLD MARKET SUGAR? IT IS DUMPED SUGAR.

TAKE THE EUROPEAN ECONOMIC COMMUNITY [EEC], FOR EXAMPLE. UP TO 1974, THE EEC IMPORTED SUGAR. BUT BECAUSE THE PRICE OF SUGAR JUMPED UP, AFTER THE SUGAR ACT WAS REPEALED, TO SUCH ASTRONOMICAL HEIGHTS, THEY FELT IT WAS A PROFITABLE VENTURE TO GO INTO AND THE EUROPEAN ECONOMIC COMMUNITY SUBSIDIZED THEIR SUGAR GROWERS BY AS MUCH AS 14 CENTS A POUND TO ENCOURAGE SUGAR PRODUCTION.

THE PRICE OF PRODUCING SUGAR IN FRANCE, FOR EXAMPLE, RUNS UP TO 24 CENTS A POUND. IT IS SOLD FOR ABOUT 27 CENTS IN FRANCE, BUT DUMPED INTO THE UNITED STATES AT 2 CENTS AND 4 CENTS A POUND -- EVEN BELOW WHAT THE GOVERNMENT PAYS THE FARMER. IS THIS A FAIR MARKET? IS THIS FAIR COMPETITION FOR THE AMERICAN SUGAR PRODUCER? DEFINITELY NOT. IF THIS WERE BEING DONE TO AMERICAN STEEL OR AMERICAN OIL, WOULD WE BE STANDING STILL FOR AN AMENDMENT SUCH AS THAT NOW BEING OFFERED? OF COURSE NOT.

I POINT OUT IN THIS CONNECTION, TOO, THAT MOST OF THE SUGAR SOLD IN THE WORLD IS

UNDER AGREEMENT.

FOR EXAMPLE, UNDER A SPECIAL MARKETING AGREEMENT BETWEEN CUBA AND RUSSIA, CUBA SELLS SUGAR TO RUSSIA AT SIX TIMES THE CURRENT WORLD PRICE IN CASH AND GOODS. THAT IS THE WAY IT IS. THERE IS REALLY NO FREE WORLD MARKET IN SUGAR.

FOURTH THE DOMESTIC INDUSTRY IS IMPORTANT TO THE WELFARE OF THE NATION; 13,000 FARM FAMILIES IN 15 STATES AND 100,000 WORKERS IN THE INDUSTRY ARE DEPENDENT ON THE DOMESTIC SUGAR INDUSTRY FOR THEIR LIVELIHOOD. ANOTHER 150,000 WORKERS HOLD JOBS INDIRECTLY RELATED TO THE INDUSTRY AND WOULD BE AFFECTED BY ANY CHANGE IN THE INDUSTRY. IN HAWAII, THE JOBS OF 7,000 SUGAR WORKERS AND AN ADDITIONAL 18,000 WORKERS WHOSE JOBS ARE DEPENDENT ON THE INDUSTRY'S SURVIVAL ARE AT STAKE. OUR INDUSTRY IS LOSING MONEY NOW, DESPITE A 12 1/2-PERCENT REDUCTION IN COST SINCE THE PRESENT PROGRAM WAS ENACTED. THERE IS JUST NO WAY THAT OUR INDUSTRY COULD SURVIVE THE \$120 A TON REDUCTION IN GROSS PROPOSED BY BRADLEY/GORTON OVER THE NEXT 3 YEARS. THAT IS MORE THAN ONE-THIRD OF CURRENT GROSS EARNINGS. WITHOUT SUGAR, UNEMPLOYMENT ON OUR NEIGHBOR ISLANDS WOULD BE DEVASTATING -- 29 PERCENT ON MY NATIVE ISLAND OF KAUAI.

MR. PRESIDENT, THE SUGAR PROGRAM HAS BEEN GOOD FOR THE COUNTRY. WE SHOULD KEEP IT AS IT IS. FOR THE REASONS STATED, I URGE THE DEFEAT OF THE BRADLEY AMENDMENT.

THE PRESIDING OFFICER. THE SENATOR HAS USED THE 5 MINUTES ALLOTTED TO HIM.

WHO YIELDS TIME?

MR. INOUE. MR. PRESIDENT, I YIELD 2 MINUTES TO THE SENIOR SENATOR FROM IDAHO.

MR. MCCLURE. I THANK THE SENATOR FOR YIELDING.

MR. PRESIDENT, I WILL NOT REPEAT EVERYTHING MY COLLEAGUES HAVE SAID, ALTHOUGH I SUPPORT WHAT MY COLLEAGUES HAVE SAID IN OPPOSITION TO THE PENDING AMENDMENT.

I ALSO RISE IN STRONG OPPOSITION TO THE PENDING AMENDMENT, BUT I WISH TO MAKE THREE OR FOUR POINTS QUICKLY THAT HAVE NOT BEEN CONCENTRATED ON BY MY COLLEAGUES.

FIRST OF ALL, WITH RESPECT TO THE FACTS, THE QUESTION WHETHER THEY ARE MAKING BIG PROFITS, WHETHER THE FARMERS ARE REALLY ROLLING IN MONEY BECAUSE OF IT. NO, THEY ARE NOT.

THIS IS VERY CAREFULLY ADJUSTED TO BE RIGHT AT THE MARGINS OF THE COST OF PRODUCTION.

I HAVE REVIEWED THE FARM PROBLEMS IN MY STATE, LOOKED AT THE FORECLOSURES AND THE OPERATING LOAN STATEMENTS, AND THERE IS ONLY ONE SEGMENT OF THE FARM ECONOMY IN MY STATE THAT IS STABLE TODAY, AND THAT IS THE SUGAR PROGRAM. THAT IS NOT BECAUSE THEY ARE MAKING LOTS OF MONEY BUT BECAUSE IT IS PREDICTABLE AND STABLE.

MR. PRESIDENT, IF YOU WANT TO CREATE GREAT CHAOS IN THE IRRIGATED LANDS OF SOUTHERN IDAHO WHERE THE SUGAR BEET PRODUCTION IS LOCATED, JUST DO AWAY WITH THIS PROGRAM, DUMP THOSE VERY PRODUCTIVE ACRES INTO THE PRODUCTION OF OTHER COMMODITIES THAT ARE ALREADY DEPRESSED, AND YOU WILL HAVE FARM CHAOS IN MY STATE.

IT IS NOT AN IDLE THREAT. IT IS SIMPLY A PREDICTION OF FACT.

SECOND, I WISH TO LOOK ALSO AT THE QUESTION OF WHAT THIS MEANS TO THE SMALL FARM COMMUNITIES, WHAT IT MEANS IN TERMS OF HAVING A SUGAR BEET FACTORY HAVE THE CAMPAIGN AS THEY CALL IT, THE PERIOD OF TIME WHEN THEY PROCESS BEETS FROM THE TIME THEY DIG THEM IN THE FALL TO THE TIME THEY CLOSE THE PLANTS DOWN IN LATE WINTER. THAT PROVIDES US THE FARM EMPLOYMENT FOR HUNDREDS OF PEOPLE THAT WOULD SIMPLY HAVE NO OPPORTUNITY FOR OFF-FARM INCOME IF THEY DID NOT HAVE THE SUGAR BEET PLANT IN THOSE COMMUNITIES.

FINALLY, MR. PRESIDENT, WHY SHOULD WE ONCE AGAIN MAKE THE FARMERS THE HOSTAGE TO FOREIGN POLICY CONSIDERATIONS? THE ONLY WAY THIS PROGRAM WILL COST THE TAXPAYER ONE DIME IN OUTLAYS THROUGH THE FARM PROGRAM IS IF WE DECIDE AS A MATTER OF FOREIGN POLICY WE WANT TO INCREASE IMPORTS OF FOREIGN SUGAR. WHY SHOULD AMERICAN FARMERS BE HOSTAGE TO FOREIGN POLICY?

REJECT THIS AMENDMENT.

THE PRESIDING OFFICER. THE SENATOR'S TIME HAS EXPIRED.

MR. INOUE. MR. PRESIDENT, HOW MUCH TIME DO WE HAVE REMAINING?

THE PRESIDING OFFICER. THE SENATOR HAS APPROXIMATELY 2 MINUTES.

MR. EXON. MR. PRESIDENT, WILL THE SENATOR YIELD?

THE PRESIDING OFFICER. THE SENATOR FROM NEBRASKA IS RECOGNIZED.

MR. EXON. MR. PRESIDENT, SINCE THE SENATOR FROM NEBRASKA HAS NOT MADE A DECISION ON HOW HE IS GOING TO VOTE ON THIS MEASURE I DO NOT WISH TO ASK EITHER SIDE FOR TIME. I ASK UNANIMOUS CONSENT THAT I BE ALLOTTED 3 MINUTES AND NO MORE, NOT CHARGED TO EITHER SIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. EXON. I THANK THE CHAIR AND I THANK MY COLLEAGUES.

IT IS COMING-HOME-TO-ROOST TIME, IS IT NOT? THE AMENDMENT BEFORE US IS VERY CLEVERLY DRAWN, AND I CONGRATULATE MY FRIENDS WHO ARE PUTTING THIS UP. THIS AMENDMENT SIMPLY SAID THE SUGAR PROGRAM SHOULD BE TREATED EQUALLY AND THE SAME AS THE FASHIONED NONCOMPROMISE BEFORE US FOR CORN, WHEAT, AND FEEDGRAINS.

IT PLACES THE SENATOR FROM NEBRASKA AND MANY OTHERS SIMILARLY SITUATED IN THE MOST DIFFICULT POSITION. IF WE VOTE AGAINST THE AMENDMENT THAT IS BEING OFFERED, THEN WE ARE SAYING WE IN THE GRAIN-PRODUCING STATES SHOULD NOT BE TREATED THE SAME AS SUGAR. IF WE VOTE THE OTHER WAY, THEN WE ARE SAYING WE DO NOT CARE ABOUT OUR CORN AND WHEAT FARMER.

THE DILEMMA THAT I WISH TO LAY OUT CLEARLY IS, AS I SAID IN THE DEBATE IN 1981, REPEATED THIS TIME, THE FARM COALITION HAS BEEN PUT ASUNDER. IT HAS BEEN SPLIT IN A MILLION DIFFERENT WAYS. THERE HAVE BEEN ALL KINDS OF DEALS MADE BEHIND CLOSED DOORS TO GET THE BILL THAT IS BEFORE US NOW IN THE CONDITION THAT IT IS IN NOW.

SHAME ON THE FARM COALITION.

I HAVE FRIENDS WHO HAVE STOOD WITH ME FIRM AND STRONG WHEN IT WAS NOT IN THEIR POLITICAL INTERESTS TO HELP THE FEED GRAIN PRODUCERS. THEREFORE, I SUSPECT THAT I WILL VOTE AGAINST THE INTERESTS OF THE CORN AND THE WHEAT FARMERS ON THE AMENDMENT COMING UP.

I AM SIMPLY SAYING TO SOME OF THE TOBACCO PEOPLE AND SOME OF THE SUGAR PEOPLE WHO HAVE NOT STOOD WITH US, WHO HAVE SOLD OUT TIME AND TIME AGAIN FOR THEIR SPECIAL INTEREST, THEY HAD BETTER GET THE MESSAGE NOW AND THEY BETTER GET IT CLEAR. WE ARE NOT GOING TO ALLOW THE FARM COALITION TO BE UNDER FOOT OR PLACED ASUNDER, I DO NOT THINK. UNLESS WE CAN GET THE FARM COALITION BACK TOGETHER AND STOP THE ONSLAUGHT FROM THE OTHER SIDE OF THE AISLE TO DESTROY THE FAMILY SIZED FOOD PRODUCER WE ARE ALL IN TROUBLE.

MR. PRESIDENT, I THANK THE CHAIR AND THANK MY COLLEAGUES FOR YIELDING TO ME TIME TO MAKE THIS STATEMENT.

MR. CHAFEE. MR. PRESIDENT, U.S. SUGAR PRODUCERS ENJOY A LEVEL OF SUBSIDIZATION UNRIVALLED AMONG OTHER FEDERAL FARM PROGRAMS. EACH YEAR, THE FEDERAL GOVERNMENT PAYS APPROXIMATELY \$3,500 IN BENEFITS TO EACH OF 800,000 WHEAT FARMERS, AND \$9,000 IN BENEFITS TO EACH OF 300,000 MILK PRODUCERS. BUT UNDER THE SUGAR PROGRAM, BENEFITS AVERAGE \$250,000 PER YEAR PER PRODUCER.

WE HAVE HEARD A GREAT DEAL ABOUT THE SUGAR PROGRAM BEING A NO-COST PROGRAM. YOU MAY ASK YOURSELF, THEN, WHAT IS THE SOURCE OF THIS GREAT MUNIFICENCE? WHO'S FOOTING THE BILL?

THE AMERICAN CONSUMER IS FOOTING THE BILL -- TO THE TUNE OF ALMOST \$5 BILLION PER YEAR. NEARLY EVERYTHING WE EAT HAS SOME SUGAR IN IT -- AND WE PAY DEARLY FOR IT.

THE DOMESTIC PRICE OF RAW SUGAR IS APPROXIMATELY FIVE TIMES ITS WORLD MARKET PRICE -- THAT ADDS ABOUT \$60 PER YEAR TO THE GROCERY BILL OF THE AVERAGE FAMILY OF FOUR. OUR SUGAR PROGRAM IS NOTHING BUT A HIDDEN TAX, AND A REGRESSIVE ONE AT THAT.

SIMPLE FAIRNESS DEMANDS THAT WE ADOPT THE BRADLEY-GORTON AMENDMENT. THE BILL BEFORE US FREEZES THE LOAN RATES FOR WHEAT, FEED GRAINS AND OTHER COMMODITIES FOR ONE YEAR, LOWERING THEM BY 5 PERCENT PER YEAR THEREAFTER. SUGAR IS TREATED DIFFERENTLY, HOWEVER -- ITS LOAN RATE IS HELD AT THE CURRENT INFLATED LEVEL OF 18 CENTS PER POUND FOR 4 YEARS!

THERE IS NO EXCUSE FOR THIS PREFERENTIAL TREATMENT. BY ADOPTING THE BRADLEY-GORTON AMENDMENT, WE WILL SIMPLY BRING SUGAR INTO LINE WITH ALL OTHER COMMODITIES.

THE ADVERSE EFFECTS OF HIGH SUGAR PRICE SUPPORTS AND TIGHT IMPORT QUOTAS HAVE BEEN WELL DOCUMENTED IN A SERIES OF RECENT EDITORIALS CRITICIZING U.S. SUGAR POLICY.

THESE INCLUDE HIGH COSTS FOR U.S. MANUFACTURERS OF PROCESSED FOODS CONTAINING SUGAR. MANY MANUFACTURERS ARE FINDING IT IMPOSSIBLE TO COMPETE WITH LOW-PRICED PRODUCTS CONTAINING SUGAR PURCHASED ON THE WORLD MARKET. WITHOUT ACTION TO REMEDY THE SITUATION, SOME MAY HAVE NO ALTERNATIVE BUT TO MOVE THEIR OPERATIONS

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OVERSEAS. THIS MEANS MORE LOST JOBS.

HIGH SUGAR PRICE SUPPORTS ALSO IMPOSE A HEAVY BURDEN ON DEVELOPING COUNTRIES, NOTABLY THOSE IN LATIN AMERICA AND THE CARIBBEAN. THESE COUNTRIES HAVE BORROWED EXTENSIVELY FROM AMERICAN BANKS AND DEPEND HEAVILY ON EXPORT EARNINGS TO SERVICE THEIR DEBTS.

TO STAVE OFF MAJOR DEBT DEFAULTS AMONG THESE THIRD WORLD COUNTRIES, THE UNITED STATES MUST KEEP ITS MARKETS OPEN TO LDC EXPORTS. MAINTAINING THIS PROTECTIONIST SCHEME AS WELFARE FOR THE AMERICAN SUGAR INDUSTRY IS TOTALLY INCONSISTENT WITH OUR OBLIGATION TO KEEP MARKETS OPEN AND TO PREVENT DAMAGE TO AMERICAN LENDERS.

I URGE MY COLLEAGUES TO GIVE THEIR SUPPORT TO THIS VERY MODEST PROPOSAL. FAIRNESS, COMMON SENSE, AND CONSISTENCY REQUIRE THAT WE DO SO.

MR. HELMS. MR. PRESIDENT, THE SUGAR PROGRAM IS ONE OF THE MORE DIFFICULT ISSUES TO COME BEFORE OUR COMMITTEE. INDEED, THE SPONSORS OF THIS AMENDMENT TO REDUCE THE SUPPORT LEVEL, RAISE A NUMBER OF VERY GOOD ARGUMENTS. DESPITE THE ELOQUENT PRESENTATION OF THIS AMENDMENT, HOWEVER, I CANNOT SUPPORT IT.

AS MUCH AS WE WOULD LIKE TO SEE OUR SUGAR INDUSTRY COMPETE IN A FREE MARKET, I DON'T KNOW IF THAT IS POSSIBLE WITH PRESENT MARKET CONDITIONS. LIKE IT OR NOT, OUR SUGAR FARMERS ARE COMPETING TODAY AGAINST COUNTRIES WHOSE SUGAR INDUSTRIES ARE EITHER HEAVILY SUBSIDIZED, OR AS IN CUBA, SUPPORTED BY WHAT AMOUNTS TO SLAVE LABOR.

SUGAR IS ONE OF THE WORLD'S MOST POLITICIZED AND CONTROLLED COMMODITIES. OF THE NEARLY 170 COUNTRIES IN THE WORLD, ABOUT 100 PRODUCE AT LEAST SOME SUGAR, SOME 115 IMPORT PART OR ALL OF THEIR SUGAR REQUIREMENTS, AND APPROXIMATELY 80 ARE LISTED AS SUGAR EXPORTERS.

MOST NATIONS INTERVENE IN THEIR SUGAR MARKETS. ACCORDING TO A RECENT STUDY, ALL MAJOR EXPORTERS GUARANTEE PRODUCER PRICE MINIMUMS, AND MOST CONTROL EXPORTS AND AMOUNTS AVAILABLE FOR DOMESTIC CONSUMPTION. SOME EXPORTERS PROHIBIT IMPORTS AND BOTH IMPORTERS AND EXPORTERS TEND TO RESTRICT IMPORTS BY TAXING THEM. OF THE WORLD'S MAJOR PRODUCERS, ONLY THE UNITED STATES DID NOT MAINTAIN OR INCREASE THE AREA IN SUGAR PRODUCTION DURING THE 1970'S.

SEVENTY-FIVE TO EIGHTY PERCENT OF THE WORLD'S ALMOST 100 MILLION TONS OF SUGAR PRODUCED ANNUALLY IS CONSUMED IN THE COUNTRY OF ORIGIN. THE BALANCE IS AVAILABLE FOR TRADE. MORE THAN HALF OF THE SUGAR AVAILABLE EACH YEAR FOR INTERNATIONAL TRADE IS SHIPPED UNDER "SPECIAL ARRANGEMENTS" AND THE RESIDUAL IS COMMONLY CALLED THE "WORLD MARKET SUGAR." BECAUSE IT IS A MARKET OF LAST RESORT FOR MANY SELLERS, AND REMAINS RELATIVELY "THIN" COMPARED TO WORLD SUPPLY AND DEMAND, IT IS SUBJECT TO SIGNIFICANT PRICE VOLATILITY.

IT IS INTERESTING TO NOTE, MR. PRESIDENT, THAT OF THE NATIONS THAT SUBSIDIZE THEIR EXPORTS, THOSE WITHIN THE EUROPEAN COMMUNITY ARE POSSIBLY THE WORST OFFENDERS. THE COMMUNITY GUARANTEES PRODUCER PRICES, APPLIES PROHIBITIVE LEVIES TO IMPORTS -- EXCEPT LIMITED AMOUNTS FROM FORMER COLONIES -- AND SUBSIDIZES EXPORTS TO THE EXTENT NECESSARY TO CREATE SALES.

ALTHOUGH A NET IMPORTER OF SUGAR THROUGH THE EARLY 1970'S, THE COMMUNITY HAS SO

SUCCESSFULLY STIMULATED SUGAR PRODUCTION THROUGH MASSIVE SUBSIDIES, THAT THEY ARE NOW A MAJOR EXPORTER. LAST YEAR, THEY ACCOUNTED FOR ALMOST 20 PERCENT OF ALL SUGAR MOVING IN WORLD TRADE. IN 1982, WITH WORLD SUGAR PRICES AT LESS THAN 6 CENTS A POUND, EUROPEAN FARMERS WERE, ACCORDING TO A RECENT ECONOMIC PERSPECTIVES STUDY, GETTING 26.7 CENTS A POUND.

SUGAR IS BUT ONLY ONE OF THE COMMODITIES WHICH THE COMMUNITY HAS MOVED INTO THE WORLD MARKET AT HEAVILY SUBSIDIZED PRICES.

THROUGH THE USE OF SUCH SUBSIDIES, THE COMMUNITY HAS SUCCEEDED IN TAKING MARKETS TO WHICH OUR FARMERS ONCE PROVIDED SUCH PRODUCTS AS WHEAT, FLOUR, EGGS, AND RAISINS. THE LOSS OF THESE AND OTHER MARKETS HAS HAD A GREAT EFFECT ON AMERICA'S FARM ECONOMY AND BALANCE OF PAYMENTS.

IF THE UNITED STATES WERE TO LOWER THE LOAN LEVEL FOR SUGAR AT THIS TIME, IT WOULD SEND A CONTRADICTIONARY SIGNAL TO THE EUROPEANS ABOUT OUR WILLINGNESS TO PROVIDE OUR FARMERS WITH FAIR TRADE. IN ADDITION, IT IS JUST NOT FAIR TO LEAVE OUR U.S. SUGAR PRODUCERS TO COMPETE ON A WORLD MARKET WITH SUCH HEAVILY SUBSIDIZED SUGAR.

IN LIGHT OF THESE FACTORS, I FEEL I MUST OPPOSE THIS AMENDMENT, AND SUPPORT THE COMMITTEE PROPOSAL TO CONTINUE THE SUGAR LOAN PROGRAM WITH THE LOAN LEVEL SET FOR THE LIFE OF THE BILL AT THE 1985 LEVEL OF 18 CENTS PER POUND FOR RAW CANE SUGAR.

MR. MCCLURE. MR. PRESIDENT, I RISE IN SUPPORT OF THE SUGAR ACT.

THE SUGAR ACT, AS WRITTEN IN 1981, IS A VERY IMPORTANT PIECE OF LEGISLATION THAT HAS STABILIZED U.S. SUGAR PRICES IN SPITE OF A WORLD SUGAR MARKET WHICH WAS IN DISARRAY. WE ONCE AGAIN ARE GIVEN THE OPPORTUNITY, THE RESPONSIBILITY, TO PROVIDE FOR THE FUTURE OF THE SUGAR INDUSTRY TO ALLOW IT TO CONTINUE TO BE AN AGGRESSIVE AND INTEGRAL PART OF THE AMERICAN AGRICULTURE INDUSTRY.

HISTORY

FOR THE BENEFIT OF MY COLLEAGUES, ALLOW ME TO BRIEFLY REVIEW THE HISTORY OF GOVERNMENT COOPERATION IN THE SUGAR INDUSTRY. BEGINNING IN 1890 UNTIL 1934, THE UNITED STATES USED TARIFF BARRIERS TO PROTECT ITS DOMESTIC SUGAR INDUSTRY. MODERN SUPPORT OF THE INDUSTRY BEGAN IN 1934 WITH THE JONES-COSTIGAN ACT, WHICH BECAME KNOWN AS THE SUGAR ACT. THE U.S. POLICY FOR THIS ACT WAS TO PRESERVE WITHIN THE UNITED STATES THE ABILITY TO PRODUCE A SUBSTANTIAL PORTION OF ITS SUGAR REQUIREMENTS. THE ACT DESIGNED A NEW POLICY THAT ALLOCATED THE DOMESTIC SUGAR MARKET BETWEEN FOREIGN SUPPLIERS AND DOMESTIC PRODUCERS BASED UPON QUOTAS. FOREIGN SUPPLIERS AND DOMESTIC PRODUCERS HAVE AN APPROXIMATE 45/55 PERCENT SPLIT.

IN 1948, THE SUGAR ACT WAS REAUTHORIZED UNTIL 1974. DURING THIS TIME THE ACT SPECIFIED MANDATORY CHANGES IN QUOTAS IN AN EFFORT TO ATTAIN THE PRICE OBJECTIVE IF RAW SUGAR PRICES VARIED FROM THE PRICE OBJECTIVE BY MORE THAN A FEW PERCENTAGE POINTS.

IN 1974, WHEN SUGAR PRICES WERE APPROACHING RECORD HIGH LEVELS, THE HOUSE OF REPRESENTATIVES REJECTED AMENDMENTS TO EXTEND THE SUGAR ACT AS PROPOSED BY THE HOUSE AGRICULTURAL COMMITTEE. GROWERS ANTICIPATED CONTINUING STRONG DEMAND AND HIGH PRICES AND DID NOT PRESS FOR RENEWAL OF THE PROGRAM. MOST OF THE PROVISIONS OF

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THE 1948 ACT EXPIRED ENDING 40 YEARS OF U.S. SUGAR POLICY BASED ON THE SUGAR ACT AND ITS PREDECESSORS. THESE HIGH PRICES STIMULATED THE DEVELOPMENT AND GROWTH OF A NEW, LOWER COST PRODUCT FROM THE CORN WET MILLING INDUSTRY, HIGH FRUCTOSE CORN SYRUP [HFCS]. HFCS HAS TAKEN 30 PERCENT OF THE SWEETENER MARKET, DISPLACING PRIMARILY IMPORTED SUGAR.

ALONG WITH THE DEMISE OF THE SUGAR ACT IN 1974, THE RECORD HIGH PRICES IN 1974 AND 1975 BEGAN TO DROP DRAMATICALLY. IN NOVEMBER 1974 THE PRICE WAS AT A HIGH OF 60 CENTS PER POUND RAW VALUE, NEW YORK SPOT PRICE. BY THE END OF 1977 THE PRICE HAD FALLEN TO 7 CENTS PER POUND. THESE LOW PRICES, IN THE FACE OF HIGH PRODUCTION COSTS AND DECLINING SALES, PRODUCED SEVERE ECONOMIC HARDSHIP FOR MANY DOMESTIC SUGAR PRODUCERS.

DURING THE SUMMER OF 1977, CONGRESS INCLUDED AN AID TO THE SUGAR INDUSTRY IN THE DEVELOPMENT OF THE FOOD AND AGRICULTURE ACT. THE ACT, WHICH PASSED ON SEPTEMBER 29, 1977, PROVIDED THAT THE PRICE OF THE 1977 AND 1978 CROPS OF SUGAR BEETS AND SUGARCANE WOULD BE SUPPORTED THROUGH LOANS OR PURCHASES WITH RESPECT TO THE PROCESSED PRODUCTS. THE ACT PROVIDED THAT IN CARRYING OUT THE PRICE-SUPPORT PROGRAM THE SECRETARY OF AGRICULTURE WOULD ESTABLISH MINIMUM WAGE RATES FOR AGRICULTURAL EMPLOYEES ENGAGED IN THE PRODUCTION OF SUGAR.

A NEW PROGRAM AUTHORIZING COMMODITY LOANS FOR DOMESTICALLY PRODUCED SUGAR WAS INCLUDED IN THE AGRICULTURE AND FOOD ACT OF 1981 WHICH WENT INTO EFFECT ON OCTOBER 1, 1982. USDA WAS DIRECTED TO OPERATE A PROGRAM WHICH PROVIDED THE SUGAR PRODUCERS THE ALTERNATIVE OF SELLING SUGAR TO THE GOVERNMENT FOR 16.75 CENTS PER POUND IF THEY COULD NOT GET MORE IN THE MARKETPLACE.

BY MID-1981, WORLD SUGAR PRICES BEGAN A PRECIPITOUS DECLINE. THE GOVERNMENT RESTRICTED SUGAR IMPORTS THROUGH A COMBINATION OF DUTIES, FEES, AND QUOTAS. QUOTAS ARE ALLOCATED AMONG FOREIGN NATIONS ON THE BASIS OF TRADITIONAL MARKET SHARES AND ARE NOW THE SOLE MEANS OF IMPORT RESTRAINT. THE GOVERNMENT CAN AVOID ANY DEFAULT ON NONRECOURSE PRICE SUPPORT LOANS AND THE CONSEQUENT ACQUISITION OF SUGAR STOCKS WHEN THE PRICE IS AT THE MARKET STABILIZATION PRICE.

THE PEAK LEVEL OF SUGAR IMPORTS WAS 5.6 MILLION METRIC TONS IN 1973-74. THE NEW 10-MONTH SUGAR QUOTA HAS BEEN ANNOUNCED AT 1.67 MILLION METRIC TONS AND THAT SHOULD RESULT IN AN ANNUAL IMPORT LEVEL OF ABOUT 2.1 MILLION METRIC TONS IN 1985-86. IN CONTRAST, DOMESTIC PRODUCTION PEAKED AT 6.3 MILLION METRIC TONS IN 1975-76 AND IS PROJECTED TO BE 5.4 MILLION METRIC TONS IN 1985-86. THE SHIFT TO CORN SWEETENERS AND AWAY FROM SUGAR HAS MEANT A 14-PERCENT DROP IN DOMESTIC SUGAR PRODUCTION FROM THE PEAK YEAR. MOST OF THE ADJUSTMENT HAS BEEN ON THE IMPORT SIDE WITH QUOTAS FORCING A CUT OF NEARLY 63 PERCENT.

THE PROPOSED FARM BILL WILL EXTEND THE CURRENT PROGRAM ANOTHER 4 YEARS BUT WITH THE MINIMUM LOAN RATE TO BE NO LOWER THAN 18 CENTS FOR THE DURATION OF THE PROGRAM. UNLIKE THE PAST 4 YEARS, THERE WOULD BE NO MANDATORY GRADUAL INCREASE IN THE MINIMUM LOAN RATE.

WORLD SITUATION

MOST NATIONS HAVE INTERVENED IN THEIR SUGAR MARKETS. ALL MAJOR EXPORTERS GUARANTEE PRODUCER PRICE MINIMUMS AND MOST CONTROL EXPORTS AND AMOUNTS

AVAILABLE FOR DOMESTIC CONSUMPTION. SOME EXPORTERS PROHIBIT IMPORTS AND BOTH IMPORTERS AND EXPORTERS TEND TO RESTRICT IMPORTS BY TAXING THEM.

THE EUROPEAN COMMUNITY GUARANTEES PRODUCER PRICES, APPLIES PROHIBITIVE LEVIES TO IMPORTS AND SUBSIDIZES EXPORTS AS NECESSARY TO COMPETE. OF THE WORLD'S MAJOR PRODUCERS, ONLY THE UNITED STATES DID NOT MAINTAIN OR INCREASE THE AREA IN SUGAR PRODUCTION DURING THE 1970'S.

OVER 75 PERCENT OF THE WORLD'S 100 MILLION TONS OF SUGAR PRODUCED ANNUALLY IS CONSUMED IN THE COUNTRY OF ORIGIN, LEAVING 25 PERCENT AVAILABLE FOR TRADE. MORE THAN HALF OF THE BALANCE IS AVAILABLE EACH YEAR FOR INTERNATIONAL TRADE. THE REMAINDER IS COMMONLY CALLED THE "WORLD MARKET SUGAR" AND IS A MARKET OF LAST RESORT FOR MANY SELLERS. ITS' PRICE REMAINS RELATIVELY "THIN" COMPARED TO WORLD SUPPLY AND DEMAND. IT IS SUBJECT PRICE VOLATILITY. CURRENTLY THE WORLD MARKET PRICE IS FLUCTUATING BETWEEN 3 TO 7 CENTS WITH AN AVERAGE PRICE CLOSE TO 4 CENTS. THE U.S. SUGAR INDUSTRY IS NOT COMPETING IN A FREE MARKET THROUGHOUT THE WORLD BUT AGAINST COUNTRIES WHOSE SUGAR INDUSTRIES ARE HEAVILY SUBSIDIZED. ALL EXPORTING NATIONS THAT SOLD SUGAR IN THE WORLD MARKET RECEIVED A PRICE FOR THESE SALES AVERAGING ONE-THIRD LOWER THAN WOULD HAVE BEEN THE CASE WITH THE UNITED STATES PURCHASING A LARGER VOLUME. LAST YEAR, THE EUROPEAN COMMUNITY ACCOUNTED FOR ALMOST 20 PERCENT OF ALL SUGAR MOVING IN THE WORLD TRADE. IN 1982, WITH WORLD SUGAR PRICES AT LESS THAN 6 CENTS A POUND, EUROPEAN FARMERS WERE GETTING 26.7 CENTS A POUND. THROUGH THE USE OF SUCH SUBSIDIES, THE AMERICAN SUGAR INDUSTRY IS LOSING MARKETS. THIS HAS A GREAT EFFECT ON AMERICA'S FARM ECONOMY AND BALANCE OF PAYMENTS.

IT IS ALMOST CERTAIN THAT NOT EVEN THE MOST EFFICIENT SUGAR PRODUCERS IN ANY NATION COULD SURVIVE FOR VERY LONG AT THE CURRENT WORLD PRICE BECAUSE IT BARELY COVERS THEIR VARIABLE PRODUCTION COSTS. BECAUSE OF GOVERNMENT INTERVENTION, FEW PRODUCERS DEPEND SOLELY ON THE VOLATILE AND CURRENTLY ABNORMALLY LOW PRICED OPEN MARKET.

DEVELOPING NATIONS OF THE CARIBBEAN, CENTRAL AMERICA, SOUTH AMERICA AND THE PHILIPPINES ARE ALSO TAKING AN INCREASING SHARE OF THE WORLD'S EXPORTING MARKET. WITHOUT THE SUGAR PROGRAM, IMPORTS FOR 1985 TO THE UNITED STATES WOULD HAVE BEEN AN ESTIMATED 7.2 MILLION METRIC TONS. IMPORTS ARE ESTIMATED AT 2.3 MILLION METRIC TONS.

PRODUCTION IS INTIMATELY TIED TO A HIGHLY CAPITALIZED PROCESSING INDUSTRY THAT WILL NOT BE BUILT AND WILL NOT SURVIVE IN THE FACE OF VOLATILE SHORT-RUN PRICE DECLINES. ONLY WITH THE ASSURANCE OF AN ADEQUATE SUPPLY OF SUGAR CANE OR BEETS WILL INVESTORS BUILD A NEW MILL OR FACTORY. GRAIN CROPS, LIKE WHEAT AND CORN, ARE NOT SO CLOSELY LINKED TO INDUSTRIAL PROCESSING AND CAN BE EASILY STORED FOR RELATIVELY LONG TIME PERIODS; HENCE THEIR PRICE VOLATILITY WILL NOT BE AS GREAT.

AN EXAMINATION OF PRODUCTIONS COSTS IN THE UNITED STATES COMPARED TO OTHER NATIONS MAY BE USEFUL. SUGAR PRODUCTION COSTS IN THE UNITED STATES ARE ABOUT ON PAR, AT 105 PERCENT, WITH THE AVERAGE OF ALL THE WORLD'S SUGAR PRODUCING NATIONS.

THE MAJOR EXPORTERS STAND AS FOLLOWS WITH THE PERCENTAGE OF THE COST OF SUGAR PRODUCTION IN THE UNITED STATES:

	PERCENT
BRAZIL	54

SOUTH AFRICA	54
AUSTRALIA	59
DOMINICAN REPUBLIC	66
CUBA	68
FRANCE	70
PHILIPPINES	71
THAILAND	86

THESE LOWER PRODUCTION COSTS CAN BE LARGELY EXPLAINED BY WAGE DIFFERENCES, CROP YIELD DIFFERENCES, SUGAR FACTORY RECOVER RATE DIFFERENCES, OR A COMBINATION OF THESE FACTORS. MOREOVER, THE VARIABLE PRODUCTION COSTS AMONG THE MOST EFFICIENT PRODUCERS RUN AT ONLY 3 TO 4 CENTS PER POUND. THIS ALLOWS THEM TO CONTINUE TO PRODUCE FOR THE EXPORT MARKET IN THE FACE OF CURRENTLY LOW PRICES. MAJOR SUGAR EXPORTERS HAVE A CLEAR AND SIZABLE ABSOLUTE PRODUCTION COST ADVANTAGE OVER THE UNITED STATES. OPEN ACCESS TO THE U.S. MARKET WOULD LIKELY ENCOURAGE FURTHER EXPANSION OF PRODUCTION IN THE TROPICAL, LESS DEVELOPED COUNTRIES THAT HAVE ADDITIONALLY A COMPARATIVE ECONOMIC ADVANTAGE IN SUGAR PRODUCTION.

THERE EXISTS AROUND THE WORLD A LARGE AMOUNT OF GOVERNMENT INTERVENTION IN SUGAR PRODUCTION AND TRADE. THE ECONOMIC REASON FOR INTERVENTION IS TO PROVIDE THE NECESSARY PRICE STABILITY TO ENSURE THE SURVIVAL OF EFFICIENT PRODUCERS. THE WORLD PRICE IS A DISTORTED REMNANT, NOT REFLECTING SUPPLY AND DEMAND BUT RATHER THE ALMOST UNIVERSAL INTERVENTION OF GOVERNMENTS. A U.S. SUGAR POLICY THAT OPENS THE DOOR TO IMPORTS WILL IMMEDIATELY WORSEN THE BALANCE-OF-TRADE DEFICIT AND AFFECT THE GROWING NUMBERS OF U.S. INDUSTRIES WHICH ARE SUFFERING UNDER CURRENT TRADE LAWS.

THE UNITED STATES HAS ALREADY MADE A SUBSTANTIAL INVESTMENT IN ITS OWN SUGAR INDUSTRY AND THIS INDUSTRY HAS HISTORICALLY PROVIDED SUGAR AT ABOUT THE COST OF OBTAINING IT ELSEWHERE. THERE WOULD BE PAINFUL ADJUSTMENT COST TO AN OPEN MARKET POLICY BECAUSE THE DOMESTIC SUGAR INDUSTRY WOULD ALMOST CERTAINLY UNDERGO A DRASTIC CONTRACTION. IT WOULD ALSO HAVE A NEGATIVE IMPACT ON THE BALANCE OF TRADE.

THE CURRENT U.S. SUGAR POLICY, WHILE EFFECTIVELY STABILIZING DOMESTIC PRICES, DOES NOT RESTRICT DOMESTIC COMPETITION AMONG SWEETENERS. IN RECENT YEARS, THE U.S. SWEETENER INDUSTRY HAS EXPANDED BECAUSE IT DEVELOPED AND MAINTAINED PRODUCTION COST ADVANTAGES. THE MOST EFFICIENT SWEETENER PRODUCERS IN THE UNITED STATES OR ELSEWHERE, HOWEVER, COULD NOT SURVIVE COMPETITION WITH PRODUCERS WHOSE GOVERNMENTS ENABLE THEM TO EXPORT AT PRICES SO LOW THAT ALL OF THE SUGAR TRADED IS SOLD BELOW PRODUCTION COST.

IF THE UNITED STATES WERE TO LOWER THE LOAN LEVEL FOR SUGAR AT THIS TIME, IT WOULD PLACE A HEAVY BURDEN ON OUR SUGAR INDUSTRY. WE SHOULD NOT HAVE TO COMPETE ON A WORLD MARKET WITH HEAVILY SUBSIDIZED SUGAR. THE LOAN LEVEL SHOULD BE SET FOR AT THE 1985 LEVEL OF 18 CENTS PER POUND FOR RAW CANE SUGAR. THE SECRETARY OF AGRICULTURE SHOULD MAKE ANNUAL ADJUSTMENTS IN THE SUPPORT PRICE FOR EACH OF THE CROP YEARS COVERED BY THE BILL BASED ON CHANGES IN FACTORS SUCH AS INFLATION, INCREASED COST OF PRODUCTION AND OTHER CIRCUMSTANCES WHICH MAY ADVERSELY IMPACT DOMESTIC SUGAR PRODUCTION IF HE DEEMS IT NECESSARY.

UNITED STATES INDUSTRY

THE UNITED STATES IMPORTS THE SECOND LARGEST AMOUNT OF SUGAR IN THE WORLD. WE IMPORT ABOUT 12 PERCENT OF THE WORLD'S SHARE OF TRADE. THE U.S.S.R. IMPORTS APPROXIMATELY 19 PERCENT. APPROXIMATELY TWO-THIRDS OF THE SUGAR WHICH WE CONSUME IN THE UNITED STATES IS PRODUCED DOMESTICALLY. SLIGHTLY MORE IS PRODUCED FROM SUGAR BEETS THAN FROM SUGARCANE.

IN 1982, THE FARM VALUE OF THE SUGAR PRODUCED IN THE UNITED STATES AMOUNTED TO \$1.53 BILLION. MORE THAN 100,000 WORKERS ARE DIRECTLY EMPLOYED IN THE SUGAR INDUSTRY IN THE UNITED STATES WITH ANOTHER 250,000 WORKERS INDIRECTLY INVOLVED. THERE ARE 18,000 FARMERS WHO RAISE SUGAR BEETS AND SUGARCANE.

IDAHO RANKS THIRD IN THE NATION IN NET CASH RECEIPTS FOR SUGAR BEETS. THESE RECEIPTS, TO THE GROWER, AMOUNTED TO OVER \$131,000,000 IN 1984. THE AVERAGE YEARLY RECEIPTS SINCE 1979 AMOUNTED TO \$125,000,000. THE NET RECEIPTS TO THE IDAHO GROWER AND PRODUCER AMOUNTED TO OVER \$216,000,000 IN 1984.

IN 1984, THE STATE OF IDAHO HAD 144,000 ACRES IN SUGAR BEET PRODUCTION IN 15 COUNTIES. THESE ACRES PRODUCED 3,312,000 TONS OF BEETS. THE BEETS ARE TAKEN TO ONE OF THE THREE REFINERIES IN IDAHO, LOCATED AT PAUL, TWIN FALLS AND NAMPA. THESE PLANTS EMPLOY OVER 650 PEOPLE YEAR-ROUND AND UP TO 1,600 PEOPLE DURING THE PEAK SEASON, WHICH OCCURS FROM MID-SEPTEMBER TO EARLY FEBRUARY.

IN COMPARISON WITH THE OTHER MAJOR IMPORTERS AND EXPORTERS, U.S. SUGAR POLICY HAS RELATIVELY MODEST OBJECTIVES. UNDER THE 1981 PROGRAM, RAW SUGAR PRICE SUPPORTS WERE BEGUN AT 16.75 CENTS PER POUND, RAW VALUE, AND INCREASED BY A TOTAL OF 1.25 CENTS PER POUND OVER THE NEXT 5 YEARS. COMPARED TO THE AVERAGE COST OF PRODUCING SUGAR IN THE UNITED STATES, THE GOVERNMENT'S MARKET STABILIZATION PRICE WAS 0.8 CENT PER POUND BELOW PRODUCTION COST FOR RAW CANE SUGAR AND 4.79 CENTS BELOW FOR REFINED BEET SUGAR IN 1982. THE UNITED STATES MAINTAINS NO PRICE SUPPORTS, PRODUCTION OR TRADE RESTRICTION ON HFCS IN CONTRAST WITH OTHER MAJOR SWEETENER IMPORTERS.

DURING THE 4-YEAR PERIOD THE PROGRAM HAS BEEN IN PLACE, DOMESTIC SUGAR PRODUCTION HAS DECLINED SLIGHTLY, FROM 5.8 MILLION METRIC TONS, RAW VALUE TO 5.4 MILLION METRIC TONS. RAW SUGAR PRICES HAVE BEEN COMPARATIVELY STABLE, BETWEEN 19.7 CENTS AND 21.5 CENTS PER POUND. THE CURRENT PRICE IS 21.5 CENTS.

SUGARCANE IS GROWN IN FOUR STATES; FLORIDA, HAWAII, LOUISIANA, TEXAS, AND PUERTO RICO. IN 1982, OVER 28 MILLION SHORT TONS OF SUGARCANE WAS PRODUCED. SUGAR BEETS, A COOL-WEATHER PLANT WHICH GROWS MOST SUCCESSFULLY IN THE NORTHERN LATITUDES, REACHES ITS GREATER PRODUCTION LEVELS IN THE STATES OF MINNESOTA, CALIFORNIA, IDAHO, AND NORTH DAKOTA. IN 1982, THE PRODUCTION WAS RECORDED AT 20.9 MILLION SHORT TONS.

I ASK MY COLLEAGUES TO SUPPORT THE SUGAR ACT AS THE COMMITTEE HAS RECOMMENDED. THIS PROGRAM WILL ASSURE ADEQUATE SUPPLIES OF SUGAR AT STABLE PRICES FOR THE AMERICAN CONSUMER. THIS PROGRAM WILL GIVE STABILITY TO SMALLER BUSINESSES WHICH CANNOT SPECULATE ON VOLATILE SUGAR PRICES. LARGER CORPORATIONS CAN PURCHASE HUGE STOCKS OF SUGAR WHEN PRICES ARE LOW AND THEN "WEATHER THE STORM" OF HIGH PRICES BY USING THEIR STOCKPILES SMALL BUSINESS CANNOT. THIS PROGRAM WILL ALLOW THE SUGAR INDUSTRY TO EXIST THROUGHOUT THE UNITED STATES, PROVIDING A VIABLE ECONOMY IN RURAL

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AMERICA. LET US GIVE A VOTE OF CONFIDENCE THROUGH OUR SUPPORT OF THE SUGAR ACT TO AN INDUSTRY WHICH HAS A RICH HERITAGE WITH THIS LEGISLATIVE BODY.

MR. MOYNIHAN. MR. PRESIDENT, I RISE TODAY TO COSPONSOR AN AMENDMENT INTRODUCED BY MY COLLEAGUES, SENATORS BRADLEY AND GORTON, TO REDUCE SUGAR PRICE SUPPORTS. THE AMENDMENT IS SIMPLE AND MODEST: IT FREEZES THE SUGAR SUPPORT PRICE -- WHICH IS A LOAN RATE, ACTUALLY -- FOR THE CURRENT CROP AT 18 CENTS PER POUND AND IT ALLOWS FOR 5 PERCENT ANNUAL REDUCTIONS IN THE SUPPORT PRICE THEREAFTER -- THROUGH THE 1989 CROP.

THREE SEEMINGLY UNRELATED EVENTS HAVE OCCURRED OVER THE PAST FEW MONTHS THAT POINT TO THE URGENT NEED FOR REFORM OF THE SUGAR PRICE SUPPORT PROGRAM: THE COCA-COLA BOTTLING CO., WITH MUCH PUBLICITY, INTRODUCED THE NEW COKE; ONE OF THE LARGEST EMPLOYERS ON THE BROOKLYN WATERFRONT CLOSED ITS DOORS; AND U.S. CUSTOMS OFFICIALS DETAINED A SHIPMENT OF ISRAELI FROZEN PIZZAS.

ON APRIL 23, 1985, THE COCA-COLA BOTTLING CO. ANNOUNCED THE RECONCOCTING OF ITS 99-YEAR-OLD, SECRET FORMULA. COKE HAS A NEW LOOK AND TASTE. WHAT'S NEW ABOUT THE TASTE? WELL, IT'S SWEETER. WHY? BECAUSE COKE NOW CONTAINS MORE FRUCTOSE THAN IT DID BEFORE. HIGH FRUCTOSE CORN SYRUP SWEETENS COKE NOW, NOT SUCROSE -- SUGAR. ACTUALLY, COCA-COLA AND OTHER SODA DRINK MANUFACTURERS QUIETLY BEGAN SUBSTITUTING CORN SYRUP FOR SUGAR EARLY IN 1980.

THE REASON IS SIMPLE: CORN SYRUP IS CONSIDERABLY CHEAPER THAN REAL SUGAR, WHICH IS MADE FROM SUGAR BEETS AND SUGARCANE. NOW, WHY IS THAT? BECAUSE, FOR THE PAST 3 YEARS, THE FEDERAL GOVERNMENT HAS SUPPORTED THE DOMESTIC PRICE OF SUGAR AT SOME THREE TO SIX TIMES THE WORLD MARKET PRICE, CURRENTLY 6 CENTS PER POUND. AND THAT IS WHY A TREMENDOUS MARKET FOR CORN SYRUP AND ARTIFICIAL SWEETENERS HAS DEVELOPED -- ALSO AT HIGHER PRICES.

LET'S BE CLEAR ABOUT JUST HOW THE GOVERNMENT PROPS UP SUGAR PRICES. THE DEPARTMENT OF AGRICULTURE'S COMMODITY CREDIT CORPORATION [CCC] ADMINISTERS A PRICE SUPPORT PROGRAM. AS WITH MOST OTHER, FEDERALLY SUPPORTED COMMODITIES, THE CCC LOANS MONEY FOR PLANTING AND HARVESTING THE CROP. THE RAW SUGAR SERVES AS COLLATERAL. IN THIS INSTANCE, THE CCC EXTENDS NONRECOURSE, LOW-INTEREST LOANS TO SUGAR PROCESSORS -- THOSE WHO PROCESS SUGAR BEETS AND SUGAR CANE INTO RAW SUGAR. LOANS ARE MADE ON THE PREMISE THAT THE SUGAR WILL FETCH A PRICE ABOVE THE LOAN RATE. IF DOMESTIC SUGAR PRICES EXCEED THE LOAN RATE, PROCESSORS SELL THE SUGAR AND REPAY THE LOANS. IF MARKET PRICES FALL BELOW THE LOAN RATE, PROCESSORS DEFAULT ON THE LOANS AND FORFEIT THE SUGAR TO THE CCC.

THE AGRICULTURE AND FOOD ACT OF 1981 -- PUBLIC LAW 97-98 -- SET THE CURRENT LOAN RATE FOR CANE SUGAR AT 18 CENTS PER POUND -- THE LOAN RATE FOR BEET SUGAR IS SET IN RELATION TO RAW CANE LEVELS AND IS SLIGHTLY HIGHER. THE FEDERAL GOVERNMENT HAS A POWERFUL INCENTIVE TO SEE THAT DOMESTIC SUGAR PRICES DO NOT FALL BELOW 18 CENTS PER POUND -- THAT IS, TO PREVENT LOAN DEFAULTS. INDEED, THE CCC HAS BEEN SO ZEALOUS IN ITS EFFORTS TO PREVENT FORFEITURES ON ITS LOANS, THAT IT HAS SET A "MARKET STABILIZATION PRICE" OF 21.50 CENTS PER POUND.

HOW CAN THE GOVERNMENT MAINTAIN DOMESTIC SUGAR PRICES AT SEVERAL TIMES THE WORLD PRICE? THE PRESIDENT HAS TWO TOOLS AT HIS DISPOSAL: TARIFFS AND QUOTAS.

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THE PRESIDENT HAS EXERCISED HIS AUTHORITY TO ASSESS FEES AND DUTIES ON IMPORTED SUGAR, RAW AND REFINED, TO SUPPORT THE DOMESTIC SUGAR PRICES. THE MAXIMUM FEES AND DUTIES ALLOWABLE, HOWEVER, HAVE NOT BEEN SUFFICIENT TO DISCOURAGE FOREIGN PRODUCERS FROM FLOODING THE DOMESTIC MARKET WITH SUGAR, GIVEN THE TREMENDOUS DISPARITY BETWEEN THE WORLD PRICE AND THE DOMESTIC PRICE. SO, FOR THE PAST 4 YEARS, THE PRESIDENT HAS ALSO EXERCISED HIS AUTHORITY TO IMPOSE RESTRICTIVE SUGAR QUOTAS. IN MAY 1982, THE PRESIDENT IMPOSED QUOTAS OF 2.890 MILLION SHORT TONS FOR CROP -- FISCAL -- YEAR 1983, 3.175 MILLION SHORT TONS FOR CROP YEAR 1984, 2.677 MILLION SHORT TONS FOR CROP YEAR 1985, AND 1.850 MILLION SHORT TONS FOR THE CURRENT CROP YEAR. IN 1981, THE LAST FULL YEAR BEFORE QUOTAS WERE IMPOSED, THE U.S. IMPORTED 5 MILLION SHORT TONS OF RAW SUGAR.

THE FEES, DUTIES, AND QUOTAS HAVE SUPPORTED A DOMESTIC PRICE 3 TO 4 CENTS PER POUND OVER THE LOAN RATE, AND MORE THAN THREE TIMES THE CURRENT WORLD MARKET PRICE. OVER THE PAST FEW YEARS, THE PROGRAM WORKED EXACTLY AS INTENDED: DOMESTIC PRICES EXCEEDED THE MARKET STABILIZATION PRICE, AND NO SUGAR LOANS WERE FORFEITED TO THE GOVERNMENT. BUT THIS YEAR, SUGAR PROCESSORS WILL FORFEIT SOME 400,000 TONS OF SUGAR TO THE GOVERNMENT, AT A TAXPAYERS' EXPENSE OF \$200 MILLION. THE DISPARITY BETWEEN WORLD AND DOMESTIC PRICES HAS GROWN TOO GREAT.

AND WHAT DOES CONGRESS PROPOSE TO DO? THE SUGAR PROVISIONS OF THE HOUSE-PASSED FARM BILL, H.R. 2100, FREEZE THE SUGAR LOAN RATE AT 18 CENTS PER POUND THROUGH THE 1989 CROP. THE SO-CALLED PACKAGE AMENDMENT OFFERED BY SENATOR DOLE AND ADOPTED BY THE SENATE 2 DAYS AGO -- NOVEMBER 20 -- FREEZES THE RATE, TOO, AND PROPOSES TO REDUCE QUOTAS. THIS IS NONSENSICAL.

MIGHT WE NOT ASK, MR. PRESIDENT, WHO BENEFITS FROM THIS SUGAR PRICE SUPPORT PROGRAM?

SOME 11,000 SUGAR BEET AND SUGARCANE FARMERS.

WHILE IT MAY BE IMPORTANT TO PRESERVE SOME DOMESTIC CAPACITY TO PRODUCE SUGAR, THE RATE AT WHICH WE SUBSIDIZE OUR PRODUCERS SHOULD BE REASONABLE. SUGAR BEETS ARE SUPPORTED AT NEARLY FOUR TIMES THE LEVEL OF CORN ON A RETURN-PER-ACRE BASIS -- \$403 PER ACRE VERSUS \$113 PER ACRE. SUGARCANE IS SUPPORTED AT THREE TIMES THE LEVEL OF CORN ON A RETURN-PER-ACRE BASIS -- \$353 PER ACRE VERSUS \$113 PER ACRE. I WOULD SUGGEST THAT SUCH RATES ARE UNREASONABLE.

MOREOVER, THERE IS ANOTHER SIDE TO THIS ISSUE, THOSE WHO MUST PAY ARTIFICIALLY HIGH PRICES FOR SUGAR AND SUGAR-CONTAINING PRODUCTS.

FIRST, CONSUMERS. THE ORGANIZATION PUBLIC VOICE FOR FOOD AND HEALTH POLICY ESTIMATES THAT IN 1983, CONSUMERS PAID \$3.6 BILLION IN HIGHER PRODUCT COSTS AS A RESULT OF OUR SUGAR PRICE SUPPORT PROGRAM. PRICE SUPPORTS ADDED 60 CENTS TO THE COST OF A 5-POUND BAG OF REFINED SUGAR. HIGHER SUGAR PRICES ALSO AFFECT SUGAR-CONTAINING PRODUCTS SUCH AS CANDY, JAMS AND JELLIES, AND POWDERED DRINK MIXES, ALL OF WHICH ARE MORE EXPENSIVE AS A RESULT. AND AS THE PRICE OF SUGAR GOES UP, SO TOO DOES THE PRICE OF ALL OTHER SWEETENERS, BOTH NUTRITIVE AND NONNUTRITIVE. ARTIFICIALLY HIGH SUGAR PRICES COST THE AVERAGE FAMILY OF FOUR AN ADDITIONAL \$60 PER YEAR. THIS IS A REGRESSIVE TAX OF SORTS THAT PARTICULARLY HURTS POORER PEOPLE.

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THE REFINING INDUSTRY IS ALSO ADVERSELY AFFECTED BY SUGAR PRICE SUPPORTS. SEVEN CANE SUGAR REFINERIES HAVE CLOSED SINCE 1981; 13 ARE STILL OPERATING, BUT AT REDUCED RATES OF CAPACITY UTILIZATION. THE REFINING INDUSTRY IS CONCENTRATED IN THE OLDER PORT CITIES OF THE EAST AND DEEP SOUTH -- BOSTON, NEW YORK, PHILADELPHIA, AND NEW ORLEANS -- MANY SUFFERING FROM URBAN BLIGHT AND THE FLIGHT OF INDUSTRY. ADDITIONAL PLANT CLOSINGS WILL WREAK HAVOC WITH THE ECONOMIES OF THESE AREAS.

WHICH BRINGS ME TO THE SECOND EVENT I MENTIONED EARLIER. ON MARCH 22, THE REVERE SUGAR CORP. CLOSED ITS RED HOOK SUGAR REFINERY ON THE BROOKLYN WATERFRONT. THE PLANT HAD OPERATED 24 HOURS A DAY, 5 DAYS A WEEK SINCE THE 1930'S, CONVERTING 6,000 TONS OF RAW SUGAR INTO REFINED PRODUCTS -- SUCH AS SYRUP AND SUCROSE -- WEEKLY. REVERE LAID OFF 350 WORKERS, AND IS UNLIKELY TO REOPEN THE REFINERY.

REGIONS THAT WOULD OTHERWISE IMPORT MORE SUGAR ARE ALSO HURT. LET ME CITE ONE EXAMPLE. IN 1983, 891,358 LONG TONS OF SUGAR WERE IMPORTED INTO THE NEW YORK AND NEW JERSEY AREA; 1983 WAS THE FIRST FULL YEAR IN WHICH IMPORTS WERE GOVERNED BY QUOTAS. CONSEQUENTLY, THIS LEVEL OF IMPORTS WAS 26 PERCENT LOWER THAN THE PREVIOUS YEAR'S IMPORTS. YET THE NEW YORK-NEW JERSEY PORT AUTHORITY, IN AN INTERNAL STUDY, ESTIMATED THAT IN A 17-COUNTY REGION, THESE SUGAR IMPORTS CREATED 1,950 JOBS; PROVIDED \$41 MILLION IN PERSONAL INCOME; AND GENERATED \$127 MILLION IN REGIONAL ACTIVITY -- SALES -- \$23 MILLION IN BUSINESS INCOME, \$4 MILLION IN REGIONAL TAX COLLECTIONS, AND \$12 MILLION IN FEDERAL TAX COLLECTIONS. IMAGINE THE IMPACT FULL IMPORTS WOULD HAVE ON THE REGION.

DOMESTIC FOOD MANUFACTURERS PAY MORE FOR SUGAR, WHICH IS AN ESSENTIAL INGREDIENT IN COUNTLESS PROCESSED FOODS. THE MANUFACTURERS MUST CONTEND WITH RAPIDLY INCREASING IMPORTS OF LESS-EXPENSIVE, SUGAR-CONTAINING PRODUCTS SUCH AS CANDY, POWDERED DRINK MIXES, AND JAMS AND JELLIES. WHICH BRINGS ME TO THE LAST EVENT.

YOU SEE, MR. PRESIDENT, NOT ONLY CANDY, JAM, AND JELLO CONTAIN SUGAR. EVEN PIZZA CONTAINS SUGAR. THE CURRENT 15-CENT-PER-POUND DIFFERENCE BETWEEN THE WORLD PRICE OF SUGAR AND THE DOMESTIC PRICE MEANS THAT FOREIGN MANUFACTURERS OF PROCESSED FOODS, WHO CAN PURCHASE SUGAR AT THE WORLD PRICE, ENJOY A TREMENDOUS COST ADVANTAGE FOR AT LEAST THIS ONE INGREDIENT. THIS ADVANTAGE COULD ENABLE THOSE MANUFACTURERS TO UNDERSSELL DOMESTIC PRODUCERS OF THE SAME PRODUCT, INCREASING THEIR SHARE OF OUR MARKET.

DOMESTIC SUGAR PRODUCERS AND PROCESSORS, SEEING DEMAND BY DOMESTIC MANUFACTURERS FOR AMERICAN SUGAR DECLINE, PRESSED FOR MORE PROTECTION. AND SO, IN JANUARY OF THIS YEAR, THE PRESIDENT IMPOSED EMERGENCY QUOTAS ON "EDIBLE PREPARATIONS" THAT CONTAIN SUGAR. BY THE BEGINNING OF MARCH, THESE RESTRICTIVE QUOTAS WERE FILLED -- LEADING TO THE IMPOUNDMENT OF THE ISRAELI FROZEN PIZZA I MENTIONED EARLIER. I MIGHT ALSO NOTE THAT CUSTOMS SIMILARLY IMPOUNDED KOREAN NOODLES AND JAPANESE SURIMI -- ARTIFICIAL CRAB LEGS. THESE INCIDENTS WERE REPORTED IN THE WALL STREET JOURNAL ON APRIL 29, 1985, AND THE SUBJECT OF A NEW YORK TIMES EDITORIAL PUBLISHED ON APRIL 23, 1985. THE PRESIDENT LIFTED SOME OF THE QUOTAS IN MAY, BUT OTHERS REMAIN IN FORCE.

THESE ARE SERIOUS MATTERS, AND ARE SEEN AS SUCH BY OUR TRADING PARTNERS. THEY ARE VIEWED -- CORRECTLY -- AS JUST THE KIND OF MARKET ACCESS BARRIERS THAT WE IN THE CONGRESS SPEND SO MUCH TIME ACCUSING OUR TRADING PARTNERS OF ERECTING. MOST

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RECENTLY, ON MARCH 28, 1985, THE SENATE UNANIMOUSLY PASSED A RESOLUTION CALLING ON THE PRESIDENT TO NEGOTIATE ELIMINATION OF JAPANESE TRADE BARRIERS. DO NOT OUR OWN SUGAR PRODUCT QUOTAS, WHICH ARE NOT NECESSARY TO PROTECT THE SUGAR PRICE SUPPORT PROGRAM -- LET ALONE SUGAR PRODUCERS -- LEGITIMIZE OTHER COUNTRIES' ATTEMPTS TO RESTRICT ACCESS TO OUR EXPORTS?

THIS IS YET ANOTHER INSTANCE OF THIS ADMINISTRATION'S FAILURE TO CONSIDER THE BROAD TRADE IMPLICATIONS OF ITS DECISIONS. IT DID NOT DO SO IN 1981, WHEN IT CREATED HUGE BUDGET DEFICITS, SENDING INTEREST RATES SOARING AND PRECIPITATING THE UNPARALLELED RISE IN THE U.S. DOLLAR -- MAKING FOREIGN IMPORTS CHEAPER AND OUR EXPORTS LESS COMPETITIVE. IT DID NOT DO SO IN 1983, WHEN IT GAVE FOREIGN MANUFACTURERS OF TELECOMMUNICATIONS EQUIPMENT UNRESTRICTED ACCESS TO OUR MARKET FOLLOWING THE BREAKUP OF ATT, WITHOUT INSISTING THAT OUR OWN PRODUCTS BE ALLOWED FREE ENTRY INTO THEIR MARKETS. AND IT HAS NOT DONE SO WITH RESPECT TO THE CONSEQUENCES OF THE SUGAR PRICE SUPPORT PROGRAM, EITHER.

MR. PRESIDENT, THE TIME HAS COME FOR ACTION TO REFORM THAT SUGAR PRICE SUPPORT PROGRAM, TO REDUCE THE UNFAIR BURDEN IT PLACES ON OUR NATION'S CONSUMERS, REFINERS, AND FOOD MANUFACTURERS AND EXPORTERS. THE AMENDMENT BEFORE US PROVIDES FOR MODEST BUT NECESSARY CHANGE. I URGE MY COLLEAGUES TO ADOPT IT.

MR. SIMPSON. MR. PRESIDENT, 13,000 FARM FAMILIES IN 15 STATES AND 100,000 WORKERS HAVE BECOME DEPENDENT ON THE DOMESTIC SUGAR INDUSTRY FOR THEIR LIVELIHOOD. IN MY HOME STATE OF WYOMING WE HAVE THREE COMMUNITIES WHICH ARE SUGAR-PRODUCING AREAS. IN FACT, FOR THOSE EMPLOYEES OF THE BEET PROCESSING PLANTS, ALTERNATIVE JOB OPPORTUNITIES ARE JUST NOT AVAILABLE IN THOSE COMMUNITIES. ADDITIONALLY, THE 430 FAMILIES IN MY STATE NOW PRODUCING SUGAR BEETS WOULD BE FORCED TO TURN TO ALTERNATE CROPS SHOULD THE PRICE SUPPORTS BE REDUCED AS IS PROPOSED BY THIS AMENDMENT -- SINCE WE HAVE BEEN TOLD THAT IT WOULD NO LONGER BE ECONOMICALLY FEASIBLE TO KEEP THE PROCESSING PLANTS OPEN. AND THE ONLY CROPS THEY COULD PRODUCE ON THAT SAME GROUND ARE THOSE VERY GRAINS THAT ARE ALREADY IN SUCH HUGE SURPLUS IN THIS COUNTRY.

I AM, HOWEVER, IN FULL SYMPATHY WITH MANY OF THE REMARKS OF MY FINE COLLEAGUE FROM NEW JERSEY. IT WOULD INDEED APPEAR THAT CONSUMERS ARE BEING OVERCHARGED BECAUSE OF OUR CURRENT SUGAR PRICE SUPPORT OPERATIONS BY USDA. HOWEVER, A STUDY BY THE CONGRESSIONAL RESEARCH SERVICE OF THE LIBRARY OF CONGRESS CONCLUDES "LOWER SUPPORT PRICES WOULD HASTEN THE CONTRACTION IN THE U.S. DOMESTIC SUGAR INDUSTRY AND THEREBY INCREASE THE MARKET FOR OVERSEAS SUGAR, LIFTING THE PRICE SOMEWHAT." SO WHILE THIS AMENDMENT MIGHT VERY WELL REMOVE SUGAR BEETS AS AN AGRICULTURAL PRODUCT OF WYOMING, SUCH A PROPOSAL MAY NOT BE OF MUCH BENEFIT TO THIS NATION'S CONSUMERS. IN FACT, THOSE YEARS IN WHICH WE HAVE SEEN HUGE INCREASES IN THE RETAIL PRICE OF SUGAR ARE THE VERY SAME YEARS IN WHICH THIS COUNTRY DID NOT HAVE A SUGAR PRICE SUPPORT PROGRAM.

AND WHAT ABOUT COSTS? THIS YEAR \$55 MILLION IN SUGAR WAS FORFEITED AS A RESULT OF THE BANKRUPTCY OF GREAT WESTERN SUGAR. MORE THAN ONE THIRD OF THAT AMOUNT HAS ALREADY BEEN RESOLD BY USDA AT 2 CENTS PER POUND MORE THAN THE FORFEITED PRICE. THAT CREATED A TIDY \$21 MILLION PROFIT FOR THE CCC. GAD, -- IF ONLY WE COULD GET SOME OF THOSE DEALS ON THE OTHER COMMODITIES IN GOVERNMENT STORAGE. IN ADDITION, THIS GOVERNMENT HAS COLLECTED AS ESTIMATED \$355 MILLION IN IMPORT DUTIES AND FEES USED IN

ADMINISTERING THIS PROGRAM.

IT IS TRUE THAT THE CURRENT WORLD PRICE OF SUGAR IS FAR BELOW U.S. SUPPORT LEVELS. IN FACT, THE WORLD PRICE OF SUGAR TODAY IS APPROXIMATELY ONE-THIRD OF THE COST OF PRODUCTION FOR THE WORLD'S MOST EFFICIENT PRODUCERS. THE EUROPEAN ECONOMIC COMMUNITY SUPPORTS SUGAR-BEET PRODUCTION -- AT A PRICE OF APPROXIMATELY 31 CENTS PER POUND -- AS OPPOSED TO THE U.S. RATE OF 18 CENTS PER POUND. THE EC HAS NO CHOICE BUT TO DUMP ITS EXCESS SUGAR PRODUCTION ON THE WORLD MARKET -- AND WITH A SUPPORT PRICE OF 31 CENTS YOU CAN BET A BUCK THEY HAVE PLENTY OF EXCESS. IT HAS BEEN ESTIMATED THAT WITHOUT THE EC'S DUMPING OF SURPLUS SUGAR, THE CURRENT WORLD MARKET PRICE WOULD BE 24 CENTS HIGHER -- CONSIDERABLY ABOVE THE U.S. SUPPORT RATE AND, I MIGHT ADD, NO BOON TO CONSUMERS EITHER.

HAVING SAID ALL THAT, MR. PRESIDENT, I WISH TO REFLECT A MOMENT ON EXACTLY WHAT WE ARE DOING HERE ON THIS FARM BILL. WE CAN ARGUE LONG INTO THE NIGHT ABOUT FARM PROGRAMS, THEIR COSTS AND THEIR BENEFITS. BUT WHAT IT COMES RIGHT DOWN TO IS, "WHAT WILL BE OF MOST BENEFIT TO MY CONSTITUENTS?" OUR HANDS SEEM TIED SO OFTEN BY THIS QUESTION IN THIS MARVELOUS ARENA. I TRAVELED OVER WYOMING DURING THE RECENT AUGUST RECESS TO VISIT WITH THOSE FINE FARMERS AND RANCHERS OUT THERE. THEY ARE A HIGHLY THOUGHTFUL, INTELLIGENT -- AND HIGHLY OPINIONATED -- LOT. IN THE COURSE OF MY TRAVELS I TOLD ALL OF THOSE FINE CONSTITUENTS OF MINE EXACTLY THE SAME THING:

WE'RE ALL IN THIS TOGETHER. AS WE GRAPPLE WITH REDUCING GOVERNMENT EXPENDITURES, WE INVARIABLY SAY, "BUT NOT MY PROGRAM". IF WE CONTINUE ON THAT PATH, THERE WILL NEVER BE ANY MEANINGFUL OR RESPONSIBLE REDUCTIONS IN FEDERAL SPENDING.

SO I MADE AN OFFER TO THOSE FINE PEOPLE -- I SAID:

LOOK, I'LL SUPPORT YOUR PROGRAMS JUST THIS ONE MORE TIME IF YOU WILL PROMISE TO ASSIST ME IN EXPLORING WAYS IN WHICH WE CAN DEVELOP SOME REALLY RESPONSIBLE PROGRAMS FOR THIS COUNTRY'S AGRICULTURAL PRODUCERS WITHOUT THESE CONSTANTLY BLOATED AND GROWING FEDERAL EXPENDITURES.

THEY AGREED AND SO HERE I STAND ON THE FLOOR OF THE U.S. SENATE PROTECTING THE INTERESTS OF SUGAR PRODUCERS, PROTECTING THE INTERESTS OF WOOL GROWERS, LOOKING OUT FOR MY STATE'S AGRICULTURAL INTERESTS AND ON IT GOES. BUT AT SOME POINT IT MUST STOP. WE CANNOT GO ON WITH THE SPENDING AND SPENDING -- THE PLACING OF SUCH AN ENORMOUS DEBT ON OUR GRANDCHILDREN THAT THEY MAY NEVER BE ABLE TO RECOVER. WE HAD BEST BE ABOUT OUR BUSINESS. AS FOR ME, I'LL TAKE ONE MORE WHIRL AROUND THE FLOOR, BUT NEXT FARM BILL I'LL SIT THIS ONE OUT -- UNLESS SERIOUS CHANGES ARE MADE.

MR. LAUTENBERG. MR. PRESIDENT, I RISE IN STRONG SUPPORT OF THIS AMENDMENT TO REFORM THE GOVERNMENT'S CURRENT PRICE SUPPORT PROGRAM FOR SUGAR. THIS AMENDMENT WOULD FREEZE THE PRICE SUPPORT LEVEL FOR SUGAR IN 1986, AND THEN REDUCE IT BY 1 CENT IN 1987, 1988, AND 1989. IT WOULD REQUIRE THAT FARMERS WHO DEFAULT ON THEIR LOANS PAY THE COST OF TRANSPORTING THE SUGAR TO POINTS DESIGNATED BY THE USDA, BRINGING THE TREATMENT OF SUGAR IN LINE WITH THAT OF OTHER COMMODITIES.

THE SUGAR PROGRAM KEEPS SUGAR PRICES HIGH THROUGH A COMBINATION OF NONRECOURSE LOANS AND IMPORT QUOTAS. UNDER THE SUGAR PROGRAM, THE GOVERNMENT LOANS SUGAR GROWERS A CERTAIN AMOUNT OF MONEY, USING THEIR SUGAR CROP AS

COLLATERAL FOR THE LOAN. IF THE MARKET PRICE OF SUGAR FALLS BELOW THE CONGRESSIONALLY SET LOAN RATE, PLUS THE COST OF SHIPPING, HANDLING, AND STORAGE, THE SUGAR FARMER CAN SELL HIS CROP TO THE GOVERNMENT BY SIMPLY KEEPING THE LOAN MONEY AND LETTING THE GOVERNMENT KEEP HIS SUGAR. BY ASSURING THAT A FARMER CAN ALWAYS SELL HIS OR HER CROP TO THE GOVERNMENT IF THE MARKET PRICE FALLS BELOW THE LOAN RATE, THE GOVERNMENT IN EFFECT GUARANTEES THE SUGAR FARMER A MINIMUM PRICE FOR HIS OR HER CROP.

BECAUSE IT COSTS THE GOVERNMENT LESS FOR SUGAR FARMERS TO SELL IN THE OPEN MARKET RATHER THAN TO THE GOVERNMENT, THE GOVERNMENT ALSO IMPOSES IMPORT QUOTAS ON SUGAR TO KEEP THE DOMESTIC PRICE OF SUGAR ABOVE THE LOAN RATE.

THE COMBINATION OF THESE NONRECOURSE LOANS AND IMPORT QUOTAS, KNOWN AS THE SUGAR PROGRAM, HARMS THE AMERICAN CONSUMER, BUSINESSES INVOLVED IN FOOD PROCESSING, AND EXPORTERS BY CREATING ARTIFICIALLY HIGH SUGAR PRICES. THE NUMBERS TELL THE STORY. RAW SUGAR CURRENTLY SELLS FOR ABOUT 21 CENTS PER POUND IN THE UNITED STATES. BUT IT COSTS ONLY 4 TO 5 CENTS PER POUND ON THE WORLD MARKET. THIS PRICE DIFFERENCE IS ESTIMATED TO ADD ABOUT \$3 BILLION A YEAR TO THE BILL AMERICANS PAY FOR SWEETENERS. SINCE LOWER INCOME CONSUMERS PAY A HIGHER PORTION OF THEIR TOTAL INCOME FOR FOOD, THIS PROGRAM REPRESENTS A HIDDEN TAX ON FOOD ITEMS FOR THOSE WHO CAN LEAST AFFORD IT.

THE SUGAR PROGRAM ALSO HURTS THOSE INVOLVED IN THE PROCESSING OF PRODUCTS CONTAINING SUGAR BY IMPAIRING THEIR ABILITY TO COMPETE WITH FOREIGN BUSINESSES WHO CAN BUY CHEAPER FOREIGN SUGAR. CHOCOLATE MANUFACTURERS, CANDY AND COOKIE MANUFACTURERS, AND MAKERS OF JELLIES AND JAMS ALL SUFFER A COMPETITIVE DISADVANTAGE FROM THE SUGAR PROGRAM. CANDY MAKERS, FOR WHOM SUGAR CONSTITUTES BETWEEN 50 AND 85 PERCENT OF MOST SWEETS, ARE HIT ESPECIALLY HARD. SOME OF THEM MAY BE FORCED TO RELOCATE ABROAD IN ORDER TO COMPETE, CAUSING A LOSS OF AMERICAN JOBS.

SUGARCANE REFINERS HAVE BEEN HARD HIT BY THE SUGAR PROGRAM AS WELL. THEY ARE GOING OUT OF BUSINESS BECAUSE THEY CANNOT GET ADEQUATE RAW SUGAR SUPPLIES TO KEEP THEIR REFINERIES IN OPERATION. MANY JOBS IN THE SUGAR REFINING INDUSTRY, AS WELL AS JOBS OF THE STEVEDORES AND TRUCK DRIVERS WHO UNLOAD RAW SUGAR AND DELIVER IT THROUGHOUT THE COUNTRY, DEPEND ON SUGAR IMPORTS. WE OFTEN HEAR THE ARGUMENT THAT THE JOBS OF OUR SUGAR FARMERS DEPEND ON THE SUGAR PROGRAM. BUT ARE THE JOBS OF THE SUGAR FARMERS IN LOUISIANA OR MINNESOTA REALLY MORE IMPORTANT THAN THE JOBS OF PEOPLE EMPLOYED IN THE SUGAR REFINING OR FOOD PROCESSING INDUSTRY? I THINK NOT. ALL OF THE JOBS AT STAKE SHOULD BE CONSIDERED WHEN WE VOTE ON THE FUTURE OF THE SUGAR PROGRAM.

FINALLY, THE SUGAR PROGRAM HURTS AGRICULTURAL PRODUCERS AND MANUFACTURERS WHO EXPORT TO SUGAR PRODUCING NATIONS. BY RESTRICTING OUR IMPORTS OF SUGAR, WE IMPAIR THE ABILITY AND THE WILLINGNESS OF FOREIGN NATIONS TO BUY OUR OTHER AGRICULTURAL COMMODITIES AND MANUFACTURED PRODUCTS. FOR EXAMPLE, IN 1981, BRAZIL EXPORTED TO THE UNITED STATES 1.08 MILLION SHORT TONS OF SUGAR WORTH \$388 MILLION. THAT SAME YEAR THEY IMPORTED 3.9 MILLION SHORT TONS OF AMERICAN WHEAT AND CORN WORTH \$639 MILLION. BUT THIS YEAR, BRAZIL WILL BE PERMITTED TO SHIP ONLY 368,000 TONS OF SUGAR TO THE UNITED STATES VALUED AT \$145 MILLION. IT IS LIKELY THAT AMERICAN GRAIN FARMERS WILL FIND THEMSELVES PAYING THE PRICE FOR BRAZIL'S DECREASED ABILITY TO EXPORT SUGAR TO THE UNITED STATES.

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THE SUGAR PROGRAM GIVES A SMALL GROUP OF SUGAR GROWERS A VERY SWEET DEAL AT THE EXPENSE OF CONSUMERS, FOOD PROCESSORS AND THEIR EMPLOYEES, EXPORTERS, AND OTHERS DEPENDENT ON SUGAR IMPORTS. ONLY 12,000 SUGAR PRODUCERS RECEIVE ABOUT \$250,000 IN BENEFITS EACH. DURING 1982 IN MINNESOTA AND NORTH DAKOTA, THE RETURN OVER VARIABLE COST FROM SUGAR BEETS WAS \$411 PER ACRE, WHILE THE CORN RETURN WAS ONLY \$121 PER ACRE. CLEARLY, NO OTHER FARM PROGRAM COMES CLOSE TO BEING AS GENEROUS AS THE SUGAR PROGRAM.

THIS AMENDMENT REPRESENTS A MODERATE APPROACH TO REFORM OF THE SUGAR PROGRAM. IT WOULD ALLOW THE PRICE OF SUGAR TO DECLINE IN A GRADUAL, CONTROLLED MANNER BY DECREASING SUGAR SUBSIDIES OVER TIME. IT WOULD NOT TAKE SUBSIDIES AWAY ENTIRELY. IT'S HIGH TIME THAT THE SUGAR PROGRAM IS REFORMED, AND I URGE MY COLLEAGUES TO SUPPORT THIS AMENDMENT.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. BRADLEY. MR. PRESIDENT, I YIELD MYSELF 4 MINUTES.

THE PRESIDING OFFICER. THE SENATOR FROM NEW JERSEY IS RECOGNIZED FOR 4 MINUTES.

MR. BRADLEY. MR. PRESIDENT, I SEND A MODIFICATION TO THE AMENDMENT TO THE DESK AND ASK UNANIMOUS CONSENT THAT IT BE SO MODIFIED.

THE PRESIDING OFFICER. IS THERE OBJECTION TO THE SENATOR'S REQUEST?

MR. BRADLEY. THE MODIFICATION HAS BEEN APPROVED BY THE SENATOR FROM HAWAII. IT IS SIMPLY A DATE CHANGE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO MODIFIED.

THE MODIFIED AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

SUGAR PRICE SUPPORT

SEC. 1001. SECTION 201 OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1446) IS AMENDED --

(1) BY STRIKING OUT "HONEY, AND MILK" IN THE FIRST SENTENCE AND INSERTING IN LIEU THEREOF "HONEY, MILK, SUGAR BEETS, AND SUGARCANE"; AND

(2) BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTION:

"(1)(1) THE PRICE OF EACH OF THE ANNUAL CROPS OF SUGAR BEETS AND SUGARCANE SHALL BE SUPPORTED IN ACCORDANCE WITH THIS SUBSECTION.

"(2) THE SECRETARY SHALL SUPPORT THE PRICE OF DOMESTICALLY GROWN SUGARCANE THROUGH NONRECOURSE LOANS AT SUCH LEVEL AS THE SECRETARY DETERMINES APPROPRIATE BUT NOT LESS THAN 18 CENTS PER POUND FOR RAW CANE SUGAR FOR THE 1986 CROP. IN THE CASE OF EACH OF THE 1987 THROUGH 1989 CROPS, SUCH LEVEL AS THE SECRETARY DETERMINES TO BE APPROPRIATE TAKING INTO CONSIDERATION THE TOTAL PROGRAM COSTS, AND SUCH OTHER FACTORS AS THE SECRETARY DETERMINES TO BE APPROPRIATE EXCEPT THAT THE ESTABLISHED PRICE FOR A CROP DETERMINED UNDER THIS CLAUSE MAY NOT BE REDUCED BY MORE THAN 5

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PERCENT FROM THE LEVEL DETERMINED FOR THE PRECEDING CROP.

"(3) THE SECRETARY SHALL SUPPORT THE PRICE OF DOMESTICALLY GROWN SUGAR BEETS THROUGH NONRECOURSE LOANS AT SUCH LEVEL AS THE SECRETARY DETERMINES NECESSARY TO REFLECT A FAIR AND REASONABLE RELATIONSHIP BETWEEN THE LEVEL OF PRICE SUPPORT FOR SUGARCANE AND SUGAR BEETS.

"(4) THE SECRETARY SHALL ANNOUNCE THE LOAN RATE TO BE APPLICABLE DURING ANY FISCAL YEAR AS FAR IN ADVANCE OF THE BEGINNING SO SUCH FISCAL YEAR AS IS PRACTICABLE CONSISTENT WITH THE PURPOSES OF THIS SUBSECTION.

"(5) LOANS UNDER THIS SUBSECTION DURING ANY FISCAL YEAR SHALL BE MADE AVAILABLE NOT EARLIER THAN THE BEGINNING OF SUCH FISCAL YEAR AND SHALL MATURE BEFORE THE END OF SUCH FISCAL YEAR."

MR. BRADLEY. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE DISTINGUISHED SENATOR FROM DELAWARE [MR. ROTH] AND THE DISTINGUISHED SENATOR FROM NEW YORK [MR. MOYNIHAN] BE ADDED AS COSPONSORS.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BRADLEY. MR. PRESIDENT, I HAVE LISTENED TO THIS DEBATE AND LISTENED TO PEOPLE SAY THAT THE REAL PROBLEM IS NOT THE COST TO THE CONSUMERS OF THE SUGAR PROGRAM. NEVER MIND THE 124-PERSON NOBEL LAUREATE PANEL OF ECONOMISTS SAID THAT IT COST BETWEEN \$3.5 TO \$4.5 BILLION. NEVER MIND WHAT THE ECONOMISTS SAID. SIMPLY GO INTO THE GROCERY STORE AND SEE SUGAR IN WASHINGTON, DC, AT 85 CENTS A POUND. GO INTO A GROCERY STORE IN OTTAWA, CANADA, OUR NEXT-DOOR NEIGHBOR, AND SEE THE SAME SUGAR AT 42 CENTS A POUND.

MR. BOSCHWITZ. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. BRADLEY. MR. PRESIDENT, I WISH TO FINISH.

SO MUCH FOR THE ARGUMENT THAT CONSUMERS ARE NOT AFFECTED BY THE SUGAR PROGRAM.

MR. PRESIDENT, 40 PERCENT OF THE SUGAR GOES INTO DIRECT CONSUMPTION. IT IS NOT USED IN CANDY OR SODA POP. IT GOES INTO DIRECT CONSUMPTION, SOLD ON THE SHELVES OF THE GROCERY STORES AT 85 CENTS A POUND IN WASHINGTON, DC, INSTEAD OF 42 CENTS A POUND IN OTTAWA, CANADA.

NOW, I HEARD THE DISTINGUISHED SENATOR FROM LOUISIANA MAKE THE ARGUMENT THIS IS REALLY JUST FOR THE BIG CANDY MANUFACTURERS. NEVER MIND THAT 2,000 SUGAR REFINERY WORKERS LOST THEIR JOBS SINCE 1981. NEVER MIND THAT THE CONFECTIONERS ASSOCIATION ESTIMATES 6,000 CONFECTIONER WORKERS WILL LOSE THEIR JOBS. NEVER MIND THAT CANDY IMPORTS HAVE INCREASED 43 PERCENT IN 1983 AND 40 PERCENT MORE IN 1984 FOR AN 80 PERCENT IN CANDY IMPORTS.

NEVER MIND, MR. PRESIDENT, THAT THIS SUBSIDY DOES NOT GO TO 715,000 CORN FARMERS IN THIS COUNTRY OR TO 511,000 SOYBEAN FARMERS IN THIS COUNTRY OR TO 446,000 WHEAT FARMERS IN THIS COUNTRY. BUT THIS SUBSIDY GOES TO 12,000 SUGAR PRODUCERS -- 12,000 SUGAR PRODUCERS, MR. PRESIDENT.

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THE DISTINGUISHED SENATOR FROM LOUISIANA WHO IS NOT HERE PRESENTLY ALSO LENT A NEW DIMENSION TO THE NATIONAL SECURITY PROTECTIONIST ARGUMENT. HE SAID BECAUSE I AM FOR THE STRATEGIC PETROLEUM RESERVE, CERTAINLY I WOULD WANT TO PROTECT SUGAR.

MR. PRESIDENT, I HAVE YET TO BELIEVE THAT SUGAR IS A NATIONAL SECURITY ITEM.

FINALLY, FOREIGN POLICY CONSIDERATIONS -- WHY DO YOU THINK SECRETARY SHULTZ SENT A LETTER UP HERE SUPPORTING OUR AMENDMENT? HE SENT A LETTER UP HERE BECAUSE HE RECOGNIZES THAT IMPORTS FROM LATIN AMERICA HAVE DROPPED FROM \$1.4 BILLION TO \$700 MILLION IN JUST THE LAST SEVERAL YEARS. BRAZIL HAS DROPPED \$250 MILLION. BECAUSE THEY CANNOT EXPORT SUGAR INTO OUR MARKET THEY DO NOT GET THE FOREIGN EXCHANGE TO REPAY OUR BANKING INSTITUTIONS.

THE PRESIDING OFFICER. THE SENATOR'S TIME HAS EXPIRED.

MR. BRADLEY. MR. PRESIDENT, I YIELD MYSELF 2 ADDITIONAL MINUTES.

MR. BOSCHWITZ. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. BRADLEY. HOW MUCH TIME REMAINS?

THE PRESIDING OFFICER. THE SENATOR HAS 3 MINUTES AND 45 SECONDS REMAINING.

MR. BRADLEY. I YIELD MYSELF 1 ADDITIONAL MINUTE.

MR. BOSCHWITZ. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. BRADLEY. I WISH TO FINISH MY STATEMENT.

THE PRESIDING OFFICER. THE SENATOR IS RECOGNIZED FOR AN ADDITIONAL 2 MINUTES.

MR. BRADLEY. WHY DOES HE SEND A LETTER UP? HE SENDS A LETTER UP BECAUSE HE KNOWS THAT THOSE BANKS WILL NOT BE REPAID AND IF THEY ARE NOT REPAID THIS WILL HAVE REPERCUSSIONS THROUGH THE WHOLE FARM CREDIT SYSTEM.

SO, THIS IS A MATTER OF WHETHER WE WANT TO ADDRESS THE PROBLEM NOW OR LATER SEND AID TO LATIN AMERICA AND THE CARIBBEAN BASIN TO MAKE UP FOR THIS, I THINK, WRONG ECONOMIC POLICY.

FINALLY, MR. PRESIDENT, WHY ARE WE GOING TO TREAT SUGAR PRODUCERS DIFFERENT THAN WHEAT, CORN, AND MAIZE, VIRTUALLY ANY OTHER KIND OF COMMODITY IN THIS BILL? WE SHOULD NOT. ALL THIS AMENDMENT DOES IS TREAT SUGAR PRODUCERS THE SAME AS WE HAVE TREATED WHEAT, AS WE HAVE TREATED CORN, AS WE HAVE TREATED SOYBEANS IN THIS BILL, A 5-PERCENT CUT.

MR. GORTON. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. BRADLEY. I AM PLEASSED TO YIELD TO THE DISTINGUISHED SENATOR FROM WASHINGTON.

MR. GORTON. I THANK MY COLLEAGUE FROM NEW JERSEY.

MR. PRESIDENT, THERE IS AT LEAST ONE AREA IN WHICH THE PROPONENTS AND OPPONENTS OF THIS AMENDMENT AGREE AND THAT IS IF THE AMENDMENT IS PASSED, SIX MAJOR SUGAR

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CONGLOMERATES AND SOME SUGAR PRODUCERS WILL RECEIVE LESS MONEY FROM THE AMERICAN CONSUMERS THAN THEY DO AT THE PRESENT TIME.

IT IS, HOWEVER, CURIOUS TO HAVE NOTED THAT EVERY SINGLE OPPONENT OF THE AMENDMENT REPRESENTS A SUGAR-PRODUCING STATE AND THAT AT LEAST HALF OF THEM CLAIM TO BE REPRESENTING THE CONSUMER'S INTEREST; THAT, IN FACT, THIS PROGRAM IS SOMEHOW OR ANOTHER, BY RAISING PRICES, GOOD FOR CONSUMERS. I CAN ONLY POINT OUT TO THOSE OF MY COLLEAGUES WHO ARE NOT IMMEDIATELY INVOLVED WITH THIS DEBATE THAT EVERY CONSUMER ORGANIZATION AND EVERY CONSUMER OF SUGAR AGREES WITH THE AMENDMENT; THAT THE CONSUMER INTEREST IS IN FAVOR OF THIS AMENDMENT AND NOT AGAINST IT. IT IS CLEARLY A RED HERRING TO SAY THAT TO DEFEAT THIS AMENDMENT IS IN THE INTEREST OF CONSUMERS. IT IS CERTAINLY ACCURATE TO SAY THAT IT IS IN THE INTERESTS OF THE CORPORATE PRODUCERS OF THE COMMODITY.

MOREOVER, MOST OF THE ARGUMENTS MADE AGAINST THE AMENDMENT ASSUME THAT THIS AMENDMENT WOULD END THE SUGAR PROGRAM. IT DOES NOT. IT MODESTLY MODIFIES IT. IT CANNOT SERIOUSLY BE STATED THAT THERE WOULD BE MASSIVE LOSSES OF SUGAR PRODUCTION IN THE UNITED STATES. THERE SIMPLY WOULD NOT BE. THERE WOULD BE MUCH, IF NOT MORE, EFFICIENCY, AND WE WOULD HAVE SOMETHING CLOSER TO A FREE MARKET. I THANK MY DISTINGUISHED COSPONSOR.

MR. PRESIDENT, HAVE THE YEAS AND NAYS BEEN ORDERED?

THE PRESIDING OFFICER. THE YEAS AND NAYS HAVE NOT BEEN ORDERED.

MR. GORTON. I ASK FOR THE YEAS AND NAYS ON THE AMENDMENT.

THE PRESIDING OFFICER. IS THERE A SUFFICIENT SECOND? THERE IS A SUFFICIENT SECOND.

THE YEAS AND NAYS WERE ORDERED.

MR. DURENBERGER. MR. PRESIDENT, I RISE IN OPPOSITION TO THE GORTON-BRADLEY AMENDMENT AND URGE THE SENATE TO REJECT THIS SHORT-SIGHTED ATTEMPT TO GUT ONE OF THE MOST COST-EFFECTIVE FARM PROGRAMS THIS COUNTRY HAS EVER HAD. THE SIMPLE FACT REMAINS THAT, UNDER THE CURRENT PROGRAM, THE PRICE OF SUGAR HAS FALLEN, THE NUMBER OF SUGAR GROWERS HAS DECLINED, AND THE NUMBER OF PROCESSING PLANTS HAS FALLEN -- AND IT IS THE CONSUMER WHO HAS BENEFITED.

THE PROPONENTS OF THIS AMENDMENT MAKE THREE CLAIMS TO SUPPORT THE LOWERING OF THE SUGAR LOAN RATE.

FIRST, THEY ARGUE THE PROGRAM BENEFITS LARGE, WEALTHY, CORPORATIONS AND INDIVIDUALS.

SECOND, THEY ARGUE THAT THE PROGRAM INFLATES THE COST OF THE PRICES CONSUMERS PAY FOR SUGAR CONTAINING PRODUCTS.

FINALLY, THEY ARGUE THAT THE DOMESTIC SUPPORT PRICE SHOULD BE BROUGHT DOWN TO THE WORLD MARKET PRICES.

IN RESPONSE TO THEIR CLAIMS, I WOULD LIKE TO MAKE THE FOLLOWING COMMENTS:

FIRST, THIS MEAGER SUPPORT PRICE -- 18 CENTS A POUND -- IS EXTREMELY IMPORTANT TO

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THOUSANDS OF SMALL FAMILY SIZED SUGAR BEET GROWERS IN MINNESOTA'S RED RIVER VALLEY. MINNESOTA IS THIS COUNTRY'S NO. 1 SUGAR BEET STATE, AND IT IS THOSE SMALL GROWERS, NOT SOME BIG CORPORATION, WHO HAVE JOINED TOGETHER TO FORM THE COOPERATIVES WHO PROCESS MINNESOTA'S BEETS.

SECOND, THE CURRENT PROGRAM HAS HELPED STABILIZE PRICES AFTER YEARS OF BOOM/BUST CYCLES IN THE SUGAR MARKET. THE DOMESTIC PRICE OF SUGAR TODAY IS ACTUALLY 6 TO 7 CENTS BELOW THE PRICE OF SUGAR BEFORE THIS PROGRAM WAS PUT IN PLACE.

FINALLY, REDUCING THE LOAN RATE WILL NOT RESULT IN LOWER PRICES FOR CONSUMERS. MORE LIKELY THEN NOT, THIS AMENDMENT WILL ONLY RESULT IN LOWER INPUT, PRICES, AND HIGHER PROFITS FOR THOSE WHO UTILIZE SUGAR IN THEIR PRODUCTS. JUST COMPARE THE DIFFERENCE BETWEEN "TAB" AND "COKE" AND YOU WILL KNOW HOW MUCH THE CONSUMER WILL BENEFIT FROM A LOWER SUGAR LOAN RATE.

MR. PRESIDENT, I HOPE THE SENATE REJECTS THIS AMENDMENT. IT IS AN ILL-CONCEIVED ATTEMPT TO LOWER CONSUMER PRICES BY PUTTING AMERICAN FARMERS OUT OF BUSINESS. MINNESOTA LOST 5,000 FARMERS LAST YEAR. LET'S NOT ADD TO THAT DISTRESSING FIGURE.

MR. CHILES. MR. PRESIDENT, I RISE IN OPPOSITION TO THE AMENDMENT OFFERED BY THE SENATORS FROM NEW JERSEY AND WASHINGTON. WHILE I CAN APPRECIATE THE INTENT OF THEIR AMENDMENT, I MUST POINT OUT THAT ITS EFFECT WOULD BE TO GUT THE SUGAR PROGRAM.

MR. PRESIDENT, SUGAR IS IMPORTANT TO FLORIDA AND A NUMBER OF OTHER STATES. IN MY STATE ALONE, THE INDUSTRY ACCOUNTS FOR OVER \$1 BILLION IN ECONOMIC ACTIVITY AND EMPLOYS 16,500 PEOPLE DIRECTLY AND ANOTHER 26,000 INDIRECTLY. NATIONWIDE, 100,000 PEOPLE ARE DIRECTLY EMPLOYED IN SUGAR PRODUCTION AND ANOTHER 250,000 ARE INDIRECTLY INVOLVED.

ONE OF THE CHARGES LEVELED AGAINST THE CURRENT SUGAR PROGRAM IS THAT IT KEEPS SUGAR PRICES ARTIFICIALLY HIGH. BUT LET'S LOOK AT THIS A COUPLE OF DIFFERENT WAYS.

BETWEEN 1934 AND 1974, WE HAD A SUGAR PROGRAM FOR THE COUNTRY. IT KEPT PRICES STABLE AND SUPPLIES ASSURED. IN FACT, DURING THIS PERIOD, PRICES DID NOT VARY MORE THAN 1 CENT OR 2. BUT IN 1974, THE SUGAR PROGRAM WAS NOT RENEWED AND PRICES BEGAN TO GO UP AND DOWN LIKE A YO-YO. HOW MUCH DID PRICES FLUCTUATE? GLAD YOU ASKED. IN THE PERIOD BETWEEN 1974 AND 1981, WHEN NO SUGAR PROGRAM EXISTED, PRICES REACHED A HIGH OF 65 CENTS PER POUND AND DIPPED AS LOW AS 10 CENTS PER POUND. IN ADDITION, THERE WERE OFTEN SHORTAGES OF SUGAR IN THE SUPERMARKETS. THIS WAS CAUSED BY A GREAT DEAL OF PANIC AND SPECULATIVE BUYING. NO ONE BENEFITED UNDER THIS ARRANGEMENT. NOT THE CONSUMER, NOT THE PRODUCER. SO, IN 1981, CONGRESS REINSTITUTED A SUGAR PROGRAM AND ONCE AGAIN WE ESTABLISHED STABILITY AND SANITY TO PRICES IN THE DOMESTIC SUGAR MARKET. THE CURRENT MARKET STABILIZATION PRICE FOR SUGAR IS ABOUT 21 CENTS PER POUND. THIS IS THE REFERENCE PRICE BELOW WHICH THERE OCCURS THE RISK OF FORFEITURE TO THE COMMODITY CREDIT CORPORATION. SINCE THE SUGAR PROGRAM WAS REINSTITUTED IN 1981, THIS PRICE HAS BEEN RELATIVELY CONSTANT.

LET'S LOOK AT THE PRICE ISSUE IN ANOTHER WAY TOO. THAT IS IN THE CONTEXT OF THE WORLD PRICING SCHEME. WE ALL HEAR ABOUT THE WORLD PRICE OF SUGAR BEING 4 OR 5 CENTS A POUND. THAT IF ONLY THE U.S. SUGAR PROGRAM WERE ELIMINATED, WE WOULD ALL BE ABLE TO RUN DOWN TO THE CORNER STORE AND PICK UP A BAG OF SUGAR FOR NEXT TO NOTHING.

RIGHT? WRONG. LET ME TELL YOU HOW THE REAL WORLD WORKS. THE BASIC FACT IS THAT SUGAR IS A VERY, VERY CONTROLLED COMMODITY. YOU THINK WE HAVE FREE TRADE PROBLEMS IN SOME AREAS, THEN TAKE A LOOK AT SUGAR. THERE IS VIRTUALLY NO FREE TRADE IN SUGAR. IN ALMOST ALL COUNTRIES, SUGAR PRODUCTION, CONSUMPTION AND PRICE ARE HIGHLY REGULATED. IN THE FIRST PLACE, ABOUT 70 PERCENT OF THE SUGAR PRODUCED WORLDWIDE IS CONSUMED IN THE COUNTRY OF ITS ORIGIN. THEN ABOUT HALF OF THE REMAINING 30 PERCENT IS SPOKEN FOR UNDER INTERNATIONAL SPECIAL ARRANGEMENTS. THE REMAINING 15 PERCENT IS THEN SOLD ON THE WORLD MARKET. DID I SAY SOLD? I MEANT DUMPED. DO YOU REALLY BELIEVE THAT ANYONE IN THE WORLD CAN ACTUALLY PRODUCE SUGAR FOR 4 CENTS PER POUND? EVEN WITH THIRD WORLD LABOR RATES? THE ANSWER IS NO. IN THE UNITED STATES WHERE WE HAVE ABOUT THE MOST EFFICIENT SUGAR PRODUCTION IN THE WORLD, WE CANNOT PRODUCE IT FOR LESS THAN ABOUT 18 CENTS PER POUND. WHAT IS HAPPENING, PURE AND SIMPLE, IS THAT SUGAR IS BEING DUMPED ON THE WORLD MARKET. IF WE LET THE AMERICAN SUGAR PRODUCER GO OUT OF BUSINESS, DON'T THINK FOR A MINUTE YOU WOULD CONTINUE TO SEE ANY 4- OR 5-CENT SUGAR ON THE WORLD MARKET.

ONE OTHER THING AND THEN I WILL QUIT. I WANT MY COLLEAGUES TO KNOW THAT FOR THE DURATION OF THE SUGAR PROGRAM, IT HAS OPERATED AT NO COST TO THE TAXPAYER. BUT MANY OF YOU MAY HAVE READ THAT SOME SUGAR WAS RECENTLY FORFEITED TO THE CCC. WAS IT BECAUSE SUGAR PRODUCERS BECAME INEFFICIENT? NO. THE REASON IS THAT OUR OWN GOVERNMENT HAS FAILED TO ADMINISTER THE PROGRAM IN THE PROPER MANNER. A POINT OF FACT IS THAT THE UNITED STATES IS AN IMPORTER OF SUGAR. WE ONLY PRODUCE ABOUT TWO-THIRDS OF THE SUGAR WE NEED. WE HAVE TO IMPORT THE OTHER ONE-THIRD. BUT TO KEEP THE DOMESTIC MARKET PRICE STABLE, WE HAVE INSTITUTED AS PART OF THE SUGAR PROGRAM A QUOTA SYSTEM ON IMPORTED SUGAR. THE LEVEL OF SUGAR IMPORTS ALLOWED UNDER THE QUOTA IS ONLY SUPPOSED TO BE ENOUGH TO MAKE UP THE DIFFERENCE BETWEEN DOMESTIC CONSUMPTION AND DOMESTIC PRODUCTION. JUST RECENTLY, HOWEVER, THE DEPARTMENT OF AGRICULTURE DECIDED TO IMPLEMENT A CABINET COUNCIL DECISION TO DRASTICALLY LOWER THE QUOTA ON IMPORTED SUGAR. THE RESULT IS THAT WE WILL IMPORT MUCH MORE SUGAR THEN WE EVER NEED IN ORDER TO SATISFY DOMESTIC CONSUMPTION. THE RESULT ALSO IS TO LOWER THE PRICE OF SUGAR BELOW THE MARKET STABILIZATION RATE. THIS RESULTS IN FORFEITURES TO THE COMMODITY CREDIT CORPORATION. IT IS ESTIMATED THAT THE POSSIBLE COST OF THESE FORFEITURES COULD BE \$288 MILLION. SO, IN EFFECT, IT IS NOT THE SUGAR PRODUCERS' FAULT THAT THE CCC IS TAKING SOME SUGAR; IT IS OUR OWN GOVERNMENT'S FAULT. I TRIED TO REMEDY THIS SITUATION DURING CONSIDERATION OF THE AGRICULTURE APPROPRIATIONS BILL BUT A MAJORITY OF COMMITTEE DID NOT AGREE THAT \$288 MILLION WAS A BIT TOO MUCH TO PAY FOR HIGHER IMPORT QUOTAS. I'M GLAD TO SEE WE HAD A CHANGE OF HEART AND INCLUDED A NO-NET COST PROVISION FOR SUGAR AS PART OF THE DOLE PACKAGE.

MR. PRESIDENT, IN CLOSING, I WOULD URGE MY COLLEAGUES TO REJECT THIS AMENDMENT. IF WE ARE CONCERNED ABOUT KEEPING A DOMESTIC STEEL INDUSTRY OR A DOMESTIC TEXTILE INDUSTRY, THEN WE SHOULD ALSO BE CONCERNED ABOUT KEEPING A DOMESTIC SUGAR INDUSTRY THAT IS CAPABLE OF PROVIDING STABLE AND FAIRLY PRICED SUPPLIES OF SUGAR. I YIELD THE FLOOR.

MR. ARMSTRONG. MR. PRESIDENT, THE FARMERS AND RANCHERS OF AMERICA ARE EXPERIENCING THEIR TOUGHEST FINANCIAL CONDITIONS IN 50 YEARS. THE NATION HAS BECOME TRAGICALLY AWARE THIS PAST YEAR THAT MANY FARMING FAMILIES ARE EXPERIENCING THE GREATEST DEVASTATION FOR ANY FARMER -- THE LOSS OF THE FARM. AFTER GENERATIONS OF A FAMILY WORKING THE LAND TO PRODUCE THE FOOD WE NEED TO SURVIVE AND PROTECTING THE

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SOIL RESOURCES FOR FUTURE GENERATIONS, MANY FARMERS SIMPLY CANNOT MAKE A LIVING UNDER CURRENT CONDITIONS. THE FARMER'S JOB IS AN IMPORTANT ONE AND HIS PRIDE IN HIS WORK AND CONTRIBUTION TO SOCIETY MAKE IT ESPECIALLY TRAGIC WHEN HE SUFFERS THROUGH HARD TIMES.

I THINK THERE IS AT LEAST ONE MORE STORY THAT SHOULD BE TOLD AND THAT IS THE PLIGHT OF THE COLORADO SUGAR-BEET GROWERS, WHO HAVE CEASED ALL BUT A SMALL AMOUNT OF PRODUCTION THIS YEAR BECAUSE OF THE CLOSING OF COLORADO'S FIVE SUGAR PROCESSING PLANTS IN FORT MORGAN, LOVELAND, OVID, GREELEY, AND STERLING. SUGAR BEETS DRY CLIMATE AND SANDY LOAM SOILS ARE IDEALLY SUITED TO SUGAR BEET PRODUCTION. THEY HAVE BEEN AN INTEGRAL PART OF THE ECONOMY OF NORTHEASTERN COLORADO AS BOTH A HIGH-RETURN CROP, A MAJOR FEED COMPONENT FOR THE LARGE CATTLE INDUSTRY, AND A SOURCE OF JOBS AND INCOME FOR THE RURAL ECONOMY AT SUGAR PROCESSING PLANTS. IT IS ESTIMATED THAT IN A GOOD YEAR, THE SUGAR INDUSTRY CONTRIBUTES AS MUCH AS \$90 MILLION TO COLORADO'S ECONOMY.

THE CLOSING OF THE SUGAR PLANTS MEANS SIMPLY THAT SUGAR BEETS AREN'T BEING GROWN IN COLORADO. GROWERS ARE FACED WITH A DRASTIC CHANGE IN THEIR OPERATIONS THAT HAS FORCED THEM TO GROW LOWER VALUE CROPS ALREADY IN SURPLUS AND FIND ADDITIONAL JOBS TO SUPPLEMENT THEIR INCOME. THE IMPACT OF THE PLANT CLOSURE AND THE REMOVAL OF SUGAR BEETS FROM COLORADO'S AGRICULTURAL ECONOMY IS DOUBLY DEVASTATING BECAUSE ON THE LAST CROP -- THE 1984 CROP -- NOT ALL PAYMENTS HAVE BEEN MADE TO GROWERS UNDER THE SUGAR LOAN PROGRAM. THIS HAS HAPPENED BECAUSE THE CREDITORS OF THE SUGAR PROCESSORS HAD FIRST RIGHT UNDER THE LAW TO THE PROCESSORS' SUGAR LOANS FROM THE GOVERNMENT. APPROXIMATELY \$22 MILLION WAS NOT PAID TO 2,000 GROWERS IN THE FOUR-STATE AREA OF COLORADO, NEBRASKA, WYOMING, AND KANSAS. COLORADO GROWERS ALONE HAVE NOT RECEIVED ABOUT \$10 MILLION THEY EXPECTED DURING THE 1984 CROP YEAR. IN VIEW OF THE ALREADY DISTRESSED CONDITIONS IN AGRICULTURE, THE CLOSING OF THE SUGAR PLANTS AND THE FAILURE OF THE 1984 CROP PAYMENTS TO BE MADE ON TIME COULD NOT HAVE HAPPENED AT A WORSE TIME.

I MENTION THE SITUATION FACING THE SUGAR-BEET GROWERS IN COLORADO, BECAUSE THE AMENDMENT BEFORE US TODAY ADDRESSES THE SUGAR PROGRAM. NOTWITHSTANDING THE LOSS OF PROCESSING PLANTS IN COLORADO, SUGAR-BEET ACREAGE IN COLORADO DECLINED FROM 80,000 ACRES IN 1981 TO 40,000 ACRES BY 1983 AND TOTAL PRODUCTION DECLINED FROM OVER 7 MILLION TONS TO JUST UNDER 4 MILLION TONS. NATIONWIDE, THE NUMBER OF ACRES HAS DECLINED BY 200,000 FROM 1981 TO 1983 AND PRODUCTION HAS DECLINED BY 6 MILLION TONS.

A PRIMARY REASON FOR THIS DECLINE IS THE LOSS OF SUGAR MARKETS TO SUGAR SUBSTITUTES, SUCH AS CORN SYRUP. THIS MARKET LOSS IS ALMOST ENTIRELY ATTRIBUTABLE TO THE MUCH MORE COMPETITIVE PRICE OF THE SUBSTITUTES, DESPITE THEIR LOWER QUALITY. IN THE LIQUID SUGAR MARKET, IN FACT, NEARLY THE WHOLE MARKET HAS BEEN TAKEN OVER BY CORN SYRUP. AT THE SAME TIME, THOSE PRODUCTS THAT STILL PREFER SUGAR OVER SUBSTITUTES, PRIMARILY CANDIES AND BAKED GOODS, HAVE FACED INCREASED COMPETITION FROM FOREIGN MANUFACTURERS WHO HAVE ACCESS TO LOWER PRICED SUGAR.

THE AMENDMENT RECOGNIZES THAT CONGRESSIONALLY MANDATED LOAN RATES WITHOUT CONSIDERATION TO SUPPLY AND DEMAND CONDITIONS IN THE MARKET, HAVE JUST ABOUT PRICED U.S. SUGAR OUT OF THE MARKET. THE AMENDMENT SEEKS TO HELP INCREASE SALES OF SUGAR AGAIN, BY SLOWLY REDUCING THE LOAN RATE BY 3 CENTS OVER A 4-YEAR PERIOD. IN 1986, THE LOAN RATE WOULD REMAIN AT THE CURRENT LEVEL OF 18 CENTS. IN 1987, 1988, AND 1989, THE

LOAN RATE WOULD BE REDUCED BY 5 PERCENT EACH YEAR.

EVEN THOUGH THE SUGAR INDUSTRY IN COLORADO IS VERY CLOSE TO BEING LOST TO A LARGE EXTENT BY THE BANKRUPTCY OF THE GREAT WESTERN SUGAR CO., I WANT TO SEE SUGAR BEETS REMAIN AS A POTENTIAL CROP FOR THE WEST. WE DESPERATELY NEED A MAJOR CASH CROP LIKE SUGAR BEETS TO HELP STABILIZE INCOME FOR AS MANY FARMERS AS POSSIBLE. HOWEVER, IF THE CROP IS EVER TO AGAIN BECOME A RELIABLE INCOME PRODUCER FOR COLORADO FARMERS, IT IS VITAL THAT IT BECOME MORE COMPETITIVE WITH BOTH DOMESTIC SWEETNERS MADE FROM CORN AND OTHER SOURCES OF SUGAR.

IN SUMMARY, THE AMENDMENT RECOGNIZES THE NEED TO RETAIN THE SUGAR PROGRAM, BUT MAKE THE NECESSARY ADJUSTMENTS TO MOVE THE U.S. SUGAR INDUSTRY TOWARD A MORE COMPETITIVE POSITION IN THE LONG RUN.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. INOUE. I YIELD 30 SECONDS TO MY FRIEND FROM MINNESOTA.

MR. BOSCHWITZ. MR. PRESIDENT, I WISH TO REBUT MY FRIEND FROM NEW JERSEY, WHO SAID THAT SUGAR IS 85 CENTS ON THE GROCERY SHELF. I TOOK THE TIME TO GET MY SHOPPER, SENATOR HAWKINS -- I DO NOT KNOW EXACTLY WHERE SHE IS AT THE MOMENT -- TO CALL SAFEWAY AND GIANT THIS MORNING. THE SENATOR WILL BE PLEASED TO HEAR THAT SUGAR IS \$2.25 FOR A 5-POUND BAG, WHICH IS 45 CENTS PER POUND, AND OFTEN IT GOES ON SALE FOR 99 CENTS, WHICH WOULD BE 20 CENTS A POUND.

MR. BRADLEY. WILL THE SENATOR YIELD?

MR. BOSCHWITZ. SO THAT SUGAR IS NOT AT 85 CENTS, AS THE SENATOR SUGGESTS.

THE PRESIDING OFFICER. THE SENATOR'S 30 SECONDS HAVE EXPIRED.

MR. INOUE. MR. PRESIDENT, I YIELD 30 SECONDS TO MY FRIEND FROM CALIFORNIA.

MR. WILSON. MR. PRESIDENT, I RISE IN OPPOSITION TO THE AMENDMENT OFFERED BY MY COLLEAGUES FROM NEW JERSEY AND WASHINGTON WHICH WOULD REDUCE THE PRICE SUPPORT LEVEL FOR AMERICAN SUGAR PRODUCERS.

UNDER THE CURRENT PROGRAM, THE PRICE WHICH U.S. BEET AND CANE PRODUCERS RECEIVE FOR THEIR SUGAR IS A FUNCTION OF THE LOAN LEVEL -- ESTABLISHED BY STATUTE -- AND THE MARKET STABILIZATION PRICE -- ADMINISTERED BY THE AGRICULTURE DEPARTMENT. THE FARM BILL APPROVED BY THE AGRICULTURE COMMITTEE REAUTHORIZES THE PRESENT PROGRAM, THEREBY RETAINING THE CURRENT PRICE SUPPORT LEVEL OF \$0.18 PER POUND AND A MARKET STABILIZATION OF 3 1/2 CENTS PER POUND. THIS WILL MAINTAIN THE PRICE OF SUGAR TO U.S. PURCHASERS AT APPROXIMATELY 21 1/2 CENTS PER POUND.

THE BRADLEY-GORTON AMENDMENT SEEKS TO REDUCE THE LEVEL OF INCOME TO U.S. SUGAR GROWERS BY REQUIRING A DROP IN THE LOAN LEVEL. SPECIFICALLY, THE AMENDMENT WOULD REDUCE THE LOAN LEVEL BY 1 CENT PER POUND EFFECTIVE IN 1987, 1988, AND 1989. THE RESULT WILL BE A \$0.15 PER POUND LOAN LEVEL.

I BELIEVE THESE REDUCTIONS WOULD HAVE A VERY ADVERSE EFFECT ON OUR DOMESTIC SUGAR INDUSTRY, LEAVING THE UNITED STATES IN THE UNENVIABLE POSITION OF RELYING

HEAVILY ON A VOLATILE AND HIGHLY SUBSIDIZED WORLD MARKET.

SUGAR IS ONE OF THE WORLD'S MOST POLITICIZED AND CONTROLLED COMMODITIES. NEARLY TWO-THIRDS OF THE COUNTRIES IN THE WORLD PRODUCE AT LEAST SOME SUGAR, ABOUT 115 COUNTRIES IMPORT ALL OR PART OF THEIR SUGAR, AND APPROXIMATELY 80 ARE LISTED AS SUGAR EXPORTERS.

MOST NATIONS INTERVENE IN THEIR SUGAR MARKETS. STUDIES HAVE SHOWN THAT ALL MAJOR EXPORTERS GUARANTEE PRODUCER PRICE MINIMUMS, AND MOST CONTROL EXPORTS AND RESTRICT IMPORTS AVAILABLE FOR DOMESTIC CONSUMPTION.

THE MOST NOTORIOUS EXAMPLE OF SUCH MARKET DISTORTING PRACTICES, AS WE KNOW, COMES FROM THE EUROPEAN COMMUNITY. THE COMMUNITY GUARANTEES HIGH PRODUCER PRICES, APPLIES PROHIBITIVE LEVIES TO IMPORTS, AND SUBSIDIZES EXPORTS AS NECESSARY TO COMPETE. ALTHOUGH A NET IMPORTER OF SUGAR THROUGHOUT THE EARLY 1970'S, THE EC HAS SO SUCCESSFULLY STIMULATED SUGAR PRODUCTION THROUGH MASSIVE SUBSIDIES, THAT IT IS NOW A MAJOR EXPORTER WHOSE SUBSIDIES AND OVERPRODUCTION DISTORT THE MARKET FOR ALL PRODUCERS, INCLUDING DEVELOPING COUNTRIES WHO DEPEND HEAVILY ON SUGAR PRODUCTION FOR THEIR LIVELIHOOD.

ACCORDINGLY, SINCE WORLD SUGAR MARKETS ARE NEITHER FAIR NOR EQUITABLE, IT WOULD BE UNREASONABLE TO EXPECT U.S. SUGAR PRODUCERS ALONE TO STAKE THEIR LIVELIHOOD ON A MARKET-ORIENTED APPROACH WHEN THAT MARKET HAS BECOME SO FUNDAMENTALLY DISTORTED BY FOREIGN GOVERNMENT SUBSIDIES AND TRADE PRACTICES.

ABOUT TWO-THIRDS OF THE SUGAR CONSUMED IN THE UNITED STATES IS PRODUCED DOMESTICALLY. MY STATE OF CALIFORNIA RANKS SECOND IN THE NATION IN PRODUCTION OF SUGAR BEETS, ACCOUNTING FOR ALMOST 19 PERCENT OF TOTAL U.S. SUGAR BEET PRODUCTION. OUR DOMESTIC PRODUCERS IN CALIFORNIA ARE HIGHLY EFFICIENT AND PRODUCE 4 OR MORE TONS OF SUGAR PER ACRE COMPARED TO 3.5 TONS PER ACRE FOR EITHER BEETS OR CANE WORLDWIDE. FURTHERMORE, THE AVERAGE COST OF PRODUCTION WORLDWIDE IS ONLY SLIGHTLY BELOW THE AVERAGE COST IN THE UNITED STATES. SO ONE CANNOT JUSTIFIABLY SAY THAT THE SUGAR PROGRAM, UNLIKE SOME OTHER FEDERAL SUPPORT PROGRAMS, SERVES TO PROTECT AN INEFFICIENT OR PRIVILEGED INDUSTRY.

ON THE CONTRARY, OUR CURRENT SUGAR PRICE SUPPORT PROGRAM PROTECTS DOMESTIC SUGAR GROWERS FROM UNFAIR COMPETITION ABROAD IN A MODEST WAY BY PROVIDING A FLOOR BELOW WHICH THE PRICE OF DOMESTICALLY PRODUCED SUGAR CANNOT FALL. FURTHERMORE, SINCE 1982, WHEN THE CURRENT PROGRAM WENT INTO EFFECT, THE COMMODITY CREDIT CORPORATION ONLY LAST YEAR ACCEPTED SUGAR IN LIEU OF LOAN REPAYMENT FOR THE FIRST TIME. THOSE FORFEITURES OF CANE AND BEET SUGAR AMOUNTED TO UNDER \$800,000 -- LESS THAN 18 PERCENT OF THE TOTAL AMOUNT OF LOANS MADE UNDER THE PROGRAM IN THAT YEAR.

IF THE UNITED STATES WERE TO LOWER THE LOAN LEVEL FOR SUGAR AS THIS AMENDMENT REQUIRES, IT WOULD SEND A CONTRADICTORY SIGNAL TO THE EUROPEANS ABOUT OUR WILLINGNESS TO PROVIDE OUR FARMERS WITH FAIR TRADE. THE CURRENT PROGRAM SIGNALS TO OUR TRADING PARTNERS THAT THE UNITED STATES WILL NOT BE A DUMPING GROUND FOR SUBSIDIZED SURPLUSES.

FINALLY, FOR THOSE WHO ARGUE THAT THE SUGAR PROGRAM ESCALATES CONSUMER PRICES, I WOULD LIKE TO POINT OUT THAT THE AVERAGE PRICE OF SUGAR ON STORE SHELVES REMAINS

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LOWER THAN IN 1980 AND 1981 WHEN THERE WAS NO SUGAR PROGRAM. MOST OF THE AVERAGE AMERICAN'S ANNUAL CONSUMPTION OF SUGAR IS IN COMMERCIALY PREPARED FOOD AND SOFT DRINKS. THE VALUE OF SUGAR CONSTITUTES A VERY SMALL PORTION OF THE PRICE OF THESE PRODUCTS. WHILE INCREASES IN SUGAR PRICES ARE FREQUENTLY USED TO EXPLAIN INCREASES IN THE PRICES OF THESE GOODS, THE PRICES OF THOSE GOODS DO NOT COME DOWN WHEN THE PRICE OF SUGAR DROPS. IN OTHER WORDS, THE PRICE MAY DROP FOR THE SUGAR PRODUCER, BUT THE CONSUMER DOES NOT NECESSARILY BENEFIT FROM THIS LOWER PRICE: HIS SODA OR CANDY BAR WILL STILL COST HIM THE SAME.

THE BASIC EQUITY OF THE CURRENT SUGAR PROGRAM ASSURES U.S. PRODUCERS A REASONABLE AND FAIR RETURN FOR THEIR EFFORTS WHILE HARMING NEITHER THE CONSUMER NOR THE U.S. TREASURY.

FOR THESE REASONS, I INTEND TO VOTE AGAINST THE PROPOSED AMENDMENT TO REDUCE THE SUPPORT PRICE FOR SUGAR AND WOULD URGE MY COLLEAGUES TO DO LIKEWISE.

MR. MELCHER. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT I MAY BE YIELDED 1 MINUTE.

THE PRESIDING OFFICER. IS THERE OBJECTION? WITHOUT OBJECTION, IT IS SO ORDERED.

THE SENATOR FROM MONTANA.

MR. MELCHER. MR. PRESIDENT, I MERELY WANTED TO SAY THIS. WHAT THE COMMITTEE HAS BROUGHT FORWARD HERE IS A MINIMUM NEEDED FOR THE DOMESTIC SUGAR PRODUCERS OF THIS COUNTRY. IF WE WANT TO FURTHER DECIMATE THE SITUATION IN AGRICULTURE, ADOPT AMENDMENTS SUCH AS HAS BEEN OFFERED HERE. I WILL VOTE AGAINST IT. I WILL ENCOURAGE EVERYONE ELSE TO VOTE AGAINST IT.

WE SHOULD HOLD ONTO THE MINIMUM THAT WAS DONE IN THE SENATE COMMITTEE BILL. THAT IS THE LEAST WE SHOULD HAVE FOR THE SUGAR PRODUCERS OF THIS COUNTRY.

MR. INOUE. MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER. THE SENATOR FROM HAWAII HAS 29 SECONDS.

MR. INOUE. TWENTY-NINE SECONDS? TWENTY-EIGHT.

[LAUGHTER.]

MR. INOUE. MR. PRESIDENT, I RISE IN STRONG OPPOSITION TO THE AMENDMENT BEING OFFERED BY SENATORS BRADLEY AND GORTON TO THE SUGAR TITLE OF S. 1714, THE 1985 FARM BILL.

THE SENATE HAS HAD AMPLE OPPORTUNITY OVER THE PAST 4 YEARS TO WEIGH THE IMPORTANCE AND WISDOM OF HAVING A SUGAR PRICE SUPPORT PROGRAM TO PROTECT AMERICAN PRODUCERS FROM UNFAIR FOREIGN COMPETITION. WE HAVE REPEATEDLY DECIDED IN COMMITTEE, ON THE FLOOR, AND IN CONFERENCE THAT A VIABLE SUGAR PROGRAM IS IN THE NATIONAL INTEREST.

I WAS THUS PLEASED WITH THE AGRICULTURE COMMITTEE'S DECISION TO REPORT A FARM BILL THAT PROVIDES THE MINIMUM REQUIRED FOR THE CONTINUED EXISTENCE OF THE DOMESTIC SUGAR INDUSTRY: 18 CENTS A POUND. I AM SIMILARLY DISAPPOINTED BY THE EFFORT ON THE PART OF SOME SUGAR USERS TO FATALLY WEAKEN THE PROGRAM.

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AT STAKE IN THIS DEBATE IS THE FUTURE OF AMERICAN AGRICULTURE AND OUR COUNTRY'S TRADE DEFICIT. DO WE WANT TO KEEP AMERICAN FARMERS INVOLVED IN THE PRODUCTION OF SUGAR, SOMETHING THEY HAVE DONE FOR 200 YEARS, OR DO WE WANT TO EXPORT THEIR JOBS? DO WE WANT TO MEET MOST OF OUR SUGAR NEEDS THROUGH DOMESTIC PRODUCTION, OR DO WE WANT TO BECOME TOTALLY DEPENDENT ON A VOLATILE WORLD SUGAR MARKET?

DO WE WANT TO IMPROVE OUR TRADE DEFICIT, OR WORSEN IT BY SPENDING BILLIONS OF DOLLARS TO IMPORT ALL -- NOT JUST SOME -- OF OUR SUGAR? IN THIS TIME OF ACUTE ECONOMIC CRISIS FOR OUR NATION, I THINK THE ANSWER IS CLEAR. I TRUST THAT MY COLLEAGUES WILL JOIN ME IN VOTING AGAINST THE BRADLEY-GORTON AMENDMENT.

IN DEBATING THE NEED FOR AN EFFECTIVE SUGAR PRICE SUPPORT PROGRAM, I NOTE WITH CHAGRIN THAT CERTAIN SENATORS ARE RAISING THE SAME FALLACIES THAT WERE PUT TO REST IN 1981. I WOULD, THEREFORE, LIKE TO SET THE RECORD STRAIGHT ABOUT WHO THE WINNERS AND LOSERS REALLY ARE UNDER THE CURRENT SUGAR PROGRAM.

FOR OUR COLLEAGUES WHO ARE NEW TO THIS DISCUSSION, THERE ARE OVER 100 NATIONS THAT PRODUCE SUGAR, AND OVER 70 PERCENT OF THIS PRODUCTION IS CONSUMED IN THE COUNTRY OF ORIGIN. ANOTHER 10 TO 20 PERCENT IS MARKETED ABROAD UNDER CONTRACTS, PREFERENTIAL TRADE AGREEMENTS, AND QUOTAS. THIS LEAVES ONLY 10 TO 20 PERCENT AVAILABLE FOR SALE ON THE SO-CALLED WORLD MARKET. SMALL VARIATIONS IN PRODUCTION CAN THUS MEAN HUGE FLUCTUATIONS IN BOTH SUPPLY AND PRICE BECAUSE DEMAND FOR SUGAR IS FAIRLY INELASTIC. FOR EXAMPLE, A 3 PERCENT CHANGE IN WORLD PRODUCTION RESULTS IN A 15 PERCENT CHANGE IN SUPPLY ON THE WORLD MARKET.

GIVEN THAT OVER THE LAST THREE DECADES SUGAR PRODUCTION HAS EXCEEDED CONSUMPTION IN 2 YEARS OUT OF EVERY 3, THE RESULT IS A ROLLER COASTER WHEREBY THE PRICE OF SUGAR HAS GONE FROM 65 CENTS A POUND IN 1974 TO 7 CENTS A POUND IN THE LATE 1970'S THEN BACK UP TO 42 CENTS A POUND IN 1980, AND NOW BACK DOWN TO 4 CENTS A POUND.

SUGAR IS ONE OF THE MOST VOLATILE COMMODITIES IN THE WORLD, AND THE INTERNATIONAL SUGAR MARKET IS PRIMARILY A DUMPING GROUND FOR RESIDUAL SUPPLIES AT 5 CENTS, 10 CENTS, AND EVEN 15 CENTS BELOW THE COST OF PRODUCTION. NOTE HOWEVER THAT ALL IT IS THUS NOT AGAINST MORE EFFICIENT PRODUCERS THAT AMERICAN FARMERS ARE BEING ASKED TO COMPETE, BUT FOREIGN GOVERNMENTS WHICH THROW THE FULL WEIGHT OF THEIR ECONOMIC AND POLITICAL RESOURCES INTO SUBSIDIES AND NONCOMPETITIVE TRADE PRACTICES IN ORDER TO PROTECT THEIR OWN INDUSTRIES. INDEED, THE WORLD SUGAR MARKET IS SO SKEWED BY THE NEED OF DIFFERENT GOVERNMENTS TO PROTECT THEIR OWN INDUSTRIES THAT THE INTERNATIONAL SUGAR AGREEMENT COLLAPSED LAST YEAR WHEN IT CAME UP FOR RENEWAL. AND YET GIVEN THESE REALITIES, SENATORS BRADLEY AND GORTON ARE JOINING THE PRESIDENT IN ASKING US TO ADOPT AN INEFFECTIVE SUGAR PROGRAM AND SACRIFICE AMERICAN PRODUCERS IN THE NAME OF FREE TRADE.

I WOULD REFER THEM TO THE RECENT CRS STUDY, "WORLD SUGAR TRADE AND U.S. SUGAR POLICY," WHICH CONCLUDES: "IT HAS BEEN SHOWN THAT WORLD PRICES, BECAUSE OF THEIR RESIDUAL NATURE, DO NOT REPRESENT A SOLID BASIS ON WHICH NATIONAL POLICIES CAN BE BUILT" (P. 18).

MR. PRESIDENT, ONE WOULD GET THE IMPRESSION FROM TODAY'S DEBATE THAT THE SUGAR PROGRAM IS A BOONDOGGLE THAT COSTS AMERICAN CONSUMERS AND TAXPAYERS INORDINATE SUMS OF MONEY. NOTHING COULD BE FURTHER FROM THE TRUTH, AND I USE AS AN EXAMPLE THE

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LETTER CIRCULATED EARLIER THIS SUMMER BY CRISP -- THE SO-CALLED COALITION TO REDUCE INFLATED SUGAR PRICES.

ONE, THE FACT THAT THERE ARE A MERE 12,000 SUGAR BEET AND CANE GROWERS IS A TESTAMENT TO THEIR EFFICIENCY AND PRODUCTIVITY, WHEREBY RELATIVELY FEW FARMERS PRODUCE SIZABLE CROPS. IT ALSO REFLECTS THE ECONOMIC AND HISTORICAL REALITY THAT SUGARCANE IS BEST GROWN ON LARGE PLANTATIONS. FINALLY, IT POINTS TO THE UNIQUE POSITION OF SUGAR AS THE ONLY MAJOR COMMODITY WHICH WE IMPORT. UNLIKE THE OTHER COMMODITIES ADDRESSED IN THE FARM BILL, WE ONLY GROW ENOUGH SUGAR TO MEET 60 PERCENT OF OUR DOMESTIC NEEDS. THE OTHER 40 PERCENT MUST BE IMPORTED. IN A YEAR OF RECORD TRADE DEFICITS, THE AMERICAN SUGAR INDUSTRY HAS SAVED US MORE THAN \$2 BILLION BY MEETING SOME OF OUR DEMAND LOCALLY RATHER THAN HAVING US BUY ALL OUR SUGAR ABROAD. I CANNOT THINK OF A WORSE TIME FOR THE U.S. SENATE TO CONSIDER MAKING THE UNITED STATES COMPLETELY DEPENDENT ON IMPORTED FOREIGN SUGAR -- SOMETHING THAT WOULD HAPPEN SHOULD WE REDUCE THE LOAN RATE EVEN A PENNY.

WITH REGARD TO THE COST OF THE PROGRAM, THE FIGURES OFTEN HEARD ARE WILDLY INACCURATE AND UNFOUNDED, FOR EXAMPLE, THE SUGAR PROGRAM COSTS CONSUMERS \$3 BILLION, THE DOMESTIC INDUSTRY CONSISTS OF A HANDFUL OF LARGE CORPORATIONS AND PRODUCERS WHO REAP A TRANSFER OF BENEFITS OF \$250,000 PER PRODUCER. FURTHERMORE, SENATORS BRADLEY AND GORTON HAVE DIVIDED APPLES BY ORANGES TO PRODUCE AN ALLEGED RETURN PER ACRE FOR SUGARCANE OF \$458, WHICH IS SUPPOSED TO BE HIGHER THAN ANY OTHER COMMODITY.

THE IMPLICATION OF ALL THESE PHANTOM NUMBERS IS THAT THE DOMESTIC SUGAR INDUSTRY IS EARNING UNDUE PROFITS THANKS TO A COSTLY PROGRAM, A NOTION WHICH IS PATENTLY FALSE.

TO ILLUSTRATE MY POINT, I WOULD NOTE THAT OVER THE PAST 4 YEARS, THE HAWAIIAN SUGAR CANE INDUSTRY -- WHICH PRODUCES MORE SUGAR PER ACRE AND MORE SUGAR PER MAN-HOUR THAN ANY OTHER PLACE IN THE WORLD -- LOST MONEY. IN 1981, THE HAWAIIAN INDUSTRY, ON OPERATING REVENUES OF NEARLY \$400 MILLION, POSTED A PRETAX LOSS OF \$89 MILLION. IN 1982, IT LOST \$1.5 MILLION, WHILE IN 1983 AND 1984 IT MADE PROFITS OF \$29 MILLION AND \$20 MILLION RESPECTIVELY.

THE RESULT OVER THE LIFE OF THE 1981 FARM BILL HAS BEEN A NET LOSS OF \$41.5 MILLION -- HARDLY A FANTASTICALLY HIGH RETURN AS SUGGESTED BY SENATORS BRADLEY AND GORTON WHEN THEY INTRODUCED S. 1222.

IN DISCUSSING THE EFFECTS OF THE SUGAR PRICE SUPPORT PROGRAM, WE ARE NOT TALKING ABOUT PROFITS, WE ARE TALKING ABOUT SURVIVAL: THE SUGAR LOAN RATES AND THE QUOTAS NECESSARY TO MAKE THEM WORK DO NOTHING MORE THAN ENABLE THE MOST EFFICIENT AMERICAN PRODUCERS TO SURVIVE. MARGINAL LAND IS BEING TAKEN OUT OF PRODUCTION, THE NUMBER OF WORKERS IS BEING REDUCED, AND MILLS CONTINUE TO CLOSE, SO THAT ONLY THE LEANEST, MOST EFFICIENT PRODUCERS ARE STILL IN BUSINESS.

THESE BUSINESSES ARE NOT MAKING PROFITS; THEY ARE JUST STAYING ALIVE IN THE HOPES OF BETTER DAYS AHEAD. IN SO DOING, THEY PROVIDE DIRECT EMPLOYMENT FOR TENS OF THOUSANDS OF AMERICANS WHO WOULD OTHERWISE BE WITHOUT JOBS.

ARE WE THEN ASKING AMERICANS TO SUPPORT AN OUTMODED OR AN INEFFICIENT INDUSTRY?

NOT IN THE LEAST. AS THE CONGRESSIONAL RESEARCH SERVICE HAS CONCLUDED: "THE FACT IS THAT THE U.S. INDUSTRY HAS BEEN CAPABLE OF PRODUCING SUGAR AT PRICES THAT ARE CLOSE TO THE AVERAGE LEVEL OF WORLD PRODUCTION COSTS (P. 18)" -- AND WE DO IT WHILE PROVIDING OUR WORKERS WITH THE HIGHEST STANDARD OF LIVING AVAILABLE TO SUGAR GROWERS ANYWHERE IN THE WORLD.

IT IS OFTEN SUGGESTED THAT THE QUOTAS NECESSITATED BY THE DUMPING OF SURPLUS SUGAR ON THE WORLD MARKET AT RUINOUS PRICES ARE AN UNNECESSARY AND COUNTERPRODUCTIVE RESTRAINT OF INTERNATIONAL TRADE. FREE TRADE IS A FINE IDEAL, BUT THE REALITY OF THE WORLD SUGAR MARKET IS THAT THERE IS NO SUCH THING AS FREE TRADE IN SUGAR. AS THE CRS STUDY NOTES:

THERE IS NO MAJOR SUGAR PRODUCING COUNTRY WHICH DOES NOT ATTEMPT IN SOME WAY TO INSULATE ITS DOMESTIC PRODUCERS AND CONSUMERS FROM THE FLUCTATIONS IN THE PRICE OF THAT PORTION OF WORLD SUGAR THAT IS TRADED ON THE FREE MARKET (P. 15).

I WOULD ALSO POINT OUT THAT QUOTAS ARE NOT "CAUSING SERIOUS DAMAGE TO THE ECONOMIES OF OUR ALLIES IN THE CARIBBEAN," AS ALLEGED BY PROPONENTS OF THIS AMENDMENT. GIVEN THAT OUR TRADING PARTNERS ARE ABLE TO EXPORT TO THE UNITED STATES ONLY 44 PERCENT OF THE SUGAR THAT THEY COULD 4 YEARS AGO, I WOULD ASK: WOULD THEY RATHER SHIP US THEIR 1981 VOLUME AT THE CURRENT WORLD PRICE, WHICH IS 4 CENTS A POUND, OR WOULD THEY PREFER SENDING 44 PERCENT OF THAT VOLUME AT 21 CENTS A POUND, THE PRICE FETCHED UNDER THE CURRENT SUGAR PROGRAM? SIMPLE ALGEBRA TELLS US THAT THEY ARE MAKING MORE THAN TWICE AS MUCH MONEY TODAY UNDER OUR QUOTA PROGRAM THAN THEY WOULD AT WORLD MARKET PRICES. MOREOVER, IN TESTIMONY BEFORE THE AGRICULTURAL COMMITTEE LAST APRIL, MR. VICINI, SPEAKING ON BEHALF OF THE INTERNATIONAL SUGAR POLICY COORDINATING COMMISSION OF THE DOMINICAN REPUBLIC, STATED:

FROM WHAT I HAVE SAID IT SHOULD BE EVIDENT THAT THE DOMINICAN SUGAR INDUSTRY CANNOT SURVIVE WITH OVER HALF OF ITS EXPORTS FACING THE UNFAIR COMPETITION OF THE EEC AND OTHERS IN THE FREE MARKET. ACHIEVING A HIGHER VOLUME OF EXPORTS TO THE UNITED STATES AT THE COST OF A MUCH LOWER U.S. PRICE, HOWEVER, WOULD NOT PROVIDE A REMEDY FOR THIS GRAVE SITUATION.

WHAT THEN SHOULD WE MAKE OF THE SENSATIONAL CLAIMS THAT THE SUGAR PROGRAM IS COSTING AMERICAN CONSUMERS HUNDREDS OF MILLIONS OF DOLLARS EACH YEAR BY DENYING THEM THE PRIVILEGE OF BUYING SUGAR ON THE WORLD MARKET WHERE SUPPLY AND DEMAND HAVE NO BEARING ON THE ACTUAL PRICE?

MR. CHAIRMAN, THIS IS NOTHING BUT A SMOKE SCREEN PUT FORWARD BY SOME SUGAR USERS WHO WOULD LIKE TO INCREASE THEIR PROFITS BY HAVING ACCESS TO THE CURRENT GLUT OF SUGAR ON THE WORLD MARKET. I WOULD CITE THREE EXAMPLES TO PROVE MY POINT.

FIRST, THE COST OF SUGAR THAT YOU BUY IN THE SUPERMARKET IS CHEAPER TODAY THAN IT WAS IN 1980-81, WHEN WE HAD NO SUGAR PROGRAM. HOW COULD THIS BE IF THE SUGAR PROGRAM HAS UNFAIRLY INCREASED COSTS TO THE CONSUMER OVER THE PAST 4 YEARS?

SECOND, IF LOWER SUGAR PRICES ARE SUPPOSED TO MEAN LOWER COSTS TO THE CONSUMER, WHY HAVE WE NOT SEEN THIS IN THE MARKETPLACE?

I TAKE AS MY EXAMPLE THE MARKET BASKET SURVEY PUBLISHED BY THE NEW YORK DEPARTMENT OF CONSUMER AFFAIRS ON MARCH 25, 1985. BASED ON A SURVEY OF 150 DIFFERENT

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FOOD STORES IN NEW YORK CITY FOR THE PERIOD JANUARY 1984 TO JANUARY 1985, THE DEPARTMENT OF CONSUMER AFFAIRS FOUND THAT WHILE THE COST OF SUGAR DECREASED BY 4 PERCENT LAST YEAR, THE PRICE OF 16-OUNCE SANDWICH COOKIES INCREASED BY 10 PERCENT, THE COST OF ICE CREAM WENT UP 13 PERCENT, AND INCREDIBLY, THE COST OF COLAS ROSE 12 PERCENT. I SAY INCREDIBLY BECAUSE DURING THIS PERIOD MOST SOFT DRINK MANUFACTURERS SWITCHED COMPLETELY TO HIGH FRUCTOSE CORN SYRUP IN FORMULATING THEIR SOFT DRINKS. HFCS IS AVAILABLE IN THE UNITED STATES FOR 25 PERCENT LESS THAN SUGAR, YET THE PRICE OF COLA INCREASED SIGNIFICANTLY.

GIVEN THAT CALORIC SWEETENERS LIKE SUGAR ARE AN IMPORTANT COMPONENT OF PROCESSED FOODS, WHERE ARE THE SAVINGS THAT WERE SUPPOSED TO ACCRUE FROM LOWER SUGAR PRICES? THERE WERE NONE. SAVINGS FROM CHEAPER SUGAR ARE NOT BEING PASSED ON TO CONSUMERS, NOR WOULD THEY BE IF WE ABOLISHED THE SUGAR PRICE SUPPORT PROGRAM OR QUOTAS. RATHER, THE NEW YORK CITY DEPARTMENT OF CONSUMER AFFAIRS HAS UNDERSCORED THE POINT THAT HIGH SUGAR PRICES ARE USED AS AN EXCUSE FOR RAISING THE COST OF SUGAR-CONTAINING PRODUCTS IN TIMES OF SHORT SUPPLY, BUT THESE PRICES DO NOT COME DOWN WHEN THE PRICE OF SUGAR DROPS.

THIRD, I CAN DISPROVE THE CONSUMER COST ARGUMENT BY CITING THE CASE OF CANADA, WHERE THE GOVERNMENT SUPPORTS SUGAR GROWERS THROUGH DIRECT PAYMENTS AND DOES NOT LIMIT ACCESS TO THE WORLD SUGAR MARKET. IF THE SUGAR USERS' ARGUMENT IS CORRECT, WE WOULD EXPECT CONSUMERS IN CANADA TO ENJOY SIGNIFICANT SAVINGS OVER THEIR AMERICAN COUNTERPARTS. BUT THIS IS DEFINITELY NOT THE CASE. AS WAS REPORTED AT THE INTERNATIONAL SWEETENER COLLOQUIUM EARLIER THIS YEAR, THE RETAIL PRICE OF SUGAR IN CANADA AVERAGED JUST UNDER 33 CENTS A POUND IN JANUARY 1985, WHILE IN THE UNITED STATES IT WAS 34 CENTS A POUND.

WHERE ARE THE MUCH TOUTED SAVINGS FOR CONSUMERS IN A COUNTRY THAT ALLOWS FREE USE OF WORLD SUGAR? THERE ARE NOT ANY -- THE DIFFERENCE BETWEEN RETAIL SUGAR PRICES IN THE UNITED STATES AND CANADA WAS JUST A PENNY A POUND.

MR. PRESIDENT, I HAVE YET TO RECEIVE A LETTER FROM AN ANGRY CONSTITUENT COMPLAINING ABOUT THE HIGH COST OF SUGAR IN THE SUPERMARKET. THE CURRENT PROGRAM IS SAFEGUARDING A VITAL AMERICAN INDUSTRY AND PROVIDING CONSUMERS WITH A RELIABLE SUPPLY OF SUGAR AT STABLE AND REASONABLE PRICES. IT IS DOING SO AT NO NET COST TO THE AMERICAN TAXPAYER -- UNLIKE SO MANY OF OUR OTHER COMMODITY PROGRAMS -- AND IS A CLEAR EXAMPLE OF A SUCCESSFUL AGRICULTURAL PROGRAM.

AMERICAN SUGAR PRODUCERS ARE NOT ASKING FOR GUARANTEED PROFITS; THEY MERELY WANT THE OPPORTUNITY TO COMPETE WITH SUBSIDIZED FOREIGN PRODUCERS IN A SKEWED AND ARTIFICIAL WORLD SUGAR MARKET. I BELIEVE THAT AN 18-CENT-PER-POUND LOAN RATE IS THE LEAST WE CAN DO FOR THESE HARD-WORKING AMERICANS, AND I URGE MY COLLEAGUES TO REJECT THIS UNFORTUNATE ATTEMPT TO UNDERMINE THE SUGAR PROGRAM CONTAINED IN S. 1714.

MR. PRESIDENT, I MOVE TO TABLE THE AMENDMENT AND ASK FOR THE YEAS AND NAYS.

THE PRESIDING OFFICER. THE SENATOR FROM NEW JERSEY HAS 40 SECONDS REMAINING ON THE AMENDMENT.

MR. BRADLEY. MR. PRESIDENT, IF I COULD MAKE THE POINT ON THE CONSUMER PRICES ONCE

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MORE FOR THE RECORD, I ASK UNANIMOUS CONSENT THAT A TABLE PRODUCED BY THE DEPARTMENT OF AGRICULTURE BE PRINTED IN THE RECORD, WHICH SHOWS THE RETAIL PRICE FOR A KILOGRAM OF SUGAR IN OTTAWA, CANADA, AT 42 CENTS AND THE PRICE FOR A KILOGRAM OF SUGAR IN WASHINGTON, DC, AT 85 CENTS.

THERE BEING NO OBJECTION, THE TABLE WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

PRICE TRENDS FOR SUGAR CONTAINING PRODUCTS ALSO CLEARLY REFLECT CHANGES IN SUGAR PRICES. WHEN PRICES FOR SUGAR ROSE DRAMATICALLY BY 77 PERCENT IN 1980, PRICES FOR SUGAR CONTAINING PRODUCTS ROSE ALSO, BUT BY MUCH LESS -- ONLY 11.2 PERCENT. (SEE TABLE AND CHART.) AS SUGAR PRICES HAVE MODERATED SINCE 1980, PRICE ADVANCES HAVE FALLEN SHARPLY FOR ALL SUGAR CONTAINING PRODUCTS, DESPITE THE CONTINUING ESCALATION OF LABOR, PACKAGING AND OTHER COST FACTORS. THE AVERAGE PRICE INCREASES ON SUGAR CONTAINING PRODUCTS OVER THE PAST FIVE YEARS HAVE BEEN LESS THAN HALF THOSE OF REFINED SUGAR.

PRICE TRENDS FOR SUGAR AND SUGAR CONTAINING PRODUCTS, 1980-84

[Annual percentage change]

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

Year	Refined sugar (NE wholesale)	Average 14 sweetener containing products
1980	+76.7	+11.2
1981	-25.1	+5.4
1982	-2.6	+2.0
1983	+7.0	+2.4
1984	-1.6	+3.1
5-year average change	+10.9	+4.8
Year	Cola beverages	
1980	+14.3	
1981	+2.5	
1982	+1.6	
1983	+5	
1984	-1.1	
5-year average change	+3.6	

Source: U.S.D.A., "Sugar and Sweetener Outlook and Situation Yearbook," July 1985, tables 4 and 6.

ACCORDING TO THE U.S.D.A., RETAIL SUGAR PRICES IN THE UNITED STATES ARE AMONG THE HIGHEST IN THE WORLD. THIS IS WHOLLY ATTRIBUTABLE TO OUR EXCESSIVE DOMESTIC PRICE SUPPORT LEVELS AS RETAIL MARGINS HAVE REMAINED MODEST. U.S. RETAIL SUGAR PRICES ARE HIGHER THAN THOSE IN ANY OTHER MAJOR CAPITAL (EXCEPT TOKYO), AND ARE DOUBLE THOSE IN OTTAWA, WHERE SUGAR IS PURCHASED AT WORLD MARKET PRICES.

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AVERAGE RETAIL SUGAR PRICE, MAY 1985

[IN CENTS PER KILOGRAM]

BERN	54
BONN	60
BRASILIA	33
BUENOS AIRES	54
CANBERRA	51
LONDON	57
MADRID	54
MEXICO CITY	31
OTTAWA	42
PARIS	54
PRETORIA	57
ROME	65
SEOUL	81
STOCKHOLM	82
TOKYO	110
WASHINGTON	85

SOURCE: "WORLD PRODUCTION AND TRADE: WEEKLY ROUNDUP," JUNE 19, 1985. FOREIGN AGRICULTURE SERVICE, USDA.

MR. BRADLEY. MR. PRESIDENT, I HOPE WE WILL NOT MIX UP WHAT IS THE CONSUMER VOTE HERE.

THE PRESIDING OFFICER. THE SENATOR'S TIME HAS EXPIRED.

MR. INOUE. MR. PRESIDENT, I MOVE TO TABLE THE AMENDMENT AND 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 HAWAII [MR. INOUE] TO TABLE THE AMENDMENT OF THE SENATOR FROM NEW JERSEY [MR. BRADLEY]. THE YEAS AND NAYS HAVE BEEN ORDERED AND THE CLERK WILL CALL THE ROLL.

THE ASSISTANT LEGISLATIVE CLERK CALLED THE ROLL.

MR. EXON (WHEN HIS NAME WAS CALLED). PRESENT.

MR. HEINZ (WHEN HIS NAME WAS CALLED). MR. PRESIDENT, PURSUANT TO PARAGRAPH 3 OF RULE 12 OF THE SENATE RULES, I WISH TO BE RECORDED AS VOTING "PRESENT" BECAUSE I HAVE A POTENTIAL CONFLICT OF INTEREST WITH RESPECT TO THE USDA SUGAR PROGRAM.

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MR. SIMPSON. I ANNOUNCE THAT THE SENATOR FROM NEW MEXICO [MR. DOMENICI], THE SENATOR FROM NORTH CAROLINA [MR. EAST], THE SENATOR FROM ARIZONA [MR. GOLDWATER], THE SENATOR FROM PENNSYLVANIA [MR. SPECTER], AND THE SENATOR FROM CONNECTICUT [MR. WEICKER] ARE NECESSARILY ABSENT.

MR. CRANSTON. I ANNOUNCE THAT THE SENATOR FROM OHIO [MR. GLENN] IS NECESSARILY ABSENT.

THE PRESIDING OFFICER. ARE THERE ANY OTHER SENATORS IN THE CHAMBER WHO DESIRE TO VOTE?

THE RESULT WAS ANNOUNCED -- YEAS 60, NAYS 32, AS FOLLOWS:

(See ROLL CALL VOTE NO. 335 LEG. in the ROLL segment.)

SO THE MOTION TO LAY ON THE TABLE AMENDMENT NO. 1133 WAS AGREED TO.

MR. INOUE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. WILSON. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

SEVERAL SENATORS ADDRESSED THE CHAIR.

MR. WILSON. MR. PRESIDENT, COULD WE HAVE ORDER?

THE PRESIDING OFFICER. THE SENATE WILL BE IN ORDER.

SEVERAL SENATORS ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM CALIFORNIA.

MR. WILSON. MR. PRESIDENT, WE ARE READY FOR THE NEXT AMENDMENT.

SEVERAL SENATORS ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM ARKANSAS.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY SET ASIDE.

MR. LEAHY. COULD WE HAVE ORDER, PLEASE, MR. PRESIDENT?

THE PRESIDING OFFICER. THE SENATE WILL BE IN ORDER. THE ONLY WAY THAT THE SENATE CAN BE IN ORDER IS FOR ALL SENATORS TO CEASE CONVERSATIONS ON THE FLOOR OF THE SENATE.

MR. WILSON. MR. PRESIDENT, WHAT WAS THE REQUEST?

THE PRESIDING OFFICER. THE REQUEST WAS TO TEMPORARILY LAY ASIDE THE PENDING BUSINESS. IS THERE OBJECTION?

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MR. BOSCHWITZ. RESERVING THE RIGHT TO OBJECT, IT IS MY UNDERSTANDING THAT IF THE AMENDMENT IS SET ASIDE IT WILL BECOME THE PENDING BUSINESS IMMEDIATELY UPON THE DISPOSITION OF THE AMENDMENT TO BE OFFERED BY SENATOR BUMPERS.

THE PRESIDING OFFICER. THE SENATOR IS CORRECT.

MR. BOSCHWITZ. MR. PRESIDENT, MIGHT I ASK THE SENATOR FROM ARKANSAS IF HE WILL AGREE TO A TIME LIMITATIONS ON THIS AMENDMENT?

MR. BUMPERS. MR. PRESIDENT, SENATOR STENNIS IS THE CHIEF COSPONSOR OF THIS AMENDMENT. I WOULD LIKE TO DEFER THAT QUESTION TO HIM. THIS IS A VERY IMPORTANT AMENDMENT, THE MOST IMPORTANT ONE THAT I HAVE. I WOULD BE WILLING TO GO 40 MINUTES, WITH 20 MINUTES ON EACH SIDE.

MR. STENNIS. THAT WOULD BE AGREEABLE.

MR. BUMPERS. MR. PRESIDENT, THIS IS AN AMENDMENT THAT ALLOWS THE SECRETARY TO REDUCE THE LOAN RATE ON SOYBEANS NO MORE THAN 5 PERCENT A YEAR, NOR BELOW \$4.50 PER BUSHEL.

MR. STENNIS. MR. PRESIDENT, I HAVE NO OBJECTION TO 40 MINUTES.

THE PRESIDING OFFICER. A WILLINGNESS HAS BEEN INDICATED TO ENTER INTO A TIME AGREEMENT.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THERE BE A TIME LIMITATION OF 40 MINUTES ON THIS AMENDMENT, 20 MINUTES TO A SIDE. THAT IS MY UNANIMOUS-CONSENT REQUEST. MAYBE WE CAN DO IT IN LESS TIME.

MR. LEAHY. MR. PRESIDENT, RESERVING THE RIGHT TO OBJECT, AND I SHALL NOT OBJECT, WHAT WAS THE AMENDMENT AGAIN?

MR. BUMPERS. IT IS AN AMENDMENT WHICH DEALS WITH THE LOAN RATE ON SOYBEANS.

THE PRESIDING OFFICER. IS THERE OBJECTION? IF NOT, WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1134

(PURPOSE: TO IMPROVE THE SOYBEAN PRICE SUPPORT PROVISIONS BY ENSURING THAT THE SOYBEAN SUPPORT PRICE SHALL NOT DECREASE BY MORE THAN 5% PER YEAR NOR FALL BELOW \$4.50 PER BUSHEL)

MR. BUMPERS. MR. PRESIDENT, I SEND MY AMENDMENT TO THE DESK.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS FOR HIMSELF AND MR. STENNIS, MR. PRYOR, MR. BAUCUS, MR. HOLLINGS, MR. SIMON, MR. PRESSLER, MR. FORD, AND MR. SASSER] PROPOSES AN AMENDMENT NUMBERED 1134.

MR. LEAHY. MR. PRESIDENT, IF IT IS A SHORT AMENDMENT, WOULD THE SENATOR MIND

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HAVING IT READ? THERE IS SOME CONFUSION.

MR. BUMPERS. NOT AT ALL. IF WE ARE GOING TO HAVE IT READ, LET US HAVE ORDER, MR. PRESIDENT.

THE PRESIDING OFFICER. THE SENATE WILL BE IN ORDER WHILE THE CLERK READS THE PENDING AMENDMENT.

MR. BUMPERS. MR. PRESIDENT, EVERYBODY IS IN A HURRY TO GET THIS FARM BILL CONSIDERED SO WE CAN ALL LEAVE HERE BUT NOBODY IS IN A HURRY TO CEASE CONVERSATION SO WE CAN HAVE ORDER IN THE SENATE.

THE PRESIDING OFFICER. THE CLERK WILL STATE THE AMENDMENT.

THE LEGISLATIVE CLERK READ AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING: AT THE END OF THE BILL, ADD THE FOLLOWING:

"SEC. . NOTWITHSTANDING ANY PROVISION OF THIS ACT, IN IMPLEMENTING THE SOYBEAN PRICE SUPPORT PROGRAM REQUIRED BY THIS ACT, IN NO EVENT SHALL THE SECRETARY REDUCE THE SOYBEAN SUPPORT PRICE BY MORE THAN FIVE PERCENT FROM THE SUPPORT PRICE DETERMINED FOR THE PRECEDING CROP; PROVIDED FURTHER THAT IN NO EVENT SHALL THE SOYBEAN SUPPORT PRICE BE ESTABLISHED AT A LEVEL BELOW \$4.50 PER BUSHEL."

MR. BUMPERS. MR. PRESIDENT, IF I MAY HAVE THE ATTENTION OF MY COLLEAGUES FOR ABOUT 4 MINUTES, I CAN EXPLAIN THIS AMENDMENT, I THINK, ABOUT AS CLEARLY AS I CAN EXPLAIN IT.

THE HOUSE FARM BILL RIGHT NOW PROVIDES FOR A LOAN RATE OF \$4.75 A BUSHEL ON SOYBEANS. THE CURRENT LOAN RATE IS \$5.02. IF WE WERE TO ADOPT THE HOUSE FARM BILL LOAN RATE, IT WOULD BE 27 CENTS BELOW THE LOAN RATE RIGHT NOW. HOWEVER, THE DOLE SUBSTITUTE, WHICH IS THE PENDING AMENDMENT HERE, GOES MUCH FURTHER THAN THE HOUSE BILL.

THE DOLE PACKAGE ESTABLISHES THAT THE LOAN RATE ON SOYBEANS WILL BE 75 PERCENT OF THE AVERAGE MARKET PRICE FOR THE LAST 5 YEARS, TAKING OUT THE HIGH AND THE LOW YEARS. WHATEVER THE AVERAGE, YOU TAKE 75 PERCENT OF THAT.

IF YOU CALCULATE THAT, RIGHT NOW, IT MEANS THE LOAN RATE ON SOYBEANS NEXT YEAR, 1986, WILL BE AROUND \$4.40. THIS BILL THAT THE MAJORITY LEADER HAS GIVEN US HAS A LOT TO RECOMMEND IT. THERE ARE SOME THINGS ABOUT IT THAT ARE GOOD FOR THE RICE, CORN, AND COTTON FARMERS, BUT THE SOYBEAN FARMERS ARE NOT SATISFIED WITH IT BY A LONG SHOT. THIS AMENDMENT IS SIMPLY TRYING TO REDRESS WHAT I BELIEVE IS THE HONEST, GENUINE, LEGITIMATE CONCERN OF THE SOYBEAN FARMERS OF AMERICA.

I AM NOT UNMINDFUL THAT THIS BILL CARRIES A \$35 BONUS PER ACRE FOR SOYBEANS GROWN IN 1985. YET I TELL YOU, MR. PRESIDENT: WE HAVE NOT DONE THIS OUT OF AN ACT OF GENEROSITY. FOR PEOPLE WHO THINK WE ARE JUST GIVING FARMERS \$35 AN ACRE BECAUSE WE CARE ABOUT THEM AND BECAUSE OUR GOVERNMENT IS MAGNANIMOUS, THAT IS NOT QUITE THE FULL TRUTH. THE FULL TRUTH IS THAT BY GIVING THEM \$35 AN ACRE, WE ARE GOING TO KEEP 300 TO 700 MILLION BUSHEL OF BEANS FROM BEING FORFEITED, THEREBY SAVING OURSELVES A

DOUBLE TON OF MONEY IN THE PROCESS. FARMERS MUST AVOID PUTTING BEANS INTO LOAN, OR THEY MUST REDEEM BEANS CURRENTLY UNDER LOAN, BEFORE THEY ARE ELIGIBLE FOR THE \$35 PAYMENT. IN EFFECT, WE HAVE CREATED A RECOURSE LOAN TO WHICH THE MARKET IS RESPONDING.

NO. 2, THE PROBLEM WITH AGRICULTURE IN AMERICA HAS NOT BEEN ADDRESSED IN THIS BILL, AT LEAST A GOOD PORTION OF IT HAS NOT BEEN, BECAUSE THE PROBLEM IS THAT OUR AGRICULTURAL LENDERS ARE GOING BROKE. I AM NOT GOING TO DEBATE THE FARM CREDIT SYSTEM, MR. PRESIDENT, BUT I WILL SAY THIS: BY GIVING SOYBEAN FARMERS \$35 AN ACRE, WE ARE AT LEAST INFUSING SOME CASH INTO THEIR POCKETS THAT WILL ALLOW A LOT OF THEM TO REPAY SOME OF THEIR PRODUCTION LOANS THIS FALL THAT WILL OTHERWISE GO INTO DEFAULT. I SIMPLY WANT TO PUT THE \$35 PER ACRE PAYMENT INTO PERSPECTIVE AND SAY THE GOVERNMENT IS GOING TO GET THE LION'S SHARE OF THAT \$35 BACK.

WHAT DOES THE LOAN RATE AMOUNT TO, MR. PRESIDENT?

MR. BOSCHWITZ. WILL THE SENATOR YIELD?

MR. BUMPERS. YES, MR. PRESIDENT.

MR. BOSCHWITZ. HOW DOES THE GOVERNMENT GET THE \$35 -- ACTUALLY, IT IS \$50 BECAUSE IT WILL ACCRUE SOME INTEREST. BUT HOW DOES THE GOVERNMENT GET THAT MONEY BACK?

MR. BUMPERS. I JUST GOT THROUGH SAYING, MR. PRESIDENT, THAT THE \$35 PAYMENT KEEPS 300 TO 700 MILLION BUSHEL OF BEANS FROM BEING FORFEITED, BECAUSE RIGHT NOW, SOYBEANS ARE SELLING FOR ABOUT \$4.75 A BUSHEL, AND THE LOAN PRICE IS \$5.02.

I ASK THE SENATOR HOW MANY BEANS HE THINKS WILL BE FORFEITED FOR \$5.02 WHEN THE CASH MARKET PRICE RIGHT NOW IS \$4.60. THE \$35 PAYMENT WILL HELP THE GOVERNMENT AVOID THIS SITUATION.

MR. BOSCHWITZ. WITH THAT AMENDMENT, WE HAVE NOT YET HAD THE 1985 CROP, SO IN THAT WAY -- --

MR. BUMPERS. IT MAY HAPPEN IN MINNESOTA, MR. PRESIDENT, BUT THERE ARE A LOT OF BEANS BEING HARVESTED IN MY STATE RIGHT THIS MINUTE.

THE SENATOR IS FROM AN AGRICULTURAL STATE AND HE ALSO HAS AGRICULTURAL LENDERS. ALL I AM SAYING IS THAT THE \$1 BILLION THE SOYBEAN FARMERS ARE GOING TO GET AS A RESULT OF THE PAYMENT IS GOING TO GO RIGHT BACK TO THE FARMERS HOME ADMINISTRATION, RIGHT BACK TO THE PRODUCTION CREDIT ASSOCIATION, AND RIGHT BACK TO THE FARM CREDIT SYSTEM AND THAT IS MONEY THAT WILL NOT BE AVAILABLE FOR 1986 CREDIT.

IF YOU WANT TO KNOW WHAT THIS BILL DOES TO SOYBEAN FARMERS, MR. PRESIDENT, LISTEN TO THIS: YOU TELL ME HOW MANY FARMERS CAN SURVIVE ON A \$4.40 LOAN RATE IN 1984, THE LAST YEAR FOR WHICH WE HAVE FIGURES, THE COST OF PRODUCTION FOR SOYBEANS, ON AVERAGE, WAS \$184 PER ACRE. A \$4.40 LOAN ON 34 BUSHEL PER ACRE WOULD MEAN A LOSS OF \$40 TO \$45 PER ACRE BASED ON THE NATIONAL AVERAGE OF 34 BUSHEL PER ACRE.

MY AMENDMENT SAYS, MR. PRESIDENT, THAT THE SECRETARY MAY NOT LOWER THE LOAN RATE MORE THAN 5 PERCENT A YEAR NOR BELOW \$4.50 PER BUSHEL. ALL I AM SAYING IS LET US NOT BREAK THEM ALL AT ONE TIME. LET US CUT THEIR TAILS OFF JUST A LITTLE BIT AT A TIME.

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THE ULTIMATE RESULT, UNLESS WE CAN EXPORT A LOT MORE THAN WE HAVE BEEN IN THE PAST, IS GOING TO BE THE SAME. WHAT I AM SAYING IS THE HOUSE IS AT \$4.75. IF YOU ADOPT MY AMENDMENT, OUR LOAN RATE WILL BE \$4.75, AND THAT WILL BE ONE ITEM WE WILL NOT HAVE TO FIGHT IN CONFERENCE.

NOW, IF YOU WANT TO SAY THAT FOR 1985 WE HAVE ALREADY GIVEN THEM \$1 A BUSHEL, YOU CAN SAY THAT. BUT MY AMENDMENT GOES MUCH FURTHER THAN THAT. IT GOES THROUGH 1989, TOO.

OUR SOYBEAN FARMERS ARE GOING TO NEED HELP FROM 1986 THROUGH 1989 WHEN THE PAYMENT IS GONE. UNDER THE DOLE OPTION, THE LOAN WILL CONTINUE TO SPIRAL DOWNWARD, AND MY AMENDMENT WILL HELP ARREST THIS DOWNWARD MOVEMENT.

I AM GOING TO TELL YOU SOMETHING, MR. PRESIDENT. IN 1986 AND 1987, AS HAPPY AS THE FARMERS ARE TO GET THAT \$35 AN ACRE, WHEN THAT MONEY IS GONE OUR SOYBEAN FARMERS ARE GOING TO START DROPPING LIKE TENPINS. I AM SIMPLY SAYING LET US AT LEAST EASE THE BURDEN ON THE SOYBEAN FARMERS.

MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER (MR. DANFORTH). TWELVE MINUTES.

MR. BUMPERS. I YIELD SUCH TIME TO THE SENATOR FROM MISSISSIPPI AS HE MAY USE.

MR. STENNIS. MR. PRESIDENT, WILL THE CHAIR INFORM ME AT THE END OF 5 MINUTES, PLEASE.

MR. PRESIDENT, I AM HAPPY TO SPONSOR THIS AMENDMENT, ALONG WITH MY GOOD FRIEND FROM ARKANSAS. SENATOR BUMPERS, TO PROVIDE SOME SUPPORT TO OUR AILING SOYBEAN FARMERS.

THE SO-CALLED COMPROMISE PACKAGE OFFERED YESTERDAY BY THE DISTINGUISHED MAJORITY LEADER IS, IN MANY WAYS, GOOD FARM LEGISLATION FOR MY STATE. HIS PROVISIONS FOR THE COTTON AND RICE PROGRAMS WILL PROVIDE NEEDED SUPPORT FOR FARMERS WITHOUT TOO MUCH COST TO THE GOVERNMENT. HOWEVER, I FOUND MYSELF FORCED TO VOTE AGAINST THE PACKAGE YESTERDAY BECAUSE IT PROVIDES ABSOLUTELY NO SECURITY FOR SOYBEAN FARMERS BEYOND THE CURRENT CROP YEAR.

THE AMENDMENT WE ARE OFFERING NOW WOULD STRENGTHEN THE BILL BY BRINGING THE SOYBEAN PROGRAM MORE IN LINE WITH THE OTHER COMMODITY PROGRAMS. WHILE IT WOULD ALLOW THE LOAN RATE TO DROP TO A LOWER LEVEL AND FLOAT WITH THE AVERAGE MARKET PRICE, IT WOULD DO SO MORE GRADUALLY THAN THE PROPOSED BILL.

AS YOU KNOW, THE TARGET PRICES FOR FEED GRAINS, COTTON, AND RICE CAN BE LOWERED UNDER THE COMPROMISE PACKAGE, BUT BY NO MORE THAN 5 PERCENT IN ANY YEAR. OUR AMENDMENT WOULD ACCOMPLISH THE SAME FOR THE SOYBEAN LOAN RATE.

UNDER THE COMPROMISE PACKAGE THE LOAN RATE FOR THE 1986 CROP WOULD DROP TO AN ESTIMATED \$4.40/BUSHEL, LESS THAN ANY FARMER IN MY STATE CAN PRODUCE SOYBEANS. OUR AMENDMENT WOULD ESTABLISH A FLOOR OF \$4.50 FOR THE SOYBEAN LOAN RATE, WHICH WITH CURRENT ESTIMATES, WOULD BE REACHED IN 2 TO 3 YEARS. THIS WOULD ALLOW TIME FOR THE PRICE OF SOYBEANS TO REACH A LEVEL, ON ITS OWN, HIGH ENOUGH TO COVER THE COST OF PRODUCTION. OR IT WILL PROVIDE SUFFICIENT TIME FOR FARMERS TO VOLUNTARILY REDUCE

THEIR ACREAGE.

FINALLY, MR. PRESIDENT, OUR AMENDMENT WOULD PROVIDE STABILITY IN FAULTING SOYBEAN MARKET WHICH, IN THE LAST FEW DAYS, HAS SUFFERED DRASTIC REDUCTIONS. FOR THE FIRST TIME THAT I CAN REMEMBER, THE PRICE OF SOYBEANS THIS WEEK HAS DROPPED TO A POINT BELOW THE CURRENT LOAN RATE SOLELY BECAUSE OF THE RUMORS OF DRASTIC REDUCTIONS IN LOAN RATES THAT ARE NOW A PART OF THE BILL BEING CONSIDERED BY THIS BODY.

MR. PRESIDENT, IT IS A MATTER OF REALITY THAT SOYBEANS HAVE BEEN A GOOD SOURCE OF INCOME FOR THE PRODUCER, THE GROWER, AT VERY LITTLE COST TO THE GOVERNMENT. THERE HAS BEEN A LOAN PROGRAM, BUT THE PRICE WAS UP AT OR ABOVE THE LOAN LEVEL A LITTLE, AND REALLY IT SUSTAINED A FINE PRODUCT AND PROGRAM AND HAS CARRIED ON. NOW THOUGH, IT HAS GOTTEN TO THE POINT THAT THE PRICE HAS GONE DOWN BELOW THE LOAN FIGURE, UNLESS WE DO SOMETHING TO CHANGE WHAT HAPPENS THE FIRST YEAR WHEN THE BONUS PAYMENT COMES IN. ONE YEAR, THAT IS THIS YEAR NOW 1985, AND THAT BONUS WILL BE OVER.

NOW, THIS AMENDMENT FOR A CROP THAT HAS BEEN SO PROFITABLE -- AS I SAID, NO FARMER HAS GOTTEN RICH, BUT IT WAS CARRIED ON BY THE GOVERNMENT IN SUCH A FINE WAY IT HAS NOT COST -- WILL MERELY PUT IT IN THE SAME CATEGORY THAT WE ALREADY HAVE FOR THE FEED GRAINS, RICE, AND COTTON.

NOW, THOSE COMMODITIES ARE IN THE BILL THAT WAS ADOPTED WEDNESDAY BY THE DOLE AMENDMENT. AT THAT TIME WE HAD NOT WORKED OUT ANYTHING FOR SOYBEANS. WE DID NOT HAVE THIS CLEARLY READY TO PRESENT. THE SENATOR FROM KANSAS WAS NOT ABLE TO CONSIDER IT. THEREFORE, I DID NOT VOTE FOR THE PACKAGE. IT IS SO IMPORTANT IN OUR AREA OF THE COUNTRY THAT I JUST COULD NOT VOTE FOR THE AMENDMENT UNLESS SOMETHING WAS DONE ABOUT THIS ITEM; IT IS SO VITAL.

NOW, I AM TALKING ABOUT MEN I HAVE KNOWN FOR YEARS IN MY HOME COUNTY. I KNOW THEY ARE GOOD, INTELLIGENT FARMERS. THEY ARE HARD WORKERS. THEY PAY THEIR DEBTS. THEY TELL ME THEY ARE ALREADY KEEPING BOOKS ON IT AND THEY ABSOLUTELY CANNOT PRODUCE THESE BEANS AT THE LOW LOAN LEVELS THAT WILL BE WITHIN THE GOVERNMENT PROGRAM ACCORDING TO THIS PACKAGE. NOW AFTER THIS YEAR IS OUT, THERE IS 1 MORE YEAR THAT THEY WILL BE PROTECTED, THERE IS AN ABYSS. THERE IS NO SUPPORT OF ANY KIND FOR THESE PRODUCERS.

NOW, UNLESS SOMETHING IS DONE, THERE ARE A WHOLE LOT OF FINE PEOPLE WHO KNOW HOW TO FARM BUT ARE GOING TO GO BROKE. WE ARE GOING TO LOSE ONE OF THE MOST PROFITABLE BUSINESSES WE HAVE IN THIS INTERNATIONAL TRADE WAR THAT WE ARE RAPIDLY LOSING.

THESE ARE THINGS THAT I DO KNOW SOMETHING ABOUT PERSONALLY. THESE MATTERS ARE PRESENT IN MY HOME COUNTY. I HAVE DEALT WITH THE PEOPLE ON IT FOR YEARS. THESE ARE THE FACTS.

NOW, IT IS NOT FULLY UNDERSTOOD. THERE WAS SOME KIND OF A MISUNDERSTANDING ABOUT IT TO BEGIN WITH. THE FACTS GOT JUMBLED UP SOMEHOW WITHOUT THE COMMITTEE BEING AT FAULT. PERHAPS IT DID NOT GET THE TRUE FACTS IN THE BEGINNING. BUT THIS IS A DISTRESSING SITUATION.

IF SENATORS WILL ADOPT THIS AMENDMENT AND LET IT GO ON TO CONFERENCE, I WILL DO WHAT LITTLE I CAN TO SEE THAT IT IS FURTHER GIVEN ATTENTION TO GET TO THE TRUE FACTS.

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JUST TO ALLOW THESE FARMERS TO MAKE A LIVING IS ALL I AM ASKING. THIS IS NOT A PROGRAM WHERE THE PEOPLE CAN GROW SOMETHING AND SELL IT TO THE GOVERNMENT AT A PROFIT AND EVERYBODY IS HAPPY AGAIN. IT IS NOT THAT AT ALL. THIS IS A QUESTION OF SURVIVAL. THIS IS A QUESTION OF KEEPING THE TRACTOR NOTES UP, KEEPING THE OTHER INVESTMENTS UP AND MAKING A GO OF THIS FAST-FADING FARM SITUATION IN MANY AREAS.

THE PRESIDING OFFICER. THE SENATOR'S 5 MINUTES HAVE EXPIRED.

MR. STENNIS. I HOPE THE SENATE WILL TAKE THIS QUITE SERIOUSLY AND THAT SENATORS WILL SUPPORT THE AMENDMENT.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. WILSON. MR. PRESIDENT, I YIELD MYSELF SUCH TIME AS I SHALL REQUIRE.

MR. PRESIDENT, THIS AMENDMENT IS A CLEAR EXAMPLE OF THE DIFFICULTY THAT WE GET INTO WHEN WE SEEK TO AMEND THIS 1985 FARM BILL.

RECENTLY, THE DISTINGUISHED CHAIRMAN OF THE AGRICULTURE COMMITTEE RECEIVED A VISITATION FROM SOYBEAN FARMERS REPRESENTING THE INDUSTRY IN HIS HOME STATE OF NORTH CAROLINA, WHICH I MIGHT ADD IS A MAJOR SOYBEAN PRODUCER. THEY CAME TO HIM LAST WEEK AND PLEADED TO HAVE THEIR PROGRAM PUT ON A MARKET-ORIENTED COURSE FOR THE LONG HAUL. THEY SAID TO HIM, "WE WANT TO GET OUR EXPORTS AND DOMESTIC DEMAND GOING AGAIN AND WE KNOW THAT MEANS OUR PRICES HAVE TO COME DOWN."

MR. PRESIDENT, THEY DO NOT WANT TARGET PRICES AND ACREAGE CONTROLS THAT HAVE BEEN SO DAMAGING TO OTHER COMMODITIES. SOYBEAN FARMERS WANT A SIMPLE PAYMENT NOT LINKED TO BUSHEL, POUNDS, OR BALES TO GET THEM OVER THE HUMP.

THE MAJORITY LEADER WITH THE STRONG ENCOURAGEMENT OF THE SENATOR FROM MINNESOTA INCLUDED A MARKET-ORIENTED PLAN IN HIS PACKAGE THAT HAD THE APPROVAL OF THE SOYBEAN REPRESENTATIVES.

THE PLAN CLEARLY COSTS MONEY, BUT THE MONEY WAS SPENT WITH THE UNDERSTANDING THAT IN CROP YEAR 1987 THE SOYBEAN LOAN RATE WOULD DROP TO 75 PERCENT OF A SIMPLE MOVING MARKET AVERAGE FOR 5 YEARS, DROPPING THE HIGH AND LOW YEARS. AND THE SOYBEAN FARMERS WILL RECEIVE DIRECT PAYMENT OF \$35 PER ACRE ON THEIR 1985 CROP.

THIS AMENDMENT NOW SEEKS TO DESTROY THE HOPES OF THOSE SOYBEAN FARMERS TO CAPTURE MORE MARKETS. IT KEEPS LOAN RATES TOO HIGH AND IT GUARANTEES THAT THE GOVERNMENT WILL END UP BUYING A LARGE PART OF THE SOYBEAN CROP.

MR. PRESIDENT, WE HAVE A GROUP OF FARMERS WHO BELIEVE IN THE MARKETPLACE. THEY ARE WILLING TO TAKE THEIR CHANCES. LET US NOT DECREE THAT THEY MUST INSTEAD BECOME WARDS OF THE STATE.

INCIDENTALLY, THE CONGRESSIONAL BUDGET OFFICE ESTIMATES THAT THE AMENDMENT WILL COST \$300 TO \$500 MILLION.

MR. PRESIDENT, I YIELD TO THE SENATOR FROM MINNESOTA SUCH TIME AS HE SHALL REQUIRE.

MR. BOSCHWITZ. I SUGGEST THE SENATOR RESERVE THE REMAINDER OF HIS TIME. HIS STATEMENT WAS VERY COMPLETE AND I THINK COVERED MOST OF THE ARGUMENTS. PERHAPS WE

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COULD LISTEN TO SEE IF THE OTHER SIDE RAISED NEW ARGUMENTS AND PERHAPS THEN I WILL ANSWER THEM.

MR. WILSON. MR. PRESIDENT, I RESERVE THE REMAINDER OF MY TIME.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. LEAHY. MR. PRESIDENT, I THINK WE ARE READY TO GO TO A VOTE.

MR. BUMPERS. MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINNG?

THE PRESIDING OFFICER. SEVEN MINUTES.

MR. BUMPERS. SEVEN MINUTES. I YIELD TO THE SENATOR FROM NEBRASKA 2 MINUTES.

MR. EXON. I THANK MY FRIEND FROM ARKANSAS. I HAVE BEEN LISTENING TO THIS DEBATE WITH MUCH INTEREST AND BECOME MORE CONFUSED AS I HAVE BEEN CONFUSED ON WHAT THE FARM SOYBEAN RAISERS WANT.

NOW, THERE WAS A HASTILY CONCEIVED PROPOSITION INSERTED AMONG OTHER HASTY PROPOSALS IN THE DOLE MEASURE THAT PASSED HERE THE OTHER DAY. EVER SINCE THEM, THE MARKET PRICE OF BEANS HAS BEEN FREE FALLING. I WAS TOLD YESTERDAY BY A NEBRASKA GROWER AT BROWNVILLE, NE, ON THE MISSOURI RIVER, THE BEANS WERE DOWN TO \$4.30. I BELIEVE WHAT HAS HAPPENED IS THAT WHEN WE HELD OUT AT THE REQUEST OF THE TOP ORGANIZATION PEOPLE IN THE SOYBEAN STRUCTURE THAT WE ARE GOING TO PAY THEM \$35 FOR THE CROP THAT THEY HAVE HARVESTED, OR ABOUT TO HARVEST, THEY THOUGHT THAT WOULD GIVE THEM SOME IMMEDIATE CASH-FLOW IN A SITUATION WHICH IS DESPERATE IN AGRICULTURE TODAY.

I SUSPECT THAT WHAT HAS HAPPENED IS THAT THE PEOPLE WHO PROCESS SOYBEANS SAW THAT COMING AND CAUSED THE MARKET TO FREE FALL.

I DO NOT KNOW WHAT THE SOYBEAN PEOPLE WANT. I AM GETTING CONFLICTING SIGNALS. THE LEADERSHIP OF THE SOYBEANS PEOPLE SAY THIS IS A GOOD BILL. FROM THE DEBATE THAT I HAVE JUST HEARD, AS EXPLAINED BY THE SENATOR FROM CALIFORNIA -- AND I AM SURE HE IS SPEAKING FROM A POSITION THAT HE BELIEVES IS CORRECT -- I HEAR ONE THING. I HEAR MY FRIEND FROM ARKANSAS, WHO ALSO KNOWS SOMETHING ABOUT SOYBEANS, SAYING DIRECTLY THE OPPOSITE.

I CERTAINLY AGREE, THOUGH, WITH MY FRIEND FROM MISSISSIPPI. IT SEEMS TO ME THAT WITH SOYBEANS IN A FREE-FALL SITUATION, WE HAD BETTER COME IN WITH THE MORE MINIMAL SUPPORT PRICES AS SUGGESTED IN THE AMENDMENT OFFERED BY THE SENATOR FROM ARKANSAS. I THINK DISCRETION THE FAR BETTER PART OF VALOR RIGHT NOW DURING A COLLAPSE OF THE SOYBEAN MARKET.

THEREFORE, I URGE THE SENATE TO ADOPT THE AMENDMENT OFFERED BY THE SENATOR FROM ARKANSAS.

MR. BUMPERS. I THANK THE SENATOR VERY MUCH.

MR. PRESIDENT, DOES THE OTHER SIDE WISH TO USE SOME TIME? I WOULD LIKE IT IF THEY WOULD.

MR. BOSCHWITZ. IS THE SENATOR FROM ARKANSAS OUT OF TIME?

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MR. BUMPERS. NO, I AM NOT, AND I HOPE I DO NOT RUN OUT.

MR. BOSCHWITZ. MR. PRESIDENT, WILL THE SENATOR YIELD A FEW MINUTES TO ME?

MR. WILSON. I YIELD TO THE SENATOR FROM MINNESOTA SUCH TIME AS HE REQUIRES.

MR. BOSCHWITZ. MR. PRESIDENT, I WILL NOT REPEAT THE ARGUMENTS OF MY GOOD FRIEND FROM CALIFORNIA, EXCEPT TO SAY THAT TOGETHER WITH THE REPRESENTATIVES OF THE AMERICAN SOYBEAN ASSOCIATION, WE DID WORK OUT THIS COMPROMISE THAT HAS BEEN PUT INTO EFFECT, WHICH MAKES A PAYMENT OF \$35 AN ACRE AND EXCUSES THE INTEREST ON THE LOAN. SO IT HAS THE EFFECT, AS THE DISTINGUISHED SENATOR FROM NEBRASKA [MR. ZORINSKY] NOTED EARLIER, OF ABOUT \$50 AN ACRE. IN EXCHANGE FOR THAT, THE AMERICAN SOYBEAN ASSOCIATION IS SUPPORTING THE PACKAGE PUT TOGETHER BY SENATOR DOLE AND OTHERS. THE AMERICAN SOYBEAN ASSOCIATION IS SUPPORTING THE PACKAGE AS IT IS. IT IS NOT SUPPORTING THE POSITION OF THE SENATOR FROM ARKANSAS, AND I THINK THAT THE SENATOR FROM CALIFORNIA HAS ABLY MADE THE ARGUMENT WITH RESPECT TO THIS.

SO I SUGGEST THAT WE PROCEED TO A VOTE.

MR. FORD. MR. PRESIDENT, WILL THE DISTINGUISHED SENATOR FROM ARKANSAS ALLOW ME A MINUTE OR TWO?

MR. BUMPERS. I YIELD TO THE SENATOR.

MR. FORD. I THANK THE DISTINGUISHED SENATOR.

MR. PRESIDENT, WE TALK ABOUT MAKING ARRANGEMENTS HERE IN WASHINGTON WITH HEADS OF ASSOCIATIONS. I HAPPENED TO GO BACK HOME AND TALK TO MY GROWERS. MY GROWERS MET LAST NIGHT. MY GROWERS DO NOT WANT THIS. MY GROWERS SAY LEAVE THEM ALONE, IF YOU ARE GOING TO HAVE A FREE-FALLING SITUATION AFTER THE FIRST YEAR.

MR. PRESIDENT, AMERICA'S SOYBEAN FARMERS HAVE A PROBLEM. I, FOR ONE, BELIEVE THAT THE AMENDMENT THIS BODY HAS ACCEPTED IN THIS FARM BILL RELATING TO SOYBEANS WILL INCREASE THE SOYBEAN FARMERS TROUBLES.

THE CHANGES IN THE SOYBEAN MARKET HAVE ALREADY REACTED TO THIS AMENDMENT ON A FARM BILL THAT HAS NOT EVEN CLEARED FOR FINAL PASSAGE. I ASK THAT AN ARTICLE FROM YESTERDAY'S WALL STREET JOURNAL, ENTITLED "SOYBEANS TUMBLE AS THE FARM BILL ADVANCES IN SENATE," BE PRINTED IN THE RECORD.

THERE BEING NO OBJECTION, THE ARTICLE WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

SOYBEANS TUMBLE AS THE FARM BILL ADVANCES IN SENATE

(BY WENDY L. WALL)

SENATE DELIBERATIONS ON FARM LEGISLATION SENT SOYBEAN FUTURES PRICES TUMBLING FOR THE SECOND TIME IN A WEEK.

THE SENATE'S CONSIDERATION OF A PROPOSAL THAT WOULD DISCOURAGE FARMERS FROM PUTTING THEIR CROP INTO GOVERNMENT-FINANCED STORAGE RAISED THE SPECTER OF A POST-HARVEST GLUT ON CASH MARKETS.

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THE MEASURE, PART OF A FARM BILL AMENDMENT INTRODUCED BY SENATE MAJORITY LEADER ROBERT DOLE (R., KAN.), WAS PASSED BY THE SENATE LATE YESTERDAY, AFTER THE FUTURES MARKET CLOSED. THE BILL ITSELF IS STILL PENDING IN THE SENATE.

BUT ANTICIPATION OF ITS PASSAGE TORPEDOED SOYBEAN FUTURES, WITH CONTRACTS FOR DELIVERY NEXT SUMMER FALLING TO LIFE-OF-CONTRACT LOWS. PRICES FOR DELIVERY IN JANUARY, THE NEAREST-TERM CONTRACT, FELL 6.75 CENTS TO \$4.93 A BUSHEL, HOVERING NEAR THE NINE-YEAR LOWS FOR NEARBY CONTRACTS SET EARLIER THIS WEEK.

THE MEASURE CALLS FOR SOYBEANS FARMERS TO RECEIVE A \$35-AN-ACRE PAYMENT THIS YEAR IF THEY AGREE NOT TO PUT THEIR CROP INTO GOVERNMENT PRICE-SUPPORT STORAGE PROGRAMS. THE STORAGE PROGRAMS ARE DESIGNED TO BOLSTER PRICES BY WITHHOLDING SUPPLIES FROM THE MARKET. FARMERS WOULD RECEIVE \$5 OF THAT PAYMENT IN THE FORM OF SOYBEANS FROM GOVERNMENT STOCKPILES.

THE MEASURE IS A COMPROMISE WORKED OUT TUESDAY AMONG SENATE STAFFERS, AGRICULTURE DEPARTMENT OFFICIALS AND THE AMERICAN SOYBEAN ASSOCIATION. SEN. DOLE AND THE AGRICULTURE DEPARTMENT HAD REJECTED AN EARLIER SOYBEAN ASSOCIATION PROPOSAL AS TOO EXPENSIVE, AN ASSOCIATION OFFICIAL SAID.

THE SOYBEAN GROUP'S PROPOSAL, WHICH HELPED PROMPT HEAVY SELLING IN SOYBEAN FUTURES MONDAY, CALLED FOR A REDUCTION IN THE 1985 LOAN RATE -- THE AMOUNT FARMERS CAN BORROW IN RETURN FOR PUTTING THEIR CROPS INTO GOVERNMENT-FINANCED STORAGE -- TO \$4 A BUSHEL FROM \$5.02 A BUSHEL. THE LOAN RATE IS IMPORTANT BECAUSE IT ACTS AS A FLOOR UNDER PRICES.

IN CONTRAST TO THE SOYBEAN GROUP'S ORIGINAL PROPOSAL, THE MEASURE WOULD MAINTAIN THE LOAN RATE FOR THE CURRENT CROP AT \$5.02 A BUSHEL. BUT BEGINNING IN 1986, THE LOAN RATE WOULD FLOAT AT 75 PERCENT OF THE AVERAGE SOYBEAN PRICE DURING THE PREVIOUS FIVE YEARS, EXCLUDING THE HIGHEST AND LOWEST YEARLY AVERAGES.

THE MEASURE PASSED YESTERDAY COULD LEAD TO A FAIRLY RAPID RELEASE OF THE PORTION OF THIS YEAR'S SOYBEAN CROP THAT HAS BEEN STORED IN RETURN FOR PRICE-SUPPORT LOANS. FARMERS WHO HAVE ALREADY SIGNED UP FOR PRICE-SUPPORT STORAGE PROGRAMS WOULD HAVE 60 DAYS AFTER PASSAGE OF THE LEGISLATION TO REPAY THEIR GOVERNMENT LOANS AND REGAIN CONTROL OF THEIR SOYBEANS. THAT STEP WOULD MAKE THEM ELIGIBLE FOR THE \$35-AN-ACRE GOVERNMENT PAYOUT.

DESPITE THE HEAVY SELLING IN THE SOYBEAN PIT, CORN FUTURES ROSE MODERATELY, BUOYED BY TIGHT CASH-MARKET SUPPLIES. A MEXICAN PURCHASE OF 360,000 METRIC TONS OF U.S. CORN AND RUMORS THAT THE SOVIET UNION MIGHT BE SEEKING TO BUY CORN ALSO LED TO BUYING. WHEAT FUTURES CLOSED MIXED, WITH MOST CONTRACTS LITTLE CHANGED.

MR. FORD. MR. PRESIDENT, THE COMMITTEE-REPORTED FARM BILL VERY CLEARLY ESTABLISHED A MINIMUM LOAN RATE OF \$5.02/BUSHEL FOR SOYBEANS. THE AMENDMENT WILL, IN EFFECT, LOWER THAT LOAN RATE BELOW THE \$5.02 LEVEL AFTER 1985. AVERAGE YIELDS FOR SOYBEANS ARE AT RECORD LEVELS AND TOTAL SUPPLIES FOR 1985-86 WILL BE OVER 2.4 BILLION BUSHEL, OR A 1 1/3-YEAR SUPPLY UNDER CURRENT PROJECTED DEMAND.

WHAT THIS BODY HAS DONE IS BUY OFF THE SOYBEAN FARMER FOR 1 YEAR. WE ARE PAYING THE SOYBEAN FARMER \$35/ACRE TO NOTFORFEITHISCROPTOTHEGOVERNMENT; TO NOT ALLOW HIS BEANS TO BE HELD IN AN EFFORT TO HOLD THE MARKET PRICE TO AT LEAST THE \$5.02 LEVEL.

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THE RESULT OF THE SENATE'S ACTION IS, IN EFFECT, TO BUY DOWN THE MARKET PRICE OF SOYBEANS. FARMERS WILL INDEED ACCEPT THE \$35/ACRE PAYMENT, AND MOVE THEIR BEANS INTO THE MARKETPLACE. REALIZING THIS DEVELOPMENT, GRAIN ELEVATORS IN MY STATE REFUSED TO ACCEPT SOYBEANS UPON HEARING JUST OF THE POSSIBILITIES OF PASSAGE OF THIS BILL, REFUSED BECAUSE THEY ANTICIPATED A DECLINE IN THE MARKETPLACE. QUITE FRANKLY, THEY WERE CORRECT, THE CASH PRICE FOR BEANS IS DOWN TO \$4.85/BUSHEL AND EXPECTED TO FALL FURTHER.

THE SENATE HAS BOUGHT OFF THE SOYBEAN FARMER. THE \$35/ACRE PAYMENT WILL KEEP BEANS FROM GOING UNDER LOAN, TO STABILIZE THE MARKET, INSTEAD THEY WILL MOVE INTO THE MARKETPLACE WITH NO FLOOR, AND THE PRICE WILL FALL.

NEXT YEAR, FOR THE 1986 CROP OF SOYBEANS, THE SUPPORT LEVEL WILL BE BASED UPON 75 PERCENT OF THE MOVING MARKET AVERAGE, AN AVERAGE THAT WILL BE BASED UPON THE 1985 PRICE THAT WILL BE DRIVEN LOWER BY THE ACTION OF THIS SENATE.

I FIRST BECAME AWARE OF THE FRAMEWORK OF A PLAN THAT LED TO THE CHANGE IN THE SO-CALLED DOLE PACKAGE LATE THIS SUMMER. I WAS, AT FIRST, DRAWN TO ITS CONCEPT, THAT OF RECOGNIZING A NEED TO SUPPORT AGRICULTURAL INCOME WITHOUT CONFUSING THE MARKET. IT ONLY MAKES SENSE TO SUPPORT THE FARM SECTOR, THE NATION'S MOST IMPORTANT INDUSTRY.

HOWEVER, I WAS DRAWN TO A CHANGE IN AN AGRICULTURAL CONCEPT OF FARM PROGRAMS. I WAS DRAWN TO SUPPORTING FARM INCOME DIRECTLY, AND DOING SO WITHOUT CONFUSING THE MARKETPLACE. I WAS FIRST DRAWN TO THIS PLAN BECAUSE IT WAS LONG TERM IN NATURE.

UNFORTUNATELY, I FEEL AS IF I WAS DRAWN DOWN A PRIMROSE PATH. THE ORIGINAL INTENT OF THE SOYBEAN PROPOSAL WAS LONG TERM, AND DID NOT DISRUPT THE MARKETPLACE WITH GOVERNMENT INTERVENTION.

I WAS NOT IN FAVOR OF THE PLAN RECENTLY PASSED BY THE SENATE, IN FACT, I CONDONE IT. INSTEAD OF ADHERING TO THE ORIGINAL PRINCIPLES OF THE AMERICAN SOYBEAN ASSOCIATION PLAN, IT USES A \$35/ACRE PAYMENT, NOT TO SUPPORT FARM INCOME, BUT TO BUY DOWN THE PRICE OF SOYBEANS, IN EFFECT, TOTALLY MANIPULATING THE MARKET.

THE ORIGINAL INTENTION OF THE AMERICAN SOYBEAN ASSOCIATION PLAN DESERVED TO BE STUDIED, IT WAS GOOD FARM POLICY BECAUSE IT WAS LONG-TERM. HOWEVER, THE ORIGINAL HAS BEEN TWISTED TO CONFORM TO A 1-YEAR NIGHTMARE FOR THE SOYBEAN FARMER. THE NET EFFECT OF WHAT THIS BODY HAS DONE IS TO EFFECTIVELY REDUCE THE INCOME TO THE SOYBEAN FARMER OVER THE LONG TERM. I FEAR THAT THE PROPOSAL WILL ERODE THE MARKET STABILITY FOR SOYBEANS, AND IT BE HARD PRESSED TO EVER RECOVER.

THE SENATE, THIS RESPONSIBLE BODY MUST DO WHAT IS FAIR FOR THE SOYBEAN PRODUCER. THE AMENDMENT BEING OFFERED TODAY IS SIMPLY THE RIGHT THING TO DO. SOYBEAN PRODUCERS DESERVE TO HAVE A MINIMUM FLOOR PRICE AS A FORM OF PROTECTION. THE AMENDMENT WE OFFER TODAY WILL PROVIDE THIS PROTECTION AND PROHIBIT SUCH WIDE FLUCTUATIONS IN THE MARKETPLACE FOR THE FUTURE.

UNLESS WE PASS THIS AMENDMENT, STARTING WITH THE 1986 CROP OF SOYBEANS, THE PRODUCERS WILL NOT HAVE A PROGRAM WHATSOEVER, WHILE ALL OTHER COMMODITIES SHALL HAVE SOME FORM OF MARKET PROTECTION.

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I URGE MY COLLEAGUES TO DO THE RIGHT THING.

MR. BUMPERS. MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER. THREE MINUTES.

MR. BUMPERS. I YIELD 1 MINUTE TO THE SENATOR FROM ALABAMA.

MR. HEFLIN. MR. PRESIDENT, MY POSITION IS THAT THE LOAN RATE SHOULD NOT BE DISTURBED. I WOULD BE OPPOSED TO THIS AMENDMENT IF IT HAD NOT BEEN FOR THE FACT THAT YOU HAVE HAD ALREADY AN AMENDMENT THAT IS PART OF THE DOLE PACKAGE WHICH IS GOING TO LOWER THE LOAN RATE TO \$4.38 A BUSHEL.

FRANKLY, IF IT WERE UP TO ME, I AM NOT FOR LOWERING THE LOAN RATE WHATSOEVER. BUT I MUST SUPPORT THIS ON THE BASIS THAT IT IS BETTER THAN WHAT IS NOW IN THE BILL. IN DOING SO, I DO NOT WANT IT TO BE INTERPRETED THAT I AM IN FAVOR OF A 5-PERCENT REDUCTION IN THE LOAN RATE FOR SOYBEANS IN EACH YEAR OF THE BILL.

MR. STENNIS MR. PRESIDENT, WILL THE SENATOR YIELD ME A HALF-MINUTE?

MR. BUMPERS. I YIELD.

MR. STENNIS. MR. PRESIDENT, LET ME REPEAT THAT THE IMPORTANT THING IS THAT ALL THIS AMENDMENT DOES IS TO GIVE THE SAME TREATMENT TO SOYBEANS, IN VIEW OF FORTHCOMING CERTAIN TROUBLE, THAT WE HAVE ALREADY GIVEN GRAIN, COTTON, AND RICE IN THIS BILL. THERE IS AN IMPENDING CALAMITY IN SOYBEANS.

IT WILL BE NOTED THAT THOSE IN THIS BODY WHO HAVE HAD DIRECT CONTACT WITH THE PROBLEMS ALL AGREE THAT SOMETHING MORE SHOULD BE DONE. I AM AFRAID THAT, AS SURE AS WE ARE HERE TODAY, VERY GRAVE TROUBLE IS GOING TO OCCUR TO THIS ONE OUTSTANDING EARNING PRODUCT THAT PRESENTLY IS IN OUR FAVOR IN WORLD TRADE.

I HOPE WE LET THIS GO TO CONFERENCE, WHERE THERE WILL BE ANOTHER CHANCE TO WORK OUT SOMETHING THAT IS FAIR -- NOT TO GIVE ANYONE ANYTHING, BUT TO KEEP SOYBEAN FARMERS FROM GOING BROKE AND LOSING EVERYTHING.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. BUMPERS. MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER. ONE MINUTE.

MR. BUMPERS. IS THE OTHER SIDE PREPARED TO YIELD BACK THE REMAINDER OF THEIR TIME?

MR. WILSON. NOT UNTIL WE HAVE HEARD THE DEVASTATING CLOSING ARGUMENT OF THE SENATOR FROM ARKANSAS.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. WILSON. I YIELD TO THE SENATOR FROM MINNESOTA.

MR. BOSCHWITZ. MR. PRESIDENT, I RESPECTFULLY DISAGREE WITH MY GOOD FRIEND, THE SENIOR SENATOR FROM MISSISSIPPI. THE SOYBEAN PROGRAM IS SOMEWHAT DIFFERENT BECAUSE

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OF THE DIRECT PAYMENT OF \$35 OR \$50 AN ACRE, WHICHEVER WAY YOU CONSTRUE IT. SO IT IS SOMEWHAT DIFFERENT FROM THE PROGRAM FOR THE FEED GRAINS, WHEAT, COTTON, AND RICE.

MR. STENNIS. MR. PRESIDENT, IF THE SENATOR WILL YIELD, THAT IS JUST FOR THE CURRENT YEAR, IS IT NOT -- FOR 1985?

MR. BUMPERS ADDRESSED THE CHAIR.

MR. FORD. IF IT IS ON THEIR TIME, I WOULD LIKE TO ASK THE SENATOR A QUESTION.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. BUMPERS. MR. PRESIDENT, RIGHT NOW, BEANS PUT INTO THE LOAN PROGRAM ARE WITHOUT RECOURSE. THE FARMER DOES NOT HAVE TO PAY THE LOAN BACK, HE CAN FORFEIT HIS BEANS.

IF THE SENATOR FROM NEBRASKA IS CORRECT, SPOT PRICE BEANS TODAY ARE \$4.35. THAT MEANS EVEN WITH A \$35 AN ACRE PAYMENT, FARMERS ARE GOING TO SPEND \$23 OF THAT REDEEMING THE LOAN; AND BECAUSE IT IS NO LONGER, IN EFFECT, A RECOURSE LOAN WITH THE PAYMENT ELIGIBILITY REQUIREMENTS, THEY HAVE TO PAY IT BACK.

SO FOR \$35 WE TRY TO BUY THEIR SOUL JUST LIKE FAUST. FAUST SAID, "IF YOU WILL JUST MAKE ME YOUNG AGAIN SO I CAN HAVE A FEW MORE YEARS WITH THIS BEAUTIFUL WOMAN, THEN I WILL BE WILLING TO SUFFER IN HELL."

THAT IS WHAT WE ARE DOING, GIVING THEM \$35, AND NEXT YEAR AND THE YEAR AFTER, THE PILLAGE AND THE DISASTER OCCURS.

IF YOU WANT TO STABILIZE SOYBEAN PRICES, YOU SHOULD SUPPORT THIS AMENDMENT AND I BELIEVE SOYBEAN PRICES WILL HAVE SOME IMMEDIATE RECOVERY. IF YOU DO NOT, YOU ARE TELLING EVERY SOYBEAN FARMER IN THIS COUNTRY GOODBYE.

THE PRESIDING OFFICER. ALL TIME OF THE SENATOR FROM ARKANSAS HAS EXPIRED.

MR. WILSON. MR. PRESIDENT, WITH ADMIRATION FOR THE METAPHOR OF THE SENATOR FROM ARKANSAS, IF NOT HIS ARGUMENT, I MOVE TO TABLE THE AMENDMENT AND 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 CALIFORNIA TO LAY ON THE TABLE THE AMENDMENT OF THE SENATOR FROM ARKANSAS.

ON THIS QUESTION, THE YEAS AND NAYS HAVE BEEN ORDERED, AND THE CLERK WILL CALL THE ROLL.

THE BILL CLERK CALLED THE ROLL.

MR. SIMPSON. I ANNOUNCE THAT THE SENATOR FROM NEW MEXICO [MR. DOMENICI], THE SENATOR FROM NORTH CAROLINA [MR. EAST], THE SENATOR FROM ARIZONA [MR. GOLDWATER], THE SENATOR FROM PENNSYLVANIA [MR. SPECTER], AND THE SENATOR FROM CONNECTICUT [MR.

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WEICKER], ARE NECESSARILY ABSENT.

MR. CRANSTON. I ANNOUNCE THAT THE SENATOR FROM OHIO [MR. GLENN] IS NECESSARILY ABSENT.

THE PRESIDING OFFICER. ARE THERE ANY OTHER SENATORS IN THE CHAMBER WHO WISH TO VOTE?

THE RESULT WAS ANNOUNCED -- YEAS 50, NAYS 44, AS FOLLOWS:

(See ROLLCALL VOTE NO. 336 LEG. in the ROLL segment.)

SO THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. DOLE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE MOTION TO TABLE WAS AGREED TO.

MR. COCHRAN. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. HARKIN AND MR. COCHRAN ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM MISSISSIPPI.

AMENDMENT NO. 1135

(PURPOSE: TO PROVIDE PROTECTION FOR BUYERS OF FARM PRODUCTS)

MR. COCHRAN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE SET ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. COCHRAN. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE BILL CLERK READ AS FOLLOWS:

THE SENATOR FROM MISSISSIPPI [MR. COCHRAN] FOR HIMSELF SENATORS GARN, ANDREWS, BENTSEN, AND MATTINGLY, PROPOSES AN AMENDMENT NUMBERED 1135.

MR. COCHRAN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

ON PAGE 459, BETWEEN LINES 18 AND 19, INSERT THE FOLLOWING NEW SECTION:

PROTECTION FOR BUYERS OF FARM PRODUCTS

SEC. -- . (A) FOR PURPOSES OF THIS SECTION:

(1) THE TERM "BUYER" IN THE ORDINARY COURSE OF BUSINESS" MEANS A PERSON WHO, IN THE ORDINARY COURSE OF BUSINESS, BUYS FARM PRODUCTS FROM A PERSON ENGAGED IN FARMING OPERATIONS.

(2) THE TERM "CENTRAL FILING SYSTEM" MEANS A SYSTEM FOR FILING EFFECTIVE FINANCING STATEMENTS OR NOTICE OF SUCH FINANCIAL STATEMENT ON A STATEWIDE BASIS UNDER WHICH --

(A) EFFECTIVE FINANCING STATEMENTS OR NOTICE OF SUCH FINANCING STATEMENTS ARE FILED WITH THE OFFICE OF THE SECRETARY OF STATE OF A STATE;

(B) THE SECRETARY OF STATE RECORDS THE DATE AND HOUR OF THE FILING OF SUCH STATEMENTS;

(C) THE SECRETARY OF STATE COMPILES ALL SUCH STATEMENTS INTO A MASTER LIST --

(I) ORGANIZED ACCORDING TO SPECIFIC FARM PRODUCTS;

(II) ARRANGED WITHIN EACH SUCH PRODUCT IN --

(I) ALPHABETICAL ORDER ACCORDING TO THE LAST NAME OF THE INDIVIDUAL DEBTORS OR, IN THE CASE OF DEBTORS DOING BUSINESS OTHER THAN AS INDIVIDUALS, THE FIRST WORD IN THE NAME OF SUCH DEBTORS; AND

(II) NUMERICAL ORDER ACCORDING TO THE SOCIAL SECURITY NUMBER OF THE INDIVIDUAL DEBTORS OR, IN THE CASE OF DEBTORS DOING BUSINESS OTHER THAN AS INDIVIDUALS, THE INTERNAL REVENUE SERVICE TAXPAYER IDENTIFICATION NUMBER OF SUCH DEBTORS; AND

(III) GEOGRAPHICALLY BY COUNTY;

(III) CONTAINING THE INFORMATION REFERRED TO IN PARAGRAPH 4(D);

(D) THE SECRETARY OF STATE MAINTAINS A LIST OF ALL BUYERS OF FARM PRODUCTS, COMMISSION MERCHANTS, AND SELLING AGENTS WHO REGISTER WITH THE SECRETARY OF STATE, ON A FORM INDICATING --

(I) THE NAME AND ADDRESS OF EACH BUYER, COMMISSION MERCHANT AND SELLING AGENT;

(II) THE INTEREST OF EACH BUYER, COMMISSION MERCHANT, AND SELLING AGENT IN RECEIVING THE LISTS DESCRIBED IN SUBPARAGRAPH (E); AND

(III) THE SPECIFIC FARM PRODUCTS IN WHICH EACH BUYER, COMMISSION MERCHANT, AND SELLING AGENT HAS AN INTEREST;

(E) THE SECRETARY OF STATE DISTRIBUTES REGULARLY AS PRESCRIBED BY THE STATE TO EACH BUYER, COMMISSION MERCHANT, AND SELLING AGENT ON THE LIST DESCRIBED IN SUBPARAGRAPH (D) A COPY IN WRITTEN OR PRINTED FORM (OR, WHERE AVAILABLE, BY MEANS OF AN AUTOMATED INFORMATION RETRIEVAL SYSTEM) OF THOSE PORTIONS OF THE MASTER LIST DESCRIBED IN PARAGRAPH (C) THAT COVER THE SPECIFIC FARM PRODUCTS IN WHICH SUCH BUYER, COMMISSION MERCHANT, OR SELLING AGENT HAS REGISTERED AN INTEREST;

(F) THE SECRETARY OF STATE FURNISHES TO THOSE WHO REGISTER PURSUANT TO (2)(D) OF THIS ACT ORAL CONFORMATION WITHIN 24 HOURS OF ANY EFFECTIVE FINANCING STATEMENT ON REQUEST FOLLOWED BY WRITTEN CONFORMATION TO ANY BUYER OF FARM PRODUCTS BUYING FROM A DEBTOR, OR COMMISSION MERCHANT OR SELLING AGENT SELLING FOR A SELLER COVERED BY SUCH STATEMENT.

(3) THE TERM "COMMISSION MERCHANT" MEANS ANY PERSON ENGAGED IN THE BUSINESS OF RECEIVING ANY FARM PRODUCT FOR SALE, ON COMMISSION, OR FOR OR ON BEHALF OF ANOTHER PERSON.

(4) THE TERM "EFFECTIVE FINANCING STATEMENT" MEANS A STATEMENT THAT --

(A) IS AN ORIGINAL OR REPRODUCED COPY THEREOF;

(B) IS SIGNED AND FILED WITH THE SECRETARY OF STATE OF A STATE BY THE SECURED PARTY;

(C) IS SIGNED BY THE DEBTOR;

(D) CONTAINS,

(I) THE NAME AND ADDRESS OF THE SECURED PARTY;

(II) THE NAME AND ADDRESS OF THE PERSON INDEBTED TO THE SECURED PARTY;

(III) THE SOCIAL SECURITY NUMBER OF THE DEBTOR OR, IN THE CASE OF A DEBTOR DOING BUSINESS OTHER THAN AS AN INDIVIDUAL, THE INTERNAL REVENUE SERVICE TAXPAYER IDENTIFICATION NUMBER OF SUCH DEBTOR;

(IV) A DESCRIPTION OF THE FARM PRODUCTS SUBJECT TO THE SECURITY INTEREST CREATED BY THE DEBTOR, INCLUDING THE AMOUNT OF SUCH PRODUCTS AND A LEGAL DESCRIPTION OF THE REAL ESTATE CONCERNED; AND

(E) MUST BE AMENDED IN WRITING SIMILARLY SIGNED AND FILED, TO REFLECT MATERIAL CHANGES;

(F) REMAINS EFFECTIVE FOR A PERIOD OF 5 YEARS FROM THE DATE OF FILING, SUBJECT TO AN EXTENSIONS FOR AN ADDITIONAL PERIODS OF 5 YEARS AND BY REFILEING OR FILING A CONTINUATION STATEMENT WITHIN 6 MONTHS BEFORE THE EXPIRATION OF THE INITIAL 5-YEAR PERIOD;

(G) LAPSES ON EITHER THE EXPIRATION OF THE EFFECTIVE PERIOD OF THE STATEMENT OR THE FILING OF A NOTICE SIGNED BY THE SECURED PARTY THAT THE STATEMENT HAS LAPSED, WHICHEVER OCCURS FIRST;

(H) IS ACCOMPANIED BY THE REQUISITE FILING FEE SET BY THE SECRETARY OF STATE; AND

(I) SUBSTANTIALLY COMPLIES WITH THE REQUIREMENTS OF THIS SUBPARAGRAPH EVEN THOUGH IT CONTAINS MINOR ERRORS WHICH ARE NOT SERIOUSLY MISLEADING.

(5) THE TERM "FARM PRODUCT" MEANS A SPECIFIC AGRICULTURAL COMMODITY SUCH AS A TYPE OF CROP OR A SPECIES OF LIVESTOCK USED OR PRODUCED IN FARMING OPERATIONS, OR A PRODUCT OF SUCH CROP OR LIVESTOCK IN ITS UNMANUFACTURED STATE (SUCH AS GINNED COTTON, WOOL-CLIP, MAPLE SYRUP, MILK, AND EGGS), THAT IS IN THE POSSESSION OF A PERSON

ENGAGED IN FARMING OPERATIONS.

(6) THE TERM "KNOWS" OR "KNOWLEDGE" MEANS ACTUAL KNOWLEDGE.

(7) THE TERM "SECURITY INTEREST" MEANS AN INTEREST IN FARM PRODUCTS THAT SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION.

(8) THE TERM "SELLING AGENT" MEANS ANY PERSON, OTHER THAN A COMMISSION MERCHANT, WHO IS ENGAGED IN THE BUSINESS OF NEGOTIATING THE SALE AND PURCHASE OF ANY FARM PRODUCT ON BEHALF OF A PERSON ENGAGED IN FARMING OPERATIONS.

(9) THE TERM "STATE" MEANS EACH OF THE 50 STATES, THE DISTRICT OF COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, GUAM, THE VIRGIN ISLANDS OF THE UNITED STATES, AMERICAN SAMOA, THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, OR THE TRUST TERRITORY OF THE PACIFIC ISLANDS.

(10) THE TERM "PERSON" MEANS ANY INDIVIDUAL, PARTNERSHIP, CORPORATION, TRUST, OR ANY OTHER BUSINESS ENTITY.

(11) THE TERM "SECRETARY OF STATE" MEANS THE SECRETARY OF STATE OR THE DESIGNEE OF THE STATE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) AND NOTWITHSTANDING ANY OTHER PROVISION OF FEDERAL, STATE, OR LOCAL LAW, A BUYER WHO IN THE ORDINARY COURSE OF BUSINESS BUYS A FARM PRODUCT FROM A SELLER ENGAGED IN FARMING OPERATIONS SHALL TAKE FREE OF A SECURITY INTEREST CREATED BY THE SELLER, EVEN THOUGH --

(1) THE SECURITY INTEREST IS PERFECTED; AND

(2) THE BUYER KNOWS OF THE EXISTENCE OF SUCH INTEREST.

(C) A BUYER OF FARM PRODUCTS TAKES SUBJECT TO A SECURITY INTEREST CREATED BY THE SELLER IF --

(1)(A) WITHIN 12 MONTHS PRIOR TO THE SALE OF THE FARM PRODUCTS, THE BUYER HAS RECEIVED FROM THE SECURED PARTY OR THE SELLER WRITTEN NOTICE OF --

(I) THE SECURITY INTEREST, INCLUDING --

(I) THE NAME AND ADDRESS OF THE SECURED PARTY AND THE SELLER; AND

(II) A REASONABLE DESCRIPTION OF THE PROPERTY, INCLUDING THE JURISDICTION IN WHICH THE PROPERTY IS LOCATED; AND

(II) ANY PAYMENT OBLIGATION IMPOSED ON THE BUYER BY THE SECURED PARTY AS A CONDITION FOR THE WAIVER OR RELEASE OF THE SECURITY INTEREST; AND (B) THE BUYER HAS FAILED TO PERFORM SUCH OBLIGATION;

(2) IN THE CASE OF A FARM PRODUCT PRODUCED IN A STATE THAT HAS ESTABLISHED A CENTRAL FILING SYSTEM --

(A) THE BUYER HAS FAILED TO REGISTER WITH THE SECRETARY OF STATE OF SUCH STATE; AND

(B) THE SECURED PARTY HAS FILED AN EFFECTIVE FINANCING STATEMENT THAT COVERS THE FARM PRODUCTS BEING SOLD; OR

(3) IN THE CASE OF A FARM PRODUCT PRODUCED IN A STATE THAT HAS ESTABLISHED A CENTRAL FILING SYSTEM, THE BUYER --

(A) RECEIVES FROM THE SECRETARY OF STATE OF SUCH STATE WRITTEN NOTICE AS PROVIDED IN SUBPARAGRAPH 2(E) OR 2(F) THAT SPECIFIES BOTH THE SELLER AND THE SPECIFIC FARM PRODUCT BEING SOLD BY SUCH SELLER AS BEING SUBJECT TO AN EFFECTIVE FINANCING STATEMENT; AND

(B) DOES NOT SECURE A WAIVER OR RELEASE OF THE SECURITY INTEREST SPECIFIED IN SUCH EFFECTIVE FINANCING STATEMENT FROM THE SECURED PARTY BY PERFORMING ANY PAYMENT OBLIGATION OR OTHERWISE.

(C) THE STATE SHALL DETERMINE UNDER WHAT CIRCUMSTANCES RECEIPT, AS USED IN THIS ACT SHALL BE PRESUMED.

(D)(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) AND NOTWITHSTANDING ANY OTHER PROVISION OF FEDERAL, STATE, OR LOCAL LAW, A COMMISSION MERCHANT OR SELLING AGENT WHO SELLS A FARM PRODUCT FOR OTHERS SHALL NOT BE SUBJECT TO A SECURITY INTEREST CREATED BY THE SELLER IN SUCH FARM PRODUCT EVEN THOUGH THE SECURITY INTEREST IS PERFECTED AND EVEN THOUGH THE COMMISSION MERCHANT OR SELLING AGENT KNOWS OF THE EXISTENCE OF SUCH INTEREST, IF THE SALE IS MADE IN THE ORDINARY COURSE OF BUSINESS.

(2) A COMMISSION MERCHANT OR SELLING AGENT WHO SELLS A FARM PRODUCT FOR OTHERS SHALL BE SUBJECT TO A SECURITY INTEREST CREATED BY THE SELLER IN SUCH FARM PRODUCT IF --

(1)(A) WITHIN 1 YEAR BEFORE THE SALE OF SUCH FARM PRODUCT THE COMMISSION MERCHANT OR SELLING AGENT HAS RECEIVED FROM THE SECURED PARTY OR THE SELLER WRITTEN NOTICE OF --

(I) THE SECURITY INTEREST, INCLUDING --

(I) THE NAME AND ADDRESS OF THE SECURED PARTY AND THE SELLER; AND

(II) A REASONABLE DESCRIPTION OF THE PROPERTY, INCLUDING THE JURISDICTION WHERE THE PROPERTY IS LOCATED; AND

(II) ANY PAYMENT OBLIGATION IMPOSED ON THE COMMISSION MERCHANT OR SELLING AGENT BY THE SECURED PARTY AS A CONDITION FOR WAIVER OR RELEASE OF THE SECURED INTEREST; AND

(B) THE COMMISSION MERCHANT OR SELLING AGENT HAS FAILED TO PERFORM SUCH OBLIGATION.

(2) IN THE CASE OF A FARM PRODUCT PRODUCED IN A STATE THAT HAS ESTABLISHED A CENTRAL FILING SYSTEM --

(A) THE COMMISSION MERCHANT OR SELLING AGENT HAS FAILED TO REGISTER WITH THE SECRETARY OF STATE OF SUCH STATE; AND

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(E) THE SECURED PARTY HAS FILED AN EFFECTIVE FINANCING STATEMENT THAT COVERS THE FARM PRODUCTS BEING SOLD; OR

(3) IN THE CASE OF A FARM PRODUCT PRODUCED IN A STATE THAT HAS ESTABLISHED A CENTRAL FILING SYSTEM, THE COMMISSION MERCHANT OR SELLING AGENT

(A) RECEIVES FROM THE SECRETARY OF STATE OF SUCH STATE WRITTEN NOTICE AS PROVIDED IN SUBPARAGRAPH 2(E) OR 2(F) THAT SPECIFIES BOTH THE SELLER AND THE SPECIFIC FARM PRODUCTS BEING SOLD BY SUCH SELLER AS BEING SUBJECT TO AN EFFECTIVE FINANCING STATEMENT; AND

(B) DOES NOT SECURE A WAIVER OR RELEASE OF THE SECURITY INTEREST SPECIFIED IN SUCH EFFECTIVE FINANCING STATEMENT FROM THE SECURED PARTY BY PERFORMING ANY PAYMENT OBLIGATION OR OTHERWISE.

(C) THE STATE SHALL DETERMINE UNDER WHAT CIRCUMSTANCES RECEIPT, AS USED IN THIS ACT, SHALL BE PRESUMED.

(E)(1) A SECURITY AGREEMENT IN WHICH A PERSON ENGAGED IN FARMING OPERATIONS CREATES A SECURITY INTEREST IN A FARM PRODUCT MAY REQUIRE THE PERSON TO FURNISH TO THE SECURED PARTY A LIST OF THE BUYERS, COMMISSION MERCHANTS, AND SELLING AGENTS TO OR THROUGH WHOM THE PERSON ENGAGED IN FARMING OPERATIONS MAY SELL SUCH FARM PRODUCT.

(2) IF A SECURITY AGREEMENT CONTAINS A PROVISION DESCRIBED IN PARAGRAPH (1) AND SUCH PERSON ENGAGED IN FARMING OPERATIONS SELLS THE FARM PRODUCT COLLATERAL TO A BUYER OR THROUGH A COMMISSION MERCHANT OR SELLING AGENT NOT INCLUDED ON SUCH LIST, THE PERSON ENGAGED IN FARMING OPERATIONS SHALL BE SUBJECT TO PARAGRAPH (3) UNLESS THE PERSON --

(A) HAS NOTIFIED THE SECURED PARTY IN WRITING OF THE IDENTITY OF THE BUYER, COMMISSION MERCHANT, OR SELLING AGENT AT LEAST 7 DAYS PRIOR TO SUCH SALE; OR

(B) HAS ACCOUNTED TO THE SECURED PARTY FOR THE PROCEEDS OF SUCH SALE NOT LATER THAN 10 DAYS AFTER SUCH SALE.

(3) A PERSON VIOLATING PARAGRAPH (2) SHALL BE FINED \$5,000 OR 15 PERCENTUM OF THE VALUE OR BENEFIT RECEIVED FOR SUCH FARM PRODUCT DESCRIBED IN THE SECURITY AGREEMENT, WHICHEVER IS GREATER.

(F) THIS SECTION SHALL BECOME EFFECTIVE 12 MONTHS AFTER THE DATE OF ENACTMENT OF THIS ACT, EXCEPT THAT, IN THE CASE OF ANY STATE WHERE THE LEGISLATURE DOES NOT MEET IN REGULAR OR SPECIAL SESSION WITHIN SUCH 12 MONTH PERIOD, THIS SECTION SHALL BECOME EFFECTIVE WITH RESPECT TO THAT STATE 60 DAYS AFTER THE ADJOURNMENT SINE DIE OF THE NEXT SESSION OF THE LEGISLATURE OF SUCH STATE. A SECURITY INTEREST THAT ATTACHES PRIOR TO THE EFFECTIVE DATE OF THIS SECTION SHALL BE EXEMPT FROM THIS SECTION FOR ONE YEAR.

MR. COCHRAN. MR. PRESIDENT, THIS AMENDMENT IS COSPONSORED BY SENATORS GARN, ANDREWS, BENTSEN, AND MATTINGLY. IT IS THE SO-CALLED CLEAR TITLE AMENDMENT TO THE FARM BILL. FOR THE INFORMATION OF SENATORS, THIS IS THE AMENDMENT THAT WAS CONSIDERED BY THE COMMITTEE ON AGRICULTURE, AND APPROVED BY AN ALMOST UNANIMOUS

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VOTE BUT THEN WAS REFERRED AS A SEPARATE BILL TO THE COMMITTEE ON BANKING WHERE HEARINGS WERE HELD TO REVIEW THE PROPOSAL.

THE BANKING COMMITTEE HAS JURISDICTION OF THAT AREA OF THE LEGISLATIVE PROCESS INVOLVING THE UNIFORM COMMERCIAL CODE. THIS AMENDMENT IS AN EFFORT TO MAKE UNIFORM THROUGHOUT THE STATES THE FILING OF FINANCIAL STATEMENTS AS THEY RELATE TO THE PROTECTION OF SECURITY INTERESTS IN AGRICULTURE COMMODITY TRANSACTIONS.

FOR SOME TIME, THERE HAS BEEN CONCERN ON THE PART OF THOSE WHO SELL AND BUY AGRICULTURE COMMODITIES THAT THERE IS REALLY NO PRACTICAL UNIFORM WAY TO DETERMINE WHETHER A LENDER HAS A SECURITY INTEREST IN THOSE COMMODITIES OTHER THAN GOING THROUGH A VERY INVOLVED AND EXPENSIVE -- SOMETIMES A COUNTY-BY-COUNTY AND SOMETIMES STATE-BY-STATE -- SEARCH OF PUBLIC RECORDS.

THIS AMENDMENT SEEKS TO ESTABLISH A GREATER DEGREE OF UNIFORMITY, MAKE IT LESS ONEROUS AND BURDENSOME FOR BUYERS AND SELLERS, AND PROTECT THE INTERESTS AT THE SAME TIME OF LENDERS WHO MAY HAVE A SECURITY INTEREST IN THE COMMODITIES, THE CROPS, OR THE LIVESTOCK BEING SOLD IN COMMERCIAL TRANSACTIONS THROUGHOUT THE COUNTRY.

IT ESTABLISHES AN ALTERNATIVE PROCEDURE FOR PROVIDING NOTICE TO THOSE WHO DEAL IN THESE COMMODITIES, NOTICE OF A PRIOR END. UNDER THE COMMERCIAL CODE, AS SENATORS MAY KNOW, SIMPLY THE FILING OF A FINANCING STATEMENT IN THE COUNTY OF THE RESIDENCE OF THE BORROWER, OR THE ULTIMATE SELLER OF THE COMMODITY, WOULD BE ENOUGH TO GIVE ALL POTENTIAL PURCHASERS NOTICE OF THAT SECURITY INTEREST.

IF THEY BOUGHT THAT COMMODITY THEN THEY WOULD BUY IT SUBJECT TO THE LENDER'S INTEREST. IF THE BORROWER HAD NOT PAID HIS LOAN, THEY COULD END UP PAYING TWICE FOR WHAT THEY PURCHASED UNDER THE ASSUMPTION THEY WERE GETTING CLEAR TITLE EVEN THOUGH THEY MIGHT HAVE MADE AN EXHAUSTIVE SEARCH WHICH DID NOT PROVIDE THEM WITH ACTUAL NOTICE OF THE SECURITY INTEREST.

I HOPE THAT WE HAVE SETTLED MOST OF THE CONCERNS THAT HAVE BEEN EXPRESSED ABOUT THIS. IT IS TRUE ENOUGH THAT THIS STARTED OUT AS A VERY CONTROVERSIAL ITEM IN TERMS OF ITS INTERPRETATION BY THE AGRICULTURE INDUSTRY, AND THE LENDING INSTITUTIONS AROUND THE COUNTRY. BOTH EXPRESSED CONCERNS ABOUT THE PROBLEM. WE HAVE TRIED TO WORK THEM OUT. I THINK WE BY AND LARGE HAVE SATISFIED MOST OF THOSE CONCERNS.

I WANT TO THANK SENATOR GARN, THE DISTINGUISHED CHAIRMAN OF THE BANKING COMMITTEE, FOR HIS ASSISTANCE IN DEVELOPING THIS AMENDMENT TO BE SURE THAT IT DOES SOME OF THE CONCERNS THAT WERE EXPRESSED BY THOSE INVOLVED IN MAKING LOANS TO FARMERS, AND TO THOSE WHO SECURE THOSE LOANS WITH MORTGAGES OR SECURITY INTERESTS ON LIVESTOCK OR GROWING CROPS.

MR. PRESIDENT, FOR THE PAST 3 YEARS THE CONGRESS HAS GRAPPLED WITH PERHAPS THE MOST UNFAIR AND CERTAINLY THE MOST NON-UNIFORM PROVISION OF THE UNIFORM COMMERCIAL CODE. I REFER TO THE FARM PRODUCTS EXCEPTION OF SECTION 9-307(1), WHICH IS IN EFFECT IN EVERY STATE EXCEPT FOR CALIFORNIA.

UNDER THE RULES THAT GENERALLY GOVERNS COMMERCIAL TRANSACTIONS, A BUYER OF GOODS IN THE ORDINARY COURSE OF BUSINESS TAKES THOSE GOODS, FOR EXAMPLE, A COAT OR AN APPLIANCE, FREE OF ANY SECURITY INTEREST, HOWEVER PERFECTED BY A LENDER. EVEN IF ALL OF THE SELLER'S INVENTORY IS SUBJECT TO A DEBT THAT HE OWES TO A LENDER AND EVEN IF

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THE BUYER OF GOODS IS FULLY AWARE OF THAT FACT, THE LENDER HAS NO RIGHT AGAINST THE PURCHASER. THE LENDER'S ONLY RECOURSE IS AGAINST THE SELLER TO WHOM THE MONEY WAS LENT.

BUT, UNDER THE FARM PRODUCTS EXCEPTION, THE BUYER OF FARM PRODUCTS SUCH AS GRAIN OR LIVESTOCK DOES NOT, BY VIRTUE OF THIS PURCHASE, TAKE THAT GRAIN OR LIVESTOCK FREE FROM THE LENDER'S SECURITY INTEREST. INSTEAD, ANY BUYER OF FARM PRODUCTS, BE IT A GRAIN ELEVATOR COMPANY OR THE CONSUMER PURCHASING A DOZEN EARS OF CORN AT A ROADSIDE STAND, BECOMES A SURETY ON THE FARMER'S DEBT TO THE FARMER'S SECURED CREDITOR. SHOULD THE FARMER DEFAULT ON THAT DEBT, THE SECURED PARTY CAN SUCCESSFULLY HOLD THE BUYER RESPONSIBLE TO THE EXTENT OF THE SECURED PARTY'S INTEREST IN THE COLLATERAL.

THE BUYER OF CONSUMER GOODS PAYS ONCE. HE PAYS THAT SELLER FOR HIS TELEVISION AND OWNS THE TELEVISION, AND THAT IS THAT. THE BUYER OF FARM PRODUCTS MAY HAVE TO PAY TWICE. ONCE, TO THE FARMER-SELLER FROM WHOM HE OBTAINS THE LIVESTOCK. AND AGAIN TO THE FARMER-SELLER'S SECURED CREDITOR SHOULD THE FARMER-SELLER NOT HAPPEN TO MAKE GOOD ON HIS DEBT. THIS RISK OF DOUBLE LIABILITY IS A UNIQUE AND UNHAPPY FEATURE THAT GOVERNS ALL TRANSACTIONS IN FARM PRODUCTS.

THIS EXCEPTION TO THE RULE MAY HAVE HAD SOME JUSTIFICATION ONCE IN THE SPECIAL CHARACTERISTICS OF FARM LOANS, INCLUDING THE FEAR THAT, BECAUSE OF THE FUNGIBLE AND RAPIDLY MOVABLE NATURE OF THE LENDER'S COLLATERAL, LENDERS MIGHT NOT MAKE CREDIT READILY AVAILABLE TO THE AGRICULTURAL COMMUNITY. THE OLD RATIONALES FOR THE EXCEPTION NO LONGER EXIST. AMERICAN AGRICULTURE NO LONGER NEEDS THE FARM PRODUCTS EXCEPTION IN ORDER TO OBTAIN FINANCING. TODAY, THE EXCEPTION FRUSTRATES THE FREE FLOW OF FARM GOODS IN COMMERCE. LENDERS NOW ROUTINELY IGNORE THEIR FARMER-BORROWERS TO PURSUE THE GRAIN ELEVATORS, CATTLE AUCTIONEERS, AND LIVESTOCK PACKERS AND PROCESSORS TO WHOM THE EXCEPTION GIVES THEM EASY ACCESS. THE BUYERS OF FARM PRODUCTS, MANY OF THEM ALREADY CONDUCTING BUSINESS WITH LOW PROFIT MARGINS, FIND THEMSELVES "LABORING UNDER THE CONTINGENT LIABILITY OF THE NATIONAL FARM DEBT," AS ONE LIVESTOCK PROCESSOR HAS PHRASED IT.

NOR CAN THE BUYERS PROTECT THEMSELVES BY SIMPLY CHECKING THE LIEN RECORDS IN THE SELLER'S STATE TO DETERMINE IF THE GOODS ARE SUBJECT TO A SECURITY INTEREST. THERE IS NO SUCH THING AS A SIMPLE CHECK: THE RECORD SEARCH OFTEN MUST BE MADE IN THE SELLER'S HOME COUNTY, WHEREVER THAT MAY BE; THE RECORDS MAY BE RIDDLED WITH ERROR; THE BUYERS ARE UNDER BOTH TIME PRESSURE TO PAY PROMPTLY (SECTION 228B OF THE PACKERS AND STOCKYARDS ACT MANDATES PAYMENT FOR LIVESTOCK BY THE NEXT BUSINESS DAY) AND VOLUME PRESSURE AT HARVEST TIME. A "QUICK" SEARCH BECOMES AN ENDLESS, EXHAUSTING PROCEDURE.

THE STATES HAVE RECOGNIZED THE INEQUITY OF PUTTING THE BUYER OF FARM PRODUCTS IN THIS POSITION. THEY HAVE, IN RECENT YEARS, SOUGHT TO MODIFY IT AS BEST THEY COULD ON A STATE-BY-STATE BASIS IN THE ABSENCE OF ANY NATIONAL GUIDANCE FROM THE PERMANENT EDITORIAL BOARD OF THE UNIFORM COMMERCIAL CODE. THE RESULT HAS BEEN CHAOS AND NONUNIFORMITY.

ONE STATE -- CALIFORNIA -- REPEALED THE FARM PRODUCTS EXCEPTION IN 1976, WITH NO DETECTIBLE DIMINUTION IN CALIFORNIA BANKS' WILLINGNESS TO MAKE LOANS TO FARMERS. INSTEAD, LENDERS IN CALIFORNIA HAVE PROTECTED THEMSELVES BY NOTIFYING POTENTIAL

BUYERS OF THE EXISTENCE OF THEIR LIENS.

A FEW OTHER STATES HAVE EXEMPTED COMMISSION MERCHANTS AND AUCTIONEERS FROM LIABILITY FOR SELLING FARM PRODUCTS THAT ARE SUBJECT TO A SECURITY INTEREST, ALTHOUGH THAT HARDLY SHIELDS THE BUYERS FROM SUITS BY THE VERY SAME LENDERS SEEKING TO RECOVER FROM THEM. MANY STATES HAVE PASSED, AND OTHERS ARE CONTEMPLATING PASSING, SOME FORM OF A CENTRAL FILING SYSTEM TO ENABLE SECURED CREDITORS TO PERFECT THEIR SECURITY INTERESTS IN FARM PRODUCTS. BUT WHAT FORM WILL SEPARATE AND INDEPENDENTLY DEVELOPED CENTRAL FILING SYSTEMS TAKE? EACH SYSTEM HAS DISPARATE FEATURES. NONE ARE THE SAME IN FORMAT AND OPERATION. SOME STATES COMMAND BUYERS TO REQUIRE THEIR SELLERS TO GIVE THEM THE NAMES OF THE SELLERS' SECURED CREDITORS SO THAT THE BUYERS CAN MAKE OUT CHECKS JOINTLY PAYABLE TO THE SELLERS AND THE LENDERS. FINALLY, SOME STATES REQUIRE THE LENDERS TO "PRE-NOTIFY" THE BUYERS OF THE LENDERS' SECURITY INTERESTS IN AGRICULTURAL PRODUCTS.

SOME STATES HAVE MORE THAN ONE VERSION OF THESE REVISIONS OF THE EXCEPTION. ALL STATES VARY IN THE DETAILS OF THEIR LAWS. MANY HAVE TINKERED WITH THE LAWS ON THEIR BOOKS IN 1983, AND AGAIN IN 1984, AND AGAIN IN 1985. THIS UNCEASING STATE ACTION IS UNDENIABLY INTENDED TO HELP THE BUYERS OF FARM PRODUCTS. BUT IT HAS, HOWEVER UNINTENTIONALLY, INCREASED RATHER THAN ALLEVIATED THE UNCERTAINTY AND JEOPARDY OF THOSE BUYERS OF FARM PRODUCTS WHO BUY IN MORE, AND OFTEN MANY MORE, THAN ONE STATE. EACH DAY THAT PASSES, WITH ONE ADDITIONAL CHANGE IN ONE MORE STATE ONLY MAKES MATTERS WORSE.

THE TIME HAS COME TO TRANSFORM THE FARM PRODUCTS EXCEPTION, BUT TRANSFORM IT ON THE NATIONAL LEVEL. FORTUNATELY, NO ISSUE REMAINS WITH RESPECT TO FEDERAL PREEMPTION OR NATIONAL OVERRIDE OF STATE LAWS. ALL OF THE INTERESTED PARTIES APPEAR TO AGREE THAT THE ONLY ISSUE IS NOT WHETHER A FEDERAL LAW SHOULD BE PASSED, BUT WHAT SORT OF FEDERAL LAW IT OUGHT TO BE. THE QUESTION IS HOW TO REDEFINE THE RIGHTS AND LIABILITIES OF AGRICULTURAL LENDERS AND BUYERS AND WHICH PROVISION THAT CONGRESS MIGHT ENACT WOULD BEST BALANCE THE COMPETING INTERESTS AT STAKE.

THE FARM PRODUCTS EXCEPTION OF THE UNIFORM COMMERCIAL CODE SHOULD BE REPEALED AND REPLACED WITH FEDERAL GUIDELINES THAT WOULD TAKE INTO ACCOUNT THE LEGITIMATE CONCERNS OF LENDERS AS WELL AS BUYERS IN AN ATTEMPT TO ACCOMMODATE THEM. CONTINUING TO LEAVE THIS MATTER ENTIRELY TO THE STATES IS AN INVITATION TO MORE NONUNIFORMITY IN THE CODE. WE IN THE CONGRESS NEED TO ACT TO VINDICATE, AT THE SAME TIME, IMPORTANT NATIONAL INTERESTS IN THE FETTERLESS FINANCING OF FARMERS, ASSURING AN ADEQUATE FLOW OF CREDIT TO THE AGRICULTURAL COMMUNITY, A NEED STRONGLY ASSERTED BY THE BANKERS, AND IMPORTANT NATIONAL INTERESTS IN THE UNEMCUMBERED INTERSTATE MARKETING OF CROPS AND LIVESTOCK TO BOLSTER FARM SALES AND INCOME, A NEED VIGOROUSLY CHAMPIONED BY THE USERS OF FARM PRODUCTS. WE, IN THE CONGRESS, SHOULD TAKE THE LEAD TO SIMPLIFY, CLARIFY, MODERNIZE, AND MAKE UNIFORM THE LAW GOVERNING COMMERCIAL TRANSACTIONS, WHICH SECTION 1-102 (A) AND (C) OF THE UNIFORM COMMERCIAL CODE PROCLAIMS AS ONE OF THE CODE'S UNDERLYING PURPOSES.

THE CODE ITSELF EXPLICITLY RECOGNIZES THE PROSPECT AND EVEN SEEMS TO INVITE THE ACTUALITY OF PREEMPTION IN SECTION 9-104(A) IN WHICH IT RENDERS ARTICLE 9'S SECURITY INTEREST PROVISIONS INAPPLICABLE "TO THE EXTENT THAT SUCH STATUTE (I.E., FEDERAL LAW) GOVERNS THE RIGHTS OF PARTIES TO AND THIRD PARTIES AFFECTED BY TRANSACTIONS IN PARTICULAR TYPES OF PROPERTY." THE SUPREME COURT IN A 1979 DECISION, WHILE DEFERRING

TO "THE READY MADE BODY OF STATE" COMMERCIAL LAW ON SECURITY INTERESTS IN THE ABSENCE OF FEDERAL LAW, NOTED THAT THE CODE WOULD BE OUSTED WERE CONGRESS TO DETERMINE WHAT ACCOMMODATION IT WISHED TO STRIKE. SEE UNITED STATES V. KIMBELL FOODS, 440 U.S. 715, 740(1079). THE CONGRESS HAS, ON NUMEROUS OCCASIONS, ENACTED STATUTES THAT CONTRAVENED OR OTHERWISE DISPLACED THE CODE, WITH THE CODE INCORPORATING MANY OF THEM, PARTICULARLY THOSE INVOLVING THE RECORDING AND FILING OR SECURITY INTERESTS IN CERTAIN FORMS OF PROPERTY; FOR EXAMPLE, BILLS OF LADING, RAILROAD ROLLING STOCK, CERTAIN COMMERCIAL MOTOR VEHICLES, AIRCRAFT AND SOME OF THEIR MAJOR REPLACEMENT PARTS, FEDERALLY PROTECTED COPYRIGHTS, AND PATENTS.

CONGRESS' DISPLACEMENT OF VARIOUS PROVISIONS OF THE CODE HAS ACCELERATED SOMEWHAT IN RECENT YEARS; FOR EXAMPLE, PACKERS AND STOCKYARDS ACT TRUST IN 1974, MAGNUSON-MOSS WARRANTIES IN 1975, PERISHABLE COMMODITIES ACT TRUST AND GRAIN ELEVATOR BANKRUPTCY CLAIMS BOTH IN 1984. THIS HAS PARALLELED CONGRESS' INCREASING VENTURES IN THE FIELD OF BANKING REGULATION IN RESTRICTING THE OPERATION OF STATE CONSUMER CREDIT RULES, USURY LAWS, AND DUE-ON-SALE MORTGAGE CLAUSES. THE PACE OF PREEMPTION HAS QUICKENED IN THE 1980'S WHENEVER CONGRESS HAS BECOME CONVINCED -- AS IT HAS IN THIS INSTANCE -- THAT THE CONCRETE FORCE OF SUBSTANTIAL NATIONAL CONCERNS SHOULD SUPPLANT THE VAGARIES AND NONUNIFORMITY OF STATE LAW.

THE PROBLEM THEN IS HOW TO ARRIVE AT A SOLUTION THAT, WHILE REJECTING THE STATUS QUO OF THE EXCEPTION IN ITS PRESENT FORM AS UNACCEPTABLE BECAUSE IT TILTS TOO MUCH IN FAVOR OF THE LENDERS TO THE SERIOUS DETRIMENT OF BUYERS, NONTHELESS MAINTAINS SOME EQUITABLE BALANCE OF RESPONSIBILITY BETWEEN LENDERS AND BUYERS OF FARM PRODUCTS TO ENSURE THAT THE FARM PRODUCTS LIEN IS SATISFIED. THE MULTIPLE STATE VARIATIONS ON THE BASIC FARM PRODUCTS EXCEPTION ARE NO ANSWER, ESPECIALLY AS THEY CONTINUE TO MULTIPLY IN EVER-INTENSIFYING COMPLEXITY.

THE SENATE AGRICULTURE COMMITTEE REPORTED A BILL, S. 744, WHICH I INTRODUCED, THAT WOULD DELETE THE FARM PRODUCTS EXCEPTION, BUT STILL PERMIT LENDERS TO PROTECT THEIR SECURITY INTERESTS BY CHOOSING TO PRE-NOTIFY POTENTIAL BUYERS OF THE LENDERS' SECURITY INTERESTS ON A ROUTINE BASIS WELL IN ADVANCE OF ANY SALES. THIS WOULD OCCUR AFTER THE LENDERS REQUIRED FROM THEIR CREDITOR-SELLERS, AS PART OF THE LOAN APPLICATION, A LIST OF EACH SELLER'S LIKELY BUYERS. THE BUYER'S ONLY BURDEN, UPON RECEIVING WRITTEN NOTICE FROM A LENDER THAT DESCRIBES THE COLLATERAL SUFFICIENTLY TO PERMIT THE BUYER TO RELATE SPECIFIC FARM PRODUCTS TO THE LENDER'S SECURITY INTEREST, WOULD BE TO RETAIN ALL THE NOTICES RECEIVED IN SOME ACCESSIBLE FORM AND CONSULT THOSE RECORDS AT TIMES OF PURCHASE IN ORDER TO MAKE JOINT-PAYEE ARRANGEMENTS. IF THERE WERE NO SUCH LENDER PRE-NOTIFICATION OR IF THE BUYER COMPLIED WITH THE REQUIREMENTS OF THAT NOTICE, THE BUYER WOULD TAKE THE FARM PRODUCTS FREE FROM ANY DOUBLE JEOPARDY. NO LONGER WOULD BUYERS HAVE TO FEAR BELATED CLAIMS BY LENDERS REQUIRING THEM TO PAY TWICE FOR THE SAME PRODUCTS PREVIOUSLY BOUGHT FROM THE SELLERS.

THE HOUSE PASSED FARM BILL CONTAINS PROVISIONS ESSENTIALLY COMPARABLE TO S. 744. THE PROVISIONS OF S. 744, HOWEVER, HAVE NOT RECEIVED THE SUPPORT OF LENDERS NATIONWIDE. THEY EXPRESS CONCERN THAT ADEQUATE LIEN PROTECTION IS NOT PROVIDED BECAUSE ALL POTENTIAL BUYERS MAY NOT READILY BE IDENTIFIED.

BUT AN ALTERNATIVE PROPOSED IN THE GARN-ANDREWS AMENDMENT TO S. 744 IS NOT SUPPORTED BY AGRICULTURE BECAUSE OF ITS UNCERTAIN IMPACT ON BUYERS' ABILITY TO

DETERMINE THE EXISTENCE OF ALL LIENS. THE GARN-ANDREWS PROPOSAL CALLS FOR ADDING TO THE POSSIBILITY OF LENDER PRE-NOTIFICATION TO THE BUYER, CONTAINED IN S. 744, OPEN-ENDED AUTHORIZING OF LENDER PROTECTION THROUGH COMPLIANCE WITH STATE CENTRAL REGISTRATION AND BUYER NOTIFICATION SYSTEMS, WHATEVER THEIR DETAILED PROVISIONS MAY BE. THERE IS NO ATTEMPT TO SPECIFY THE BASIC PREREQUISITES OF A CENTRAL FILING SYSTEM. IF A STATE CALLED ITS SYSTEM "CENTRAL REGISTRATION," THAT WOULD APPARENTLY SUFFICE, WHETHER OR NOT THE BUYER WOULD IN FACT RECEIVE ACTUAL NOTICE OF A LIEN BEFORE HE HAD TO PAY THE SELLER. PROVIDING ONLY FOR BUYER NOTIFICATION COULD ALLOW PLACING THE ENTIRE BURDEN OF INQUIRY, HOWEVER, UNMANAGEABLE THAT BURDEN MAY BE, UPON THE BUYER AS SOME STATE SYSTEMS NOW DO.

RELIANCE UPON CENTRAL FILING SYSTEMS TO DELIVER THE LENDER'S NOTICE TO THE BUYER CAN BE EFFECTIVE AND EFFICIENT, PROVIDED THAT THE CENTRAL FILING SYSTEM CONTAINS CERTAIN FEATURES DESIGNED TO AVOID THE DIFFICULTIES CREATED BY MANY SUCH SYSTEMS THAT TEND TO FAVOR THE LENDER AT THE EXPENSE OF THE BUYER. IN THOSE CASES WHERE STATES WANT A CENTRAL FILING SYSTEM, I SUPPORT A SYSTEM THAT WOULD PROTECT THE LENDER FROM THE LOSS OF HIS COLLATERAL BUT WOULD ALSO ADDRESS THE BUYER'S OPERATING PROBLEM OF OBTAINING NOTICE OF ALL LIENS, WITHOUT MAKING THE SEEKING OF SUCH NOTICE TIME-CONSUMING, COSTLY, CUMBERSOME, UNCERTAIN, AND POTENTIALLY MISLEADING. I WOULD NOT PERMIT THE BUYER TO COMPLETELY WALK AWAY FROM FARM PRODUCT LIENS, BUT NEITHER WOULD I REQUIRE THE BUYER TO SUFFER ALL OF THE INADEQUACIES LATENT IN CENTRAL FILING SYSTEMS THAT HAVE NO DEFINED CHARACTERISTICS.

THE ANSWER I PROPOSE IS TO REFINE THE GARN-ANDREWS AMENDMENT BY CLEARLY DEFINING A CENTRAL FILING/CENTRAL NOTICE SYSTEM. MY SOLUTION WOULD IMPOSE UPON LENDERS THE RELATIVELY SIMPLE BURDEN OF FILING FINANCING STATEMENTS WITH THE OFFICE OF THE SECRETARY OF STATE, OR THE DESIGNEE OF THE STATE, IN ANY STATE IN WHICH LENDERS ANTICIPATED THEIR CREDITORS MIGHT SELL THEIR PRODUCTS AND IMPOSE SIMULTANEOUSLY UPON THE BUYERS THE RELATIVELY SIMPLE BURDEN OF REGISTERING TO RECEIVE A STATE-COMPILED PRINTED AND CAREFULLY INDEXED LIST OF THOSE STATEMENTS AND OF LOCATING THE RELEVANT STATEMENTS IN THE LIST PRIOR TO PURCHASE, MUCH AS STORE SALESPERSONS CHECK LOST, STOLEN, OR LAPSED CREDIT CARD LISTS BEFORE RINGING UP A SALE.

THE CONCEPT IS CLEAR AND UNCLUTTERED, BUT ITS DETAILS ARE CRUCIAL TO ITS SUCCESSFUL REPLACEMENT OF THE CURRENT EXCEPTION. THE FINANCING STATEMENTS THAT LENDERS WOULD HAVE TO FILE WITH THE STATE OFFICE IN ORDER TO PROTECT THEIR LIENS WOULD HAVE TO BE SIGNED BY BOTH PARTIES AND INCLUDE CERTAIN INFORMATION THAT IS IN EVERY WAY COMPARABLE TO, IF NOT IDENTICAL WITH, THE INFORMATION THAT LENDERS HAVE TO FILE UNDER ARTICLE 9-402 (1) AND (3) OF THE UNIFORM COMMERCIAL CODE IN ORDER TO PERFECT SECURITY INTERESTS IN NONFARM PRODUCTS. THOSE ITEMS OF INFORMATION INCLUDE THE NAME AND ADDRESS OF BOTH THE SECURED PARTY AND THE DEBTOR-FARMER; THE DEBTOR-FARMER'S SOCIAL SECURITY NUMBER IF AN INDIVIDUAL OR INTERNAL REVENUE SERVICE TAXPAYER NUMBER IF DOING BUSINESS OTHERWISE THAN AS AN INDIVIDUAL; AND A DESCRIPTION OF THE FARM PRODUCTS IN QUESTION BY AMOUNT AND LEGAL DESCRIPTION OF THEIR LOCATION.

BECAUSE THE BUYER WOULD HAVE TO RELY COMPLETELY UPON THE ACCURACY OF THIS DATA WHEN HE SEARCHES THE STATE-COMPILED LISTS PRIOR TO PURCHASE, IT IS ONLY APPROPRIATE TO PLACE THE RISK OF ANY ERROR THAT MIGHT ESCAPE THE ATTENTION OF A REASONABLY DILIGENT BUYER UPON THE LENDER. THE ACCURACY AND COMPLETENESS OF LIEN INFORMATION HAS PROVEN TO BE A CONSTANT THORN IN THE SIDE OF BUYERS IN MANY STATE

SO-CALLED CENTRAL FILING SYSTEMS THAT MAKE THE BUYERS SHOULDER THOSE RISKS. IT IS OFTEN HARD TO LINK THE VAGUELY IDENTIFIED OWNERS OF FARM PRODUCTS WITH ESSENTIALLY HOMOGENEOUS COMMODITIES -- ESPECIALLY GRAINS -- PARTICULARLY IF THE SELLER IS ANXIOUSLY IDLING HIS TRUCK OUTSIDE THE OFFICE OR THE 24-HOUR LIVESTOCK PAYMENT RULE IS IN EFFECT.

IN RETURN FOR THE LENDERS' COMMITMENTS TO FILE ACCURATE FINANCING STATEMENTS AND TO UPDATE THEM, AS NEEDED, TO REFLECT MATERIAL CHANGES, SUCH AS THE ADDITION OF FURTHER COMMODITIES OR THE SATISFACTION OF THE OBLIGATIONS, THE BUYERS WOULD BE REQUIRED TO REGISTER WITH ALL THE STATE OFFICES IN STATES WHERE THEIR SELLERS MIGHT HAVE BORROWED TO RECEIVE MONTHLY STATE-COMPILED MASTER LISTS OF SECURITY INTERESTS ON FILE WITH RESPECT TO SPECIFIC FARM PRODUCTS. THE BUYER WOULD FURTHER HAVE TO REVIEW THOSE LISTS WITH CARE BEFORE MAKING ANY PURCHASES TO ASCERTAIN WHETHER THEIR SELLERS HAD ANY OUTSTANDING, UNSATISFIED SECURITY INTERESTS. IF THE MASTER LISTS ACCURATELY DISCLOSED THEM, BUYERS WOULD TAKE SUBJECT TO THEM AS UNDER THE EXISTING FARM PRODUCTS EXCEPTION.

UNLIKE MOST CENTRAL FILING SYSTEMS NOW IN OPERATION, BUYERS WOULD NOT HAVE TO UNDERTAKE THE TIME-CONSUMING AND DIFFICULT TASK OF CONDUCTING IN PERSON SEARCHES OF COUNTY OR STATE RECORDS IN AN OFTEN IMPOSSIBLE EFFORT TO LOCATE OUTSTANDING LIENS. INSTEAD, THE BUYERS WOULD HAVE TO REGISTER TO RECEIVE THE STATE LISTS AND WOULD HAVE TO SCRUTINIZE THOSE LISTS CAREFULLY UPON RECEIPT AND PRIOR TO PURCHASE. IF THEY FAILED TO REGISTER, THEY WOULD PURCHASE FARM PRODUCTS SUBJECT TO ANY LIEN ON FILE IN AN EFFECTIVE FINANCING STATEMENT. BUYERS WOULD NOT BE PERMITTED TO BE PASSIVE, BUT THEY WOULD NOT BE REQUIRED TO BE HYPERACTIVE EITHER.

I RECOGNIZE THAT THE ESTABLISHMENT OF CENTRAL FILING SYSTEMS THAT COMPLY WITH MY AMENDMENT MAY TAKE SOME TIME TO ACCOMPLISH. MY SUGGESTION FOR DEALING WITH THE TIMING QUESTION IS TO DELAY IMPLEMENTATION OF THE ENTIRE NATIONWIDE OVERHAUL OF THE FARM PRODUCTS EXCEPTION FOR 1 YEAR FROM THE ENACTMENT OF THE FARM BILL. THREE HUNDRED AND SIXTY-FIVE DAYS THEREAFTER THE EXCEPTION WOULD BE ABROGATED IN FAVOR OF A SYSTEM IN WHICH BUYERS TAKE FARM PRODUCTS FREE OF LIENS UNLESS THEY FAIL TO EITHER (1) SATISFY SELLER OBLIGATIONS OF WHICH THEY WERE PRENOTIFIED IN ADVANCE OR (2) REGISTER WITH STATE CENTRAL SYSTEMS THAT COMPLY WITH STATUTORY STANDARDS, WHILE LENDERS FILE THE REQUISITE FINANCING STATEMENTS COVERING THE PRODUCTS AT STAKE OR (3) OBTAIN WAIVER OR RELEASE OF SECURITY INTERESTS SPELLED OUT IN MASTER LISTS THAT THEY HAVE RECEIVED FROM THE STATE.

MR. PRESIDENT, MY SOLUTION TO THE PROBLEM OF DEVELOPING AN APPROACH THAT BEST BALANCES THE INTEREST AND CONCERNS OF BUYERS AND LENDERS IS TO ALLOW STATES TO CHOOSE BETWEEN TWO SYSTEMS, BUT SPECIFICALLY DEFINE THE ALTERNATIVES TO ESTABLISH MAXIMUM UNIFORMITY, EFFECTIVENESS, AND EFFICIENCY.

I BELIEVE MY AMENDMENT IS A GOOD COMPROMISE THAT ADDRESSES THE BASIC CONCERNS OF BUYERS AND LENDERS. IT DOES NOT COMPLETELY SATISFY BUYERS OR LENDERS BUT COMPROMISES NEVER DO PROVIDE COMPLETE SATISFACTION TO ALL PARTIES.

MR. PRESIDENT, I URGE MY COLLEAGUES TO SUPPORT THIS AMENDMENT.

MR. GARN. MR. PRESIDENT, AFTER A REVIEW OF THE CLEAR TITLE ISSUES TO BE RESOLVED BY S. 744, I RECOGNIZED THAT BUYERS OF FARM PRODUCTS ARE PLACED IN A DIFFICULT SITUATION

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UNDER THE UCC -- IN SOME STATES THEY MUST SEARCH FOR LIENS COUNTY BY COUNTY, OCCASIONALLY PAY WITHIN 24 HOURS OF PURCHASE, AND RISK HAVING TO PAY FOR THE SAME PRODUCTS TWICE IF A LIEN WAS MISSED. NEVERTHELESS I BELIEVED THE PROPOSAL NEEDED TO BECOME MORE BALANCED. SENATOR ANDREWS AND I PROPOSED AN AMENDMENT WHICH WOULD HAVE:

FIRST, ALLEVIATED THE BURDEN OF LIEN SEARCHES BY BUYERS;

SECOND, MINIMIZED THE POTENTIAL OF DOUBLE JEOPARDY BUYERS CURRENTLY FACE;

THIRD, GIVEN STATES THE FLEXIBILITY TO ADOPT A BALANCED APPROACH TO CLEAR TITLE WITHIN LIMITED FEDERAL GUIDELINES; AND

FOURTH, PREVENTED THE LIKELIHOOD OF FARMERS BEING DENIED CREDIT BECAUSE A LENDER WOULD EVALUATE A LOAN AS UNSECURED.

IN SHORT, I SOUGHT TO ACHIEVE A COMMON GROUND AMONG FARMERS, LENDERS AND BUYERS AND BALANCE THE NEED FOR UNIFORMITY WITH STATES' RIGHTS TO FLEXIBILITY TO SOLVE PROBLEMS UNIQUE TO THEIR LOCAL MARKET.

IN THE INTEREST OF ACHIEVING MORE WORKABLE UNIFORM SYSTEM AND IN THE TRUE SPIRIT OF COMPROMISE, THE SENATOR FROM MISSISSIPPI PROPOSED MORE SPECIFICITY. AS THE SENATOR AND I AND OUR STAFFS HAVE DISCUSSED THESE ISSUES, THE DISTINGUISHED SENATOR FROM MISSISSIPPI HAS SOUGHT TO ACCOMMODATE MANY, IF NOT ALL OF THE CONCERNS WHICH I FIRST RAISED.

IN THE LAST SEVERAL HOURS, QUESTIONS OF A TECHNICAL NATURE HAVE BEEN PRESENTED TO ME AND MY STAFF. IN OUR DISCUSSIONS, IT IS CLEAR THAT WE BOTH REALIZE THAT MANY OF THE MATTERS CONTAINED IN THE UNIFORM COMMERCIAL CODE ARE HIGHLY TECHNICAL AND INTERRELATED.

IN THE EVENT REAL TECHNICAL PROBLEMS ARE PRESENTED, WOULD THE SENATOR AND HIS STAFF BE WILLING TO WORK WITH ME AND MY STAFF TO MAKE SURE THAT THE PROVISIONS OF THE PROPOSAL OF THE SENATOR FROM MISSISSIPPI ARE OPERATIONAL AND TECHNICALLY CORRECT -- BOTH BEFORE AND DURING CONFERENCE?

MR. COCHRAN. YES, AS THE SENATOR STATED, MY OBJECTIVE IS TO RESOLVE THE DOUBLE JEOPARDY PROBLEM AND CREATE UNIFORMITY. WITHOUT QUESTION THE MORE LIMITED STATE ALTERNATIVES CONTAINED IN MY BILL MUST BE OPERATIONAL. I WOULD BE DELIGHTED TO WORK FURTHER WITH THE SENATOR FROM UTAH, TO RESOLVE ANY TECHNICAL PROBLEMS WHICH MAY ARISE EITHER BEFORE OR DURING CONFERENCE.

MR. GARN ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM UTAH.

MR. GARN. MR. PRESIDENT, I WILL ONLY TAKE A MOMENT, AND CERTAINLY NOT ADD TO WHAT THE DISTINGUISHED SENATOR FROM MISSISSIPPI HAS OUTLINED. HE HAS DESCRIBED THE AMENDMENT VERY WELL. IT IS NOT EXACTLY WHAT I WOULD LIKE OR WHAT HE WOULD HAVE LIKED. BUT UNDER THE CIRCUMSTANCES I THINK IT IS A VERY GOOD COMPROMISE BETWEEN TWO VERY DIVERGENT VIEWPOINTS, NOT OURS -- GROUPS OUT THERE IN THE AGRICULTURAL COMMUNITY. I THINK IT IS A VERY, VERY GOOD COMPROMISE TO SOLVE A LOT OF PROBLEMS, AND

THEREFORE, I SUPPORT IT.

MR. COCHRAN. MR. PRESIDENT, I WANT TO THANK SENATOR ANDREWS AND SENATOR BENTSEN FOR THEIR ASSISTANCE IN THE DEVELOPMENT OF THE LANGUAGE OF THIS AMENDMENT.

MRS. KASSEBAUM. MR. PRESIDENT, I WOULD LIKE TO OUTLINE BRIEFLY MY THOUGHTS ON THIS ISSUE OF "CLEAR TITLE" FOR BUYERS OF FARM PRODUCTS. THIS IS A COMPLICATED ISSUE WHICH IS CRITICALLY IMPORTANT FOR ONE VERY FUNDAMENTAL REASON -- THE COST OF ANY SYSTEM WE MIGHT DEVISE WILL ULTIMATELY BE BORNE BY OUR STRUGGLING FARMERS. IT IS FOR THIS REASON THAT I BELIEVE, IF WE DETERMINE THAT A FEDERAL PREEMPTION IS NECESSARY, WE MUST TAKE CARE TO ENSURE THAT THE SYSTEM WE ESTABLISH IS THE LEAST COSTLY AND MOST EFFICIENT.

MOST MEMBERS HAVE STRUGGLED WITH THIS ISSUE, TRYING TO FIND A SOLUTION TO A COMPLEX PROBLEM. NEARLY EVERY MEMBER OF THE SENATE IS OBLIGATED TO REPRESENT FARMERS, FARM PRODUCT BUYERS, AND FARM LENDERS. BECAUSE OF THE DEBATE AND POLARIZATION THIS ISSUE HAS ENGENDERED, NONE OF US HAVE RELISHED THE OPPORTUNITY TO VOTE FOR OR AGAINST IMPORTANT CONTITUENCIES.

MY FRIEND FROM MISSISSIPPI, SENATOR COCHRAN, AND THE CHAIRMAN OF THE BANKING COMMITTEE, ALONG WITH OTHERS, HAVE WORKED DILIGENTLY AND RESPONSIBLY TO FIND THAT ELUSIVE MIDDLE GROUND WHERE WE ALL MIGHT STAND TOGETHER. I APPLAUD THOSE GOOD FAITH EFFORTS. I BELIEVE IT IS POSSIBLE TO PROTECT THE INTERESTS OF THE LENDER IN A SECURE LOAN, THE INTERESTS OF A BUYER IN CLEAR TITLE, AND, MOST IMPORTANTLY, THE INTERESTS OF THE FARMER IN RECEIVING AFFORDABLE CREDIT AND A FAIR PRICE IN THE MARKETPLACE.

MR. PRESIDENT, THE PROPOSAL NOW BEFORE US IS NOT UNREASONABLE. IT IS, HOWEVER, VERY COMPLEX AND DETAILED. IT PREEMPTS STATE LAW AND MANDATES INSTEAD TWO DIFFERENT ALTERNATIVES. FIRST, A STATE MAY ACCEPT THE PRENOTIFICATION PROVISIONS INCLUDED IN S. 744. SECOND, A STATE MAY CHOOSE TO ESTABLISH A TECHNOLOGICALLY ELABORATE CENTRAL FILING SYSTEM WHICH INCLUDES A BUYER REGISTRATION PROVISION. UNDER THIS LATTER OPTION, LENDERS WOULD FILE FINANCING STATEMENTS AT THE STATE LEVEL, THE STATE WOULD ORGANIZE THOSE STATEMENTS ACCORDING TO SEVERAL CRITERIA, AND BUYERS WOULD RECEIVE FROM THE STATE A LIST OF ALL LIEN FILINGS FOR A PARTICULAR FARM PRODUCT.

MY CONCERN, MR. PRESIDENT, IS NOT THAT THIS PROPOSAL IS UNREASONABLE IN CONCEPT. MY FEAR IS THAT IT IS UNWORKABLE IN PRACTICE. KANSAS HAS ONE OF THE MOST SOPHISTICATED CENTRAL FILING SYSTEMS IN THE COUNTRY TODAY. BY JANUARY 1986, 24-HOUR TELEPHONE SERVICE WILL BE AVAILABLE. IN ADDITION, BUYERS CAN REQUEST AND CAN RECEIVE LIEN FILING BY ZIP CODE. KANSAS HAS BEEN PERFECTING THIS SYSTEM SINCE 1983 AND I BELIEVE THE KANSAS SECRETARY OF STATE'S OFFICE HAS A WEALTH OF EXPERIENCE IN THIS FIELD WHICH WE MAY LACK.

THE REACTION OF THE KANSAS SECRETARY OF STATE TO THIS PROPOSAL HAS BEEN STRONG. IT WILL BE COSTLY, BURDENSOME, AND TECHNOLOGICALLY DIFFICULT. NO STATE IN THE UNION HAS THIS SYSTEM OR ANYTHING SIMILAR. NO ONE REALLY KNOWS HOW THIS CENTRAL FILING SYSTEM MAY WORK IN PRACTICE, HOW COURTS MAY DEFINE PROVISIONS WHICH DIFFER FROM CURRENT UCC LANGUAGE, OR THE OVERALL COST OF SUCH A SYSTEM. AT THE VERY LEAST, WE SHOULD TAKE CARE TO DEVISE A SYSTEM WHICH RETAINS AS MUCH OF EXISTING STATUTORY AND CASE LAW AS POSSIBLE. CREATING BRAND NEW FEDERAL LAW, WITH LITTLE OR NO LEGISLATIVE

HISTORY OR HEARINGS ON MAJOR PROVISIONS, MAY WELL LEAD TO UNFORESEEN PROBLEMS AND A NEED TO REVISIT THIS ISSUE.

MR. PRESIDENT, I SYMPATHIZE WITH THE DOUBLE JEOPARDY RISK FACED BY FARM PRODUCT BUYERS. PERHAPS SIMPLY SHIFTING THAT RISK TO THE LENDER WOULD BE PREFERABLE. I AM WILLING TO FIND AND SUPPORT SOME REASONABLE SHARING OF THAT RISK, AND HAVE MADE EFFORTS IN THAT DIRECTION. HOWEVER, I DO NOT BELIEVE THIS PROPOSAL IS THE ANSWER.

OUR EFFORT SHOULD TRY TO PRESERVE THOSE CHOICES WHICH HAVE EVOLVED AT THE STATE LEVEL WHILE ENCOURAGING MORE UNIFORMITY NATIONWIDE. AFTER LISTENING TO THE CONCERNS OF THOSE WHO MUST ADMINISTER ANY CENTRAL FILING SYSTEM AND CONSIDERING THE POTENTIAL IMPACT OF THIS PROPOSAL ON FARMERS AND FARM CREDIT, I MUST RELUCTANTLY OPPOSE THIS AMENDMENT. SURELY, GIVEN BETTER INFORMATION AND MORE TIME, WE CAN DO BETTER.

MR. HARKIN ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM IOWA.

MR. HARKIN. MR. PRESIDENT, I BELIEVE I RISE IN SUPPORT OF THIS AMENDMENT. HOWEVER, I HAVE NOT SEEN THE FINAL PRODUCT. I WAS THE AUTHOR OF CLEAR TITLE BILL IN THE OTHER BODY IN THE LAST CONGRESS. I WAS A COSPONSOR OF THE CLEAR TITLE BILL THAT WAS INTRODUCED BY THE SENATOR FROM MISSISSIPPI EARLIER THIS YEAR WHICH HAS BEEN REFERRED TO THE AGRICULTURE COMMITTEE.

WHAT I WOULD LIKE TO INQUIRE OF THE SENATOR FROM MISSISSIPPI IS, ARE THERE ANY CHANGES IN THIS AMENDMENT JUST OFFERED FROM WHAT WAS IN THE CLEAR TITLE BILL THAT THE SENATOR INTRODUCED EARLIER THIS YEAR, OF WHICH I WAS A COSPONSOR?

MR. COCHRAN. MR. PRESIDENT, IF THE SENATOR WILL YIELD -- --

MR. HARKIN. I AM DELIGHTED TO YIELD.

MR. COCHRAN. THE CHANGES THAT HAVE BEEN MADE ARE THREE: FIRST OF ALL, S. 744 IS INTRODUCED PROVIDING SIMPLY FOR A REPEAL OF THE AGRICULTURE EXCEPTION IN THE UNIFORM COMMERCIAL CODE AND WOULD HAVE TREATED THE PURCHASE OF AGRICULTURE COMMODITIES THE SAME AS THE PURCHASE OF ANY OTHER PERSONAL PROPERTY SUCH AS A BICYCLE, APPLIANCES, OR CLOTHES FROM A STORE. THE PURCHASER WOULD TAKE TITLE FREE AND CLEAR FROM ANY SECURITY INTEREST; PERIOD.

MR. HARKIN. WHICH, IF I MIGHT INTERRUPT, IS, I BELIEVE, WHAT WE OUGHT TO BE DOING.

MR. COCHRAN. THE HOUSE DID THAT. THE OTHER BODY INCLUDED IN THE AGRICULTURE BILL SUCH A PROVISION. HERE WE ENCOUNTERED REQUESTS FOR REEXAMINATION OF THAT, AND WE FELT THAT ARGUMENTS WERE BEING MADE THAT HAD MERIT. SOME STATES, FOR INSTANCE, HAD DEVELOPED A CENTRAL FILING SYSTEM FOR LANDS. IT WAS THOUGHT THAT IT WOULD BE APPROPRIATE TO FIND AN ALTERNATIVE WAY OF GIVING NOTICE.

THE HOUSE PROVIDED FOR AN ACTUAL NOTICE PROCEDURE CALLED "PRIOR NOTIFICATION." WE INCLUDED THAT IN THE BILL, BUT WE HAVE ALSO ADDED THE ALTERNATIVE OF A CENTRAL FILING SYSTEM THAT MAY BE DEVELOPED BY A STATE UNDER WHICH BOTH LENDERS AND PURCHASERS OF AGRICULTURAL COMMODITIES CAN DETERMINE, BY USING THE SERVICE,

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WHETHER OR NOT THERE IS LAND FOR GROWING CROPS OR LIVESTOCK.

THIRD, THE BILL AS ORIGINALLY PROPOSED PROVIDED THAT LENDERS WOULD PAY THE COST OF THIS STATE SERVICE OR CENTRAL SYSTEM. THAT HAS BEEN CHANGED IN THIS AMENDMENT SO THAT THE AMENDMENT IS SILENT AS TO WHO HAS TO PAY THE EXPENSE OF OPERATING AND USING THE SERVICE.

THAT CAN BE ASSESSED BY A STATE AS IT SEES FIT. WE DO NOT PRETEND TO TELL THEM HOW TO PAY FOR THE OPERATION OF THE SERVICE.

MR. HARKIN. MR. PRESIDENT, I APPRECIATE THE EXPLANATION BY THE DISTINGUISHED SENATOR FROM MISSISSIPPI.

I DO NOT HAVE ANY REAL OPPOSITION TO ANY OF THOSE CHANGES, EXCEPT I WOULD JUST RAISE THE SPECTER OF A PROBLEM WITH HAVING A DUAL SYSTEM OF CENTRAL FILING AND NOTIFICATION. PERHAPS THIS CAN BE WORKED OUT IN CONFERENCE. I AM HOPEFUL THAT IT COULD BE. BUT I THINK, IF SOMETHING LIKE THAT WERE TO GO FORWARD ON A TWO-TRACK SYSTEM LIKE THAT, YOU ARE GOING TO HAVE MORE PROBLEMS THAN YOU HAVE WITH THE SYSTEM WE PRESENTLY HAVE.

I UNDERSTAND WHAT IS NECESSARY TO GET THIS THING MOVING AND I COMPLIMENT THE SENATOR FROM MISSISSIPPI FOR HIS DILIGENT EFFORTS IN THIS REGARD.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (1135) WAS AGREED TO.

MR. COCHRAN. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. DECONCINI. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING BUSINESS BE TEMPORARILY LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1136

(PURPOSE: TO AUTHORIZE THE SECRETARY OF AGRICULTURE TO CONDUCT DEMONSTRATION PROJECTS TO PROMOTE THE DEVELOPMENT OF CRITICAL AGRICULTURE MATERIALS)

MR. DECONCINI. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK.

THE PRESIDING OFFICER. THE CLERK WILL REPORT.

THE BILL CLERK READ AS FOLLOWS:

THE SENATOR FROM ARIZONA [MR. DECONCINI], FOR HIMSELF AND MR. BENTSEN, PROPOSES AN AMENDMENT NUMBERED 1136.

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MR. DECONCINI. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

"ON PAGE 301, BETWEEN LINES 11 AND 12, INSERT THE FOLLOWING NEW SECTION:

CRITICAL AGRICULTURAL MATERIALS

SEC.. (A) SECTION 5(B)(9) OF THE CRITICAL AGRICULTURAL MATERIALS ACT (7 U.S.C. 178C(C)(9) IS AMENDED BY INSERTING ", CARRYING OUT DEMONSTRATION PROJECTS TO PROMOTE THE DEVELOPMENT OR COMMERCIALIZATION OF SUCH CROPS (INCLUDING PROJECTS DESIGNED TO EXPAND DOMESTIC OR FOREIGN MARKETS FOR SUCH CROPS)," AFTER "PURPOSES,".

(B) SECTION 5 OF SUCH ACT IS AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTION:

"(D) NOT WITHSTANDING ANY OTHER PROVISION OF LAW, IN CARRYING OUT A DEMONSTRATION PROJECT REFERRED TO IN SUBSECTION (B)(9), THE SECRETARY MAY --

"(1) ENTER INTO A CONTRACT OR COOPERATIVE AGREEMENT WITH, OR PROVIDE A GRANT TO, ANY PERSON, OR PUBLIC OR PRIVATE AGENCY OR ORGANIZATION, TO PARTICIPATE IN, CARRY OUT, SUPPORT, OR STIMULATE SUCH PROJECT;

"(2) MAKE AVAILABLE FOR PURPOSES OF CLAUSE (1) AGRICULTURAL COMMODITIES OR THE PRODUCTS THEREOF ACQUIRED BY THE COMMODITY CREDIT CORPORATION UNDER PRICE SUPPORT OPERATIONS CONDUCTED BY THE CORPORATION; OR

"(3) USE ANY FUNDS APPROPRIATED PURSUANT TO SECTION 16(A), OR ANY FUNDS PROVIDED BY ANY PERSON, OR PUBLIC OR PRIVATE AGENCY OR ORGANIZATION, TO CARRY OUT SUCH PROJECT OR REIMBURSE THE COMMODITY CREDIT CORPORATION FOR AGRICULTURAL COMMODITIES OR PRODUCTS THAT ARE UTILIZED IN CONNECTION WITH SUCH PROJECT.".

MR. DECONCINI. MR. PRESIDENT, MY AMENDMENT WOULD AUTHORIZE THE DEPARTMENT OF AGRICULTURE TO CONDUCT DEMONSTRATION PROJECTS TO PROMOTE THE COMMERCIALIZATION OF DEVELOPMENTAL INDUSTRIAL CROPS. UNDER MY AMENDMENT THE DEPARTMENT OF AGRICULTURE WOULD BE ABLE TO CONTRACT WITH FARMERS TO PRODUCE DEVELOPMENTAL INDUSTRIAL CROPS AND THEN PAY THEM FOR GROWING THESE CROPS WITH SURPLUS COMMODITIES FROM THE COMMODITY CREDIT CORPORATION INVENTORY.

WITH THE APPROVAL OF THIS AMENDMENT THE DEPARTMENT OF AGRICULTURE WILL BE ABLE TO TEST THE COMMERCIAL FEASIBILITY OF GROWING AND PULPING KENAF FIBER IN THREE TO FOUR GEOGRAPHICAL LOCATIONS. KENAF IS A WOODY FIBER PLANT WHICH CAN BE USED IN MANUFACTURING NEWSPRINT. CURRENTLY THERE ARE A NUMBER OF EXISTING NEWSPRINT MANUFACTURING FACILITIES EXPERIENCING SHORTAGES OF PULPING MATERIALS. PRICE INCREASES IN IMPORTED NEWSPRINT HAS CAUSED RENEWED INTEREST IN KENAF. ALSO, RESEARCH HAS DEMONSTRATED THAT EXISTING PULPING MILLS CAN PROCESS KENAF WITH LITTLE ALTERATION TO THE MANUFACTURING FACILITY. THERE HAVE ONLY BEEN LIMITED

DEMONSTRATION PROJECTS IN THE PAST BECAUSE UNTIL NOW ECONOMIC CONDITIONS HAVE NOT WARRANTED EXPANSION OF THE KENAF INDUSTRY.

THIS AMENDMENT WILL ALLOW THE DEPARTMENT OF AGRICULTURE, IF IT CHOOSES, TO CONTRACT WITH FARMERS WHO WOULD OTHERWISE PRODUCE COTTON, TO PRODUCE KENAF. THE FARMERS WOULD THEN BE PAID FOR GROWING KENAF WITH SURPLUS COTTON FROM THE CCC INVENTORY.

THIS DEMONSTRATION PROJECT WILL OPEN THE DOOR FOR OTHER INDUSTRIAL-TYPE CROPS TO BE TRIALED IN THE SAME MANNER, WHICH COULD LEAD TO THEIR COMMERCIALIZATION. COMMERCIALIZATION OF INDUSTRIAL CROPS WOULD BENEFIT NEARLY ALL OF THE NATION'S AGRICULTURAL AREAS. BESIDES THE WOODY FIBER, KENAF, OTHER AGRICULTURAL CORPS INCLUDING GUAYULE, A NATURAL RUBBER, AND JOJOBA, AN INDUSTRIAL OIL, CAN BE GROWN IN THE ARID SOUTHWEST. CARMBE, WHICH IS AN OIL PRODUCING PLANT, CAN BE GROWN IN THE MAJOR PRODUCTION AREAS OF THE MIDWEST, SOUTH, AND SOUTHWEST, THE SAME AREAS IN WHICH THE SOYBEAN IS GROWN.

MR. PRESIDENT, THESE DEMONSTRATION PROJECTS ARE NEEDED TO PREVENT INCREASED U.S. DEPENDENCE ON OTHER NATIONS FOR A BROAD RANGE OF MATERIALS, MANY OF WHICH ARE OF STRATEGIC IMPORTANCE TO THE UNITED STATES. MANY OF THESE PRODUCTS ARE OR COULD BE AGRICULTURALLY PRODUCED IN THE UNITED STATES AND USED AS AN INDUSTRIAL MATERIALS.

THE DEPARTMENT OF AGRICULTURE MUST BE ABLE TO FACILITATE THE COMMERCIALIZATION OF NEW CORPS TO REPLACE THOSE THAT ARE CHRONICALLY IN SURPLUS BY SHARING WITH INDIVIDUALS, BUSINESSES, OR ORGANIZATIONS THE CAPITAL AND TECHNOLOGICAL RISKS ASSOCIATED WITH TESTING NEW ENTERPRISES. BECAUSE IT IS NOW ECONOMICALLY FEASIBLE TO MOVE FROM RESEARCH AND DEVELOPMENT TO COMMERCIALIZATION OF THESE INDUSTRIAL CROPS, THIS AMENDMENT IS VERY TIMELY. I URGE MY COLLEAGUES TO JOIN ME IN SUPPORT TO THIS AMENDMENT.

MR. PRESIDENT, THIS AMENDMENT WILL AUTHORIZE THE DEPARTMENT OF AGRICULTURE TO CONTRACT WITH INDIVIDUAL BUSINESSES OR ORGANIZATION TO GROW NEW INDUSTRIAL-TYPE CROPS IN PLACE OF CROPS CURRENTLY GROWN UNDER ANY PROGRAM. IT IS AT THE DISCRETION OF THE USDA AND IT IS A DEMONSTRATION PROJECT. THERE IS NO COST INVOLVED.

MR. PRESIDENT, I AM ADVISED THAT BOTH SIDES, THE CHAIRMAN OF THE AGRICULTURE COMMITTEE AND THE RANKING MEMBERS, HAVE AGREED TO THIS AMENDMENT. I MOVE ITS ADOPTION.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. COCHRAN. MR. PRESIDENT, HAS THE SENATOR COMPLETED HIS STATEMENT?

MR. DECONCINI. MR. PRESIDENT, I HAVE YIELDED THE FLOOR.

MR. COCHRAN. MR. PRESIDENT, THE AMENDMENT IS DESIGNED TO AUTHORIZE THE SECRETARY OF AGRICULTURE TO CONDUCT DEMONSTRATION PROJECTS TO PROMOTE THE DEVELOPMENT OF CRITICAL AGRICULTURAL MATERIAL.

THERE IS NO OBJECTION TO THE AMENDMENT ON THIS SIDE.

MR. ZORINSKY. MR. PRESIDENT, THE AMENDMENT OFFERED BY THE SENATOR FROM ARIZONA

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[MR. DECONCINI] AUTHORIZES THE SECRETARY OF AGRICULTURE TO CARRY OUT DEMONSTRATION PROJECTS THAT WILL LEAD TO DOMESTIC PRODUCTION OF MATERIALS CRITICAL TO THE NATIONAL INTEREST.

THE AMENDMENT SPECIFICALLY AUTHORIZES THE SECRETARY TO SUPPORT DEMONSTRATION PROJECTS THAT DEVELOP NEW INDUSTRIAL-USE CROPS, SUCH AS KENAF -- A PRODUCT USED IN MANUFACTURING NEWSPRINT. UNDER THE AMENDMENT, THE SECRETARY CAN OBTAIN THE CRITICAL MATERIAL IN ONE OF TWO WAYS. THEY CAN BE PURCHASED WITH CASH, OR THE SECRETARY CAN PAY THE GROWER OF THE CRITICAL MATERIAL IN KIND, USING AGRICULTURAL COMMODITIES, OR THE PRODUCTS THEREOF, ACQUIRED BY THE COMMODITY CREDIT CORPORATION UNDER PRICE SUPPORT OPERATIONS.

WE FIND THE AMENDMENT ACCEPTABLE AND URGE ITS ADOPTION.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1136) WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. DECONCINI. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. ABDNOR. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1137

(PURPOSE: TO PROVIDE FEED FOR LIVESTOCK TO PRODUCERS IN DISASTER AREAS WHEN THERE IS A SHORTAGE OF FEED IN SUCH AREAS)

MR. ABDNOR. 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 SOUTH DAKOTA [MR. ABDNOR] FOR HIMSELF, MR. PRESSLER AND MR. MELCHER, PROPOSES AN AMENDMENT NUMBERED 1137.

MR. ABDNOR. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE APPROPRIATE PLACE IN THE PENDING AMENDMENT, ADD THE FOLLOWING:

ON PAGE 459, BETWEEN LINES 18 AND 19, INSERT THE FOLLOWING NEW SECTION:

EMERGENCY FEED ASSISTANCE

SEC. 1927. SECTION 407 OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1427) IS AMENDED BY INSERTING AFTER THE FIFTH SENTENCE THE FOLLOWING NEW SENTENCE: "NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION RELATING TO THE AUTHORITY OF THE COMMODITY CREDIT CORPORATION TO MAKE AVAILABLE TO CERTAIN PERSONS IN CERTAIN AREAS DURING EMERGENCIES FEED FOR LIVESTOCK, THE COMMODITY CREDIT CORPORATION (1) MAY MAKE SUCH FEED AVAILABLE TO SUCH PERSONS IN AREAS IN WHICH FEED GRAINS ARE NORMALLY PRODUCED AND NORMALLY AVAILABLE FOR FEED PURPOSES, BUT IN WHICH THEY ARE UNAVAILABLE BECAUSE OF A CATASTROPHE DESCRIBED IN THE FOURTH SENTENCE OF THIS SECTION, (2) MAY MAKE SUCH FEED AVAILABLE TO SUCH PERSONS THROUGH FEED DEALERS IN THE AREA, (3) SHALL MAKE SUCH FEED AVAILABLE AT A PRICE NOT LESS THAN THE PRICE PRESCRIBED IN THE FOURTH SENTENCE OF THIS SECTION, AND (4) SHALL BEAR ANY EXPENSES INCURRED IN CONNECTION WITH MAKING SUCH FEED AVAILABLE TO SUCH PERSONS UNDER THIS SENTENCE, INCLUDING TRANSPORTATION AND HANDLING COSTS."

MR. ABDNOR. CURRENT LAW UNDER THIS PROGRAM, PERMITS THE SECRETARY OF AGRICULTURE TO PROVIDE CCC STOCKS THROUGH FEED DEALERS TO LIVESTOCK PRODUCERS IN SUCH AREAS AT A PRICE EQUAL TO 75 PERCENT OF THE COUNTY LOAN RATE.

BUT WHAT HAPPENS WHEN A FEED DEALER DOES NOT HAVE ANY SUPPLIES OF FEED DUE TO THE DROUGHT? PRESENTLY, LIVESTOCK PRODUCERS IN SOUTH DAKOTA DROUGHT AREAS MUST TRAVEL IN SOME CASES HUNDREDS OF MILES TO FEED DEALERS WHO HAVE FEED STOCKS. THE COST OF TRANSPORTATION INCURRED BY THESE LIVESTOCK PRODUCERS TOTALLY OFFSETS THE BENEFITS AND INTENDED PURPOSE OF THIS WELL-INTENTIONED PROGRAM.

IN THE EVENT FEED DEALERS AND LIVESTOCK PRODUCERS FIND THEMSELVES IN THIS DILEMMA, MY AMENDMENT WOULD HAVE THE COMMODITY CREDIT CORPORATION PROVIDE FEED TO THESE PRODUCERS THROUGH LOCAL FEED DEALERS AND PAY NECESSARY TRANSPORTATION AND HANDLING COSTS. AS IN CURRENT LAW, THIS FEED AT THIS PRICE IS TO BE PROVIDED ONLY TO PRODUCERS WHO NEED SUCH ASSISTANCE IN THE PRESERVATION AND MAINTENANCE OF FOUNDATION HERDS, INCLUDING PRODUCING DAIRY CATTLE.

MR. ABDNOR. MR. PRESIDENT, IT IS NO SECRET THAT WE HAVE HAD A VERY SEVERE DROUGHT IN THE STATE OF SOUTH DAKOTA. IT IS A RESULT OF THIS DROUGHT, FEED SUPPLIES ARE SCARCE -- IF NOT NONEXISTANT -- IN SOME LOCALIZED AREAS. STRANGE AS IT MAY SEEM ONE-HALF OF SOUTH DAKOTA HAD AN ABUNDANCE OF MOISTURE, WHILE THE OTHER HALF WAS DEVASTATED BY DROUGHT, GRASSHOPPERS, AND RANGE FIRES. CATTLEMEN IN DISASTER AREAS ARE NOW IN GREAT DANGER OF LOSING THEIR FOUNDATION HERDS BECAUSE THEY LACK FEED TO WINTER THEIR STOCK. THE CRISIS HAS BEEN INTENSIFIED BY UNUSUALLY HEAVY SNOWFALLS TOTALLY COVERING WHAT STANDING FORAGE STILL REMAINED.

THE WESTERN PART OF SOUTH DAKOTA HAS BEEN DECLARED DISASTER AREA AND IS ELIGIBLE FOR THE EMERGENCY FEED ASSISTANCE PROGRAM.

AN ADDED BENEFIT OF MAKING THIS PROGRAM VIABLE IS THAT WE ARE UTILIZING STOCKS OF LOW QUALITY OR DAMAGED GRAIN. AS YOU KNOW, THE FEDERAL GOVERNMENT IS CURRENTLY MAKING STORAGE PAYMENTS ON THIS GRAIN AND THE REMOVAL OF IT FROM STORAGE COULD RESULT IN CONSIDERABLE SAVINGS.

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MR. PRESIDENT, IT WOULD BE GOOD BUSINESS TO BRING THIS GRAIN INTO DISASTER AREAS AND SELL IT UNDER THIS PROGRAM. I THINK THAT THIS IS PRUDENT LEGISLATION AND WOULD BENEFIT THE PEOPLE IN DROUGHT DISASTER AREAS.

AT PRESENT, THEY EITHER HAVE TO DISPOSE OF THEIR CATTLE OR PAY OUTRAGEOUS FEED AND TRANSPORTATION COSTS. I URGE MY COLLEAGUES TO GIVE THOSE HARD-PRESSED FARMERS AND RANCHERS A CHANCE BY MAKING THIS PROGRAM FAIR AND VIABLE.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE?

MR. HELMS. MR. PRESIDENT, AS I UNDERSTAND IT, THIS AMENDMENT WOULD CHANGE CURRENT LAW BY REQUIRING THE SECRETARY TO PROVIDE TRANSPORTATION EXPENSES UNDER THE LIVESTOCK FEED PROGRAM. IT IS NOT COST NEUTRAL.

PRODUCERS WHO RECEIVE EMERGENCY FEED ASSISTANCE ALREADY GET FEED AT DISCOUNTED RATES. THE PROBLEM COMES WHEN THE DISCOUNT IS OUTWEIGHED BY THE COSTS OF TRANSPORTING THE FEED FROM THE CCC STORAGE AREA TO WHERE THE CATTLE ARE LOCATED.

MR. PRESIDENT, I AM NOT SOLD ON THE IDEA OF EMERGENCY FEED IN THE FIRST PLACE BECAUSE IT HARMS FEED PRODUCERS WHO WOULD BE MORE THAN WILLING TO SELL FEED TO THESE PEOPLE.

HOWEVER, IF WE ARE GOING TO PROVIDE A PROGRAM, IT SHOULD BE WORKABLE AND IN THIS LIGHT I SUPPORT THE AMENDMENT.

MR. ZORINSKY. MR. PRESIDENT, WE HAVE EXAMINED THE AMENDMENT AND WE HAVE NO OBJECTION TO IT.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1137) WAS AGREED TO.

MR. ABDNOR. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

THE PRESIDING OFFICER. THE SENATOR FROM IDAHO.

MR. HARKIN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE LAID ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HARKIN. I THANK THE CHAIR.

MR. PRESIDENT, AFTER ALL THIS TIME DEBATING AMENDMENTS SUCH AS HONEY, SUGAR, SOYBEANS AND EVERYTHING ELSE, ALL OF WHICH ARE IMPORTANT AND MEANINGFUL AMENDMENTS, I THINK THE TIME HAS COME TO BEGIN LAYING DOWN THE AMENDMENT DEALING

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WITH THE REFERENDUM ISSUE AND WHETHER OR NOT WE ARE GOING TO GIVE FARMERS THE RIGHT TO VOTE IN A NATIONAL REFERENDUM AS TO WHAT KIND OF FARM PROGRAM THEY WANT.

THIS IS AN IDEA, I BELIEVE, WHOSE TIME HAS COME. IT IS A CONCEPT THAT WAS BORN AND NURTURED HERE WITHIN THE BELTWAY OF THE CITY OF WASHINGTON, DC. IT WAS INDEED AN IDEA THAT WAS BORN OUT IN THE CORN FIELDS AND THE WHEAT FIELDS, THE SOYBEAN FIELDS AND THE COTTON FIELDS AROUND THIS COUNTRY.

A COUPLE OF YEARS AGO FARMERS BEGAN HAVING MEETINGS BY THEMSELVES ALL OVER THE MIDWEST TRYING TO DECIDE WHAT THEY WANTED IN A FARM PROGRAM.

WHAT CAME OUT OF THIS WERE LARGER MEETINGS DECIDING WHAT KIND OF FORMS A NEW DIRECTION IN FARM LEGISLATION HAD TO TAKE.

THEY RECOGNIZED THEN, AS I THINK WE ALL RECOGNIZE NOW, THAT THE FARM POLICIES OF THE PAST HAVE FAILED US: HUGE SURPLUSES, TREMENDOUS GOVERNMENT OUTLAYS, FARMERS GOING BROKE.

SO THE FARMERS CAME UP WITH THE CONCEPT OF HAVING A REFERENDUM, A VOTE, ON A PROGRAM THAT WOULD BIND THEM ALL TOGETHER IN A COOPERATIVE WAY TO BRING SUPPLY IN LINE WITH DEMAND.

SO THIS IS NOT AN IDEA THAT CAME FROM THE COMMITTEES NOR FROM GOVERNMENT BUREAUCRATS.

IT IS AN IDEA THAT CAME FROM THE FARMERS THEMSELVES. MR. PRESIDENT, GIVEN THE ACTIONS OF THIS BODY IN RECENT DAYS, I THINK WE MUST ACKNOWLEDGE THAT OUR WHEAT AND/OR CORN FARMERS NOW FACE A DESPERATE SITUATION. OUR ACTIONS HERE HAVE TAKEN AWAY WHAT LITTLE HOPE THEY HAD LEFT.

JUST AS IMPORTANT IS JUST WHAT HAS GONE SO WRONG WITH U.S. AGRICULTURAL POLICIES THAT ONE-THIRD OF THE FARMERS IN MY STATE OF IOWA ARE IN THE WORDS OF AN IOWA STATE UNIVERSITY STUDY "SLIPPING TOWARD INSOLVENCY."

I WANT TO UNDERSCORE THAT IT IS NOT JUST IOWA FARMERS WHO ARE BEING FORCED OFF THEIR LAND -- LAND THAT HAS BEEN WORKED BY THEIR FATHERS AND GRANDFATHERS. ANOTHER RECENT STUDY CONCLUDED THAT IF FARM INCOME CONTINUES TO FALL, 1 OF EVERY 4 ACRES OF FARMLAND IN THE MIDWEST WILL END UP ON THE AUCTION BLOCK.

SPENDING FOR AGRICULTURAL PROGRAMS HAS QUADRUPLED IN THE PAST 5 YEARS AND YET THE HEARTLAND OF THIS COUNTRY IS UNDERGOING A SOCIAL AND FINANCIAL UPHEAVAL AS WRENCHING AS DURING ANY TIME OF THE GREAT DEPRESSION.

WE DO NOT NEED THE VICE PRESIDENT TO GO OUT TO IOWA TO LISTEN TO WHAT IS HAPPENING. WE NEED THIS ADMINISTRATION TO RECOGNIZE THEIR FARM PROGRAMS FOR WHAT THEY ARE -- COLOSSAL FAILURES. THE TIME FOR LISTENING PASSED US LONG AGO. WE NEED LEADERSHIP. AND FRANKLY, I THINK MANY OF US ARE FED UP WITH THE KIND OF LEADERSHIP WE HAVE BEEN GETTING OUT OF THE WHITE HOUSE WHICH TO DATE HAS CONSISTED ALMOST SOLELY OF VETO THREATS FOR WHAT WE MIGHT DO HERE.

WE NEED TO TAKE A NEW DIRECTION IN OUR AGRICULTURAL POLICIES. AND IT IS CLEAR THAT THE DIRECTION THIS FARM BILL IS GOING IS THE WRONG DIRECTION. THE FARM BILL PENDING

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BEFORE US WILL NOT BEGIN TO SOLVE THE ECONOMIC CRISIS FACING RURAL AMERICA AND WILL, IN FACT, FURTHER CONTRIBUTE TO ITS ECONOMIC DECLINE.

EFFORTS TO BRING THE BILL IN LINE WITH THE BUDGET, EXPECIALLY THE 1-YEAR TARGET PRICE FREEZE WITH 5 PERCENT REDUCTIONS THEREAFTER FOR FEED GRAINS CAN ONLY BE CHARACTERIZED AS DISASTEROUS. OVER THE 4-YEAR LIFE OF THIS BILL, THE MAJORITY LEADER'S AMENDMENT WOULD MEAN A LOSS OF OVER \$1.1 BILLION JUST TO IOWA CORN FARMERS. GIVEN THE FRAGILE FINANCIAL CONDITION OF MANY OF THE FARMERS IN MY STATE AND THE DISMAL OUTLOOK FOR FARM INCOME UNDER THIS ADMINISTRATION, A FARM BILL WHICH CUTS FARM INCOME WILL DOOM THOUSANDS OF HARD WORKING FAMILY FARMERS.

MR. HELMS. MR. PRESIDENT, WILL THE DISTINGUISHED SENATOR YIELD?

MR. HARKIN. I SHALL BE GLAD TO YIELD, MR. PRESIDENT.

MR. HELMS. I WONDER IF WE MIGHT CONTEMPLATE A TIME AGREEMENT ON THIS AMENDMENT?

MR. HARKIN. I DO NOT HAVE ANY OBJECTIONS TO A TIME LIMIT THAT WOULD AFFORD ME TIME NOT ONLY TO FINISH MY STATEMENT BUT FOR OTHER SENATORS TO SPEAK WHO INDICATED TO ME THEY WANTED TO SPEAK ON IT, AND THEN PROVIDE ME A SHORT OPPORTUNITY PERHAPS TO RESPOND TO ANY COMMENTS THERE MIGHT BE FROM THE OTHER SIDE. I WOULD THINK AN HOUR ON EACH SIDE WOULD BE FINE AND, OBVIOUSLY, IF THEY DO NOT COME TO SPEAK, I WOULD BE GLAD TO YIELD BACK WHATEVER TIME I HAVE REMAINING.

MR. HELMS. AS I UNDERSTAND IT, MR. PRESIDENT, THE SENATOR HIMSELF WILL NEED ABOUT A HALF HOUR AND HE IS ASKING FOR THE ADDITIONAL HALF HOUR TO COVER THE POSSIBILITY THAT OTHER SENATORS HE AND I DISCUSSED MAY WANT TO ENTER INTO THE DEBATE.

MR. HARKIN. YES, MR. PRESIDENT, BECAUSE I DO NOT KNOW HOW LONG IT IS GOING TO TAKE FOR MY STATEMENT. I KNOW I HAVE A STATEMENT I WANT TO MAKE AND PUT IN THE RECORD. IT MAY NOT TAKE ME A HALF-HOUR, I DO NOT KNOW.

MR. HELMS. MR. PRESIDENT, LET US START WITH THAT, AN HOUR ON EACH SIDE, WITH THE UNDERSTANDING THAT WE SHALL DO OUR BEST ON BOTH SIDES TO ACCELERATE IT.

I ASK UNANIMOUS CONSENT THAT THE AMENDMENT TO BE CALLED UP BY THE SENATOR FROM IOWA HAVE A TIME LIMIT OF 2 HOURS EQUALLY DIVIDED, WITH THE UNDERSTANDING, OF COURSE, THAT BOTH SIDES MAY NOT USE NEARLY THAT MUCH TIME.

THE PRESIDING OFFICER. IS THERE OBJECTION?

WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HELMS. I THANK THE SENATOR FROM IOWA.

MR. HARKIN. MR. PRESIDENT, I THANK THE SENATOR, AND I SHALL TRY TO YIELD BACK ANY TIME, OF COURSE.

MR. PRESIDENT, I SEND THE AMENDMENT TO THE DESK.

AMENDMENT NO. 1138

(PURPOSE: TO ESTABLISH PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS)

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THE PRESIDING OFFICER (MR. GORTON). THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM IOWA [MR. HARKIN] PROPOSES AN AMENDMENT NUMBERED 1138.

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING: IN THE ENGROSSMENT OF S. 1714, THE ENROLLING CLERK IS DIRECTED TO MAKE THE FOLLOWING CHANGES:

ON PAGE 71, STRIKE OUT LINE 4 AND ALL THAT FOLLOWS THROUGH LINE 4 ON PAGE 81.

ON PAGE 81, LINE 9, STRIKE OUT "407" AND INSERT IN LIEU THEREOF "401".

ON PAGE 81, LINE 15, STRIKE OUT "PARAGRAPHS (2) AND (3)" AND INSERT IN LIEU THEREOF "PARAGRAPH (2)".

ON PAGE 81, STRIKE OUT LINE 23 AND ALL THAT FOLLOWS THROUGH LINE 7 ON PAGE 82.

ON PAGE 82, STRIKE OUT LINES 8 THROUGH 11 AND INSERT IN LIEU THEREOF THE FOLLOWING:

"(2)(A) EXCEPT AS PROVIDED IN SUBPARAGRAPH (B), THE LOAN AND PURCHASE LEVEL DETERMINED UNDER PARAGRAPH (1) SHALL --".

ON PAGE 83, LINE 15, STRIKE OUT "(4)" AND INSERT IN LIEU THEREOF "(3)".

ON PAGE 83, LINE 22, STRIKE OUT "(3)" AND INSERT IN LIEU THEREOF "(2)".

ON PAGE 83, LINE 24, STRIKE OUT "(3)" AND INSERT IN LIEU THEREOF "(2)".

ON PAGE 84, LINE 9, STRIKE OUT "(5)" AND INSERT IN LIEU THEREOF "(4)".

ON PAGE 85, LINE 10, STRIKE OUT "(4)" AND INSERT IN LIEU THEREOF "(3)".

ON PAGE 85, STRIKE OUT LINES 21 THROUGH 23.

ON PAGE 85, LINE 24, STRIKE OUT "(D)" AND INSERT IN LIEU THEREOF "(C)".

ON PAGE 88, LINE 1, STRIKE OUT "(E)" AND INSERT IN LIEU THEREOF "(D)".

ON PAGE 88, STRIKE OUT LINES 9 THROUGH 17 AND INSERT IN LIEU THEREOF THE FOLLOWING:

"(E) THE ESTABLISHED PRICE FOR A CROP OF WHEAT SHALL NOT BE LESS THAN --

ON PAGE 88, LINE 24, STRIKE OUT "(H)" AND INSERT IN LIEU THEREOF "(F)".

ON PAGE 89, LINE 4, STRIKE OUT "(I)" AND INSERT IN LIEU THEREOF "(G)".

ON PAGE 92, LINES 3 AND 4, STRIKE OUT "FOR ANY CROP OF WHEAT FOR WHICH MARKETING QUOTAS ARE NOT IN EFFECT, THE" AND INSERT IN LIEU THEREOF "THE".

ON PAGE 93, LINES 6 AND 7, STRIKE OUT "FOR WHICH MARKETING QUOTAS ARE NOT IN EFFECT".

ON PAGE 93, LINE 13, STRIKE OUT "(I)".

ON PAGE 93, LINE 14, STRIKE OUT "FOR WHICH MARKETING QUOTAS ARE NOT IN EFFECT".

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ON PAGE 93, LINE 19, STRIKE OUT "(II)" AND INSERT IN LIEU THEREOF "(B)".

ON PAGE 94, LINE 1, STRIKE OUT "(III)" AND INSERT IN LIEU THEREOF "(C)".

ON PAGE 94, LINE 7, STRIKE OUT "(IV)" AND INSERT IN LIEU THEREOF "(D)".

ON PAGE 94, STRIKE OUT LINES 11 THROUGH 16.

ON PAGE 95, LINES 22 AND 23, STRIKE OUT "FOR WHICH MARKETING QUOTAS ARE NOT IN EFFECT".

ON PAGE 101, LINE 20, STRIKE OUT "PROGRAM, SET-ASIDE PROGRAM, OR MARKETING QUOTAS" AND INSERT IN LIEU THEREOF "OR SET-ASIDE PROGRAM".

ON PAGE 105, LINE 19, STRIKE OUT "408" AND INSERT IN LIEU THEREOF "402".

ON PAGE 106, LINE 8, STRIKE OUT "409" AND INSERT IN LIEU THEREOF "403."

ON PAGE 106, STRIKE OUT LINES 14 THROUGH 23 AND INSERT IN LIEU THEREOF THE FOLLOWING:

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. . SECTIONS 331, 332, 333, 334, 335, 336, 338, 339, 379B, AND 379C OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379B, AND 1379C) SHALL NOT BE APPLICABLE TO THE 1986 THROUGH 1989 CROPS OF WHEAT.

SUSPENSION OF QUOTA PROVISIONS

ON PAGE 106, LINE 24, STRIKE OUT "411" AND INSERT IN LIEU THEREOF "405".

ON PAGE 107, LINE 7, STRIKE OUT "412" AND INSERT IN LIEU THEREOF "406".

ON PAGE 130, AFTER LINE 22, INSERT THE FOLLOWING NEW TITLE:

TITLE -- PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

SEC. . EFFECTIVE ONLY FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS, TITLE V OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1461 ET SEQ.) IS AMENDED TO READ AS FOLLOWS:

"TITLE V -- REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

"WHEAT AND FEED GRAINS REFERENDA

"SEC. 501. (A)(1) THE SECRETARY SHALL CONDUCT A REFERENDUM BY SECRET BALLOT OF WHEAT AND FEED GRAIN PRODUCERS EVERY 2 YEARS TO DETERMINE WHETHER THEY FAVOR OR OPPOSE THE NATIONAL MARKETING CERTIFICATE PROGRAM ESTABLISHED UNDER THIS TITLE.

"(2) IN THE CASE OF EACH OF THE 1986 AND 1987 CROPS, THE REFERENDUM SHALL BE CONDUCTED AS SOON AS PRACTICABLE AFTER THE DATE OF ENACTMENT OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985, BUT NOT LATER THAN FEBRUARY 1, 1986.

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"(3) IN THE CASE OF EACH OF THE 1988 AND 1989 CROPS, THE REFERENDUM SHALL BE CONDUCTED NOT LATER THAN JULY 1, 1987.

"(B)(1) ANY PRODUCER ON A FARM WITH A WHEAT OR FEED GRAIN CROP ACREAGE BASE OF 15 OR MORE ACRES FOR THE THEN CURRENT CROP, AS DETERMINED UNDER SECTION 107D OR 105C, SHALL BE ELIGIBLE TO VOTE IN A REFERENDUM.

"(2) FOR THE PURPOSES OF THIS SECTION. THE TERM 'PRODUCER' SHALL INCLUDE ANY PERSON WHO IS ENTITLED TO SHARE IN A CROP OF THE COMMODITY, OR THE PROCEEDS THEREOF, BECAUSE THE PERSON SHARES IN THE RISKS OF PRODUCTION OF THE CROP AS AN OWNER, LANDLORD, TENANT, OR SHARECROPPER.

"(3) A LANDLORD WHOSE RETURN FROM THE CROP IS FIXED REGARDLESS OF THE QUANTITY OF THE CROP PRODUCED SHALL NOT BE CONSIDERED A PRODUCER.

"(C)(1) THE SECRETARY SHALL PROCLAIM THE RESULTS OF ANY REFERENDUM HELD UNDER THIS SECTION WITHIN 15 DAYS AFTER THE DATE OF SUCH REFERENDUM.

"(2) IF THE SECRETARY DETERMINES THAT 60 PERCENT OR MORE OF THE PRODUCERS OF WHEAT AND FEED GRAINS (INCLUDING 50 PERCENT OR MORE OF THE PRODUCERS OF WHEAT AND 50 PERCENT OR MORE OF THE PRODUCERS OF FEED GRAINS) VOTING IN THE REFERENDUM ARE IN FAVOR OF THE IMPLEMENTATION OF A NATIONAL MARKETING CERTIFICATE PROGRAM, THE SECRETARY SHALL PROCLAIM THAT A NATIONAL MARKETING CERTIFICATION PROGRAM WILL BE IN EFFECT FOR --

"(1) WITH RESPECT TO THE REFERENDUM HELD NOT LATER THAN FEBRUARY 1, 1986, THE 1986 AND 1987 CROPS OF WHEAT AND FEED GRAINS; AND

"(2) WITH RESPECT TO THE REFERENDUM HELD NOT LATER THAN JULY 1, 1987, THE 1988 AND 1989 CROPS OF WHEAT AND FEED GRAINS.

"(D) IF MARKETING CERTIFICATES ARE NOT APPROVED BY PRODUCERS IN A REFERENDUM CONDUCTED UNDER THIS SECTION WITH RESPECT TO ANY CROP OF WHEAT OR FEED GRAINS, IN LIEU OF A NATIONAL MARKETING CERTIFICATE PROGRAM FOR THAT CROP, THE SECRETARY SHALL PROVIDE SUCH LOANS, PURCHASES, PAYMENTS, AND OTHER ASSISTANCE TO PRODUCERS OF WHEAT AND FEED GRAINS AS IS PROVIDED FOR IN SECTIONS 107D AND 105C.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR WHEAT

"SEC. 502. (A)(1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF A NATIONAL MARKETING CERTIFICATE PROGRAM FOR A CROP OF WHEAT IS APPROVED UNDER SECTION 501, THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS ON EACH FARM LOANS AND PURCHASES FOR SUCH CROP OF WHEAT FOR A QUANTITY OF WHEAT PRODUCED ON THE FARM EQUAL TO --

"(A) THE INDIVIDUAL FARM PROGRAM ACREAGE FOR THE CROP, AS DETERMINED UNDER SUBSECTION (D) OR (F) OF SECTION 107D (AS LIMITED UNDER SUBSECTION (C)); TIMES

"(B) THE PROGRAM YIELD OF THE FARM FOR THE CROP OF WHEAT, AS DETERMINED UNDER 107D(E).

"(2) LOANS AND PURCHASES SHALL BE MADE AVAILABLE DURING THE MARKETING YEAR FOR ANY SUCH CROP OF WHEAT AT SUCH LEVEL AS THE SECRETARY DETERMINES WILL MAINTAIN THE

COMPETITIVE RELATIONSHIP OF WHEAT TO OTHER GRAINS IN DOMESTIC AND EXPORT MARKETS AFTER TAKING INTO CONSIDERATION THE COST OF PRODUCING WHEAT, SUPPLY AND DEMAND CONDITIONS, AND WORLD PRICES FOR WHEAT, EXCEPT THAT THE LEVEL OF WHEAT LOANS AND PURCHASES FOR ANY SUCH MARKETING YEAR MAY NOT BE ESTABLISHED AT LESS THAN THE HIGHER OF 70 PERCENT OF THE PARITY PRICE OR \$4.86 PER BUSHEL.

"(B) NOTWITHSTANDING SECTION 107D, IF A NATIONAL MARKETING CERTIFICATE PROGRAM FOR A CROP OF WHEAT IS APPROVED UNDER SECTION 501, THE INDIVIDUAL FARM PROGRAM ACREAGES FOR SUCH CROP MAY NOT BE ESTABLISHED AT LESS THAN 65 PERCENT OF THE WHEAT CROP ACREAGE BASE OF EACH FARM FOR THE CROP.

"(C)(1)(A)(I) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS ON EACH FARM MARKETING CERTIFICATES FOR ANY OF THE 1986 THROUGH 1989 CROPS OF WHEAT FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT.

"(II) THE QUANTITY OF SUCH MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON A FARM FOR A CROP SHALL EQUAL A QUANTITY OF WHEAT DETERMINED BY MULTIPLYING --

"(I) THE INDIVIDUAL FARM PROGRAM ACREAGE FOR THE CROP, AS DETERMINED UNDER SUBSECTION (D) OR (F) OF SECTION 107D (AS LIMITED UNDER SUBSECTION (C)); BY

"(II) THE PROGRAM YIELD OF THE FARM FOR THE CROP OF WHEAT, AS DETERMINED UNDER SECTION 107D(E).

"(B)(I) THE SECRETARY MAY MAKE AVAILABLE TO IMPORTERS MARKETING CERTIFICATES FOR WHEAT OR WHEAT PRODUCTS IMPORTED DURING THE MARKETING YEAR FOR ANY OF THE 1986 THROUGH 1989 CROPS OF WHEAT FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT.

"(II) THE QUANTITIES OF SUCH IMPORTED WHEAT OR WHEAT PRODUCTS SHALL NOT EXCEED THE QUANTITY THAT MAY BE IMPORTED UNDER RESTRICTIONS RESULTING FROM THE IMPOSITION OF MEASURES UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (7 U.S.C. 624).

"(2)(A)(I) A MARKETING CERTIFICATE APPLICABLE TO A CROP OF WHEAT ISSUED TO A PRODUCER SHALL AUTHORIZE SUCH PRODUCER TO MARKET, BARTER, OR DONATE, WITHOUT RESTRICTION, A QUANTITY OF WHEAT EQUAL TO THE QUANTITY OF SUCH MARKETING CERTIFICATE.

"(II) WHEAT MAY NOT BE MARKETED, BARTERED, OR DONATED DOMESTICALLY BY A PRODUCER WITHOUT A MARKETING CERTIFICATE, EXCEPT THAT WHEAT NOT ACCOMPANIED BY A MARKETING CERTIFICATE MAY BE --

"(I) USED FOR FEED, HUMAN CONSUMPTION, OR OTHER PURPOSES ON THE FARM OF THE PRODUCER; OR

"(II) SOLD OR OTHERWISE TRANSFERRED BY THE PRODUCER FOR EXPORT.

"(B)(I) A MARKETING CERTIFICATE APPLICABLE TO A QUANTITY OF WHEAT OR WHEAT PRODUCTS ISSUED TO AN IMPORTER SHALL AUTHORIZE SUCH IMPORTER TO MARKET, BARTER, OR DONATE, WITHOUT RESTRICTION, A QUANTITY OF WHEAT OR WHEAT PRODUCTS EQUAL TO THE QUANTITY OF SUCH MARKETING CERTIFICATE.

"(II) WHEAT OR WHEAT PRODUCTS MAY NOT BE MARKETED, BARTERED, OR DONATED DOMESTICALLY BY AN IMPORTER WITHOUT A MARKETING CERTIFICATE.

"(3) WHEAT ACCOMPANIED BY A MARKETING CERTIFICATE THAT IS SOLD OR OTHERWISE TRANSFERRED FOR EXPORT SHALL BE ELIGIBLE FOR AN EXPORT INCENTIVE PAYMENT ON SUCH WHEAT, AS PROVIDED IN SECTION 106 OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985.

"(4) WHEAT ACCOMPANIED BY A MARKETING CERTIFICATE THAT IS MARKETED, BARTERED, OR DONATED DOMESTICALLY AND PURCHASED OR OTHERWISE ACQUIRED BY A DOMESTIC USER OF SUCH WHEAT MAY BE ELIGIBLE FOR AN INCENTIVE PAYMENT, AS DETERMINED BY THE SECRETARY, TO ASSURE THAT SUCH WHEAT AND THE PRODUCTS THEREOF REMAIN COMPETITIVE IN THE DOMESTIC MARKET FOR SUCH WHEAT AND WHEAT PRODUCTS.

"(5)(A) IF FOR ANY CROP, WHEAT THAT THE PRODUCER HARVESTS EXCEEDS THE QUANTITY OF THE COMMODITY THAT MAY BE MARKETED, BARTERED, OR DONATED BY THE PRODUCER UNDER A MARKETING CERTIFICATE, THE EXCESS MAY BE --

"(I) USED FOR FEED, HUMAN CONSUMPTION, OR OTHER PURPOSES ON THE FARM OF THE PRODUCER; OR

"(II) SOLD OR OTHERWISE TRANSFERRED FOR EXPORT.

"(B) IN ADDITION, SUCH EXCESS MAY BE CARRIED OVER BY THE PRODUCER FROM ONE MARKETING YEAR TO THE SUCCEEDING MARKETING YEAR AND MARKETED UNDER A CERTIFICATE IN THE SUCCEEDING, MARKETING YEAR TO THE EXTENT THAT --

"(I) THE TOTAL QUANTITY OF SUCH WHEAT AVAILABLE FOR MARKETING UNDER A CERTIFICATE FROM THE FARM IN THE MARKETING YEAR FROM WHICH SUCH COMMODITY IS CARRIED OVER DOES NOT EXCEED THE QUANTITY OF THE MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON THE FARM FOR THAT CROP; AND

"(II) THE TOTAL QUANTITY OF WHEAT AVAILABLE FOR MARKETING UNDER A CERTIFICATE IN THE SUCCEEDING MARKETING YEAR (THAT IS, THE SUM OF THE QUANTITY OF SUCH WHEAT CARRIED OVER AND THE QUANTITY OF WHEAT PRODUCED ON THE FARM ELIGIBLE FOR MARKETING CERTIFICATES IN THE SUCCEEDING YEAR) DOES NOT EXCEED THE QUANTITY OF MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON THE FARM FOR THE SUCCEEDING MARKETING YEAR.

"(6)(A) MARKETING CERTIFICATES MADE AVAILABLE TO A PRODUCER OR AN IMPORTER OF WHEAT OR WHEAT PRODUCTS SHALL NOT BE TRANSFERABLE, EXCEPT TO THE EXTENT THAT SUCH CERTIFICATES ACCOMPANY WHEAT OR WHEAT PRODUCTS THAT ARE MARKETED, BARTERED, OR DONATED UNDER PARAGRAPH (2).

"(B) ANY SUCH TRANSFER THAT DOES NOT ACCOMPANY WHEAT OR WHEAT PRODUCTS SHALL RENDER SUCH CERTIFICATES NULL AND VOID.

"(7) WHEAT HARVESTED IN A CALENDAR YEAR IN WHICH MARKETING CERTIFICATES ARE MADE AVAILABLE TO PRODUCERS FOR THE MARKETING YEAR BEGINNING THEREIN MAY NOT BE MARKETED BY A PRODUCER UNDER A CERTIFICATE PRIOR TO THE DATE ON WHICH SUCH MARKETING YEAR BEGINS.

"(8) NO PERSON MAY PURCHASE OR OTHERWISE ACQUIRE A QUANTITY OF WHEAT IN EXCESS OF THE QUANTITY OF WHEAT THAT MAY BE MARKETED, BARTERED, OR DONATED UNDER MARKETING CERTIFICATES ISSUED UNDER THIS TITLE AND HELD OR READILY AVAILABLE, EXCEPT WHEAT THAT MUST BE EXPORTED MAY BE ACQUIRED AS PROVIDED UNDER PARAGRAPH (2).

"(9) IF MARKETING CERTIFICATES FOR WHEAT ARE NOT MADE AVAILABLE TO PRODUCERS FOR ANY CROP, ALL PREVIOUS MARKETING CERTIFICATES APPLICABLE TO WHEAT SHALL BE TERMINATED, EFFECTIVE AS OF THE FIRST DAY OF THE MARKETING YEAR FOR SUCH CROP OF WHEAT.

"(10) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, THE DISASTER PAYMENT, PROGRAM YIELD, PROGRAM ACREAGE, ACREAGE REDUCTION, PAID DIVERSION, AND RELATED PROVISIONS OF SECTION 107D SHALL APPLY TO PRODUCERS OF WHEAT FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT UNDER THIS TITLE.

"PENALTIES WITH RESPECT TO WHEAT

"SEC. 503. (A)(1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, EXCEPT AS PROVIDED IN SUBSECTION (B), IF A PRODUCER FAILS TO COMPLY WITH ANY TERM OR CONDITION OF A WHEAT PROGRAM CONDUCTED UNDER THIS TITLE, THE PRODUCER SHALL BE INELIGIBLE FOR ANY LOAN, PURCHASE, OR PAYMENT UNDER THIS ACT FOR THE CROP OF WHEAT INVOLVED.

"(2) EXCEPT AS PROVIDED IN SUBSECTION (C), DURING THE MARKETING YEAR FOR ANY CROP OF WHEAT FOR WHICH MARKETING CERTIFICATES ARE MADE AVAILABLE TO PRODUCERS, IF ANY PERSON MARKETS, BARTERS, OR DONATES WHEAT OTHER THAN FOR EXPORT WITHOUT MARKETING CERTIFICATES ISSUED UNDER SECTION 502 OR MARKETS, BARTERS, OR DONATES A QUANTITY OF WHEAT FOR DOMESTIC USE IN EXCESS OF THE QUANTITY OF WHEAT THE PERSON IS PERMITTED TO MARKET, BARTER, OR DONATE UNDER SUCH CERTIFICATES, THE SECRETARY SHALL

--

"(A) ASSESS A CIVIL PENALTY AGAINST SUCH PERSON IN AN AMOUNT EQUAL TO THREE TIMES THE CURRENT MINIMUM LOAN RATE FOR THE WHEAT SO MARKETED, BARTERED, OR DONATED; OR

"(B) WITH RESPECT TO A PRODUCER, DECREASE THE NUMBER OF ACRES OF THE INDIVIDUAL FARM PROGRAM ACREAGE OF THE FARM FOR WHEAT SUCH PRODUCER MAY DEVOTE TO PRODUCTION FOR THE SUCCEEDING CROP OF WHEAT BY A NUMBER OF ACRES THAT, IF PLANTED, WOULD RESULT IN THE PRODUCTION OF A QUANTITY SUFFICIENT TO SATISFY THE PENALTY REFERRED TO IN SUBPARAGRAPH (A).

"(3) IF A PERSON, KNOWINGLY PURCHASES OR OTHERWISE ACQUIRES A QUANTITY OF WHEAT FOR ANY PURPOSE OTHER THAN EXPORT IN EXCESS OF THE QUANTITY OF WHEAT THAT MAY BE MARKETED, BARTERED, OR DONATED BY SUCH PERSON UNDER MARKETING CERTIFICATES ISSUED UNDER THIS TITLE AND HELD OR READILY AVAILABLE TO SUCH PERSON, THE SECRETARY SHALL ASSESS A CIVIL PENALTY AGAINST SUCH PERSON IN AN AMOUNT EQUAL TO THREE TIMES THE CURRENT MINIMUM LOAN RATE FOR THE WHEAT SO PURCHASED OR ACQUIRED.

"(B) IF A PRODUCER FAILS TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF A WHEAT PROGRAM CONDUCTED UNDER THIS TITLE AND THE SECRETARY BELIEVES THE FAILURE SHOULD NOT PRECLUDE THE MAKING OF LOANS, PURCHASES, OR PAYMENTS UNDER THIS ACT TO THE PRODUCER, THE SECRETARY MAY MAKE LOANS, PURCHASES, OR PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SEVERITY OF THE PROGRAM VIOLATION.

"(C) IF THE SECRETARY OTHERWISE DETERMINES THAT THE PENALTIES PROVIDED FOR IN SUBSECTION (A) ARE NOT WARRANTED BY THE SEVERITY OF THE PROGRAM VIOLATION, THE SECRETARY MAY REDUCE OR WAIVE SUCH PENALTIES.

"(D) PENALTIES COLLECTED UNDER THIS SECTION SHALL BE DEPOSITED INTO THE ACCOUNT OF THE COMMODITY CREDIT CORPORATION.

"(E) THE PROHIBITIONS AND PENALTIES FOR MARKETING, BARTERING, DONATING, PURCHASING, OR OTHERWISE ACQUIRING WHEAT SET OUT IN THIS SECTION OR SECTION 502 SHALL APPLY TO WHEAT IN UNPROCESSED OR PROCESSED FORM, AND TO PRODUCTS OF WHEAT, PRIOR TO THE CONVERSION OF SUCH WHEAT OR WHEAT PRODUCTS INTO END-USE FOOD OR OTHER PRODUCTS OR INTERMEDIATE-USE PRODUCTS IN WHICH THE WHEAT OR WHEAT PRODUCTS LOSES ITS SEPARATE IDENTITY.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR FEED GRAINS

"SEC. 504. (A)(1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF A NATIONAL MARKETING CERTIFICATE PROGRAM FOR A CROP OF FEED GRAINS IS APPROVED UNDER SECTION 501, THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS ON EACH FARM LOANS AND PURCHASES FOR SUCH CROP OF FEED GRAINS FOR A QUANTITY OF FEED GRAINS PRODUCED ON THE FARM EQUAL TO --

"(A) THE INDIVIDUAL FARM PROGRAM ACREAGE FOR THE CROP, AS DETERMINED UNDER SUBSECTION (D) OR (F) OF SECTION 105C (AS LIMITED UNDER SUBSECTION (C)); TIMES

"(B) THE FARM PROGRAM YIELD FOR THE CROP, AS DETERMINED UNDER SECTION 105C(E).

"(2) LOANS AND PURCHASES SHALL BE MADE AVAILABLE DURING THE MARKETING YEAR FOR ANY SUCH CROP OF CORN AT SUCH LEVEL AS THE SECRETARY DETERMINES WILL MAINTAIN THE COMPETITIVE RELATIONSHIP OF FEED GRAINS TO OTHER GRAINS IN DOMESTIC AND EXPORT MARKETS AFTER TAKING INTO CONSIDERATION THE COST OF PRODUCING FEED GRAINS, SUPPLY AND DEMAND CONDITIONS, AND WORLD PRICES FOR FEED GRAINS, EXCEPT THAT THE LEVEL OF CORN LOANS AND PURCHASES FOR EACH OF THE 1986 THROUGH 1989 MARKETING YEARS MAY NOT BE ESTABLISHED AT LESS THAN THE HIGHER OF 70 PERCENT OF THE PARITY PRICE OR \$3.55 PER BUSHEL.

"(3) LOANS AND PURCHASES SHALL BE MADE AVAILABLE FOR A CROP OF GRAIN SORGHUMS, BARLEY, OATS, OR RYE, RESPECTIVELY, AT SUCH LEVEL AS THE SECRETARY DETERMINES IS FAIR AND REASONABLE IN RELATION TO THE LEVEL MOST LOANS AND PURCHASES ARE MADE AVAILABLE FOR CORN UNDER THIS SUBSECTION, TAKING INTO CONSIDERATION THE FEEDING VALUE OF SUCH COMMODITY IN RELATION TO CORN AND OTHER FACTORS SPECIFIED IN SECTION 401(B).

"(B) NOTWITHSTANDING SECTION 105C, IF A NATIONAL MARKETING CERTIFICATE PROGRAM FOR A CROP OF FEED GRAINS IS APPROVED UNDER SECTION 501, THE INDIVIDUAL FARM PROGRAM ACREAGES FOR SUCH CROP MAY NOT BE ESTABLISHED AT LESS THAN 80 PERCENT OF THE FEED GRAINS CROP ACREAGE BASE OF EACH FARM FOR THE CROP.

"(C)(1)(A)(I) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS ON EACH FARM MARKETING CERTIFICATES FOR ANY OF THE 1986 THROUGH 1989 CROPS OF FEED GRAINS FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT.

"(II) THE QUANTITY OF SUCH MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON A FARM FOR A CROP SHALL EQUAL A QUANTITY OF FEED GRAINS DETERMINED BY MULTIPLYING --

"(I) THE INDIVIDUAL FARM PROGRAM ACREAGE FOR THE CROP, AS DETERMINED UNDER SUBSECTION (D) OR (F) OF SECTION 105C (AS LIMITED UNDER SUBSECTION (C)); BY

"(II) THE PROGRAM YIELD OF THE FARM FOR THE CROP, AS DETERMINED UNDER SECTION 105C(E).

"(B)(I) THE SECRETARY MAY MAKE AVAILABLE TO IMPORTERS MARKETING CERTIFICATES FOR FEED GRAINS OR FEED GRAIN PRODUCTS IMPORTED DURING THE MARKETING YEAR FOR ANY OF THE 1986 THROUGH 1989 CROPS OF FEED GRAINS FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT.

"(II) THE QUANTITIES OF SUCH IMPORTED FEED GRAINS OR FEED GRAIN PRODUCTS SHALL NOT EXCEED THE QUANTITY THAT MAY BE IMPORTED UNDER RESTRICTIONS RESULTING FROM THE IMPOSITION OF MEASURES UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (7 U.S.C. 624).

"(2)(A)(I) A MARKETING CERTIFICATE APPLICABLE TO A CROP OF FEED GRAINS ISSUED TO A PRODUCER SHALL AUTHORIZE SUCH PRODUCER TO MARKET, BARTER, OR DONATE, WITHOUT RESTRICTION, A QUANTITY OF FEED GRAINS EQUAL TO THE QUANTITY OF SUCH MARKETING CERTIFICATE.

"(II) FEED GRAINS MAY NOT BE MARKETED, BARTERED, OR DONATED DOMESTICALLY BY A PRODUCER WITHOUT A MARKETING CERTIFICATE, EXCEPT THAT FEED GRAINS NOT ACCOMPANIED BY A MARKETING CERTIFICATE MAY BE --

"(I) USED FOR FEED, HUMAN, CONSUMPTION, OR OTHER PURPOSES ON THE FARM OF THE PRODUCER; OR

"(II) SOLD OR OTHERWISE TRANSFERRED BY THE PRODUCER FOR EXPORT.

"(B)(I) A MARKETING CERTIFICATE APPLICABLE TO A QUANTITY OF FEED GRAINS OR FEED GRAIN PRODUCTS ISSUED TO AN IMPORTER SHALL AUTHORIZE SUCH IMPORTER TO MARKET, BARTER, OR DONATE, WITHOUT RESTRICTION, A QUANTITY OF FEED GRAINS OR FEED GRAIN PRODUCTS EQUAL TO THE QUANTITY OF SUCH MARKETING CERTIFICATE.

"(II) FEED GRAINS OR FEED GRAIN PRODUCTS MAY NOT BE MARKETED, BARTERED, OR DONATED DOMESTICALLY BY AN IMPORTER WITHOUT A MARKETING CERTIFICATE.

"(3) FEED GRAINS ACCOMPANIED BY A MARKETING CERTIFICATE THAT ARE SOLD OR OTHERWISE TRANSFERRED FOR EXPORT SHALL BE ELIGIBLE FOR AN EXPORT INCENTIVE PAYMENT ON SUCH FEED GRAINS, AS PROVIDED IN SECTION 106 OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985.

"(4) FEED GRAINS ACCOMPANIED BY A MARKETING CERTIFICATE THAT ARE MARKETED, BARTERED, OR DONATED DOMESTICALLY AND PURCHASED OR OTHERWISE ACQUIRED BY A DOMESTIC USER OF SUCH FEED GRAINS MAY BE ELIGIBLE FOR AN INCENTIVE PAYMENT, AS DETERMINED BY THE SECRETARY, TO ENSURE THAT SUCH FEED GRAINS AND THE PRODUCTS THEREOF REMAIN COMPETITIVE IN THE DOMESTIC MARKET FOR SUCH FEED GRAINS AND FEED

GRAINS PRODUCTS.

"(5)(A) IF FOR ANY CROP, FEED GRAINS THAT THE PRODUCER HARVESTS EXCEED THE QUANTITY OF THE COMMODITY THAT MAY BE MARKETED, BARTERED, OR DONATED BY THE PRODUCER UNDER A MARKETING CERTIFICATE, THE EXCESS MAY BE --

"(I) USED FOR FEED, HUMAN CONSUMPTION, OR OTHER PURPOSES ON THE FARM OF THE PRODUCER; OR

"(II) SOLD OR OTHERWISE TRANSFERRED FOR EXPORT.

"(B) IN ADDITION, SUCH EXCESS MAY BE CARRIED OVER BY THE PRODUCER FROM ONE MARKETING YEAR TO THE SUCCEEDING MARKETING YEAR AND MARKETED UNDER A CERTIFICATE IN THE SUCCEEDING MARKETING YEAR TO THE EXTENT THAT --

"(I) THE TOTAL QUANTITY OF SUCH FEED GRAINS AVAILABLE FOR MARKETING UNDER A CERTIFICATE FROM THE FARM IN THE MARKETING YEAR FROM WHICH SUCH COMMODITY IS CARRIED OVER DOES NOT EXCEED THE QUANTITY OF THE MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON THE FARM FOR THAT CROP; AND

"(II) THE TOTAL QUANTITY OF FEED GRAINS AVAILABLE FOR MARKETING UNDER A CERTIFICATE IN THE SUCCEEDING MARKETING YEAR (THAT IS, THE SUM OF THE QUANTITY OF SUCH FEED GRAINS CARRIED OVER AND THE QUANTITY OF FEED GRAINS PRODUCED ON THE FARM ELIGIBLE FOR MARKETING CERTIFICATES IN THE SUCCEEDING YEAR) DOES NOT EXCEED THE QUANTITY OF MARKETING CERTIFICATES MADE AVAILABLE TO THE PRODUCERS ON THE FARM FOR THE SUCCEEDING MARKETING YEAR.

"(6)(A) MARKETING CERTIFICATES MADE AVAILABLE TO A PRODUCER OR AN IMPORTER OF FEED GRAINS OR FEED GRAIN PRODUCTS SHALL NOT BE TRANSFERABLE, EXCEPT TO THE EXTENT THAT SUCH CERTIFICATES ACCOMPANY FEED GRAINS OR FEED GRAIN PRODUCTS THAT ARE MARKETED, BARTERED, OR DONATED UNDER PARAGRAPH (2).

"(B) ANY SUCH TRANSFER THAT DOES NOT ACCOMPANY FEED GRAINS OR FEED GRAIN PRODUCTS SHALL RENDER SUCH CERTIFICATES NULL AND VOID.

"(7) FEED GRAINS HARVESTED IN A CALENDAR YEAR IN WHICH MARKETING CERTIFICATES ARE MADE AVAILABLE TO PRODUCERS FOR THE MARKETING YEAR BEGINNING THEREIN MAY NOT BE MARKETED BY A PRODUCER UNDER A CERTIFICATE PRIOR TO THE DATE ON WHICH SUCH MARKETING YEAR BEGINS.

"(8) NO PERSON MAY PURCHASE OR OTHERWISE ACQUIRE A QUANTITY OF FEED GRAINS IN EXCESS OF THE QUANTITY OF FEED GRAINS THAT MAY BE MARKETED, BARTERED, OR DONATED UNDER MARKETING CERTIFICATES ISSUED UNDER THIS TITLE AND HELD OR READILY AVAILABLE, EXCEPT THAT FEED GRAINS THAT MUST BE EXPORTED MAY BE ACQUIRED AS PROVIDED UNDER PARAGRAPH (2).

"(9) IF MARKETING CERTIFICATES FOR FEED GRAINS ARE NOT MADE AVAILABLE TO PRODUCERS FOR ANY CROP, ALL PREVIOUS MARKETING CERTIFICATES APPLICABLE TO FEED GRAINS SHALL BE TERMINATED, EFFECTIVE AS OF THE FIRST DAY OF THE MARKETING YEAR FOR SUCH CROP OF FEED GRAINS.

"(10) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, THE DISASTER PAYMENT, PROGRAM

YIELD, PROGRAM ACREAGE, ACREAGE REDUCTION, PAID DIVERSION, AND RELATED PROVISIONS OF SECTION 105C SHALL APPLY TO FEED GRAINS AND PRODUCERS OF FEED GRAINS FOR WHICH A NATIONAL MARKETING CERTIFICATE PROGRAM IS IN EFFECT UNDER THIS TITLE.

"PENALTIES WITH RESPECT TO FEED GRAINS

"SEC. 505. (A)(1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, EXCEPT AS PROVIDED IN SUBSECTION (B), IF A PRODUCER FAILS TO COMPLY WITH ANY TERM OR CONDITION OF A FEED GRAIN PROGRAM CONDUCTED UNDER THIS TITLE, THE PRODUCER SHALL BE INELIGIBLE FOR ANY LOAN, PURCHASE, OR PAYMENT UNDER THIS ACT FOR THE CROP OF FEED GRAINS INVOLVED.

"(2) EXCEPT AS PROVIDED IN SUBSECTION (C), DURING THE MARKETING YEAR FOR ANY CROP OF FEED GRAINS FOR WHICH A MARKETING CERTIFICATE IS MADE AVAILABLE TO PRODUCERS, IF ANY PERSON MARKETS, BARTERS, OR DONATES FEED GRAINS OTHER THAN FOR EXPORT WITHOUT A MARKETING CERTIFICATE ISSUED UNDER SECTION 504 OR MARKETS, BARTERS, OR DONATES A QUANTITY OF FEED GRAINS FOR DOMESTIC USE IN EXCESS OF THE QUANTITY OF THE COMMODITY THE PERSON IS PERMITTED TO MARKET, BARTER, OR DONATE UNDER SUCH CERTIFICATES, THE SECRETARY SHALL --

"(A) ASSESS A CIVIL PENALTY AGAINST SUCH PERSON IN AN AMOUNT EQUAL TO THREE TIMES THE CURRENT MINIMUM LOAN RATE FOR THE FEED GRAINS SO MARKETED, BARTERED, OR DONATED; OR

"(B) WITH RESPECT TO A PRODUCER, DECREASE THE NUMBER OF ACRES OF THE INDIVIDUAL FARM PROGRAM ACREAGE OF THE FARM FOR FEED GRAINS SUCH PRODUCER MAY DEVOTE TO PRODUCTION FOR THE SUCCEEDING CROP OF FEED GRAINS BY A NUMBER OF ACRES THAT, IF PLANTED, WOULD RESULT IN THE PRODUCTION OF A QUANTITY SUFFICIENT TO SATISFY THE PENALTY REFERRED TO IN SUBPARAGRAPH (A).

"(3) IF A PERSON KNOWINGLY PURCHASES OR OTHERWISE ACQUIRES A QUANTITY OF FEED GRAINS FOR ANY PURPOSE OTHER THAN EXPORT IN EXCESS OF THE QUANTITY OF FEED GRAINS THAT MAY BE MARKETED, BARTERED, OR DONATED BY SUCH PERSON UNDER MARKETING CERTIFICATES ISSUED UNDER THIS TITLE AND HELD OR READILY AVAILABLE TO SUCH PERSON, THE SECRETARY SHALL ASSESS A CIVIL PENALTY AGAINST SUCH PERSON IN AN AMOUNT EQUAL TO THREE TIMES THE CURRENT MINIMUM LOAN RATE FOR THE FEED GRAINS SO PURCHASED OR ACQUIRED.

"(B) IF A PRODUCER FAILS TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF A FEED GRAIN PROGRAM CONDUCTED UNDER THIS TITLE AND THE SECRETARY BELIEVES THE FAILURE SHOULD NOT PRECLUDE THE MAKING OF LOANS, PURCHASES, OR PAYMENTS UNDER THIS ACT TO THE PRODUCER, THE SECRETARY MAY MAKE LOANS, PURCHASES, OR PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SEVERITY OF THE PROGRAM VIOLATION.

"(C) IF THE SECRETARY OTHERWISE DETERMINES THAT THE PENALTIES PROVIDED FOR IN SUBSECTION (A) ARE NOT WARRANTED BY THE SEVERITY OF THE PROGRAM VIOLATION, THE SECRETARY MAY REDUCE OR WAIVE SUCH PENALTIES.

"(D) PENALTIES COLLECTED UNDER THIS SECTION SHALL BE DEPOSITED INTO THE ACCOUNT OF THE COMMODITY CREDIT CORPORATION.

"(E) THE PROHIBITIONS AND PENALTIES FOR MARKETING, BARTERING, DONATING,

PURCHASING, OR OTHERWISE ACQUIRING FEED GRAINS OUT IN THIS SECTION AND SECTION 504 SHALL APPLY TO FEED GRAINS IN UNPROCESSED OR PROCESSED FORM, AND TO PRODUCTS OF FEED GRAINS, PRIOR TO THE CONVERSION OF SUCH FEED GRAINS OR FEED GRAIN PRODUCTS INTO END-USE FOOD OR OTHER PRODUCTS OR INTERMEDIATE-USE PRODUCTS IN WHICH THE FEED GRAINS OR FEED GRAIN PRODUCT LOSES ITS SEPARATE IDENTITY.

"FEES OR QUANTITATIVE LIMITATIONS

"SEC. 506. IN CARRYING OUT THIS TITLE, THE SECRETARY SHALL ADVISE THE PRESIDENT, AS NECESSARY, UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1933 (7 U.S.C. 624), OF THE NEED TO IMPOSE FEES OR QUANTITATIVE LIMITATIONS ON ANY ARTICLE OR ARTICLES THAT MAY BE IMPORTED, TO ENSURE THAT SUCH ARTICLE OR ARTICLES THAT MAY BE IMPORTED DO NOT RENDER INEFFECTIVE THE LOAN AND PURCHASE PROGRAMS AUTHORIZED UNDER THIS TITLE.

"TRANSITION REGULATIONS

"SEC. 507. (A) THE SECRETARY MAY ISSUE SUCH REGULATIONS AS THE SECRETARY DETERMINES NECESSARY TO CARRY OUT THIS TITLE, INCLUDING PROCEDURES TO ENSURE THE EQUITABLE TREATMENT OF PRODUCERS WITH WHEAT OR FEED GRAINS UNDER LOAN AT SUCH TIME THAT THE MARKETING CERTIFICATE PROGRAM AUTHORIZED UNDER THIS TITLE TAKES EFFECT.

"(B)(1) THE PROCEDURES PRESCRIBED UNDER SUBSECTION (A) SHALL OFFER SUCH PRODUCERS THE OPPORTUNITY TO EXTEND THE PERIOD OF SUCH LOANS, FORFEIT THE GRAIN SECURING SUCH LOANS, OR CONTINUE TO STORE SUCH GRAIN IN A MANNER THAT WILL REDUCE TO THE FEDERAL GOVERNMENT THE COST OF OTHERWISE ACQUIRING AND STORING SUCH GRAIN.

"(2) IN NO CASE SHALL SUCH PROCEDURES REQUIRE PRODUCERS TO REDEEM GRAIN HELD UNDER SECTION 110.

"USE OF THE COMMODITY CREDIT CORPORATION

"SEC. 506. THE SECRETARY SHALL CARRY OUT PROGRAMS PROVIDED FOR UNDER THIS TITLE THROUGH THE COMMODITY CREDIT CORPORATION.

"ADMINISTRATIVE PROVISIONS

"SEC. 509. SECTIONS 372(D), 373, 375, AND 376 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 (7 U.S.C. 1372(D), 1373, 1375, AND 1376) SHALL APPLY TO THE PROGRAMS IN EFFECT UNDER THIS TITLE FOR ANY OF THE 1986 THROUGH 1989 CROPS OF WHEAT OR FEED GRAINS."

TECHNICAL AMENDMENTS

SEC. (A) EFFECTIVE ONLY FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS, THE AGRICULTURAL ADJUSTMENT ACT OF 1938 IS AMENDED --

(1) IN SECTION 301(B)(6) (7 U.S.C. 1301(B)(6)) --

(A) BY INSERTING "(EXCLUDING WHEAT AND CORN WITH RESPECT TO ANY CROP IN WHICH A PROGRAM IS IN EFFECT UNDER TITLE V OF THE AGRICULTURAL ACT OF 1949)" AFTER "WHEAT" THE FIRST PLACE IT APPEARS IN SUBPARAGRAPH (A); AND

(B) BY ADDING AT THE END THEREOF THE FOLLOWING:

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"(D) 'MARKET', IN THE CASE OF WHEAT AND FEED GRAINS OF ANY CROP FOR WHICH A PROGRAM IS IN EFFECT UNDER TITLE V OF THE AGRICULTURAL ACT OF 1949, MEANS TO DISPOSE OF BY VOLUNTARY OR INVOLUNTARY SALE OR EXCHANGE.";

(2) BY INSERTING "OR TITLE V OF THE AGRICULTURAL ACT OF 1949" AFTER "THIS ACT" BOTH PLACES IT APPEARS IN SECTION 372(D) (7 U.S.C. 1372(D));

(3) IN SECTION 373 (7 U.S.C. 1373) --

(A) BY STRIKING OUT "CORN" BOTH PLACES IT APPEARS IN THE FIRST SENTENCE OF SUBSECTION (A) AND INSERTING IN LIEU THEREOF "FEED GRAINS";

(B) BY INSERTING "AND TITLE V OF THE AGRICULTURAL ACT OF 1949" AFTER "THIS TITLE" IN THE SECOND SENTENCE OF SUBSECTION (A);

(C) BY STRIKING OUT "CORN, WHEAT" IN SUBSECTION (B) AND INSERTING IN LIEU THEREOF "FEED GRAINS";

(D) BY INSERTING "AND TITLE V OF THE AGRICULTURAL ACT OF 1949" IN SUBSECTION (B) AFTER "THIS TITLE";

(4) IN SECTION 375(A) (7 U.S.C. 1375(A)) --

(A) BY INSERTING "OTHER FEED GRAINS," AFTER "CORN,;" AND

(B) BY INSERTING "OR TITLE V OF THE AGRICULTURAL ACT OF 1949" AFTER "THIS TITLE"; AND

(5) BY INSERTING "AND TITLE V OF THE AGRICULTURAL ACT OF 1949" AFTER "THIS TITLE" BOTH PLACES IT APPEARS IN SECTION 376 (7 U.S.C. 1376).

(B) EFFECTIVE ONLY FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS, SECTION 401(C) OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1421(C)) IS AMENDED BY INSERTING AFTER THE FIRST SENTENCE THE FOLLOWING NEW SENTENCE: "COMPLIANCE BY A PRODUCER WITH REQUIREMENTS UNDER TITLE V, IF PROGRAMS UNDER TITLE V ARE IN EFFECT FOR A CROP, SHALL BE REQUIRED AS A CONDITION OF PRICE SUPPORT."

SEC. . THIS TITLE AND THE AMENDMENTS MADE BY THIS TITLE SHALL BECOME EFFECTIVE 10 DAYS AFTER THE DATE OF THIS ACT.

ON PAGE 221, LINE 17, STRIKE OUT "107D(A)(4)" AND INSERT IN LIEU THEREOF "1070(A)(13)".

ON PAGE 221, LINE 24, STRIKE OUT "1070(A)(3)(B)" AND INSERT IN LIEU THEREOF "1070(A)(2)(B)".

ON PAGE 223, LINE 9, INSERT "AND" AFTER THE SEMICOLON.

ON PAGE 223, LINE 12, STRIKE OUT "; AND" AND INSERT IN LIEU THEREOF A PERIOD.

ON PAGE 223, STRIKE OUT LINE 13 AND ALL THAT FOLLOWS THROUGH LINE 2 ON PAGE 224.

MR. HARKIN. MR. PRESIDENT, I WAS SAYING I THINK IT IS TIME WE HAD A NEW DIRECTION IN THIS FARM BILL.

THERE IS AN ALTERNATIVE WHICH WOULD SUBSTANTIALLY AND IMMEDIATELY INCREASE FARM INCOME WHILE GREATLY REDUCING THE COST OF THESE PROGRAMS TO THE FEDERAL

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GOVERNMENT. MY AMENDMENT WOULD GIVE FARMERS A CHOICE, TO COOPERATIVELY CHOOSE BY MEANS OF A REFERENDUM BETWEEN WHATEVER THE FINAL PROVISIONS OF THIS FARM BILL ARE, OR AS THE ALTERNATIVE, A MUCH STRONGER SUPPLY MANAGEMENT PROGRAM WHICH WILL DO A MUCH BETTER JOB OF MATCHING SUPPLY WITH DEMAND.

HERE IS HOW MY AMENDMENT WOULD WORK.

FIRST, MY AMENDMENT WOULD APPLY JUST TO WHEAT AND FEED GRAINS -- CORN, GRAIN SORGHUM, OATS, BARLEY, AND RYE -- AND NO OTHER COMMODITY. ALSO, IT WOULD IN EFFECT EXPAND THE WHEAT REFERENDUM PROVISION THAT WAS AUTHORED BY THE DISTINGUISHED SENATOR FROM NEBRASKA AND REPORTED IN THE COMMITTEE VERSION OF THE BILL. WITHOUT A DOUBT, THE AREAS OF THE COUNTRY WHICH PRODUCE THESE COMMODITIES -- WHEAT AND FEED GRAINS -- ARE WHERE THE FARM CRISIS IS CENTERED AND WHERE THE NEED FOR THIS TYPE OF PROGRAM IS THE GREATEST.

SECOND, MY AMENDMENT WOULD MANDATE THAT BY FEBRUARY 1 NEXT YEAR, THE SECRETARY OF AGRICULTURE WOULD BE REQUIRED TO CONDUCT A JOINT REFERENDUM ON A VOLUNTARY MARKETING CERTIFICATE PROGRAM FOR WHEAT AND FEED GRAIN PRODUCERS WHICH WOULD APPLY TO THE 1986 AND 1987 CROP YEARS. A SECOND AND SIMILAR REFERENDUM WOULD BE HELD NOT LATER THAN JULY 1, 1987, TO APPLY TO THE 1988 AND 1989 CROP YEARS.

A REFERENDUM WOULD REQUIRE A 60-PERCENT VOTE FOR APPROVAL INCLUDING SEPARATE APPROVAL BY AT LEAST 50 PERCENT OF THE WHEAT PRODUCERS AND 50 PERCENT OF THE FEED GRAIN PRODUCERS. TO BE ELIGIBLE TO VOTE, A FARMER MUST HAVE A FARM WITH A WHEAT OR A FEED GRAIN BASE OF AT LEAST 15 ACRES.

THE CHOICE IN THE REFERENDUM WOULD BE QUITE SIMPLE. A "YES" VOTE WOULD BE A VOTE IN FAVOR OF A VOLUNTARY MARKETING CERTIFICATE PROGRAM WITH A HIGHER SUPPORT LEVEL. AND A "NO" VOTE WOULD BE A VOTE IN SUPPORT OF THE FARM PROGRAM DETERMINED BY THE UNDERLYING PROVISIONS OF THIS FARM BILL AS ADMINISTERED BY THE SECRETARY OF AGRICULTURE.

WHAT, I ASK, COULD BE MORE LOGICAL OR FAIR? RATHER THAN HAVING A FARM POLICY DICTATED BY WASHINGTON, WHAT IS WRONG WITH LETTING FARMERS THROUGH THE DEMOCRATIC PROCESS, HAVE SOME SAY IN THEIR DESTINY? I HAVE THE FAITH AND CONFIDENCE THAT THE WHEAT AND CORN FARMERS OF THIS COUNTRY ARE PERFECTLY CAPABLE OF MAKING THAT CHOICE. IT IS A PROCESS THAT SEEMS TO HAVE WORKED FAIRLY WELL IN THE PAST, AND NOT JUST TO ELECT THE LEADERS OF THIS NATION. BUT, REFERENDUMS HAVE BEEN USED WIDELY IN AGRICULTURE IN THE PAST. THIS IS NOTHING NEW. WE HAVE HAD REFERENDUMS TO DETERMINE PRODUCER APPROVAL OF MARKETING ORDERS, COMMODITY PROMOTION PROGRAMS, AND NUMEROUS OTHER ACTIVITIES THROUGHOUT THE HISTORY OF AGRICULTURE IN THIS COUNTRY.

IN FACT, MY COLLEAGUES SHOULD BE AWARE THAT THIS BILL AS REPORTED FROM THE COMMITTEE CONTAINED THREE REFERENDUMS PROVISIONS -- A REFERENDUM ON A MANDATORY WHEAT PROGRAM, ONE ON A PORK PROMOTION, RESEARCH AND CONSUMER INFORMATION PROGRAM, AND ONE ON A BEEF PROMOTION AND RESEARCH PROGRAM. SO THE IDEA OF HAVING A REFERENDUM IS NOT A NEW IDEA TO THE FARMERS OR TO MY COLLEAGUES ON THE AGRICULTURE COMMITTEE.

IN TALKING WITH FARMERS THROUGHOUT THIS LAND, I FIND OVERWHELMING SUPPORT FOR

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THE CONCEPT OF AT LEAST HAVING A REFERENDUM TO LET FARMERS CHOOSE FOR THEMSELVES AMONG THE DIFFERING ALTERNATIVES. A POLL OF FARMERS IN IOWA FOUND SUPPORT FOR A REFERENDUM BY A 2 TO 1 MARGIN. YES, SOME MAY NOT FAVOR THE ROUTE I AM PROPOSING, BUT AT LEAST THEY WOULD LIKE TO HAVE THE CHANCE TO VOTE, AND WOULD BE WILLING TO ABIDE BY THE OUTCOME, WHATEVER THAT MIGHT BE. AND, FRANKLY, MOST FARMERS CANNOT UNDERSTAND THE PRESIDENT'S REFUSAL TO SUPPORT EVEN THE CONCEPT OF HAVING A REFERENDUM.

MR. PRESIDENT, I WAS INTRIGUED BY A RECENT EDITION OF THE KANSAS FARMER, THE NOVEMBER 16, 1985 ISSUE, IN WHICH THERE WAS PRINTED THE RESULTS OF A POLL. THE FIRST QUESTION IN THE POLL WAS:

SHOULD FARMERS BE ALLOWED TO VOTE IN A REFERENDUM FOR OR AGAINST A SPECIFIC FARM PROGRAM?

EIGHTY-ONE PERCENT SAID YES, 10 PERCENT NO, 9 PERCENT NOT SURE.

AND HERE IS WHAT IS INTERESTING, MR. PRESIDENT. IN THE LANGUAGE ACCOMPANYING THE POLL IT SAID:

AN IMPRESSIVE 81 PERCENT BELIEVE FARMERS SHOULD BE ALLOWED TO VOTE ON FARM PROGRAMS. THIS INCLUDED BOTH THOSE WHO WOULD FAVOR AND OPPOSE THE PROGRAM IN SENATOR HARKIN'S BILL. APPARENTLY, THE CONCEPT OF HOLDING A VOTE IS THE IMPORTANT THING. WHETHER OR NOT THEY AGREE WITH THE PROGRAM BEING VOTED ON IS SECONDARY.

I MAKE THAT POINT BECAUSE THE FARMERS DO WANT TO HAVE A CHOICE. I THINK THEY ARE SICK AND TRIED OF HAVING THIS WASHINGTON-BASED FARM PROGRAM RAMMED DOWN THEIR THROATS. THEY WOULD LIKE TO HAVE AT LEAST AN ALTERNATIVE. THEY MIGHT NOT VOTE FOR THIS. THEY MAY WANT WHAT WE PASS HERE, BUT AT LEAST THEY WOULD HAVE SOME CHOICE.

THERE WAS ALSO ANOTHER RECENT POLL IN NEBRASKA. IT CAME OUT IN A RECENT EDITION OF THE LINCOLN STAR, I BELIEVE IT IS. THE POLL INDICATED A BROAD SUPPORT FOR THIS.

AN OVERWHELMING 73 PERCENT OF NEBRASKA FARMERS SAID YES WHEN ASKED "DO YOU THINK FARMERS SHOULD BE ALLOWED TO VOTE ON WHETHER THEY WANT THE FEDERAL GOVERNMENT TO RESTRICT CROP PRODUCTION SO THAT PRICES OF FEED GRAINS AND WHEAT WILL RISE?" ONLY 18 PERCENT SAID NO.

SO IN NEBRASKA 73 PERCENT OF THE FARMERS SAID THAT THEY WANTED A REFERENDUM.

MR. PRESIDENT, I ASK UANIMOUS CONSENT THAT BOTH OF THESE ARTICLES BE PRINTED IN THE RECORD.

THERE BEING NO OBJECTION, THE ARTICLES WERE ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

MARKET-ORIENTED POLICY: MOST OF THESE FARMERS SAY "NO"

(BY STEVE WATSON)

ARE FARMERS IN THE MOOD TO RETRENCH? TO RELY LESS ON FOREIGN MARKETS? MAYBE SO.

IF FARMERS IN KANSAS COULD VOTE ON FARM PROGRAMS, IT LOOKS LIKE THEY WOULD

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SURPRISE A FEW PEOPLE. BASED ON RESULTS OF OUR OPINION SURVEY IN THE OCT. 19 ISSUE, KANSAS FARMERS WOULD IDLE MORE ACREAGE IN EXCHANGE FOR HIGHER PRICES.

RESPONSES HAVE COME SO FAR FROM 125 FARMERS, MOSTLY WHEAT AND GRAIN SORGHUM PRODUCERS. EVERY AREA OF THE STATE HAS BEEN WELL REPRESENTED.

THE FARMERS RESPONDING TO THE SURVEY MAY OR MAY NOT REPRESENT THE MAJORITY OF KANSAS FARMERS. AND NOT EVERY FARMER AGREED ABOUT ANY ONE CERTAIN QUESTION. BUT IN GENERAL, THEIR OPINIONS OVERWHELMINGLY FAVORED CERTAIN POSITIONS. HERE'S A SUMMARY.

AN IMPRESSIVE 81 PERCENT BELIEVE FARMERS SHOULD BE ALLOWED TO VOTE ON FARM PROGRAMS. THIS INCLUDED BOTH THOSE WHO WOULD FAVOR AND OPPOSE THE MANDATORY CONTROL PROGRAM IN SEN. TOM HARKIN'S (D-IOWA) BILL. APPARENTLY, THE CONCEPT OF HOLDING A VOTE IS THE IMPORTANT THING. WHETHER OR NOT THEY AGREE WITH THE PROGRAM BEING VOTED ON IS SECONDARY.

MARKET-ORIENTED PROGRAMS TOOK A BEATING. ABOUT 3 OUT OF 4 FARMERS OPPOSE THE IDEA OF PRODUCING MORE FOR LESS. THE EXPORT MARKET GETS A COLD SHOULDER FROM MOST, SINCE IT IS NOW BEING ASSOCIATED WITH LOW PRICES.

FARMERS ARE WILLING TO IDLE MORE OF THEIR ACREAGE IF IT WOULD IMPROVE PRICES. THEY REJECT THE NOTION THAT THEY'D BE WORSE OFF BY PRODUCING LESS FOR HIGHER PRICES. SIGNIFICANTLY, 76 PERCENT OF THE FARMERS BELIEVE THAT LESS PRODUCTION AND HIGHER PRICES WOULD HELP AGRIBUSINESS AND THEIR LOCAL ECONOMY.

TRADE BARRIERS AGAINST IMPORTED WHEAT, SOYBEANS, PORK AND DAIRY PRODUCTS GET PRETTY FAIR SUPPORT, EVEN AT THE RISK OF TRADE REPRISALS, 53 PERCENT OF THESE FARMERS WOULD OK TRADE BARRIERS AGAINST LOW-PRICE WHEAT FROM ARGENTINA.

ACREAGE BASE REFORM IS NEEDED. NEARLY ALL FARMERS BELIEVE THAT. SOLUTIONS VARY.

THE MAJORITY FAVOR SHIFTING FROM ACREAGE TO BUSHEL ALLOTMENTS.

WHAT FOLLOWS ARE SOME OF THE COMMENTS FARMERS HAD ABOUT ACREAGES BASE REFORM AND FARM PROGRAMS IN GENERAL.

"LIMIT BASE ACRES TO A CERTAIN PERCENTAGE OF TOTAL ACRES BECAUSE SOME FARMERS ARE PLANTING MORE ACRES THAN NORMAL TO ARTIFICIALLY RAISE THEIR BASE. CONTINUOUS CROPPING AND DOUBLE-CROPPING ARE RAISING PRODUCTION AND LOWERING PRICES," SAYS A FARMER FROM RAWLINS COUNTY.

"THE CURRENT ACREAGE BASE SYSTEM IS ABSOLUTELY UNFAIR. SOME FARMERS ARE REWARDED FOR PLANTING 100 PERCENT OR SO. OTHERS WHO HAVE ALWAYS PLANTED 50 PERCENT CAN'T AFFORD TO BE CUT ANOTHER 30 TO 40 PERCENT, ESPECIALLY SMALL FARMERS."

-- FROM RUSH COUNTY.

"ELIMINATE BASES WHICH TOTAL MORE THAN FARMS ACREAGE." -- WALLACE COUNTY.

"EVERY FARMER SHOULD HAVE THE SAME BUSHEL ALLOTMENT, SAY 10,000 BUSHELS OF ANY ONE GRAIN, AT 100 PERCENT OF PARITY. THAT WOULD SAVE THE FAMILY FARMER." -- BARBER COUNTY.

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"WE ARE PENALIZED FOR PLANTING ALFALFA TO BUILD UP OUR GROUND." -- POTTAWATOMIE COUNTY.

"ACREAGE BASES NEED TO BE DETERMINED ON A 30-YEAR HISTORY." -- SUMNER COUNTY.

"WE NEED TO GET AWAY FROM WHEAT AND FEEDGRAIN BASES, AND COUNT ALL PRODUCTIVE ACRES IN ONE BASE." -- BROWN COUNTY.

"ALFALFA AND SOYBEANS SHOULD BE INCLUDED." -- LYON COUNTY.

"WE SHOULD HAVE MANDATORY ACREAGE OR BUSHEL CONTROLS WITH TEETH IN THE LAW. NOTHING WILL CHANGE UNTIL 1990 TO 1995, AT WHICH TIME MY GENERATION (THE BABY BOOM GENERATION) WILL TAKE OVER AND RECTIFY PAST MISTAKES." -- DONIPHAN COUNTY.

"THE ACREAGE BASE NEEDS TO BE BASED ON TILLABLE ACRES. THAT WAY, IF YOU CHANGE YOUR FARMING PROGRAM A LITTLE, YOU AREN'T SUDDENLY CAUGHT WITH A LOT OF ACRES AND A SMALL BASE." -- SALINE COUNTY.

"WE NEED A MANDATORY SET-ASIDE SO EVERYONE WOULD BE TREATED EQUALLY" -- MCPHERSON COUNTY.

"GO TO BUSHEL ALLOTMENTS. NOTHING ELSE WILL EVER CONTROL PRODUCTION." -- ROOKS COUNTY.

"IT SHOULD BE FAIR TO FARMERS WHO SUMMERFALLOWED WHEN THERE WAS NO ALLOTMENT. THOSE WHO PLANTED FENCE TO FENCE HAVE LARGER BASES NOW. ASCS COMMITTEEMEN SAID THEY HAD TO GO BY THE RULES AND 90 PERCENT OF THEM WERE FARMERS WHO PLANTED FENCE TO FENCE." -- RICE COUNTY.

"IF WE MUST CONTROL PRODUCTION, USE A BUSHEL BASIS. EACH FARMER SHOULD BE GIVEN A BUSHEL ALLOWANCE AT SUPPORT PRICE, THEN FOR ALL PRODUCTION OVER THAT THE FARMER WOULD BE ON HIS OWN AT MARKET PRICES. I REALLY FEEL IT'S TIME TO ABOLISH ASCS CONTROL PROGRAMS. LET EVERYONE GO ON HIS OWN. MORE MONEY IS SPENT FOR ADMINISTRATION, COMPUTERS, CED LOUNGE CHAIRS, ETC. THAN IN HELPING THE TRUE FARMER. PUT THE MONEY SAVED BY ABOLISHING THE ASCS INTO SCS AND LAND CONSERVATION PROGRAMS. PUT ASCS EQUIPMENT IN SCS OFFICES AND SEE THIS COUNTY REAP THE REWARDS." -- ELLSWORTH COUNTY.

"GOVERNMENT FARM PROGRAMS SHOULD BE PHASED OUT OVER A 4-YEAR PERIOD WITH LOANS AND TARGET PRICES REDUCED 5 PERCENT EACH YEAR AND ELIMINATED THE 5TH YEAR." -- CLAY COUNTY.

"GO BACK TO THE NATIONAL CROP ACREAGE." -- COLORADO.

"EVERYBODY'S BASE SHOULD BE A PERCENTAGE OF CULTIVATED ACREAGE. IT SHOULD NOT BE A PERCENTAGE OF WHAT THEY SOWED THE LAST 2 YEARS OR WHATEVER. THE FARM PROGRAM RIGHT NOW IS NOT FAIR BECAUSE ONE FARMER CAN PLANT MORE THAN HIS NEIGHBOR AND GET A HIGHER BASE." -- RUSH COUNTY.

"KEEP IT SIMPLE. SET A \$6 TARGET PRICE ON THE FIRST 10,000 BUSHEL." -- HARVEY COUNTY.

"RETURN TO THE NORMAL CROP ACREAGE CONCEPT TO ALLOW ROTATION OF CROPS FROM YEAR TO YEAR." -- SHAWNEE COUNTY.

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"WE NEED TO GET BACK TO A CROP ROTATION THAT INCLUDES CLOVER AND ALFALFA ON EACH FARM. THIS WOULD TAKE CARE OF PRICES AND COSTS. OVER-PRODUCTION HAS BEEN CAUSED BY CROPPING ALL THE LAND AND NOT HAVING ANY LEGUMES ON EACH FARM IT WOULD SAVE ON FERTILIZER, HERBICIDE AND INSECTICIDE COSTS." -- DONIPHAN COUNTY.

"THOSE WHO HAVE PRACTICED CONSERVATION SHOULD NOT BE PENALIZED WITH LOWER ACREAGE BASES." -- SALINE COUNTY.

"THERE SHOULD BE BUSHEL ALLOTMENTS, IF ANY, WITH ONE PRICE FOR DOMESTIC USE AND ANOTHER FOR EXPORT." -- OTTAWA COUNTY.

"EVERY FARM'S BASE SHOULD BE SET AS A CERTAIN PERCENTAGE OF CULTIVATED ACREAGE. EVERYONE SHOULD GET THE SAME PERCENTAGE." -- ELLIS COUNTY.

KANSAS FARMER OPINION SURVEY RESULTS

RESPONSES ARE LISTED AS PERCENTAGE OF TOTAL

(1) SHOULD FARMERS BE ALLOWED TO VOTE IN A REFERENDUM FOR OR AGAINST A SPECIFIC FARM PROGRAM?

81% YES; 10% NO; 9% NOT SURE.

(2) WOULD YOU BE IN FAVOR OF A MARKETING CERTIFICATE PROGRAM SUCH AS THE ONE IN THE HOUSE AG COMMITTEE BILL?

62 YES; 22; NO 16 NOT SURE.

(3) WOULD YOU LIKE TO HAVE COMMODITY PRICES BASED PRIMARILY ON MARKET FORCES AND HAVE FEWER CONTROLS ON PRODUCTION?

18 YES; 74 NO; 8 NOT SURE.

(4) WOULD YOU BE WILLING TO ACCEPT LOWER LOAN RATES AND TARGET PRICES IN EXCHANGE FOR LOWER SET-ASIDE REQUIREMENTS?

10 YES; 78 NO; 12 NOT SURE.

(5) WOULD YOU RATHER:

69 LEAVE 40% OF YOUR ACREAGE BASE IDLE AND RECEIVE HIGHER PRICES; 8 SET ASIDE 30% OF YOUR BASE AT CURRENT TARGET PRICES AND LOWER LOAN RATES; 10 OPERATE AT FULL PRODUCTION AT WORLD MARKET PRICES; 4 SELL OUT; 9 NONE OF THE ABOVE.

(6) DO YOU BELIEVE THE ACREAGE BASE SYSTEM NOW IN OPERATION NEEDS REFORM?

85 YES; 15 NO;

(7) IF SO HOW? (SEE STORY).

(8) IF YOU WERE ASKED TO ACCEPT LOWER COMMODITY AND TARGET PRICES IN ORDER TO INCREASE EXPORTS, WOULD YOU AGREE THAT THE TRADE-OFF WOULD BE WORTH IT?

13 YES; 73 NO; 14 NOT SURE.

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(9) DO YOU BELIEVE THAT LESS PRODUCTION AND HIGHER PRICES WOULD HELP OR HURT AGRIBUSINESS AND YOUR LOCAL ECONOMY?

76 WOULD HELP; 14 WOULD HURT; 10 NOT SURE.

(10) HOW LONG DO YOU FEEL YOU CAN RIDE OUT THE CURRENT FARM ECONOMY IF INTEREST RATES STAY THE SAME AND COMMODITY PRICES DON'T IMPROVE?

10 INDEFINITELY; 6 5 TO 10 YEARS; 30 2 TO 5 YEARS; 28 LESS THAN 2 YEARS; 13 I'M GOING UNDER NOW; 13 NOT SURE.

(11) AT THE RISK OF TRADE REPRISALS, WOULD YOU LIKE TO SEE THE U.S. GOVERNMENT IMPOSE TRADE BARRIERS AGAINST THE POSSIBLE IMPORT OF LOW-PRICED:

53 WHEAT FROM ARGENTINA; 45 SOYBEANS FROM BRAZIL; 47 PORK PRODUCTS FROM CANADA; 43 DAIRY PRODUCTS FROM EUROPE; 35 NONE OF THE ABOVE.

(12) WOULD YOU FAVOR SHIFTING PRODUCTION CONTROLS FROM ACREAGE TO BUSHEL ALLOTMENTS?

67 YES; 20 NO; 13 NOT SURE.

(13) IF COMMODITY PRICES ROSE THROUGH PRODUCTION CONTROLS, DO YOU BELIEVE THAT FARMERS WOULD JUST END UP SELLING LESS AND THAT YOU WOULD BE WORSE OFF?

15 YES; 70 NO; 15 NOT SURE.

(14) WOULD YOU FAVOR A TWO-PRICE PROGRAM THAT OFFERED HIGH PRICE SUPPORTS FOR DOMESTIC PRODUCTION ONLY AND VERY LOW SUPPORTS FOR ALL EXCESS PRODUCTION?

53 YES; 29 NO; 18 NOT SURE.

POLL INDICATES BROAD SUPPORT FOR GOVERNMENT AID TO FARMERS

(DAN LOOKER)

MOST NEBRASKANS, INCLUDING THOSE WHO WORK IN AGRICULTURE-RELATED OCCUPATIONS, SHARE BROAD SUPPORT FOR GOVERNMENT ASSISTANCE TO FARMERS, ACCORDING TO THE RESULTS OF FOUR QUESTIONS IN A POLL CONDUCTED FOR THE LINCOLN STAR AND THE LINCOLN JOURNAL.

AN OVERWHELMING 73 PERCENT SAID YES WHEN ASKED "DO YOU THINK FARMERS SHOULD BE ALLOWED TO VOTE ON WHETHER THEY WANT THE FEDERAL GOVERNMENT TO RESTRICT CROP PRODUCTION SO THAT PRICES OF FEED GRAINS AND WHEAT WILL RISE?" ONLY 18 PERCENT SAID NO.

WHEN ASKED "DO YOU THINK THE FEDERAL GOVERNMENT SHOULD GIVE FINANCIAL HELP TO FARMERS? 66 PERCENT SAID YES; 25 PERCENT SAID NO.

PUBLIC SUPPORT DROPPED SLIGHTLY WHEN LENDING INSTITUTIONS WERE INCLUDED IN ASSISTANCE PROPOSALS, BUT A SOLID 55 PERCENT MAJORITY SAID YES WHEN ASKED WHETHER

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"THE FEDERAL GOVERNMENT SHOULD HELP SUPPORT THE FEDERAL LAND BANKS AND PRODUCTION CREDIT ASSOCIATIONS TO KEEP THEM FROM CLOSING?" ONLY 27 PERCENT SAID NO.

A 51 PERCENT MAJORITY SAID THEY FAVOR A TWO-YEAR MORATORIUM ON MORTGAGE FORECLOSURES FOR NEBRASKA'S FARMERS." TWENTY-SIX PERCENT OPPOSED IT. (CURRENT LAW REQUIRES DISTRICT COURTS TO GRANT A 9-MONTH "STAY OF EXECUTION" ON FORECLOSURES. STATE SEN. DON ERET OF DORCHESTER HAS INTRODUCED LEGISLATION THAT WOULD ALLOW AN INDEFINITE MORATORIUM AT THE DISCRETION OF DISTRICT COURT JUDGES.)

THE FOUR QUESTIONS ABOUT FARM POLICY WERE PART OF A POLL OF 448 NEBRASKANS CONDUCTED NOV. 5-13 BY RESEARCH ASSOCIATES OF LINCOLN.

ROY FREDERICK, A FARM POLICY SPECIALIST WITH THE UNIVERSITY OF NEBRASKA AGRICULTURAL ECONOMICS DEPARTMENT SAID THE RESPONSE TO THE QUESTIONS SHOWS A RECOGNITION "BY MOST CITIZENS OF THE STATE THAT AGRICULTURE IS IMPORTANT TO THE STATE."

BECAUSE OF THE CURRENT ECONOMIC PROBLEMS OF AGRICULTURE, "I'D SAY THE NUMBER (OF THOSE RECOGNIZING AGRICULTURE'S PROBLEMS) IS HIGHER THAN IT WOULD HAVE BEEN A COUPLE YEARS AGO AND CERTAINLY THAN IN THE 1970S," HE ADDED. FREDERICK HAS CONDUCTED EXTENSIVE POLLS OF FARMERS ON GOVERNMENT POLICIES.

THE NEWSPAPERS' POLL RESULTS "ARE IN LINE WITH SOME OF THE POLLING THAT WE'VE DONE," FREDERICK SAID.

HIS JULY 1984 POLL OF NEBRASKA FARMERS SHOWED ROUGHLY A THIRD FAVORED MORE GOVERNMENT INVOLVEMENT, A THIRD SUPPORTED CONTINUATION OF THE FEDERAL GOVERNMENT'S CURRENT PRICE SUPPORT PROGRAM FOR GRAINS AND A THIRD SUPPORTED THE REAGAN ADMINISTRATION'S DESIRE TO PHASE THE GOVERNMENT OUT OF AGRICULTURE.

THAT BOILS DOWN TO TWO-THIRDS OF THE FARMERS SUPPORTING SOME FORM OF "FINANCIAL HELP TO FARMERS," NEARLY THE SAME AS THE 66 PERCENT OF THOSE POLLED BY RESEARCH ASSOCIATES WHO SUPPORTED GIVING "SOME FORM" OF FINANCIAL HELP TO FARMERS.

THE 24 PERCENT OF THOSE NEBRASKANS WHO TOLD RESEARCH ASSOCIATES THAT THEY WORK IN AN "AGRICULTURE-RELATED OCCUPATION," WERE SLIGHTLY LESS IN FAVOR OF FEDERAL HELP FOR FARMERS; 59 PERCENT FAVORED IT AND 35 PERCENT OPPOSED IT. OF THOSE WHO DON'T WORK IN AGRICULTURAL JOBS, 68 PERCENT FAVORED IT AND 23 PERCENT OPPOSED. THE DIFFERENCE ISN'T STATISTICALLY SIGNIFICANT, HOWEVER, SAID DOUG EVANS, A SENIOR PARTNER WITH THE POLLING FIRM.

CITY AND FARM-RELATED WORKERS AGREED THAT FARMERS SHOULD BE ALLOWED TO VOTE ON WHETHER THEY WANT A GOVERNMENT PROGRAM TO RESTRICT CROP PRODUCTION. BOTH GROUPS FAVORED THAT PROPOSAL BY 73 PERCENT.

AS EVANS POINTED OUT, "WE AREN'T SAYING THEY WANT RESTRICTED CROP PRODUCTION," HOWEVER. THE POLL SHOWS ONLY BROAD SUPPORT FOR ALLOWING FARMERS TO VOTE ON THE ISSUE.

"TO ALLOW PEOPLE TO VOTE ON SOMETHING IS AN ATTRACTIVE THING. IT'S UP THERE WITH MOTHERHOOD AND APPLE PIE," SAYS UNL'S FREDERICK. FREDERICK SAID HE SUSPECTS THE PUBLIC MIGHT HAVE SHOWN LESS SUPPORT FOR THE VOTE IF THE QUESTION WERE PHRASED DIFFERENTLY

OR IF IT WAS POINTED OUT THAT A POSITIVE VOTE TO RESTRICT CROP PRODUCTION MIGHT CAUSE HIGHER FOOD PRICES FOR CONSUMERS OR A REDUCTION IN U.S. GRAIN EXPORTS.

A FARMER ELECTION ON RESTRICTING CROP PRODUCTION WOULD HAVE BEEN ALLOWED UNDER AN AMENDMENT TO THE HOUSE VERSION OF THE 1985 FARM BILL THAT WAS OFFERED BY REP. BERKLEY BEDELL, D.-IOWA. THE AMENDMENT, WHICH WAS DEFEATED, DREW SUPPORT FROM NEBRASKA REPRESENTATIVES DOUG BEREUTER AND VIRGINIA SMITH, BOTH REPUBLICANS.

ALTHOUGH EASTERN CORN BELT FARMERS ARE LESS INTERESTED IN CUTTING GRAIN PRODUCTION, AND THE NATION'S LARGEST FARM ORGANIZATION, THE AMERICAN FARM BUREAU FEDERATION LOBBIED AGAINST THE BEDELL AMENDMENT, FREDERICK SAID HE THINKS NEBRASKA FARMERS WOULD HAVE VOTED FOR A CROP REDUCTION PROGRAM IF THE AMENDMENT HAD BECOME LAW.

FREDERICK'S OWN 1984 POLL OF NEBRASKA FARMERS SHOWED THAT 37 PERCENT FAVORED ONE OF TWO PROPOSALS TO RESTRICT CROP PRODUCTION; 25 PERCENT FAVORED CONTINUING CURRENT PROGRAMS AND 22 PERCENT WANT TO "ELIMINATE SET-ASIDE, PRICE-SUPPORT AND GOVERNMENT STORAGE PROGRAMS." THE LATTER POSITION IS CLOSEST TO THAT OF THE FARM BUREAU, ALTHOUGH THE FARM BUREAU WANTS A GRADUAL PHASE-OUT WITH DIRECT "DEFICIENCY PAYMENTS" CONTINUED FOR SEVERAL YEARS TO HELP FARMERS ADJUST TO LOWER MARKET PRICES.

FREDERICK SENSES GROWING SUPPORT FOR BEDELL'S "SUPPLY MANAGEMENT" PHILOSOPHY AMONG FARMERS AND LESS SUPPORT FOR THE REAGAN ADMINISTRATION'S DESIRE TO PHASE OUT FARM PROGRAMS. "I DON'T THINK YOU'D FIND THAT 22 PERCENT (FAVORING THE PHASE-OUT) RIGHT NOW. WE'RE ANXIOUS TO UPDATE THAT POLL," FREDERICK SAID.

FREDERICK SAID THERE WOULD BE REGIONAL DIFFERENCES IN A FARMER ELECTION IN NEBRASKA, WHICH SEEMS TO BE SUPPORTED BY THE RESULT OF THE RESEARCH ASSOCIATES POLL. IN EASTERN NEBRASKA'S 1ST CONGRESSIONAL DISTRICT, DEVOTED PREDOMINANTLY TO GRAIN PRODUCTION, 80 PERCENT OF THE RESPONDENTS SAID FARMERS SHOULD BE ALLOWED TO VOTE ON REDUCING CROP PRODUCTION. IN WESTERN AND CENTRAL NEBRASKA'S 3RD DISTRICT, WHERE RANCHERS AND CATTLE FEEDERS HAVE TRADITIONALLY OPPOSED HIGH PRICE SUPPORTS FOR GRAINS, A VOTE IS LESS POPULAR, BUT IS STILL ENDORSED BY A STRONG 64 PERCENT MAJORITY.

"WE NORMALLY THINK OF THE 3RD DISTRICT AS BEING MORE CONSERVATIVE ON ALL ISSUES," FREDERICK SAID, AND THAT APPARENTLY APPLIES TO ASSISTANCE FOR FARMERS.

THE CONFIDENCE LEVEL OF THE RESEARCH ASSOCIATES POLL IS 95 PERCENT, MEANING THAT IF THE POLL WERE REPEATED 100 TIMES, THE RESULTS WOULD FALL WITHIN THE STATED ACCURACY RANGE AT LEAST 95 TIMES. THE ACCURACY RANGE IS PLUS OR MINUS 4.6 PERCENT.

FOLLOWING ARE DETAILED CONGRESSIONAL DISTRICT AND OCCUPATIONAL RESULTS OF THE POLLING ON FARMER VOTING ON CROP PRODUCTION (TOTALS MAY NOT ALL ADD TO 100% BECAUSE OF ROUNDING):

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

	Yes	No
Norm	73	18

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Congressional District:

District 1	80	13
District 2	74	15
District 3	64	25

Occupation:

Agriculture	73	20
Non-ag-related	73	17

No opinion

[Percent] --

Norm	10
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Congressional District:

District 1	7
District 2	11
District 3	11

Occupation:

Agriculture	8
Non-ag-related	10

MR. HARKIN. TO COMPLETE THE EXPLANATION OF MY AMENDMENT, MR. PRESIDENT, I WOULD POINT OUT THAT IF EITHER OF THE REFERENDA PROPOSED WERE TO RECEIVE THE NECESSARY 60 PERCENT APPROVAL A VOLUNTARY MARKETING CERTIFICATE PROGRAM WOULD BE PUT INTO EFFECT. HERE IS HOW IT WOULD WORK.

BASED ON THE SUPPLY/DEMAND SITUATION, THE SECRETARY OF AGRICULTURE WOULD ANNOUNCE AN ACREAGE REDUCTION PROGRAM IN THE SAME FASHION AS IS DONE NOW. LIKEWISE, FARMERS WOULD DECIDE, JUST AS THEY DO NOW, WHETHER OR NOT THEY WILL PARTICIPATE IN THE PROGRAM. HOWEVER, WITH A MARKETING CERTIFICATE PROGRAM, EACH PRODUCER WOULD HAVE TO HOLD A MARKETING CERTIFICATE IN ORDER TO COMMERCIALY MARKET ANY WHEAT OR FEEDGRAINS IN THE UNITED STATES. OTHERWISE, GRAIN PRODUCED ON NONPARTICIPATING FARMS OR GRAIN IN EXCESS OF THAT COVERED BY THE MARKETING CERTIFICATE ON PARTICIPATING FARMS COULD ONLY BE CONSUMED ON THAT FARM -- THAT IS, FED TO LIVESTOCK -- OR EXPORTED AT THE PREVAILING WORLD PRICE.

FURTHERMORE, UNLIKE CURRENT VOLUNTARY FARM PROGRAMS WHICH DO NOT RESTRICT THE AMOUNT OF GRAIN WHICH CAN BE PLACED UNDER LOAN OR MARKETED BY FARMERS WHO PARTICIPATE IN THE PROGRAM, A FARMER PARTICIPATING IN THIS PROGRAM WILL BELIMITED IN HIS MARKETINGS BY HIS MARKETING CERTIFICATE. THIS QUANTITY WILL BE DETERMINED BY MULTIPLYING THE ALLOWABLE PLANTED ACRES FOR THE FARM BY THE ASCS PROGRAM YIELD OF THE FARM. THESE NUMBERS CAN EASILY BE PRODUCED BY ANY COUNTY ASCS OFFICE FOR ANY FARM IN THE COUNTY, SO THERE ARE NO NEW ADMINISTRATIVE REQUIREMENTS IN MY APPROACH.

FARMERS WILL BENEFIT BECAUSE OF THE MARKET PRICE RESPONSE RESULTING FROM SIMPLY DOING BETTER JOB OF MATCHING SUPPLY WITH DEMAND. TO ENSURE THAT THIS WILL HAPPEN REQUIRES PLACING SOME NECESSARY LEVERAGE UPON THE SECRETARY OF AGRICULTURE WHO,

UNFORTUNATELY, CONTINUES TO PREACH THE CHEAP FOOD POLICY OF THIS ADMINISTRATION EVEN AS THE FINANCIAL CRISIS IN RURAL AMERICA SWALLOWS UP HIS OWN FARMING OPERATION.

TO PROVIDE THIS LEVERAGE, MY AMENDMENT REQUIRES THAT THE NONRECOURSE LOAN RATE FOR THE COMMODITIES INVOLVED BE RAISED TO 70 PERCENT OF THE PARITY PRICE OR ITS CURRENT EQUIVALENT, WHICH-EVER IS HIGHER. PRESENTLY THIS WOULD BE \$3.55 PER BUSHEL FOR CORN AND \$4.86 PER BUSHEL FOR WHEAT. IN OTHER WORDS, TO MINIMIZE THE COST OF THIS PROGRAM, THE SECRETARY OF AGRICULTURE WILL HAVE THE TOOLS NECESSARY TO BRING SUPPLY IN LINE WITH DEMAND AND RAISE MARKET PRICES SO AS TO AVOID LARGE FORFEITURES OF GRAIN TO THE GOVERNMENT THROUGH THE LOAN PROGRAM. THIS MATCHING SUPPLY WITH ANTICIPATED DEMAND IS THE TRUE MARKET-ORIENTED APPROACH RATHER THAN THE ADMINISTRATION'S PRODUCTION ONLY PROGRAM WHICH IS DROWNING US IN A SEA OF SURPLUS GRAIN.

BY TODAY'S STANDARDS, THE PRICES IN MY AMENDMENT MAY SEEM HIGH, BUT QUICKLY WE FORGET. ON JANUARY 20, 1981, NEARLY 5 YEARS AGO WHEN RONALD REAGAN WAS FIRST SWORN IN AS PRESIDENT, THE CASH SELLING PRICE WAS \$3.60 FOR CORN AND \$4.64 FOR WHEAT. TODAY THE CASH PRICE IS ABOUT \$2.37 A BUSHEL AND WHEAT IS \$3.39. NEED I SAY MORE ABOUT WHY WE HAVE A CRISIS IN RURAL AMERICA. THE DISASTEROUS DECLINE IN FARM PRICES BROUGHT ABOUT BY THIS ADMINISTRATION IS AT THE HEART OF THE CRISIS IN RURAL AMERICA, AND THIS BILL, AS IT NOW STANDS, IS GOING TO DRIVE THESE PRICES EVEN LOWER.

UNTIL WE RETURN PROFITABILITY TO AGRICULTURE, THIS CRISIS WILL ONLY WORSEN. THE PLAN I OFFER WITH THIS AMENDMENT IS THE ONLY ALTERNATIVE PRESENTED SO FAR THAT HAS A REALISTIC OPPORTUNITY OF DOING THAT IN THE FORSEEABLE FUTURE -- OF INCREASING INCOME TO FARMERS.

THE FINAL FEATURE OF MY AMENDMENT IS THE SUSPENSION OF TARGET PRICE PAYMENTS ONCE THE MARKETING CERTIFICATE PROGRAM GOES INTO EFFECT. SO RATHER THAN JUST BEING ANOTHER EXPENSIVE PRICE SUPPORT PROGRAM, MY AMENDMENT OFFERS THE OPPORTUNITY TO SAVE THE FEDERAL GOVERNMENT A SUBSTANTIAL AMOUNT OF MONEY RELATIVE TO THE PENDING BILL. IN FACT, THE CBO ESTIMATES THAT THE 5-YEAR SAVINGS OF MY AMENDMENT WOULD BE \$31.7 BILLION. SO IN TERMS OF COST TO THE TREASURY, MY AMENDMENT IS, WITHOUT A DOUBT, THE CHEAPEST WAY TO GO.

THE BUDGET AS PASSED BY THIS BODY PROVIDES FOR \$38.8 BILLION ALLOWED FOR CCC. MY BILL, ACCORDING TO CBO, COMES IN AT \$35.1 BILLION, OR \$3.7 BILLION BELOW BUDGET. SO IN NO WAY DOES THIS EVEN APPROACH WHAT WE ARE ALLOWED IN THE BUDGET. IT IS THE CHEAPEST OF ALL OF THE PROGRAMS OFFERED THUS FAR.

I MIGHT SAY THAT IT IS CHEAP BECAUSE IT DOES NOT COST THE GOVERNMENT ANYTHING. THERE ARE NO GOVERNMENT PAYMENTS. AND MOST OF THE FARMERS I TALK TO WOULD RATHER RECEIVE THEIR INCOME FROM THE MARKETPLACE RATHER THAN FROM A GOVERNMENT CLERK, WHICH IS THE CURRENT SYSTEM AND WHICH WILL ONLY BE EXPANDED BY THE PENDING BILL. WITH MY AMENDMENT, IF THE REFERENDUM WERE TO PASS, THE FARMER WOULD BE FREED FROM HIS DEPENDENCE ON DIRECT SUBSIDY PAYMENTS.

WHAT I HEAR FROM MY FARMERS IS WE HAVE TO DO TWO THINGS: DECREASE THE DEFICIT AND INCREASE FROM INCOME. BUT THE BILL BEFORE US DOES JUST THE OPPOSITE; IT INCREASES THE DEFICIT AND DECREASES FARM INCOME.

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NOW, I HAVE TO BE OPEN AND HONEST ABOUT THE EFFECT ON CONSUMERS. YES, CONSUMERS WOULD PAY SLIGHTLY MORE FOR THE FOOD THEY EAT. BUT IT SHOULD BE STRESSED THAT ON A \$1.09 LOAF OF WHEAT BREAD AT THE LOCAL GROCERY STORE THAT THE FARMER ONLY RECEIVES 3 TO 4 CENTS. THAT IS ALL. AND TO INCREASE THE INCOME OF OUR FAMILY FARMER 33 PERCENT, IT WOULD COST CONSUMERS LESS THAN A PENNY INCREASE ON THAT LOAF OF BREAD.

MR. PRESIDENT, I HAD DIFFERENT SOURCES WORK OUT THE INCREASE TO THE CONSUMERS OF THIS COUNTRY, AND IT WORKS OUT AMAZINGLY CHEAP. THE ANNUAL COST OF A FOOD BASKET PER PERSON IN THIS COUNTRY IS \$1,017.90 A YEAR, ACCORDING TO THE USDA. ACCORDING TO CBO, THE INCREASE UNDER MY AMENDMENT WOULD BE \$30.53 A YEAR PER PERSON, OR 9 CENTS A DAY. YET, THE CONSUMER COST, WHILE IT WOULD BE A \$7.2 BILLION SAVING IN GOVERNMENT COST, WOULD BE \$7.6 BILLION, AND THE INCREASE IN FARM NET INCOME FOR MY AMENDMENT IS \$8.5 BILLION.

THE CONSUMERS COULD ASK FOR NO BETTER DEAL THAN THIS. THEY WILL SAVE IN TAX DOLLARS WHAT THEY WOULD PAY A LITTLE BIT MORE IN INCREASED PRICES FOR THE FOOD THEY EAT; AND THAT PRICE WILL NOT GO TO THE GROCERY STORE; IT WILL NOT GO TO THE PROCESSOR, THE PACKER, THE SHIPPER, OR ANYBODY ELSE. IT WILL GO DIRECTLY TO THE FARMER, UNDER MY AMENDMENT.

I THINK THAT THE CONSUMERS OF THIS COUNTRY WOULD BE WILLING TO PAY 9 CENTS A DAY MORE FOR THEIR FOOD IF THEY WERE ASSURED THAT THE MONEY WENT TO THE FAMILY FARMERS AND NOT JUST TO THE GROCERY STORE. UNDER MY AMENDMENT, THAT WOULD HAPPEN.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT TO HAVE A TABLE PRINTED IN THE RECORD.

THERE BEING NO OBJECTION, THE TABLE WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

CONSUMER COST FOR THE HARKIN AMENDMENT

COST OF THE MARKET FOOD BASKET AT LOW COST TO FEED A FAMILY OF FOUR WITH INCOME OF \$26,433.00 PER YEAR.

	Per person	Family of four
Annual cost of food basket	\$1,017.90	\$4,071.60
Increase (Harkin amendment) annual	30.53	122.15
Increase (Harkin amendment) month	2.54	10.18
Increase (Harkin amendment) week	.63	2.54
Increase (Harkin amendment) day	.09	.35

TOTAL CONSUMER COST FROM AMENDMENT, \$7.2 BILLION.

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SAVING IN GOVERNMENT COST FROM AMENDMENT, \$7.60 BILLION.

INCREASE IN FARM NET INCOME FROM AMENDMENT, \$8.5 BILLION.

MR. HARKIN. MR. PRESIDENT, I WISH THAT I COULD TAKE CREDIT FOR THE GOOD IDEAS THAT ARE CONTAINED IN THIS AMENDMENT, BUT I CANNOT. THIS IS A PROGRAM THAT WAS WRITTEN BY FARMERS THEMSELVES AS A RESULT OF GRASSROOTS ORGANIZING ACTIVITIES THROUGHOUT THE COUNTRY. THIS APPROACH HAS RECEIVED THE BACKING OF A BROAD COALITION OF FARM AND BANKING ORGANIZATIONS.

I HAVE A LIST OF GROUPS SUPPORTING MY POSITION. THE INDEPENDENT BANKERS ASSOCIATION OF AMERICA SUPPORTS PROVIDING FOR A REFERENDUM AMONG WHEAT AND FREE GRAIN PRODUCERS. I HAVE A LETTER OF SUPPORT FROM THE UNITED AUTO WORKERS FOR THIS AMENDMENT. I HAVE A WHOLE LIST OF ORGANIZATIONS AND ASSOCIATIONS -- EVERYTHING FROM THE ROCKY MOUNTAIN FARMER'S UNION TO THE TEXAS FARMER'S UNION TO THE NORTH DAKOTA FARM BUREAU TO THE MINNESOTA SOYBEAN ASSOCIATION. LITERALLY HUNDREDS OF GROUPS SUPPORT THIS CONCEPT.

I ASK UNANIMOUS CONSENT THAT THIS LIST OF SUPPORTING ORGANIZATIONS AND INDIVIDUALS BE PRINTED IN THE RECORD.

THERE BEING NO OBJECTION, THE LIST WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

AMERICAN AGRICULTURE MOVEMENT, INC. AND ALL STATE AFFILIATES.

NORTH AMERICAN FARM ALLIANCE.

ROCKY MOUNTAIN FARMERS UNION.

THE SEAFARERS INTERNATIONAL UNION OF NORTH AMERICA.

NEBRASKA WHEAT GROWERS ASSOCIATION.

TEXAS CORN GROWERS ASSOCIATION.

IOWA FARM UNITY COALITION.

CENTER FOR RURAL STUDIES.

LEAGUE OF RURAL VOTERS.

ARKANSAS FARMERS UNION.

OHIO FAMILY FARM MOVEMENT.

ILLINOIS FARMERS UNION.

MISSOURI CATHOLIC RURAL LIFE CONFERENCE.

IOWA NATIONAL FARMERS ORGANIZATION.

AMERICAN FARMLAND TRUST.

NEBRASKA FARM CRISIS COMMITTEE.

TEXAS FARMERS UNION.

MISSOURI AFL-CIO.

CALIFORNIA ASSOCIATION OF FAMILY FARMERS.

KANSAS CITY CAP COUNCIL.

WISCONSIN FARM UNITY COALITION.

ARKANSAS GOV. BILL CLINTON.

RURAL LIFE COUNCIL, ST. PAUL ARCHDIOCESE.

IOWA UNITED AUTO WORKERS.

ILLINOIS FARM ALLIANCE.

TEXAS WHEAT GROWERS.

IOWA FARMERS UNION.

PRAIRIE FIRE.

MINNESOTA UNITED AUTO WORKERS UNION.

FAMILY FARM LEGAL ASSISTANCE PROJECT.

ILLINOIS NATIONAL FARMERS ORGANIZATION.

SOUTHWESTERN MISSOURI AG & RURAL TRADE (SMART).

OHIO PUBLIC INTEREST CAMPAIGN.

ILLINOIS SOUTH PROJECT.

MINNESOTA GROUNDSWELL.

DAKOTA SURVIVAL LEAGUE.

ILLINOIS PUBLIC ACTION COUNCIL.

BISHOP MAURICE DINGMAN OF THE DES MOINES, IOWA DIOCESE.

MICHIGAN DEMOCRATIC AGRICULTURE COMMITTEE.

FARM ALLIANCE OF RURAL MISSOURI.

TEXAS FAMILY FARM AND RANCH ADVISORY COMMITTEE.

MISSOURI GROUNDSWELL.

IOWA CATHOLIC RURAL LIFE CONFERENCE.

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MINNESOTA SEVENTH DISTRICT FOR THE '85 FARM BILL.

WISCONSIN GROUNDSWELL.

FLOYD AGRICULTURAL ENERGY COOPERATIVE.

MICHIGAN FARM UNITY.

MISSOURI UAW.

FRIENDS OF A NON-VIOLENT WORLD.

TEXAS AGRICULTURE COMMISSIONER JIM HIGHTOWER.

FAMILY FARM ORGANIZING RESOURCE CENTER.

RURAL VIRGINIA, INC.

NATIONAL GRAIN SORGHUM PRODUCERS.

NORTHWEST MINNESOTA AG-ACTION, INC.

FRIENDS OF THE EARTH, MINNESOTA.

HUNGER ACTION COALITION.

MINNESOTA FIRST DISTRICT FOR THE '85 FARM BILL.

NORTHERN SUN ALLIANCE.

METRO COMMITTEE FOR THE '85 FARM BILL.

CLERGY & LAITY CONCERNED.

MINNESOTA CATHOLIC RURAL LIFE DIRECTORS.

LAND STEWARDSHIP PROJECT.

TWIN CITIES CO-OP ASSOCIATION.

NORTH AMERICAN WATER OFFICE.

NEW MEXICO FARMERS UNION.

NORTH DAKOTA FARM BUREAU.

MINNESOTA SOYBEAN ASSOCIATION.

INDEPENDENT BANKERS ASSOCIATION OF AMERICA.

MR. HARKIN. MR. PRESIDENT, I POINT OUT THAT THESE INDIVIDUALS AND THESE GROUPS WHO SUPPORT THIS AMENDMENT REALLY REPRESENT PEOPLE. THEY REPRESENT FAMILY FARMERS, NOT THE BIG BOYS, NOT THE PROCESSORS, NOT THE SHIPPERS, NOT THE MANUFACTURERS. THEY REPRESENT GRASS ROOTS FARMERS, AND THAT IS WHERE THE SUPPORT FOR THIS AMENDMENT IS COMING FROM.

MR. PRESIDENT, THAT COMPLETES MY EXPLANATION OF THE AMENDMENT. I WOULD NOW LIKE TO ADDRESS SOME OF THE OBVIOUS QUESTIONS THAT WILL BE RAISED.

FIRST, SOME WILL CLAIM THAT THIS IS A MANDATORY PROGRAM WHICH WILL REQUIRE EVERY WHEAT AND CORN FARMER TO PARTICIPATE. THIS IS NOT THE CASE, BECAUSE ONLY THOSE FARMERS DESIRING TO SELL GRAIN IN THE DOMESTIC MARKET WILL HAVE TO PARTICIPATE. IF YOU DO NOT WANT TO, YOU DO NOT HAVE TO COME UNDER THIS PROGRAM AS A FARMER. EVEN IF THE REFERENDUM WERE TO PASS AND YOU DID NOT WANT TO PARTICIPATE, YOU WOULD NOT HAVE TO. IT WOULD MEAN THAT YOU WOULD NOT GET A MARKETING CERTIFICATE, BUT YOU COULD STILL TAKE YOUR GRAIN AND FEED IT TO YOUR LIVESTOCK ON YOUR OWN FARM OR SELL IT IN EXPORT. BUT ONLY THOSE FARMERS WHO PARTICIPATE WOULD GET THE MARKETING CERTIFICATE SO THAT THEY COULD MARKET THEIR GRAIN IN THE DOMESTIC MARKET.

UNDER THE PENDING BILL, LOAN RATES FOR BOTH WHEAT AND CORN ARE DECREASED SUBSTANTIALLY, THUS WIDENING THE SPREAD BETWEEN THE TARGET PRICE AND THE LOAN. ALL PREDICTIONS ARE THAT UNDER THE PENDING BILL CASH PRICES WILL ALSO DECLINE AS THE LOAN RATE IS DECREASED, MAKING THE POTENTIAL DEFICIENCY PAYMENT MUCH LARGER THAN EVER BEFORE. THIS WILL INDUCE RECORD PARTICIPATION IN THE FARM PROGRAM BECAUSE FEW FARMERS WILL BE ABLE TO AFFORD STAYING OUT OF THE PROGRAM. THIS IS CONFIRMED BY THE CBO WHICH ESTIMATES THAT PARTICIPATION IN THE WHEAT A FEED GRAIN PROGRAMS OVER THE NEXT 4 YEARS UNDER THE COMMITTEE BILL WILL EXCEED 90 PERCENT OF THE BASE.

SO, WHILE THOSE WHO SAY THAT UNDER MY APPROACH, WITH THE REFERENDUM, THEY WOULD BE FORCED INTO PARTICIPATING, I CAN ONLY ADD THAT UNDER THE PRESENT CBO ESTIMATES, 90 PERCENT OF THE WHEAT AND FEED GRAIN FARMERS WOULD BE FORCED INTO THE PROGRAM. UNDER EITHER APPROACH, MY AMENDMENT OR THE PENDING BILL, WE WOULD HAVE ABOUT THE SAME LEVEL OF PROGRAM PARTICIPATION. SO IF ANYBODY SAYS IT IS MANDATORY, THAT IS JUST A RED HERRING.

NEXT, I WOULD LIKE TO DISCUSS THE IMPACT THAT MY AMENDMENT WOULD HAVE UPON EXPORTS. AS WE EXAMINE THE GLOBAL MARKETPLACE, LET US KEEP THESE POINTS IN MIND. FIRST, BECAUSE WE SUPPLY NEARLY 60 PERCENT OF THE WORLD'S FEED GRAINS IN INTERNATIONAL TRADE AND 40 PERCENT OF THE WORLD'S WHEAT, THE UNITED STATES EFFECTIVELY SETS THE WORLD PRICE.

IN A RECENT STATEMENT BY THE AUSTRALIAN WHEAT BOARD, MR. JAMES R. SMITH WROTE:

WE, THE AUSTRALIAN WHEAT BOARD, EXPRESS THE VIEW THAT BECAUSE THE USA IS THE WORLD'S LARGEST EXPORTER OF WHEAT AS WELL AS BEING THE WORLD'S RESIDUAL SUPPLIER, THE USA AUTOMATICALLY SETS THE WORLD BASE PRICE FOR WHEAT.

THERE YOU HAVE IT. EVEN THE AUSTRALIAN WHEAT BOARD SAYS THAT WE SET THE WORLD PRICE.

SECOND, WE ARE THE ONLY COUNTRY IN THE WORLD, THE ONLY ONE, THAT EXPORTS ITS GRAIN THROUGH PRIVATE GRAIN COMPANIES. EVERY OTHER COUNTRY, WITHOUT EXCEPTION, USES A GOVERNMENTAL OR QUASI-GOVERNMENTAL GRAIN BOARD TO SET THE PRICE AT WHICH THAT COUNTRY WILL SELL GRAIN.

THE UNITED STATES SETS WORLD PRICES AND OTHER COUNTRIES USE GRAIN BOARDS TO PEG THEIR PRICES JUST BELOW OURS. IF OUR PRICES ARE HIGH, THEIRS ARE HIGH AND VICE VERSA.

IT WORKS LIKE THIS: LET US SAY THE SOVIET UNION WANTS TO BUY 10 MILLION TONS OF CORN AND THE MARKET PRICE IN THE UNITED STATES IS \$2 PER BUSHEL. THE ARGENTINA GRAIN BOARD HAS TWO MILLION TONS OF CORN TO SELL IN THE INTERNATIONAL MARKET, SO THEY APPROACH THE SOVIET UNION AND OFFER 2 MILLION TONS AT \$1.95 PER BUSHEL. IF THE SOVIETS DO NOT LIKE THAT PRICE, THE ARGENTINES WILL BID DOWN TO \$1.90 TO SELL THEIR CORN. THE SOVIET UNION BUYS 2 MILLION TONS FROM ARGENTINA AND THE OTHER 8 MILLION TONS FROM THE UNITED STATES.

NOW, IF THE PRICE OF CORN IN THE UNITED STATES IS \$3.50 PER BUSHEL, WILL THE ARGENTINA GRAIN BOARD OFFER TO SELL 2 MILLION TONS AT \$1.95 A BUSHEL? OF COURSE NOT. THE ARGENTINES MAY OFFER TO SELL THEIR CORN FOR \$3.45 A BUSHEL OR EVEN \$3.40 A BUSHEL, BUT A GRAIN BOARD WILL ALWAYS MAXIMIZE THE EARNINGS THEY CAN GET IN THE INTERNATIONAL MARKET.

SO THE UNITED STATES CAN HAVE, AND IN THE PAST HAS HAD, THE EFFECT OF RAISING GRAIN PRICES AROUND THE WORLD OR LOWERING GRAIN PRICES AROUND THE WORLD, DEPENDING UPON THE ACTIONS WE TAKE.

THIRD, RAISING THE PRICE OF GRAIN ON A WORLDWIDE BASIS WILL NOT ONLY HELP OUR FARMERS BUT IT WILL HELP OTHER COUNTRIES, ESPECIALLY THE THIRD WORLD COUNTRIES WHERE THEY NEED TO EARN MORE MONEY. THE REAGAN ADMINISTRATION'S POLICY OF LOWERING PRICES OF GRAINS IN THE WORLD MARKET WILL NOT ONLY BANKRUPT OUR FARMERS BUT FARMERS IN DEVELOPING NATIONS AS WELL. WE SHOULD NOT TAKE THE LEAD IN DRIVING DOWN THE ECONOMIES OF DEVELOPING THIRD WORLD NATIONS. THIS IS A SURE-FIRE FORMULA FOR CREATING MORE CHAOS AND UNREST AND POTENTIAL VIOLENCE IN THE DEVELOPING COUNTRIES.

IN ADDITION, THE ARGUMENT IS MADE THAT TO MAINTAIN THE PRICE LEVELS IN THIS AMENDMENT, IT WOULD NECESSITATE A PIK-TYPE ACREAGE REDUCTION PROGRAM EVERY YEAR. THIS IS SIMPLY NOT TRUE. THE PAYMENT-IN-KIND [PIK] PROGRAM OF 1983 WAS A DISASTER. WE WENT FROM 8.2 BILLION BUSHEL OF CORN PRODUCED IN 1982, TO 4.2 BILLION IN 1983, AND THEN BACK UP TO 7.7 BILLION IN 1984 -- A DEFINITE ROLLER COASTER IN BOOM-AND-BUST PRICES FOR OUR FARMERS. WE NEED STABILITY OVER A LONGER PERIOD OF TIME.

THE UNITED STATES NEEDS ABOUT 5 BILLION BUSHEL OF CORN FOR DOMESTIC USES AND ABOUT 2 BILLION FOR EXPORT.

WHEN SUPPLY IS IN LINE WITH DEMAND, THE MARKET DYNAMICS ARE SUCH THAT A VERY SMALL REDUCTION IN THE GRAIN SUPPLY WILL CAUSE A SUBSTANTIAL INCREASE IN PRICE. LIKEWISE, A SMALL OVERPRODUCTION CAN CAUSE A DRASTIC DECREASE IN PRICE. WE DO NOT WANT TO PRODUCE JUST 4.2 BILLION BUSHEL OF CORN AS WE DID DURING THE PIK PROGRAM. WE WANT TO PRODUCE SOMEWHERE AROUND 7 BILLION, NOT 8.5, BUT SOMEWHERE AROUND 7, A LITTLE BIT MORE SOME YEAR BUT MAYBE A LITTLE LESS SOME YEAR, BUT NOT THE DRASTIC INCREASES AND DECLINES AS WE HAD IN THE PIK PROGRAM.

LAST, ANOTHER ARGUMENT USED WAS THE LIVESTOCK AND POULTRY PRODUCTION WOULD SHIFT ABROAD WHERE FEED COSTS WOULD BE LOWER. I ALREADY ANSWERED THAT BECAUSE GRAIN PRICES AROUND THE WORLD WOULD TEND TO GO UP SO FOREIGN POULTRY AND LIVESTOCK PRODUCERS WOULD NOT HAVE A LEG UP ON US.

ALSO THEY SAY OUR DOMESTIC MEAT INDUSTRY WOULD BE HURT, BUT IF THERE IS ANYTHING

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THAT IS AS TRUE AS NIGHT FOLLOWS DAY IT IS THAT CHEAP GRAIN LEADS TO CHEAP LIVESTOCK. IT HAS HAPPENED BEFORE AND IT WILL HAPPEN AGAIN.

THE BEST THING WE COULD DO FOR OUR LIVESTOCK PRODUCERS WOULD BE TO GET THE GRAIN PRICE UP AND HOLD IT UP FOR A LONG PERIOD OF TIME.

MR. PRESIDENT, IN SUMMARY, ALL I AM ASKING IS THAT WE GIVE FARMERS A VOICE AND A VOTE IN THEIR FUTURE. THEY ARE NOT ASKING FOR A LOT, JUST A CHANCE TO HAVE A VOTE, A CHANCE TO MAKE A GO OF IT ON THEIR OWN.

WE HAVE A CRISIS. WE SHOULD PUT THESE POLITICS ASIDE. WE SHOULD CRAFT LEGISLATION THAT WILL NOT BANKRUPT OUR FARMERS IN THIS COUNTRY.

ONE THING IS CLEAR: AT A TIME WHEN FAMILY FARMERS ARE LOSING THEIR LAND, IT IS TIME FOR BOLD ACTION, FOR NEW POLICIES AND NEW DIRECTIONS.

OUR FARMERS HAVE SURVIVED DROUGHTS AND FLOODS AND HAILSTORMS, BUT THEY ARE NOT SURVIVING THE FARM POLICIES OF THIS ADMINISTRATION.

OUR FARMERS WANT TO EXPRESS THEMSELVES. SOMETIMES THEY CANNOT DO IT HERE. OH, YES, THERE ARE LOBBYISTS ALL OVER HERE. THERE ARE ALL KINDS OF LOBBYISTS, SOME OF THEM MY VERY CLOSE FRIENDS. BUT THEY ARE VERY FAR REMOVED FROM THOSE FARMERS OUT THERE IN THE FIELD AND SOMETIMES WHAT THEY WANT KIND OF GETS LOST HERE.

LOOK WHAT WE JUST DID ON SOYBEANS. THE SOYBEAN ASSOCIATION CAME IN AND WANTED THIS PROGRAM WHICH PAYS \$35 AN ACRE, AND DECREASES THE LOAN RATE NEXT YEAR, AND WE SAW WHAT HAPPENED TO THE SOYBEAN PRICES. SOYBEAN FARMERS DID NOT WANT THAT. BUT SOME OF THEIR LOBBYISTS UP HERE DID. I DO NOT THINK THERE IS A CLEARER EXAMPLE OF WHAT I MEAN BY TAKING WHAT WE DO HERE AND PUTTING OUT TO THE FARMERS FOR A VOTE AND LETTING THEM VOTE ON IT. I HAVE A FEELING, IF WE HAD A REFERENDUM ON THE SOYBEAN PROGRAM IN THIS BILL, WE WOULD HAVE SEEN A DIFFERENT RESULT BECAUSE FARMERS COULD HAVE SAT DOWN AND PENCILED OUT WHAT WOULD HAVE HAPPENED TO THEM.

THAT IS WHAT I AM ASKING FOR IN THIS AMENDMENT. GIVE THE FARMERS A CHANCE TO VOTE. YOU ARE NOT DICTATING ANYTHING TO THEM. YOU ARE JUST GIVING THEM THE RIGHT TO CHOOSE BETWEEN WHATEVER WE THINK IS BEST FOR THEM HERE IN THIS BODY AND WHAT THEY THINK IS BEST FOR THEM. GIVE THEM A RIGHT TO VOTE -- THAT IS ALL WE ASK FOR.

MR. PRESIDENT, I RESERVE THE REMAINDER OF MY TIME.

THE PRESIDING OFFICER. WHO YIELDS TIME?

IF NO ONE YIELDS TIME, TIME WILL RUN EQUALLY AGAINST BOTH SIDES.

MR. HARKIN. MAY I INQUIRE HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER. THIRTY-FOUR MINUTES.

MR. HARKIN. I DO NOT SEE ANY OPPONENTS HERE. EVIDENTLY, THEY HAVE NOTHING TO SAY ABOUT IT. THEREFORE, I YIELD SUCH TIME AS HE MAY DESIRE TO THE DISTINGUISHED SENATOR FROM NEBRASKA.

MR. EXON. I THANK MY FRIEND FROM IOWA.

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MR. PRESIDENT, I HAVE SEEN OTHERS RISING IN STRONG SUPPORT OF THE AMENDMENT OFFERED BY MY COLLEAGUE FROM IOWA AND IF HE HAS NOT ADDED ME AS A COSPONSOR OF THE AMENDMENT, I WOULD LIKE TO HAVE MY NAME ADDED AT THIS TIME.

MR. HARKIN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE DISTINGUISHED SENATOR FROM NEBRASKA [MR. EXON] BE ADDED AS A COSPONSOR OF THE AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. EXON. I SAY TO MY COLLEAGUES IN SUPPORT OF THIS AMENDMENT THAT SINCE THE OPPOSITION TO THE AMENDMENT IS NOT HERE TO OFFER ANY AMENDMENTS OPPOSED TO IT, I AM JUST WONDERING, IS THIS SOMETHING THAT COULD BE ADOPTED UNANIMOUSLY WITHOUT A VOTE AS MANY OTHER MATTERS HAVE BEEN DISPOSED OF TODAY?

COULD I ASK THE MANAGERS OF THE BILL, SINCE THERE IS NO OPPOSITION, EVIDENTLY, ON THE FLOOR NOW AND, AS I UNDERSTAND IT, NONE OF THE TIME IN OPPOSITION TO THE HARKIN AMENDMENT HAS BEEN USED AND POSSIBLY WILL NOT BE -- I HESITATE TO USE ALL OF THE TIME ON THIS SIDE UNTIL WE AT LEAST HEAR THE OPPOSITION TO THE MEASURE SO THAT WE MIGHT REBUT. SO I WOULD RATHER SPEAK IN REBUTAL IF THERE IS GOING TO BE ANY OPPOSITION TO THE BILL. IF NOT, MIGHT I SUGGEST TO THE MANAGERS OF THE BILL THAT IF THERE IS NO OPPOSITION, WOULD IT BE IN ORDER TO ACCEPT THE HARKIN AMENDMENT BY VOICE VOTE, WHICH I THINK THE SENATOR FROM IOWA WOULD NOT OBJECT TO?

MR. HARKIN. IN RESPONSE, IF THEY WANT TO VOICE VOTE IT OR ACCEPT IT, THAT IS FINE, IF THERE IS NO OPPOSITION TO IT.

MR. HELMS. MR. PRESIDENT, I RECOGNIZE THAT WE HAVE A CHRISTMAS TREE AROUND THIS PLACE, BUT THE SENATOR NEED NOT LOOK FOR A GIFT YET.

HE NEED NOT WORRY ABOUT USING THE TIME. HE HAS 34 MINUTES REMAINING. I THINK HE CAN PROCEED.

MR. EXON. IF THE SENATOR WILL YIELD ME TIME, I WILL BE GLAD TO GIVE OPENING REMARKS ON THIS.

MR. HARKIN. I AM GLAD TO YIELD 5 MINUTES OF MY TIME TO THE DISTINGUISHED SENATOR FROM NEBRASKA.

MR. EXON. MR. PRESIDENT, THERE HAS BEEN NO AMENDMENT OFFERED DURING DEBATE ON THE FARM BILL, NOR I SAY WILL THERE BE AN AMENDMENT OFFERED TO THE FARM BILL THAT WILL SAVE MORE MONEY THAN THE AMENDMENT THAT IS BEING OFFERED BY THE SENATOR FROM IOWA.

THIS IS BY FAR AND AWAY THE BEST WAY THAT WE CAN REDUCE THE COSTS TO THE TAXPAYERS OF THE FARM PROGRAM BY ACCEPTING THE AMENDMENT OFFERED BY THE SENATOR FROM IOWA, TO WHICH MY COLLEAGUE, SENATOR ZORINSKY, AND MYSELF ARE ENTHUSIASTIC COSPONSORS.

THIS IS A SITUATION THAT HAS BEEN BROUGHT ABOUT BY MANY OF THE FARM ORGANIZATIONS AND THE FARMERS THEMSELVES SAYING "WE RECOGNIZE THAT ONE OF THE MAIN PROBLEMS THAT WE HAVE TODAY, ALONG WITH MANY OTHERS, IS THE FACT THAT WE ARE PRODUCING MORE RAW MATERIALS TODAY THAN WE CAN SELL AS A PROFIT."

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SO THEY ARE SIMPLY SAYING IF WE CAN ADOPT THIS AS POLICY OF THE FEDERAL GOVERNMENT, IT WOULD BEGIN IMMEDIATELY TO INSTITUTE A POLICY FOR FARMERS TO NOT PLANT AS MUCH OF THE GIVEN CROPS AS THEY OTHERWISE WOULD AND, THEREFORE, GET ON THE ROAD TO NOT ONLY HAVING BILLIONS AND BILLIONS OF DOLLARS IN REDUCTION IN THE COST OF AGRICULTURAL PROGRAMS, BUT LIKEWISE HAVE THE SALUTARY SITUATION OF RAISING FARM PRODUCTS TO A LEVEL WHERE THE FARMERS WOULD NOT NEED NOR WOULD THEY WANT A FARM PROGRAM.

IT SEEMS TO ME, THEREFORE, THAT THE AMENDMENT OFFERED BY THE SENATOR FROM IOWA IS STRONGLY SUPPORTED BY EVERY POLL THAT I HAVE SEEN AMONG NOT ONLY FARMERS IN FARM STATES BUT PEOPLE WHO RESIDE IN FARM STATES, AND I DO NOT KNOW, MR. PRESIDENT, WHETHER IT HAS BEEN ENTERED INTO THE RECORD OR NOT BY MY COLLEAGUE FROM IOWA, BUT A FEW DAYS AGO I TALKED ON THE FLOOR AND ENTERED IN THE MAIN STATISTICS OF A SIGNIFICANT SURVEY AMONG FARMERS IN OUR NEIGHBORING STATE OF KANSAS, STRONGLY IN SUPPORT OF THE FARMERS HAVING A RIGHT TO VOTE IN A REFERENDUM WHETHER A PROPOSAL LIKE THE ONE OFFERED BY THE SENATOR FROM IOWA SHOULD BE ADOPTED.

YESTERDAY A SEPARATE POLL IN A SEPARATE NEWSPAPER, THIS PARTICULAR NEWSPAPER BEING THE LINCOLN STAR OF LINCOLN, NE, INDICATED THE SAME SATISFACTORY APPROVAL RATING OR HIGHER AMONG NOT ONLY FARMERS BUT AMONG THE PEOPLE OF NEBRASKA AS A WHOLE.

I CAN SAY IT NO BETTER THAN I HEARD IT SAID BY MY COLLEAGUE FROM IOWA A FEW MOMENTS AGO: THIS IS A SELF-HELP SITUATION BEING OFFERED TO REDUCE THE OUTLAYS AND COST TO THE TAXPAYER OF FARM PROGRAMS BY ASKING THE FARMERS THEMSELVES TO MAKE SOME SACRIFICES. BUT THE IMPORTANT THING IS WE ARE NOT MANDATING THIS. THIS IS A VOLUNTARY PROGRAM AND IT WOULD NOT GO INTO EFFECT UNLESS THE FARMERS THEMSELVES AND THE COMMODITIES AFFECTED VOTE FOR TAKING THAT ACTION.

SO IT IS EFFECTIVE FROM THAT STANDPOINT, MR. PRESIDENT. IT IS A VERY EFFECTIVE CHECK AND BALANCE ABOUT WHAT WE DO OR DO NOT DO HERE BY REFERRING THAT TO THE FARMERS AND ALLOW THEM TO VOTE ON THEIR OWN DESTINY, SO TO SPEAK, ON THE VARIOUS COMMODITIES INVOLVED.

I SEE, REALLY, BASICALLY NOTHING WRONG WHATSOEVER WITH THIS PROGRAM. I SUSPECT THAT HAD WE EVEN OFFERED SOMETHING LIKE THIS 5 YEARS AGO, THERE WOULD HAVE BEEN OVERWHELMING REJECTION ON THE PART OF THE FARMERS BECAUSE FARMERS THEMSELVES WILL AGREE THAT WHAT MOST FARMERS LIKE TO DO, WHAT ALL FARMERS LIKE TO DO, IS TO PLANT BIGGER AND BETTER EACH AND EVERY YEAR. THEY ARE OPTIMISTS, HONEST, STRAIGHTFORWARD PEOPLE BY NATURE, AND, GENERALLY SPEAKING, THEIR THEORY IS THAT: "IF I WORK HARD, IF I PLANT AND IF I HARVEST, AND IF I MAKE THE EXTENSIVE CAPITAL INVESTMENT REQUIREMENTS THAT ARE NECESSARY TO RAISE A CROP TODAY, THAT I AM BASICALLY WILLING TO TAKE MY RESPONSIBILITY AND MY RISK."

THE PRESIDING OFFICER. THE SENATOR'S TIME HAS EXPIRED.

MR. EXON. I ASK UNANIMOUS CONSENT FOR ONE ADDITIONAL MOMENT.

MR. HARKIN. I YIELD 5 MINUTES TO THE SENATOR FROM NEBRASKA.

MR. EXON. I WILL ONLY NEED ONE ADDITIONAL MOMENT AND I WILL RESERVE THE BALANCE OF THE TIME.

WHAT I AM SAYING, MR. PRESIDENT, IS THAT THIS IS A SELF-HELP PROGRAM THAT FARMERS HAVE PUT TOGETHER FOR FARMERS AND FOR PROTECTING THE FOOD PLANT OF THE UNITED STATES OF AMERICA.

SO I SIMPLY SAY, MR. PRESIDENT, THAT I HOPE THAT THE SENATE WILL NOT GET IN THE WAY OF A THOUGHTFUL, CONSTRUCTIVE PROGRAM LIKE THIS. LET US PASS IT. LET US PUT IT INTO EFFECT AND LET US SEE IF IT WILL WORK.

I RESERVE THE BALANCE OF ANYTIME ASSIGNED TO ME.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. HARKIN. I YIELD 3 MINUTES TO THE DISTINGUISHED SENATOR FROM NEBRASKA, SENATOR ZORINSKY.

MR. ZORINSKY. MR. PRESIDENT, I SUPPORT THE AMENDMENT OF THE SENATOR FROM IOWA, SENATOR HARKIN, TO ESTABLISH A QUOTA PROGRAM SUBJECT TO A REFERENDUM. I THINK HISTORY WILL SHOW US THAT ALL THE SOLOMONS AND THE WISDOM AND THE GENEROSITY OF THE BUREAUCRACY AND THE ELECTED OFFICIALS IN WASHINGTON, DC, THUS FAR HAVE NOT RESOLVED THE PROBLEM OF OVERPRODUCTION OF AGRICULTURE COMMODITIES IN THIS NATION. THE SURPLUSES HANGING OVER THE MARKET ARE WHAT, IN EVERY ECONOMIST'S ESTIMATION, CAUSE LOW PRICES. THEREFORE, SUPPLY MANAGEMENT IS NECESSARY. WITHOUT SOME TYPE OF SUPPLY MANAGEMENT APPLIED TO ALL COMMODITIES SOLD IN THIS COUNTRY, FARMERS WILL BE HEADED TO THE 11 BANKRUPTCY COURTS.

YOU CANNOT SELL SOMETHING FOR LESS THAN WHAT IT COSTS TO PRODUCE AND STAY IN BUSINESS. THE KEY WORD FOR STAYING IN BUSINESS IS PROFIT. AND THE ONLY WAY YOU CAN PROFIT, AS A RESULT OF YEARS UNDER PREVIOUS FARM BILLS, WE MUST HAVE SUPPLY MANAGEMENT IF WE ARE TO HAVE SUPPLY IN SYNCHRONIZATION WITH DEMAND. IF THAT DOES NOT HAPPEN, WE WILL CONTINUE TO HAVE AN OVERSUPPLY AND THAT IS OUR PROBLEM IN AGRICULTURE. THAT IS WHY THIS IS SO VITAL TO THE NATION.

IN THE FARM LAND THAT I VISITED, THE ONE BYWORD I HEAR IS: "YOU GREAT PEOPLE IN WASHINGTON THAT HAVE BROUGHT US FARM BILL AFTER FARM BILL AFTER FARM BILL. THESE BILLS HAVE ALSO GIVEN US SURPLUSES THAT HAVE DEPRESSED THE PRICES OF COMMODITIES. FOR ONCE, GIVE US A CHANCE IN OUR LIFETIME TO MAKE THE DECISION FOR OURSELVES. WE ARE THE EXPERTS IN THIS BUSINESS."

AND I DEFER TO THEIR OPINION. A FARMER KNOWS MUCH MORE ABOUT FARMING THAN THIS FORMER MAYOR OF OMAHA, NE. I GREW UP AND WAS RAISED IN AN URBAN ATMOSPHERE. SO I ASK MY COLLEAGUES TO GIVE AN OPPORTUNITY TO THOSE THAT ARE HAVING THE ECONOMIC PLIGHT IN MID-AMERICA, FARMERS OF AMERICA, TO AT LEAST MAKE THEIR CHOICE. FARMERS MAY NOT AGREE WITH THE END RESULTS AND MAY VOTE AGAINST THE PROGRAM THIS TYPE OF A REFERENDUM WOULD OFFER THEM. BUT AT LEAST GIVE FARMERS THAT VOICE. IN DOING SO, YOU WILL GIVE THEM THE SAME VOICE THAT THE VOTERS OF AMERICA HAVE BEEN GIVEN BY OUR CONSTITUTION WHICH ENABLES US AS SENATORS TO SIT IN THIS CHAMBER AND VOTE.

MR. PRESIDENT, THE NATION SIMPLY PRODUCES MORE GRAIN THAN IT CAN CONSUME OR SELL ABROAD. THIS HAS LED TO THE ACCUMULATION OF MASSIVE GOVERNMENT SURPLUSES, ACCOMPANIED BY PLUMMETING MARKET PRICES AND SKYROCKETING GOVERNMENT EXPENDITURES. GROWERS, IN RESPONSE TO LOW MARKET PRICES, HAVE SIGNED UP EN MASSE FOR GOVERNMENT FARM PROGRAMS. PROGRAM PARTICIPATION FOR THE UPCOMING CROP YEAR WILL

LIKELY APPROACH 100 PERCENT.

THIS INCREASED PROGRAM PARTICIPATION HAS LED TO GREATER GOVERNMENT EXPENDITURES FOR DEFICIENCY PAYMENTS UNDER INCOME SUPPORT/TARGET PRICE PROVISIONS, INCREASED SURPLUS ACCUMULATION THROUGH LOAN FORFEITURES UNDER PRICE SUPPORT/LOAN RATE PROVISIONS, AND INCREASED GOVERNMENT EXPENSE RELATED TO THE STORAGE OF GOVERNMENT-OWNED GRAIN AND GRAIN IN THE FARMER-OWNED RESERVE.

THE NEED FOR AN EFFECTIVE SUPPLY MANAGEMENT PROGRAM IS OVERWHELMING. FOR EXAMPLE, THE AMERICAN FARM BUREAU FEDERATION REPORTS THAT CURRENT WHEAT ACREAGE EXCEEDS DEMAND BY 34 PERCENT. SOME ECONOMISTS PREDICT THAT IF PRESENT TRENDS CONTINUE, DEMAND FOR OUR GRAIN WILL BE SEVERELY REDUCED THROUGH THE REMAINDER OF THE CENTURY. GIVEN THE CONTINUING ADVANCES IN GENETICS, HYBRIDIZATION, AND BIOTECHNOLOGY, AS WELL AS A HEIGHTENED DESIRE BY OUR CURRENT PURCHASERS ABROAD TO BECOME MORE NUTRITIONALLY SELF-SUFFICIENT, THIS ESTIMATE MAY BE CONSERVATIVE. AT ANY RATE, THE NEED FOR FENCEROW-TO-FENCEROW PRODUCTION IS ABSENT, AT LEAST FOR THE FORESEEABLE FUTURE.

IN FACT, ANOTHER ADMINISTRATIVELY-IMPOSED PAYMENT-IN-KIND PROGRAM [PIK] APPEARS POSSIBLE, UNLESS LEGISLATIVE ACTION IS TAKEN TO REDUCE SURPLUSES IN A MORE ORDERLY MANNER AND WITH LESS DETRIMENTAL EFFECT ON AGRIBUSINESS.

CONCEPTUALLY, SUPPLY MANAGEMENT MERELY ENTAILS BRINGING PRODUCTION INTO BALANCE WITH DEMAND. IT IS THE MOST FUNDAMENTAL TENET OF THE MARKETPLACE. GENERAL MOTORS DOES NOT OPERATE ITS PLANTS AT FULL CAPACITY WHEN TO DO SO WOULD GLUT THE MARKET AND FORCE IT TO SELL UNITS BELOW THEIR COST OF PRODUCTION. YET THIS IS EXACTLY WHAT WE FORCE OUR FARMERS TO DO. THE ABSENCE OF EFFECTIVE SUPPLY MANAGEMENT WOULD BANKRUPT GENERAL MOTORS JUST AS IT IS BANKRUPTING OUR NATION'S AGRICULTURAL PRODUCERS.

MUCH OF THE OPPOSITION TO SUPPLY MANAGEMENT COMES FROM ENTITIES WHOSE PRIMARY INTERESTS DO NOT INCLUDE THE RETURN OF PROFITABILITY TO AGRICULTURE. MANY OF THESE ENTITIES BENEFIT FROM FULL PRODUCTION AND CHEAP GRAIN. I UNDERSTAND THEIR CONCERNS. BUT WHAT THEY NEED TO UNDERSTAND IS THAT FEDERAL FARM PROGRAMS SHOULD WORK TO THE PRIMARY BENEFIT OF PRODUCERS, AND THAT WHEN PRODUCTION AGRICULTURE IS PROFITABLE, THE COROLLARY INDUSTRIES THAT SUPPORT AND ARE IN TURN SUPPORTED BY AGRICULTURE WILL BE PROFITABLE AS WELL. SHORT-TERM POLICIES DESIGNED TO BENEFIT AGRIBUSINESS ARE DOOMED TO FAIL IN THE LONG RUN IF THE PRODUCER CANNOT MAKE A PROFIT AND SURVIVE.

THE PRESIDING OFFICER. THE SENATOR HAS USED THE TIME YIELDED TO HIM.

MR. HARKIN. MR. PRESIDENT, MAY I INQUIRE, HOW MUCH TIME DO I HAVE REMAINING?

THE PRESIDING OFFICER. TWENTY-TWO MINUTES AND TWENTY-FOUR SECONDS.

MR. GRASSLEY. WILL THE SENATOR YIELD ME SOME TIME?

MR. HARKIN. MR. PRESIDENT, I YIELD 10 MINUTES TO MY DISTINGUISHED COLLEAGUE AND FRIEND FROM IOWA, SENATOR GRASSLEY.

MR. GRASSLEY. I WOULD SUGGEST I MAY NOT USE ALL THE 10 MINUTES, BUT I DO APPRECIATE

THE ALLOCATION AND IF I DO NOT USE IT I WILL YIELD IT BACK.

FIRST OF ALL, I THANK MY COLLEAGUE FOR YIELDING TO ME.

I RISE IN SUPPORT OF THIS AMENDMENT. I URGE MY COLLEAGUES TO VOTE IN FAVOR OF THE AMENDMENT. IT CALLS FOR A FARMER REFERENDUM FOR THE FARMERS THEMSELVES TO DECIDE WHETHER OR NOT THEY WANT THE FARM BILL CRAFTED BY OUR CONGRESSIONAL DELIBERATIONS OR WHETHER THEY WANT ONE THAT WOULD GIVE FARMERS AN OPTION FOR LARGER PRODUCTION CONTROLS IN EXCHANGE FOR HIGHER PRICE SUPPORTS.

THIS IS NOT THE MANDATORY CONTROL REFERENDUM THAT MY COLLEAGUE FROM IOWA WAS CONSIDERING OFFERING EARLIER THIS YEAR. THIS REFERENDUM, IF PASSED, WOULD STILL, HOWEVER, PROVIDE FARMERS WITH THE OPTION OF PARTICIPATING OR NOT PARTICIPATING.

SOME MAY ARGUE THAT IF THE REFERENDUM PASSES, FARMERS ARE NOT OFFERED MUCH OF A CHOICE. WELL, I KNOW A LOT OF FARMERS FROM IOWA WOULD ARGUE THAT THEY ARE NOT BEING GIVEN MUCH OF A CHOICE WITH WHAT CONGRESS PRESENTLY HAS CRAFTED IN WHAT WAS PROBABLY THE MOST CONTROVERSIAL VOTE SO FAR ON THE DELIBERATION ON THIS FARM BILL, THE PACKAGE THAT WAS PUT TOGETHER THIS WEEK.

I HAVE ALREADY TOLD YOU WHAT THE PRESENT BILL WOULD COST CORN FARMERS FROM WHAT THEY HAVE UNDER THE 1985 FARM PROGRAM. IT COULD COST AS MUCH AS 82 CENTS PER BUSHEL DURING THE NEXT 3 YEARS. NOW, EVERYONE HERE FROM THE MIDWEST KNOWS THAT WE CANNOT AFFORD THAT IN IOWA OR NEBRASKA OR ANYPLACE ELSE IN THE CORN-GROWING REGIONS OF THIS COUNTRY. AND THAT IS WHAT THE PROPOSAL BEFORE US COULD DO.

I BELIEVE THAT MAYBE SOME PEOPLE MIGHT FALL BACK FROM THIS PROPOSAL FOR A REFERENDUM, FEELING, "WHY MIX UP REFERENDUMS WITH FARM PROGRAMS?" I WANT TO SUGGEST TO YOU THAT REFERENDUMS ARE NOT A NEW CONCEPT. IT IS OBVIOUS THAT THEY HAVE BEEN AROUND FOR YEARS -- REFERENDUMS DEALING WITH FARM PROGRAMS, CONSTITUTIONAL AMENDMENTS, FISCAL ISSUES, TAX ISSUES, ENVIRONMENTAL ISSUES, JUST TO NAME A FEW.

KEEP IN MIND, THE AGRICULTURE ADJUSTMENT ACT OF 1938 PROVIDED FOR MANDATORY PRODUCTION CONTROLS THROUGH FARMER REFERENDUMS. AND ALTHOUGH CORN FARMERS NEVER VOTED TO INVOKE THESE CONTROLS, I WILL REMIND MY COLLEAGUES THAT TOBACCO AND PEANUTS, FOR INSTANCE, HAVE BEEN BROUGHT UNDER MANDATORY CONTROLS AND REMAIN SO TODAY.

ALL WE ARE SUGGESTING HERE TODAY IS THAT OTHER FARMERS NOW BE GIVEN ANOTHER OPPORTUNITY TO VOTE AGAIN ON THIS MATTER. IT IS CLEAR TO ME, AND IT SHOULD BE TO MY COLLEAGUES, THAT OUR FARMERS KNOW THEIR BUSINESS BETTER THAN MOST OF US IN CONGRESS AND ARE THEREFORE QUITE ABLE IN A REFERENDUM TO DECIDE WHETHER OR NOT A CERTAIN PROGRAM OPTION IS THE BEST WAY TO GO.

AS I STATED, REFERENDUMS ARE NOT A NOVEL IDEA. RECENTLY, I RECEIVED A REPORT ENTITLED "INITIATIVE AND REFERENDUM REPORT," PRODUCED BY THE INSTITUTE FOR GOVERNMENT AND POLITICS. MR. PAUL M. WEYRICH IS THE PUBLISHER OF THIS REPORT. THE REPORT DESCRIBES ITSELF AS, I QUOTE, "A MONTHLY NONPARTISAN ANALYSIS OF DIRECT DEMOCRACY."

LET ME REPEAT THAT: A NONPARTISAN ANALYSIS OF DIRECT DEMOCRACY.

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MR. WEYRICH'S REPORT STATES THAT VOTERS IN NINE STATES AND THE DISTRICT OF COLUMBIA WILL CONSIDER A TOTAL OF 53 BALLOT PROPOSITIONS IN STATEWIDE ELECTIONS THIS NOVEMBER. IN ADDITION, CITIZENS IN DOZENS OF COMMUNITIES WILL CONSIDER A RANGE OF LOCAL BALLOT PROPOSITIONS.

THESE REFERENDUMS DEAL WITH NUCLEAR WASTE; RENT CONTROLS; SEWAGE TREATMENT AND WATER QUALITY; HIGHWAY, BRIDGE, AND AIRPORT IMPROVEMENT; RAILROAD REHABILITATION; PINELANDS PROTECTION; LEGISLATIVE VETO; JOB DEVELOPMENT BONDS; ENLARGING COURT JURISDICTION; REAL ESTATE TAXES; COAL RESEARCH; TAX EXEMPTIONS FOR WIDOWS OF VETERANS -- AND I COULD GO ON AND ON.

IF CITIZENS THROUGHOUT THE UNITED STATES ARE ALLOWED TO PARTICIPATE IN THIS "DIRECT DEMOCRACY", WHY SHOULD NOT THE FARMERS OF THE UNITED STATES BE GIVEN THE SAME OPTION?

SOME MAY BE CONCERNED THAT FARMERS MIGHT VOTE IN FAVOR OF A MORE RESTRICTIVE FARM POLICY. IF YOU ARE TRULY CONCERNED ABOUT THAT, INSTEAD OF VOTING AGAINST THIS REFERENDUM AMENDMENT, WHY NOT HELP DEVELOP A BETTER FARM PROGRAM SO THEY WON'T NEED TO VOTE FOR THIS ALTERNATIVE?

MR. PRESIDENT, THIS AMENDMENT ASKS YOU TO VOTE TO GIVE FARMERS THE RIGHT TO CHOSE BETWEEN TWO FARM PROGRAM OPTIONS. SOME MAY NOT LIKE THE OPTION IT PROVIDES. WELL, YOU SHOULD REALIZE THAT THIS IS NOT MY COLLEAGUE'S ORIGINAL PROPOSAL. IT IS NOT A MANDATORY CONTROLS OPTION. MY COLLEAGUE FROM IOWA HAS ALREADY MADE MAJOR CONCESSIONS AND CHANGES IN HIS PROPOSAL TO ACCOMMODATE SEVERAL OF HIS COLLEAGUES FROM HIS SIDE OF THE AISLE. THIS IS A VOLUNTARY PROPOSAL, NOT MANDATORY.

BUT THE BOTTOM LINE IS, REGARDLESS OR WHETHER OR NOT YOU THINK IT IS A GOOD FARM PROGRAM OPTION, NO ONE WHO CONTINUES TO SUPPORT MARKETING ORDERS, ACREAGE ALLOTMENTS, AND QUOTAS FOR OTHER COMMODITIES SHOULD ARGUE THAT GRAIN FARMERS OUGHT NOT HAVE THE SAME RIGHT AS THESE OTHER FARMERS TO VOTE IN A REFERENDUM TO DETERMINE THEIR PROGRAM.

I URGE MY COLLEAGUES TO SUPPORT THIS AMENDMENT.

LET ME SUGGEST TO YOU THAT THERE IS AN AWFUL LOT OF CONTACT I HAVE HAD FROM FARM ORGANIZATIONS AROUND THE UNITED STATES, PARTICULARLY THEIR REPRESENTATIVES IN IOWA WHO HAVE OPPOSED MY POSITION ON FARMER REFERENDUM. I EXPLAINED THAT EVEN IF CONGRESS COMES UP WITH A VERY GOOD FARM BILL, AND QUITE FRANKLY, IN MY ESTIMATION, IT DOES NOT LOOK LIKE WE ARE GOING TO BE ABLE TO COME UP WITH ONE AS GOOD AS I WOULD HOPE FOR, WOULD PROPOSE, AND ACTUALLY THOUGHT WE MIGHT GET. BUT EVEN SUSPECTING THAT WE MIGHT GET THE VERY BEST FARM BILL, IT SEEMS TO ME AS I TOUR MY STATE -- AND I GET TO EACH ONE OF THE 99 COUNTIES AT LEAST ONCE A YEAR FOR GRASSROOTS MEETINGS -- THAT THERE STILL IS NOT A FEELING OUT THERE THAT CONGRESS REALLY UNDERSTANDS THE AGRICULTURAL PROBLEM.

AND I FEEL THAT THIS REFERENDUM WILL BRING CREDIBILITY TO WHATEVER FARM BILL WE PASS -- GOOD OR NOT SO GOOD OF A FARM BILL -- BUT IT WILL BRING SOME CREDIBILITY TO THAT FARM BILL BECAUSE IT IS GOING TO HAVE OUR FARMERS FEEL AS IF THEY HAVE HAD AN OPPORTUNITY TO PARTICIPATE IN THE PROCESS OF DECIDING THEIR POCKETBOOK.

THAT IS A WORTHY GOAL IN AND OF ITSELF BECAUSE A BASIC PROBLEM WE HAVE HERE IN THE

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CONGRESS OF THE UNITED STATES, PROBABLY WORSE WITH FARM LEGISLATION BUT TRUE OF A LOT OF THINGS WE DO HERE, IS THAT THERE IS NOT A LOT OF CREDIBILITY WITH WHAT WE DO. I FEEL THIS REFERENDUM LENDS CREDIBILITY TO WHATEVER FARM BILL REACHES THE PRESIDENT'S DESK.

I WANT TO CONTRIBUTE TO REESTABLISHING SOME CREDIBILITY IN OUR POLICIES OUT OF THIS DEPARTMENT, BUT I ALSO WANT TO GIVE FARMERS WHO KNOW BETTER THAN ANY OF US DO WHAT THEIR CONDITION IS, AND HOW THEY OUGHT TO BE ABLE TO RESPOND TO IT, AND A VOICE IN DETERMINING THEIR DESTINY.

I YIELD BACK MY UNUSED TIME.

MR. HARKIN. MR. PRESIDENT, I WANT TO THANK MY ESTEEMED COLLEAGUE FROM IOWA FOR A VERY ELOQUENT STATEMENT WHICH HE JUST MADE.

SENATOR GRASSLEY AND I SERVED TOGETHER FOR MANY YEARS IN THE OTHER BODY ON THE AGRICULTURE COMMITTEE. I HAVE ALWAYS FOUND MY COLLEAGUE TO BE CLOSELY IN TUNE WITH FARMERS, WHAT THEY ARE THINKING, AND WHAT THEIR NEEDS ARE.

I THINK WHAT MY COLLEAGUE JUST SAID ABOUT THE CREDIBILITY ISSUE IS RIGHT. FARMERS OUT THERE THINK WE JUST LEFT THEM OUT, THAT THEY REALLY DO NOT HAVE ANY INPUT ANY LONGER INTO SOME OF THE THINGS WE ARE DOING.

I HAD NOT THOUGHT OF THAT. I HAD NOT THOUGHT OF THAT ASPECT OF IT. BUT I THINK BY US PROVIDING THIS KIND OF A REFERENDUM TO THE FARMERS, IT WILL GO A LONG WAY TOWARD RESTORING THE CREDIBILITY THAT WE NEED, AND THAT THE DEPARTMENT OF AGRICULTURE NEEDS WITH THE FARMING COMMUNITY OF THIS COUNTRY. THAT IS A VERY PERCEPTIVE STATEMENT MADE BY MY COLLEAGUE.

I WANT TO THANK HIM FOR HIS SUPPORT OF THIS AMENDMENT.

I WANT TO THANK HIM FOR THE VERY FINE STATEMENT THAT HE JUST MADE.

MR. GRASSLEY. IF MY COLLEAGUE WILL YIELD?

MR. HARKIN. I AM HAPPY TO YIELD.

MR. GRASSLEY. I SUGGEST TO THE SENATOR THAT I APPRECIATE SOME RESPONSES THAT THE SENATOR MADE TO SOME ASPECTS OF THE BILL THAT I DESIRE TO HAVE CHANGED SO THAT I CAN SUPPORT IT. I APPRECIATE THAT VERY MUCH. BUT MORE IMPORTANTLY, THIS IS A CONTROVERSIAL APPROACH. THE SENATOR RECOGNIZES IT. THERE IS NOTHING WRONG WITH CONTROVERSY. THAT IS WHAT MAKES THIS BODY FUNCTION. THAT IS WHAT PARTICIPATORY DEMOCRACY IS ALL ABOUT.

I THINK THE SENATOR HAS SHOWN TREMENDOUS LEADERSHIP IN TAKING THIS ISSUE, AND THE SENATOR HAD TO CRAFT IT TO SATISFY A LOT OF DIFFERENT DIVERGENT GROUPS. IT DID COME IN PRETTY MUCH IN THE WAY OF GRASSROOTS PARTICIPATION IN ITS RIGHT. I THINK THERE ARE VERY FEW PIECES OF LEGISLATION THAT I SEE LIKE THIS THAT REALLY COME FROM THE GRASSROOTS UP.

I FIRST BECAME ACQUAINTED WITH IT LAST JANUARY WHEN I ATTENDED MY FIRST MEETING WITH THOUSANDS OF PEOPLE IN SIOUX CITY, WHO CAME IN AND SAID, "WE WANT TO HELP WRITE

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A FARM BILL." THERE WERE A LOT OF DIFFERENT IDEAS PRESENTED AT A LOT OF OTHER MEETINGS ALL OVER THE MIDWEST FOR THAT MATTER, NOT JUST IN OUR STATE.

MAYBE I AM WRONG. BUT I PERCEIVE THIS TO BE THE PRODUCT OF THAT GRASSROOTS WORK.

MR. HARKIN. I THANK MY COLLEAGUE. I THINK IT IS. I THINK THAT IS EXACTLY WHERE IT CAME FROM. FROM ALL I HAVE BEEN ABLE TO FIND THIS IS EXACTLY WHERE IT DID COME FROM.

AGAIN, I APPRECIATE THE SENATOR'S INVOLVEMENT IN THIS, AND THE SENATOR'S SUGGESTIONS THAT MY COLLEAGUE MADE ALONG THE WAY THAT WE MADE CHANGES IN THIS TO INCORPORATE INTO SOME ASPECTS THAT WOULD BE MORE ACCEPTABLE TO BROADER SEGMENTS OF AGRICULTURE. I THINK WE STILL CAME OUT WITH THE BASIC UNDERLYING CONCEPT OF WHAT THE FARMERS WANT. I THANK THE SENATOR FOR HIS SUGGESTIONS, ADVICE, AND COUNSEL ALONG THE WAY.

MR. PRESIDENT, HOW MUCH TIME DO I HAVE?

THE PRESIDING OFFICER. NINE MINUTES, THIRTY-SEVEN SECONDS.

MR. HARKIN. I RESERVE THE BALANCE OF MY TIME, MR. PRESIDENT.

THE PRESIDING OFFICER. WHO YIELDS TIME?

A TIME TO CHOOSE: DON'T FORGET THAT IT'S THE FARMER WHO FEEDS US ALL

MR. HART. MR. PRESIDENT, RECENTLY THE ADMINISTRATION ANNOUNCED NEW CROP AND EXPORT DATA IN AN EFFORT TO SHOW THAT THE SENATE AGRICULTURE COMMITTEE BILL WOULD BE UNAFFORDABLE. THEY TELL US THAT THE CURRENT CONDITIONS WILL PUSH THE COST OF THE BILL'S COMMITTEE COMMODITY SUPPORT PROGRAMS ALONE TO BETWEEN \$60 BILLION AND \$70 BILLION.

BUT THOSE NEW FIGURES TELL US A GREAT DEAL MORE:

THE NEW DATA CONFIRM THAT FARM EXPORTS ARE ON A NOSEDIVE -- IN LARGE PART, BECAUSE THIS ADMINISTRATION HAS NO POLICY TO MAKE OUR CROPS COMPETITIVE IN WORLD MARKETS.

THE NEW FIGURES SUGGEST THAT GOVERNMENT-HELD STOCKS WILL BE SO HIGH AS TO DEMAND EXTRAORDINARY ACTION BY CONGRESS. PRODUCTION FAR EXCEEDS THE ESTIMATES USDA GAVE US PRIOR TO SENATE COMMITTEE ACTION ON THE FARM BILL.

THE GOVERNMENT'S NEW COST PROJECTIONS FOR THE COMMODITY PROGRAMS ARE PREMISED ON HIGH PARTICIPATION RATES; THEIR PREMISE CONFIRMS THAT PRICES ARE SO WEAK THAT HARDWORKING FARMERS WILL PARTICIPATE IN ANY PROGRAM IN RECORD NUMBERS.

INDEED, THE ADMINISTRATION HAS UNINTENTIONALLY MADE THE MOST FORCEFUL ARGUMENT FOR ALLOWING FARMERS THE CHOICE OF A STRICT SUPPLY MANAGEMENT PROGRAM. THIS IS THE APPROACH ADVOCATED BY MY COLLEAGUE FROM IOWA, SENATOR HARKIN.

IT IS THE MOST EFFECTIVE FARM PROGRAM PROPOSAL YET OFFERED. IT WILL DRAMATICALLY REDUCE MARKET DEPRESSING OVERSUPPLIES SHOULD IT BE APPROVED. IT ENCOURAGES LONG-TERM EXPORT CONTRACTS AT STABLE FAIR PRICES AND IT OFFERS THE FLEXIBILITY TO DEVISE DIRECT FARM CREDIT ASSISTANCE WITHIN OUR CURRENT BUDGET TARGETS. THE

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PRODUCER REFERENDUM ON SUPPLY MANAGEMENT HAS THE POTENTIAL TO MEET THE ADMINISTRATION'S STATED NO. 1 GOAL IN FARMLEGISLATION, IT STAYS WITHIN BUDGET AND IT MEETS THE FARMERS NO. 1 NEED, IT INCREASES FARM INCOME.

A CONTINUATION OF CURRENT PROGRAMS WOULD BE DARING ONLY IN ITS REFUSAL TO RECOGNIZE AND REMEDY THE SERIOUSNESS OF WHAT IS UNDENIABLY A NEW FARM DEPRESSION.

WE KNOW THAT FARM PRICES, IN RELATION TO PRODUCTION COSTS, ARE AT THEIR WORST LEVEL SINCE 1932; EXPORTS ARE DOWN 16 PERCENT FROM THIS TIME LAST YEAR. YET, THE ADMINISTRATION SAYS WE MUST ACCEPT 3 OR 4 MORE YEARS OF FALLING FARM PRICES. CRISIS HOTLINES IN IOWA AND COLORADO TELL US WE CANNOT ACCEPT THE CONSEQUENCES OF SUCH A DECISION. DEPRESSION BRED THREE SUICIDES LAST WEEK IN IOWA. BANKRUPTCIES AND FORCED LIQUIDATIONS OF CENTURY FARMS AND FORMER "FARMERS OF THE YEAR" TELL US THIS IS NOT MERELY A LOSS OF INEFFICIENT FARMERS.

WE CANNOT AFFORD A COURSE OF INACTION THAT WILL INEVITABLY RESULT IN THE COLLAPSE OF OUR FARM SECTOR. WE CANNOT AFFORD TO CREATE A NEW CLASS OF RURAL POOR. FARMERS WOULD RATHER PRODUCE COMMODITIES FOR AMERICAN AND WORLD CONSUMPTION THAN STRAIN ALREADY-OVERBURDENED SOCIAL PROGRAMS. AND WE CANNOT AFFORD TO LET OUR FOOD SUPPLY SYSTEM BE CONTROLLED BY THOSE WHO WOULD DICTATE FOOD SUPPLY AND PRICE FROM A CORPORATE BOARDROOM.

WE MUST REMEMBER THAT IT'S THE FARMER WHO FEEDS US ALL. THE SURVIVAL OF OUR FAMILY FARMS IS ALL THAT GUARANTEES ADEQUATE SUPPLIES OVER THE LONG-TERM AT REASONABLE PRICES FOR ALL AMERICANS.

MR. PRESIDENT, THE TIME HAS COME TO ALLOW OUR FAMILY FARMERS TO CHOOSE WHETHER THEY WISH TO WORK COOPERATIVELY TOWARD A SOLUTION. THEY SHOULD HAVE THE CHOICE OF JOINTLY REDUCING OVERSUPPLY THROUGH THE PRODUCTION OF A PORTION OF THEIR HISTORIC YIELD IN A WAY THAT MAINTAINS FARM INCOME.

SOME ARGUE THAT SUCH A MEASURE WOULD BOOST CONSUMER PRICES. BUT ANY RISE IN CONSUMER FOOD PRICES WOULD BE SMALLER THAN THE EVENTUAL COSTS OF THE DEMISE OF FAMILY FARMING. IF WE ARE TO SUSTAIN THAT SYSTEM, ALL AMERICANS MUST CONTRIBUTE TO THE SOLUTION -- FARMERS, CONSUMERS, AND THE MIDDLEMAN CORPORATIONS. IT IS WELL KNOWN THAT FARM PRICES BEAR LITTLE RELATIONSHIP TO FOOD PRODUCT COST. A LOAF OF BREAD MAY CONTAIN 3 CENTS WORTH OF WHEAT. A CANDY BAR LESS THAN 3 CENTS WORTH OF SUGAR. IF FARM PRICES IMPROVE, FOOD PRICES GO UP. IF FARM PRICES GO DOWN, FOOD PRICES STAY THE SAME. THIS ADMINISTRATION MUST HOLD THE LINE ON INFLATIONARY FOOD PRICES, NOT THE INCOME RECEIVED BY FARMERS.

THE ADMINISTRATION'S CONCERN FOR OUR BUDGET IS JUSTIFIED. INTEREST RATES ARE STAGGERING FOR FARMERS. FARMING IS THE MOST CAPITAL INTENSIVE INDUSTRY IN AMERICA. DEFICIT REDUCTION IS ESSENTIAL IF WE ARE TO REDUCE REAL INTEREST RATES, REVIVE OUR BALANCE OF TRADE, AND MAINTAIN THE FISCAL INTEGRITY OF OUR GOVERNMENT. I HAVE SUPPORTED EFFORTS TO BRING COSTS UNDER THE SENATE AGRICULTURE COMMITTEE BILL DOWN WITHOUT SCALING BACK FARM INCOME. BUT IT IS INCREASINGLY CLEAR THAT THE ONLY REALISTIC WAY TO ADOPT A FISCALLY RESPONSIBLE FARM BILL IS TO EMBRACE A COST-SAVING SUPPLY MANAGEMENT PROGRAM.

A VOLUNTARY SUPPLY MANAGEMENT PROGRAM THAT TARGETS ASSISTANCE AT SMALL- AND

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MEDIUM-SIZED FAMILY FARMS CAN STAY WITHIN BUDGET WHILE REDUCING OVERSUPPLY. IF WE ADD TO THAT PROGRAM SOME FORM OF DIRECT CREDIT ASSISTANCE TO DRAW OUT FARM DEBT AT REASONABLE INTEREST RATES, WE WOULD HAVE A SOUND DEFENSE AGAINST THE MUSHROOMING FARM CREDIT CRISIS.

BY KEEPING FAMILY FARMERS ON THE LAND WE WILL PROTECT AMERICA'S CONSUMERS AND ECONOMY. BY GUARANTEEING THAT MORTGAGES WILL BE PAID, WE PROVIDE OUR FARM BANK INSTITUTIONS WITH A BACKUP INSTEAD OF A BAILOUT. IF THIS BODY AND THE ADMINISTRATION ALLOW FARMERS THE RIGHT TO CHOOSE, WE CAN FIND A PATH TO SURVIVAL FOR RURAL AMERICA.

IN THE ABSENCE OF A NEW FARM BILL, WE WILL AUTOMATICALLY REVERT TO LEGISLATION IN PERMANENT LAW SINCE 1949 THAT WOULD COST \$74.8 BILLION OVER 3 YEARS AS OPPOSED TO \$35.1 BILLION FOR A SUPPLY MANAGEMENT APPROACH. REVERTING TO THAT LAW WOULD GUARANTEE A BUDGET HEMORRHAGE. FOR EXAMPLE, ACCORDING TO USDA'S ECONOMIC RESEARCH SERVICE, THE \$16 PER HUNDREDWEIGHT SUPPORTS IT PROVIDES FOR DAIRY WOULD COST OVER A QUARTER BILLION DOLLARS A MONTH AND WOULD WREAK HAVOC ON ANY ORDERLY APPROACH TO IMPROVING OUR FARM POLICY. NO RESPONSIBLE FAMILY FARMER OR URBAN TAXPAYER WILL CONDONE SUCH A FAILURE BY OUR POLICY MAKERS TO ACT AND TO LEAD.

OUR CHOICES ARE APPARENT. WE CAN ALLOW THE PRODUCTION OF AMERICA'S FOOD TO BE CONTROLLED BY A FEW CORPORATE FARMS THAT WASTE ENERGY AND DEplete THE LAND. OR WE CAN WORK FOR A FISCALLY RESPONSIBLE SOLUTION TO PRESERVE THE BROAD-BASED FARM ECONOMY.

WE CAN ASK AMERICA TO ACT TOGETHER TO AVOID DESTRUCTION OF OUR FARM ECONOMY, OR WE CAN SIT IDLY AS AMERICA SEVERS ITS RURAL ROOTS.

MR. PRESIDENT, I WOULD CLOSE BY ENTERING INTO THE RECORD SOME LINES FROM A SONG POPULAR WITH MIDWESTERN FARMERS DURING THE 1880'S. AS WE CONSIDER WHO WILL TILL THE LAND NEXT YEAR AND THE YEARS AFTER, THIS SONG HOLDS A MESSAGE FOR US ALL:

WHEN THE FARMER COMES TO TOWN/WITH HIS WAGON BROKEN DOWN/THE FARMER IS THE ONE WHO FEEDS US ALL.

THEN THEY TAKE HIM BY THE HAND/AND THEY LEAD HIM FROM THE LAND/AND THE MIDDLE MAN'S THE ONE WHO GETS IT ALL.

WITH THE INTEREST RATE SO HIGH/IT'S A WONDER HE DON'T DIE/FOR THE MORTGAGE MAN'S THE ONE WHO GETS IT ALL.

THE FARMER'S PANTS ARE WEARING THIN/HIS CONDITION IT'S A SIN/DON'T FORGET THAT HE'S THE MAN WHO FEEDS US ALL.

MR. LEVIN. MR. PRESIDENT, THE HARKIN AMENDMENT WOULD RESULT IN PRODUCTION CONTROLS ON WHEAT AND CORN, UNDER CERTAIN CONDITIONS

ALTHOUGH I WILL VOTE FOR THE AMENDMENT, I WANT TO DISCUSS SOME OF THE SERIOUS QUALMS I HAVE WITH IT. FIRST, UNDER THE AMENDMENT, ONLY 60 PERCENT OF THE PRODUCERS WOULD HAVE TO APPROVE OF THIS MANDATORY SYSTEM FOR IT TO GO INTO EFFECT. I WOULD HAVE BEEN MORE COMFORTABLE WITH A REQUIREMENT OF 75 PERCENT, A FIGURE CLOSER TO A CONSENSUS.

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FURTHERMORE, I AM ALSO CONCERNED THAT BY REDUCING THE SUPPLY OF DOMESTIC GRAIN, AS THIS AMENDMENT MIGHT LEAD TO, WE COULD END UP RAISING THE WORLD PRICE OF GRAIN FOR CONSUMERS.

I AM ALSO TROUBLED BY THE DEGREE OF GOVERNMENT INTERVENTION IN AGRICULTURE WHICH THIS AMENDMENT SUGGESTS.

BUT IT IS IMPORTANT TO KEEP IN MIND THAT THESE SERIOUS CONCERNS ABOUT THE HARKIN AMENDMENT ARE IN THE CONTEXT OF AN EVEN MORE SEVERE CRISIS IN AGRICULTURE. INNOVATIVE MEASURES WILL HAVE TO BE TAKEN IN ORDER TO REMEDY THE SITUATION. IN THE 1930'S IN AN EFFORT TO REVITALIZE A STRICKEN ECONOMY, FRANKLIN D. ROOSEVELT WAS WILLING TO EXPERIMENT WITH SOLUTIONS WHICH INVOLVED RISKS. I BELIEVE THE TIME HAS COME WITH RESPECT TO THE FARM ECONOMY TODAY WHEN WE CANNOT AFFORD NOT TO TAKE SOME RISKS. THE HARKIN AMENDMENT AT MOST INVOLVES A LIMITED 2-YEAR RISK THAT WE SHOULD BE WILLING TO TAKE IN ORDER TO OBTAIN SOME STABILITY, RAISE FARM INCOME, GET SUPPLY AND DEMAND BACK IN SYNC, AND TO REDUCE AND REDUCE GOVERNMENT EXPENDITURES.

WE ARE FACING A SEVERE BUDGET DEFICIT IN THIS COUNTRY. AND THAT CRISIS REQUIRES DRASTIC MEASURES. THE CONGRESSIONAL BUDGET OFFICE ESTIMATED THIS AMENDMENT WOULD SAVE THE GOVERNMENT \$35 BILLION OVER THE NEXT 4 YEARS. THAT IS A SIGNIFICANT SAVINGS WHICH I DO NOT BELIEVE WE CAN IGNORE.

FOR THOSE REASONS, I WILL VOTE FOR THE HARKIN ALTERNATIVE.

MR. DOLE. MR. PRESIDENT, I DO NOT THINK WE ARE GOING TO TAKE MUCH TIME ON THIS AMENDMENT. IT IS SO BAD I HOPE WE DO NOT HAVE TO TALK TOO LONG ABOUT IT.

IT IS AN AMENDMENT THAT LOST IN THE HOUSE BY 69 VOTES. IT IS, AS I UNDERSTAND IT, CALLED A VOLUNTARY PROGRAM. BUT IT IS NOT A VOLUNTARY PROGRAM. WHAT HAPPENS? SAY I WOULD LIKE TO KNOW IF IT IS VOLUNTARY, AND THEN I STAY OUT OF THE PROGRAM. WOULD THE SENATOR FROM IOWA EXPLAIN TO ME WHAT HAPPENS? WHAT RIGHTS DO I HAVE AS A PRODUCER?

MR. HARKIN. IF THE SENATOR WILL YIELD, I WILL BE GLAD TO RESPOND TO THAT.

IF YOU HAVE A REFERENDUM, AS IT PASSED, YOU HAVE THE OPTION OF GOING IN THE PROGRAM OR NOT. IF YOU WENT IN THE PROGRAM, YOU WOULD GET A MARKETING CERTIFICATE WHICH WOULD ALLOW YOU TO MARKET A CERTAIN AMOUNT OF GRAIN, FEED GRAINS OR WHEAT ON THE DOMESTIC MARKET.

IF YOU WERE NOT IN THE PROGRAM, YOU CAN DO TWO OTHER THINGS. YOU COULD FEED THE GRAIN TO YOUR LIVESTOCK ON YOUR FARM WITHOUT ANY PENALTY, OR YOU COULD SELL IT IN EXPORT. YOU JUST COULD NOT SELL IT DOMESTICALLY. IF YOU WERE NOT IN THE PROGRAM, YOU COULD FEED IT OR SELL IT AS EXPORT CHATTEL FOR THE WORLD PRICE.

MR. DOLE. AGAIN I DO NOT QUARREL. WE HAVE A REFERENDUM IN THE BILL NOW. I AM NOT QUARRELING WITH THAT CONCEPT SO MUCH BUT TO CALL THIS PROGRAM VOLUNTARY PROBABLY MEANS VOLUNTARY BANKRUPTCY FOR THOSE WHO DID NOT PARTICIPATE, PARTICULARLY IF THEY HAVE NOT GOT ANYTHING TO FEED IT TO. THEY CAN EXPORT IT, WHICH I ASSUME REQUIRES SOME EXPORT SUBSIDIES. I GUESS THE DEPARTMENT HAS INDICATED THE COST COULD GET TO \$20 BILLION OR MORE IF YOU ARE GOING TO TRY TO BE COMPETITIVE OR TRY TO SELL SOME OF THE WHEAT.

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THIS AMENDMENT GOT 4 VOTES OUT OF 17 IN THE COMMITTEE. IT LOST BY 69 VOTES IN THE HOUSE.

IT WOULD PRICE U.S. WHEAT AND CORN OUT OF EXPORT MARKETS, FORCING CUTBACKS OF 55 PERCENT AND 20 PERCENT RESPECTIVELY.

I UNDERSTAND, FROM THE INFORMATION I HAVE SEEN, THAT MOST OF THE CORN PRODUCERS ARE CONCERNED ABOUT ANYTHING IN EXCESS OF A 10-PERCENT REDUCTION PROGRAM.

COSTS TO LIVESTOCK PRODUCERS WOULD INCREASE, IN SOME CASES DRAMATICALLY.

WE HAVE THE ZORINSKY WHEAT REFERENDUM IN THE 4-YEAR FREEZE -- AND I KNOW THIS IS IMPORTANT TO SOME AND I DO NOT QUARREL WITH THAT -- AND WE ALSO HAVE A WHEAT "TOP" PROGRAM WHICH PROVIDES FOR A CHOICE BETWEEN FIVE INCOME SUPPORT AND REDUCTION LEVELS FOR WHEAT. THE TOP PRICE LEVEL FOR 1986 IS \$5.50 AT A 40-PERCENT ARP IN THE TOP PROGRAM, COMPARED TO \$4.86 AT 35 PERCENT.

I WOULD SUGGEST THE WHEAT PRODUCER IS BETTER OFF WITH A TRULY VOLUNTARY PROGRAM WHERE HE CAN DETERMINE WHAT TARGET PRICE HE WOULD HAVE TO RECEIVE AND HOW MUCH HE WOULD WANT TO RETIRE.

I THINK THE AMENDMENT HAS BEEN WELL DEBATED.

I KNOW THIS AMENDMENT IS WELL SUPPORTED. I HAVE VISITED WITH SOME OF MY FARMER FRIENDS IN THE AMERICAN AGRICULTURE MOVEMENT. THEY GAVE ME A COPY OF THE AMENDMENT YESTERDAY. THEY INDICATED IT WAS VOLUNTARY AND I GUESS IT IS. IN OTHER WORDS, IF YOU DO NOT COMPLY, YOU CAN FEED IT. BUT IF YOU DO NOT HAVE ANYBODY TO FEED IT TO OR ANYTHING TO FEED IT TO, YOU MUST EXPORT IT. IF THERE IS NO EXPORT MARKET, I GUESS YOU CAN PILE IT UP. BUT IT IS ALL VOLUNTARY.

IT SEEMS TO ME THAT THE BEST THING TO DO WITH THIS AMENDMENT AT THE APPROPRIATE TIME IS TO MOVE TO TABLE IT.

MR. HARKIN. WILL THE DISTINGUISHED MAJORITY LEADER YIELD FOR A RESPONSE?

MR. DOLE. I AM HAPPY TO YIELD THE FLOOR.

THE PRESIDING OFFICER. THE SENATOR FROM IOWA.

MR. HARKIN. THIS AMENDMENT, FIRST OF ALL, WAS NOT VOTED ON IN THE COMMITTEE. WHAT WAS VOTED ON IN THE COMMITTEE WAS THE MANDATORY PROGRAM. THERE WAS A LOT OF OPPOSITION TO THAT.

AGAIN, I POINTED OUT IN MY REMARKS, AND THE DISTINGUISHED MAJORITY LEADER MAY NOT HAVE BEEN HERE, THAT CBO ESTIMATED THAT UNDER THE PRESENT BILL WE HAVE, THERE WILL BE 90 PERCENT OR GREATER PARTICIPATION BECAUSE UNDER WHAT IS HAPPENING OUT THERE, THE FARMERS ARE GOING TO PARTICIPATE IN A PROGRAM, EVEN THE BILL WE HAVE BEFORE US NOW, AND THEY ESTIMATE ABOUT 90 PERCENT WOULD PARTICIPATE UNDER MY PROGRAM. SO WE GET ABOUT THE SAME PARTICIPATION WHETHER IT IS UNDER THAT APPROACH OR MY APPROACH. SO BOTH ARE VOLUNTARY TO THAT EXTENT.

ON LIVESTOCK, AS I POINTED OUT BEFORE, CHEAP GRAIN LEADS TO CHEAP LIVESTOCK. THE BEST THING WE CAN DO FOR THEM IS TO HAVE A VERY STABLE, HIGHER PRICE FOR GRAIN OVER A

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LONGER PERIOD OF TIME.

I RESERVE THE REMAINDER OF MY TIME.

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. IS ALL TIME YIELDED BACK?

MR. HARKIN. CAN WE GET AN UP-OR-DOWN VOTE?

MR. DOLE. I AM AFRAID I CANNOT ACCOMMODATE THE SENATOR ON AN UP-OR-DOWN VOTE. I WOULD BE PREPARED TO YIELD BACK THE REMAINDER OF MY TIME IF THE SENATOR IS PREPARED.

MR. HARKIN. MR. PRESIDENT, I SUGGEST THE ABSENCE OF A QUORUM.

THE PRESIDING OFFICER. THE CLERK WILL CALL THE ROLL.

THE LEGISLATIVE CLERK PROCEEDED TO CALL THE ROLL.

MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ORDER FOR THE QUORUM CALL BE RESCINDED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HELMS. MR. PRESIDENT, WE YIELD BACK OUT TIME.

THE PRESIDING OFFICER. DOES THE SENATOR YIELD BACK HIS TIME?

MR. HARKIN. MR. PRESIDENT, IF I COULD ASK THE DISTINGUISHED CHAIRMAN OF THE COMMITTEE, CAN WE GET AN UP-OR-DOWN VOTE ON THIS?

MR. HELMS. YES.

MR. HARKIN. I APPRECIATE THAT.

MR. PRESIDENT, THE YEAS AND NAYS HAVE BEEN ORDERED?

THE PRESIDING OFFICER. YES.

MR. HELMS. I HOPE IT WILL BE MORE DOWN THAN UP.

MR. HARKIN. MR. PRESIDENT, I YIELD BACK THE REMAINDER OF MY TIME.

THE PRESIDING OFFICER. ALL TIME HAS BEEN YIELDED BACK. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM IOWA. THE YEAS AND NAYS HAVE BEEN ORDERED AND THE CLERK WILL CALL THE ROLL.

THE LEGISLATIVE CLERK CALLED THE ROLL.

MR. SIMPSON. I ANNOUNCE THAT THE SENATOR FROM NEW MEXICO [MR. DOMENICI], THE SENATOR FROM NORTH CAROLINA [MR. EAST], THE SENATOR FROM ARIZONA [MR. GOLDWATER],

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THE SENATOR FROM PENNSYLVANIA [MR. SPECTER], AND THE SENATOR FROM CONNECTICUT [MR. WEICKER] ARE NECESSARILY ABSENT.

MR. CRANSTON. I ANNOUNCE THAT THE SENATOR FROM DELAWARE [MR. BIDEN], THE SENATOR FROM OHIO [MR. GLENN], AND THE SENATOR FROM MASSACHUSETTS [MR. KENNEDY] ARE NECESSARILY ABSENT.

THE PRESIDING OFFICER (MR. COCHRAN). ARE THERE ANY OTHER SENATORS IN THE CHAMBER WHO DESIRE TO VOTE?

THE RESULT WAS ANNOUNCED -- YEAS 36, NAYS 56, AS FOLLOWS:

(See ROLLCALL VOTE NO. 337 LEG. in the ROLL segment.)

SO THE AMENDMENT (NO. 1138) WAS REJECTED.

MR. DOLE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS REJECTED.

MR. HELMS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, AM I CORRECT IN MY IMPRESSION THAT REGULAR ORDER WILL BRING UP THE BOSCHWITZ AMENDMENT?

THE PRESIDING OFFICER. THE SENATOR IS CORRECT.

MR. HELMS. AND BEHIND THAT IS THE HAWKINS AMENDMENT?

THE PRESIDING OFFICER. THE SENATOR IS CORRECT.

MR. HELMS. I THANK THE CHAIR.

I THINK THERE MAY BE AN INCLINATION TO POSTPONE THE BOSCHWITZ AMENDMENT A LITTLE WHILE.

MAY I INQUIRE IF THERE ARE OTHER AMENDMENTS? WE MIGHT GO TO THIRD READING.

MR. DOLE. MR. PRESIDENT, I HAVE HAD SEVERAL PEOPLE ASK ME AT 2 O'CLOCK WHAT WE ARE GOING TO DO, AND I DID NOT MAKE THAT ANNOUNCEMENT AT 2 O'CLOCK. IT WOULD HAVE BEEN THAT WE ARE GOING TO BE HERE UNTIL EVENING.

IT IS NOW 5:45, AND I KNOW THAT A NUMBER OF MEMBERS ON BOTH SIDES ARE CONCERNED ABOUT WHEN WE ARE GOING TO WIND DOWN THE AMENDMENTS. I HAVE HAD SUGGESTIONS FROM MEMBERS ON BOTH SIDES ON HOW TO PROCEED.

I WILL SAY THIS: WE ARE GOING TO CONTINUE TO TAKE UP AMENDMENTS. I HOPE THAT MEMBERS WHO HAVE AMENDMENTS THAT THEY REALLY WANT TO BE CONSIDERED WILL CALL THEM UP AND NOT JUST BRING UP AMENDMENTS BECAUSE WE ARE HERE. A LOT OF PEOPLE WOULD RATHER BE ANYWHERE BUT HERE.

I SUGGEST THAT WE HAVE MADE GOOD PROGRESS, AND WE WILL TRY TO OBTAIN VERY SHORT TIME AGREEMENTS ON EVERY AMENDMENT. SO IF SENATORS HAVE AMENDMENTS THEY ARE

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YEARNING TO OFFER, THIS WOULD BE A GOOD TIME. I THINK THERE ARE A COUPLE OF AMENDMENTS PENDING, AND WE MAY BE ABLE TO TAKE CARE OF THEM FIRST.

MR. ZORINSKY. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. DOLE. I YIELD.

MR. ZORINSKY. MR. PRESIDENT, I SAY TO MY COLLEAGUES ON THIS SIDE OF THE AISLE THAT I HAVE FOUND OUT THAT BEING RANKING MINORITY MEMBER, SITTING IN THIS CHAIR, YOU BECOME AN EXPERT ON HOW MANY MORE AMENDMENTS REMAIN AND WHEN WE ARE GOING OUT AND WHETHER AN AIRPLANE TICKET IS GOOD FOR WHATEVER TIME.

I SAY THIS TO MY COLLEAGUES: IF THEY HAVE AMENDMENTS, I WOULD APPRECIATE TIME AGREEMENTS, AS BRIEFLY AS POSSIBLE. HALF THE SQUAWK BOXES ARE TURNED OFF, AND WE HAVE ALL BEEN HERE LONG ENOUGH TO KNOW THAT EXTENDED DEBATE, IN THE END, DOES NOT CHANGE MANY VOTES.

SO IF WE DO WANT TO GET OUT AT A REASONABLE HOUR THIS EVENING, IT IS IN YOUR HANDS, NOT MY HANDS. I APPRECIATE ANY COOPERATION.

MR. HELMS. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. ZORINSKY. I YIELD.

MR. HELMS. WILL YOU NOW TURN TO THIS SIDE OF THE AISLE AND SAY THE SAME THING? [LAUGHTER.]

MR. DOLE. MR. PRESIDENT, I THINK THE SENATOR FROM ARKANSAS [MR. BUMPERS] HAS AN AMENDMENT.

MR. BUMPERS. YES, I DO.

MR. DOLE. I KNOW THAT YOU HAVE 13 OF THEM. I HOPE YOU DO NOT OFFER ALL OF THEM.

MR. BUMPERS. ARE WE WAITING FOR AN AMENDMENT TO BE OFFERED?

THE PRESIDING OFFICER. DOES THE MAJORITY LEADER YIELD THE FLOOR?

MR. HELMS ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM NORTH CAROLINA.

MR. HELMS. MR. PRESIDENT, I HAVE AN AMENDMENT, BUT I WILL DEFER TO THE SENATOR FROM ARKANSAS.

THE PRESIDING OFFICER. THE SENATOR FROM ARKANSAS.

MR. HELMS. BEFORE THE SENATOR CALLS UP HIS AMENDMENT, IS THERE A POSSIBILITY THAT WE CAN NEGOTIATE A TIME AGREEMENT?

MR. BUMPERS. I WILL HAVE TO WAIT A MOMENT. I CANNOT FIND THE AMENDMENT.

MR. HELMS. I HAVE THE SAME PROBLEM.

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THE PRESIDING OFFICER. DOES THE SENATOR FROM ARKANSAS YIELD THE FLOOR?

MR. BUMPERS. YES.

AMENDMENT NO. 1139

(PURPOSE: TO IMPROVE CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT.)

MR. ABDNOR. MR. PRESIDENT, IF IT IS IN ORDER, I WANT TO SUBMIT AN AMENDMENT. I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE SET ASIDE.

MR. ZORINSKY. I OBJECT.

THE PRESIDING OFFICER. OBJECTION IS HEARD TO THE PENDING AMENDMENT BEING SET ASIDE.

THE QUESTION IS ON THE BOSCHWITZ AMENDMENT.

MR. HELMS. MR. PRESIDENT, THE TRAIN LEFT THE STATION, AND I DID NOT HEAR WHAT HAPPENED. WHAT WAS THE UNANIMOUS-CONSENT REQUEST?

THE PRESIDING OFFICER. THE SENATOR FROM SOUTH DAKOTA REQUESTED UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE SET ASIDE.

MR. ABDNOR. I ASK THE CHAIR: IS IT NECESSARY FOR ME TO MOVE THAT THE PENDING AMENDMENT BE SET ASIDE?

THE PRESIDING OFFICER. IT IS NECESSARY THAT UNANIMOUS CONSENT BE REQUESTED. THE UNANIMOUS-CONSENT REQUEST WAS MADE, AND OBJECTION WAS HEARD.

MR. ZORINSKY. MR. PRESIDENT, I WITHDRAW MY OBJECTION.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT WILL BE STATED.

THE BILL CLERK READ AS FOLLOWS:

THE SENATOR FROM SOUTH DAKOTA [MR. ABDNOR] PROPOSES AN AMENDMENT NUMBERED 1139.

MR. ABDNOR. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

ON PAGE 231, AT THE APPROPRIATE PLACE IN THE PENDING AMENDMENT, ADD THE FOLLOWING BETWEEN LINES 5 AND 6 INSERT IN LIEU THEREOF THE FOLLOWING NEW SECTION:

CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT

SEC. . (A) THE SECOND SENTENCE OF THE FIRST PARAGRAPH OF SECTION 508(A) OF THE

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FEDERAL CROP INSURANCE ACT (7 U.S.C. 1508(A)) IS AMENDED BY INSERTING "(INCLUDING WINTERKILL OF WINTER WHEAT)" AFTER "WINTERKILL".

(B)(1) THE SECRETARY OF AGRICULTURE SHALL CONDUCT A STUDY OF THE PRACTICE OF OFFSETTING THE QUANTITY OF WINTER AND SPRING WHEAT OF A PRODUCER FOR THE PURPOSE OF DETERMINING THE AMOUNT OF BENEFITS DUE SUCH PRODUCER UNDER A POLICY INSURED UNDER THE FEDERAL CROP INSURANCE ACT (7 U.S.C. 1501 ET SEQ.).

(2) NOT LATER THAN 180 DAYS AFTER THE DATE OF ENACTMENT OF THIS ACT, THE SECRETARY SHALL REPORT TO THE COMMITTEE ON AGRICULTURE OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY OF THE SENATE ON THE RESULTS OF THE STUDY CONDUCTED UNDER PARAGRAPH (1), TOGETHER WITH ANY RECOMMENDATIONS FOR ANY LEGISLATION OR REGULATIONS NECESSARY TO RECTIFY ANY INEQUITIES IDENTIFIED IN SUCH STUDY.

MR. ABDNOR. MR. PRESIDENT, I HAVE AN AMENDMENT WHICH ADDRESSES A PROBLEM WITH THE FEDERAL CROP INSURANCE PROGRAM WITH RESPECT TO COVERAGE OF WHEAT IN STATES CONSIDERED TO BE PRIMARY GROWING AREAS FOR BOTH WINTER AND SPRING WHEAT.

WHILE SEPARATE PRODUCTION RECORDS -- AND, MORE IMPORTANTLY, SEPARATE PREMIUMS -- ARE REQUIRED FOR WINTER AND SPRING WHEAT, PRODUCTION OF ONE IS OFFSET AGAINST LOSSES OF THE OTHER FOR THE PURPOSE OF DETERMINING BENEFITS.

NOW, IT IS JUST NOT FAIR THAT THE FCIC HAS IT BOTH WAYS. EITHER THEY ARE SEPARATE CROPS OR THEY ARE NOT, AND BOTH PREMIUMS AND BENEFITS SHOULD BE TREATED ACCORDINGLY.

SINCE THIS PROBLEM IS CONFINED TO A LIMITED AREA OF THE COUNTRY, HOWEVER, FCIC HAS INDICATED THAT THE NATIONAL POLICY IS UNLIKELY TO BE CHANGED ADMINISTRATIVELY AND WITHOUT DIRECTION FROM CONGRESS.

A RELATED PROBLEM IS THE ISSUE OF WINTER KILL. ACREAGES PLANTED TO WHEAT IN THE FALL UNDER FCIC COVERAGE ARE NOT ELIGIBLE FOR INDEMNIFICATION DUE TO THE FAILURE OF THE CROP TO SURVIVE THE WINTER. WHILE "REPLANT PAYMENTS" ARE MADE BY FCIC ON CERTAIN ROW CROPS WHICH MUST BE REPLANTED, NO SUCH PAYMENTS ARE MADE FOR WHEAT.

THE FARMER MUST REPLANT SPRING WHEAT OR WINTER-KILLED WHEAT ACREAGES AND THE EFFECT IS THAT THE CROP INSURANCE COVERAGE FOR WHICH HE PAID IN THE FALL IS OF NO VALUE WHATSOEVER TO HIM.

THE WINTER KILL ISSUE IS VERY CLEAR-CUT AND THE SOLUTION IS SIMPLE: FCIC SHOULD BE REQUIRED TO MAKE "REPLANT PAYMENTS" TO THOSE WHO SUFFER WINTER KILL AND ARE FORCED TO REPLANT IN THE SPRING. MY AMENDMENT SIMPLY INCLUDES "WINTER KILL OF WHEAT" IN THE LIST OF RISKS TO BE COVERED BY THE FCIC.

THE "WHEAT IS WHEAT" ISSUE IS MORE COMPLEX, AND MY AMENDMENT WOULD REQUIRE THE FCIC TO STUDY THE INEQUITIES OF OFFSETTING WINTER AND SPRING WHEAT PRODUCTION, TAKE STEPS TO ENSURE FAIRNESS IN THE AREAS CONSIDERED TO BE BOTH SPRING AND WINTER WHEAT-GROWING AREAS, AND REPORT TO CONGRESS ON ANY NEEDED CHANGES IN LAW OR REGULATION TO ADDRESS THIS PROBLEM.

I UNDERSTAND THAT USDA WISHES TO MOVE AWAY FROM DISASTER PAYMENTS TO CROP

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INSURANCE. IN ORDER TO HAVE A CROP INSURANCE POLICY WHICH IS ATTRACTIVE AND BENEFITS FARMERS OF THIS NATION, IT MUST BE FAIR. UNTIL, THERE IS FAIRNESS IN FEDERAL CROP INSURANCE PROGRAMS WE WILL NOT HAVE THE PARTICIPATION LEVELS NEEDED TO KEEP PREMIUMS REASONABLE.

CERTAINLY THE TIME HAS ARRIVED THAT WE SHOULD ADDRESS THOSE PROBLEMS, I URGE THE ADOPTION OF THIS FAIRNESS AMENDMENT.

IF WE REALLY WANT TO GET FEDERAL CROP INSURANCE "OFF AND ROLLING" WE HAVE TO MAKE THESE KINDS OF CORRECTIONS. I THINK THIS IS A STEP IN THE RIGHT DIRECTION.

MR. HELMS. MR. PRESIDENT, THE AMENDMENT OF THE DISTINGUISHED SENATOR FROM SOUTH DAKOTA RECTIFIES WHAT OBVIOUSLY IS A PROBLEM WITH THE FEDERAL CROP INSURANCE PROGRAM IN WINTER WHEAT AREAS.

THIS AMENDMENT -- AND THE SENATOR WILL CORRECT ME IF I AM WRONG -- WOULD MANDATE A STUDY OF THE CROP INSURANCE POLICY WHEREBY WINTER AND SPRING WHEAT ARE CONSIDERED AS ONE FOR DETERMINING INDEMNITY.

MR. ABDNOR. YES; IT WOULD BE A STUDY.

MR. HELMS. MR. PRESIDENT, I SUPPORT THIS AMENDMENT, BUT LET ME ENCOURAGE MY FRIEND FROM SOUTH DAKOTA TO CONSIDER LOOKING INTO SOME PROBLEMS THAT HAVE BEEN BROUGHT TO MY ATTENTION REGARDING THE WINTER WHEAT PROGRAM. SPECIFICALLY, FOR EXAMPLE, IT IS MY UNDERSTANDING THAT WINTER WHEAT THAT IS WINTERKILLED MAY BE ENTERED INTO THE GOVERNMENT SET-ASIDE PROGRAM.

IS THAT RIGHT? I AM SURE THAT IS CORRECT.

MR. ABDNOR. I BELIEVE THAT IS CORRECT.

HOWEVER, IF THE CHAIRMAN WILL YIELD, I WOULD SAY THAT WHEN WHEAT WINTER KILLS, GENERALLY A MAJORITY OF A FIELD FAILS, NOT JUST THE SMALL PORTION WHICH WOULD BE NORMALLY SET-ASIDE. I HAVE SEEN IT COMPLETELY WIPE OUT AREAS. IT IS NOT FAIR THAT WINTERKILL OF WHEAT IS NOT CONSIDERED FOR SOME KIND OF ADJUSTMENT WHEN OTHER CROPS ARE.

MR. HELMS. BUT, IN ANY CASE, IT CAN BE ENTERED AS A SET-ASIDE PROGRAM, AND MY HYPOTHETICAL QUESTION IS: IF THIS HAPPENS AND A PRODUCER WERE ALSO TO RECEIVE A CROP INSURANCE PAYMENT, IT WOULD BE LOGICAL, WOULD IT NOT, TO CONCLUDE THAT THESE PRACTICES MAY BE ONE OF THE REASONS WHY WHEAT PRODUCTION CONTROL PROGRAMS ARE SO INEFFECTIVE.

I AM NOT SUGGESTING -- --

MR. ABDNOR. MAYBE THE CHAIRMAN IS MAKING A POINT. BUT, ON THE OTHER HAND, THEY ARE TREATED AS TWO COMPLETELY DIFFERENT. HOWEVER, WINTER WHEAT FARMERS WHO PARTICIPATED IN FEDERAL CROP INSURANCE PROGRAMS ONLY OTHER ALTERNATIVE IS TO REPLANT, WITHOUT INDEMNIFICATION.

REPLANTING COSTS. WINTER WHEAT FARMERS GO THROUGH THE SAME PRACTICE, AND PROCEDURES FOR REPLANTING THAT THEY DO FOR ANY OTHER CROP.

IN SOUTH DAKOTA, WINTER WHEAT COUNTRY, YOU WILL FIND A VAST AMOUNT OF THE PRODUCERS ACTUALLY FARM 2 ACRES TO GET 1 ACRE OF A CROP, BECAUSE OF FALLOW ACRES. THEY HAVE A HEAVY, HEAVY INVESTMENT. REGARDLESS OF HOW WELL IT HAS BEEN FARMED, IF WINTER KILL SETS IN IT WIPES OUT A WHOLE AREA, A WHOLE FIELD, AND THEY HAVE TO START ALL OVER FROM SCRATCH. THERE IS NO SET-ASIDE LARGE ENOUGH TO TAKE CARE OF THE KIND OF POSSIBLE SET-ASIDE ACRES I THINK THE CHAIRMAN IS SAYING.

IF I AM GOING TO ENCOURAGE PARTICIPATION OF FARMERS IN SOUTH DAKOTA, WHERE WE HAVE NOT BEEN PARTICIPATING, WE HAVE TO TAKE CARE OF INEQUITIES LIKE THIS. LAST YEAR, WE HAD A SIMILAR PROBLEM WITH FLOODING OF ROW CROPS AND A LACK OF PREVENTED PLANTING PAYMENTS. FARMERS WHICH PARTICIPATED IN CROP INSURANCE DID NOT GET ONE NICKEL OUT OF IT IF THEY WERE UNABLE TO PLANT THEIR CROP. ON THE OTHER HAND, THOSE WHO PLANTED IT AND WERE DROWNED OUT WERE REIMBURSED.

I BELIEVE THAT THE CHAIRMAN TOOK CARE OF THIS INEQUITY AND I COMMEND HIM FOR ADDRESSING THAT PROBLEM. NOW, I FEEL THAT A STUDY IS VERY MUCH IN ORDER, IF WE REALLY WANT TO MAKE CROP INSURANCE TAKE OFF AND BE BENEFICIAL FOR THE FARMERS OF THIS COUNTRY BY ENCOURAGING THEM TO PROTECT THEMSELVES INSTEAD OF EXPECTING DISASTER PAYMENTS. BUT IN THE MEANTIME, THIS WINTER KILL PROBLEM IS OBVIOUS. I THINK THE MAJORITY LEADER MUST HAVE PEOPLE DOWN IN KANSAS WHO HAVE BEEN WIPED OUT BY WINTER KILL.

MR. DOLE. WE ARE FOR THE AMENDMENT. THE SENATOR HAS WON.

MR. ABDNOR. THANK YOU.

MR. HELMS. MR. PRESIDENT, THE SENATOR MADE A VALUABLE CONTRIBUTION. I WAS ENCOURAGING HIM TO MAKE THIS COLLOQUY A MATTER OF RECORD IN THE RECORD BECAUSE I THINK THAT BOTH HE AND I AND OTHERS SHOULD ENCOURAGE THE USDA AND FEDERAL CROP INSURANCE CORPORATION TO LOOK INTO THIS GENERAL SITUATION.

MR. ABDNOR. MR. PRESIDENT, I MIGHT SAY IF THEY KNOW OF ANY INEQUITY WHILE MAKING THE STUDY THEY SHOULD BE LOOKING INTO IT AND REPORT BACK.

MR. HELMS. YES; I THANK THE SENATOR. I SUPPORT THE AMENDMENT. IT HAS BEEN CLEARED ON THIS SIDE.

MR. ZORINSKY. MR. PRESIDENT, WE HAVE LOOKED AT THE AMENDMENT AND SUPPORT ITS PASSAGE.

MR. ABDNOR. I THANK BOTH SENATORS.

THE PRESIDING OFFICER. IF THERE BE NO FURTHER DEBATE, THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM SOUTH DAKOTA.

THE AMENDMENT (NO. 1139) WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

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MR. BUMPERS. MR. PRESIDENT, IS THE BOSCHWITZ AMENDMENT STILL PENDING?

THE PRESIDING OFFICER. THE SENATOR IS CORRECT.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT IT BE TEMPORARILY LAID ASIDE AND BE IN ORDER IMMEDIATELY AFTER THE NEXT AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OJECTION, IT IS SO ORDERED.

THE AMENDMENTS OF THE SENATOR FROM MINNESOTA [MR. BOSCHWITZ] AND THE SENATOR FROM FLORIDA [MRS. HAWKINS] ARE TEMPORARILY SET ASIDE.

AMENDMENT NO. 1140

(PURPOSE: TO ENCOURAGE ADMINISTRATIVE ACTION AGAINST UNFAIR SUBSIDIZATION OF RICE BY THE GOVERNMENT OF THAILAND)

MR. BUMPERS. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS] PROPOSES AN AMENDMENT NUMBERED 1140.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (A) CONGRESS FINDS THAT:

- (1) RICE RANKS 9TH AMONG MAJOR DOMESTIC FIELD CROPS IN VALUE OF PRODUCTION;
- (2) RICE ACCOUNTS FOR ABOUT 5% OF THE VALUE OF MAJOR FIELD CROPS PRODUCED IN THE UNITED STATES;
- (3) THE VALUE OF DOMESTIC RICE PRODUCTION ANNUALLY IS OVER \$1.5 BILLION.
- (4) ENDING STOCKS FOR RICE HAVE SHARPLY INCREASED SINCE 1980;
- (5) THE PROJECTED 1985-1986 CARRYOVER OF RICE AS A PERCENTAGE OF ANNUAL USE IS 62%;
- (6) BETWEEN 1980 AND 1983, RICE STOCKS ROSE AND PRICES FELL, PUSHING RICE PROGRAM COSTS FROM LESS THAN ONE-TENTH TO OVER NINE-TENTHS OF THE VALUE OF U.S. RICE PRODUCTION;
- (7) OVER THE LAST SEVERAL YEARS, THE PERCENTAGE OF WORLD RICE EXPORTS FROM THE UNITED STATES HAS FALLEN FROM A HIGH OF 25% TO 18% IN 1985;

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(8) IN THE LAST SEVERAL YEARS, THAILAND HAS BECOME THE LARGEST RICE EXPORTER IN THE WORLD, ACCOUNTING FOR 30% OF THE WORLD PRIMARILY THROUGH THEIR USE OF EXPORT SUBSIDIES;

(9) THAI RICE IMPORTS INTO THE U.S. HAVE DISPLACED NORMAL SALES OF U.S. RICE AND HAVE INCREASED GOVERNMENT COSTS;

(10) IN 1983, THE U.S. IMPORTED 33.2 MILLION POUNDS OF RICE FROM THAILAND, IN 1984 THE U.S. IMPORTED 51.3 MILLION POUNDS OF RICE (AN INCREASE OF 53%), AND IN THE FIRST SIX MONTHS OF 1985, RICE IMPORTS FROM THAILAND TO THE U.S. HAVE ALREADY REACHED 58.3 MILLION POUNDS; AND

(11) THE RICE'S MILLER'S ASSOCIATION HAS FILED A PETITION WITH THE DEPARTMENT OF COMMERCE ASKING THAT COUNTERVAILING DUTIES BE IMPOSED UPON IMPORTS OF THAI RICE INTO THE U.S.

(B) BASED UPON THESE FINDINGS, IT IS THE SENSE OF CONGRESS THAT:

(1) OUR DOMESTIC RICE INDUSTRY IS OF VITAL IMPORTANCE AND MUST BE PROTECTED FROM UNFAIR FOREIGN COMPETITION;

(2) THE GOVERNMENT OF THAILAND IS UNFAIRLY SUBSIDIZING THE EXPORT OF RICE, AND THIS IS ADVERSELY AFFECTING THE U.S. DOMESTIC RICE INDUSTRY; AND

(3) THE SECRETARY OF COMMERCE SHOULD GIVE IMMEDIATE AND FAVORABLE CONSIDERATION TO THE COUNTERVAILING DUTY PETITION FILED BY THE RICE MILLER'S ASSOCIATION, AND SHOULD IMPOSE APPROPRIATE COUNTERVAILING DUTIES ON IMPORTS OF RICE FROM THAILAND.

MR. BUMPERS. MR. PRESIDENT, THIS IS A SENSE-OF-THE-CONGRESS AMENDMENT DEALING WITH THE IMPORTATION OF THAI RICE INTO THE UNITED STATES.

IF THE CHAIRMAN AND RANKING MINORITY LEADER CANNOT LAY THEIR HANDS ON THE AMENDMENT, I CAN GET THEM ANOTHER QUICKLY.

MR. ZORINSKY. MR. PRESIDENT, WILL THE SENATOR FROM ARKANSAS YIELD FOR A QUESTION?

MR. BUMPERS. I YIELD.

MR. ZORINSKY. WE HAD A COPY OF THE ORIGINAL AND WE UNDERSTAND IT HAS BEEN MODIFIED TO SOME EXTENT. WE HAVE NOT SEEN THE COPY OF THE FINAL PRODUCT.

MR. BUMPERS. JUST A SECOND.

MR. HELMS. IS THERE A COPY OF IT AT THE DESK?

MR. BUMPERS. WHILE THE MANAGERS OF THE BILL ARE HAVING AN OPPORTUNITY TO LOOK AT THAT AMENDMENT, THIS IS A FAIRLY UP-FRONT AMENDMENT, ON THE IMPORTATION OF THAILAND RICE. I WISH TO POINT OUT THAT THAILAND HAS INCREASED THEIR IMPORTS INTO THE UNITED STATES OF MILLED RICE 58 PERCENT IN THE PAST 2 YEARS, AND IMPORTS IN THE FIRST 6 MONTHS OF 1985 EXCEEDED THE TOTAL OF ALL OF 1984.

THIS AMENDMENT ENCOURAGES THE SECRETARY OF COMMERCE TO FAVORABLY CONSIDER

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THE RICE MILLER'S OF AMERICA'S PETITION TO IMPOSE COUNTERVAILING DUTIES ON THAI RICE EXPORTED TO THE UNITED STATES AND THEY SEEK COUNTERVAILING DUTIES ON THAI RICE FOR THE REASON THAT THAILAND, ONE OF THE POOREST NATIONS ON EARTH, SUBSIDIZES RICE GROWING AND RICE EXPORTS PERHAPS MORE THAN ANY OTHER NATION ON EARTH.

IF THAILAND WERE GOING TO EXPORT \$9 MILLION OF RICE TO THE UNITED STATES, AS THEY HAVE SO FAR THIS YEAR, AND THAT IS UP FROM \$6 MILLION LAST YEAR, OBVIOUSLY \$6 MILLION OR \$9 MILLION IS NOT GOING TO BREAK THE AMERICAN RICE INDUSTRY. BUT I JUST WANT TO NIP THIS IN THE BUD BECAUSE THEY SO HEAVILY SUBSIDIZE RICE AND IT CONTINUES TO GROW EVERY YEAR, AND I CAN SEE THE HANDWRITING ON THE WALL.

IT IS GOING TO BECOME A VERY IMPORTANT COMPETITIVE PRODUCT IN THE U.S. MARKET WITH AMERICAN RICE, TO THE DETRIMENT OF OUR FARMERS AND AT A SIZABLE COST TO THE TAXPAYERS.

THIS IS A SENSE-OF-THE-CONGRESS AMENDMENT ASKING THE SECRETARY TO FAVORABLY CONSIDER THE RICE MILLER'S PETITION TO IMPOSE COUNTERVAILING DUTIES ON THEIR RICE.

MR. ZORINSKY. MR. PRESIDENT, I SUGGEST THE ABSENCE OF A QUORUM.

THE PRESIDING OFFICER (MR. MATTINGLY). THE CLERK WILL CALL THE ROLL.

THE BILL 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.

MR. DOLE. MR. PRESIDENT, WHILE THEY ARE NEGOTIATING ON THIS AMENDMENT, I THINK IT WOULD BE APPROPRIATE -- THE DISTINGUISHED SENATOR FROM ILLINOIS HAS AN AMENDMENT AND HE IS WILLING TO TAKE 20 MINUTES ON A SIDE -- THAT AFTER DISPOSITION OF THE BUMPERS AMENDMENT, I ASK UNANIMOUS CONSENT THAT THE TWO PENDING AMENDMENTS BE SET ASIDE AND THAT AN AMENDMENT THEN BE OFFERED BY THE DISTINGUISHED SENATOR FROM ILLINOIS [MR. SIMON], WITH A TIME AGREEMENT OF 20 MINUTES EQUALLY DIVIDED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BUMPERS. MR. PRESIDENT, WE HAVE AGREED TO MODIFY THIS AMENDMENT AND I DO HEREBY MODIFY THE AMENDMENT.

MR. PRESIDENT, HAS MY AMENDMENT BEEN TEMPORARILY LAID ASIDE?

THE PRESIDING OFFICER. NO; THE AMENDMENT IS STILL PENDING.

MR. BUMPERS. MR. PRESIDENT, I MODIFY MY AMENDMENT ON PAGE 2, PARAGRAPH 3, SO THAT IT READS AS FOLLOWS:

THE SECRETARY OF COMMERCE SHOULD GIVE IMMEDIATE CONSIDERATION TO THE COUNTERVAILING DUTY PETITION FILED BY THE RICE MILLER'S ASSOCIATION.

THE PRESIDING OFFICER. THE SENATOR HAS A RIGHT TO MODIFY HIS AMENDMENT AND IT IS SO MODIFIED.

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THE AMENDMENT (NO. 1140), AS MODIFIED, IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING: AT THE END OF THE BILL, ADD THE FOLLOWING:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (A) CONGRESS FINDS THAT:

- (1) RICE RANKS 9TH AMONG MAJOR DOMESTIC FIELD CROPS IN VALUE OF PRODUCTION;
- (2) RICE ACCOUNTS FOR ABOUT 5% OF THE VALUE OF MAJOR FIELD CROPS PRODUCED IN THE UNITED STATES;
- (3) THE VALUE OF DOMESTIC RICE PRODUCTION ANNUALLY IS OVER \$1.5 BILLION;
- (4) ENDING STOCKS FOR RICE HAVE SHARPLY INCREASED SINCE 1980;
- (5) THE PROJECTED 1985-1986 CARRYOVER OF RICE AS A PERCENTAGE OF ANNUAL USE IS 62%;
- (6) BETWEEN 1980 AND 1983, RICE STOCKS ROSE AND PRICES FELL, PUSHING RICE PROGRAM COSTS FROM LESS THAN ONE-TENTH TO OVER NINE-TENTHS OF THE VALUE OF U.S. RICE PRODUCTION;
- (7) OVER THE LAST SEVERAL YEARS, THE PERCENTAGE OF WORLD RICE EXPORTS FROM THE UNITED STATES HAS FALLEN FROM A HIGH OF 25% TO 18% IN 1985;
- (8) IN THE LAST SEVERAL YEARS, THAILAND HAS BECOME THE LARGEST RICE EXPORTER IN THE WORLD, ACCOUNTING FOR 30% OF THE WORLD MARKET PRIMARILY THROUGH THEIR USE OF EXPORT SUBSIDIES;
- (9) THAI RICE IMPORTS INTO THE U.S. HAVE DISPLACED NORMAL SALES OF U.S. RICE AND HAVE INCREASED GOVERNMENT COSTS;
- (10) IN 1983, THE U.S. IMPORTED 33.2 MILLION POUNDS OF RICE FROM THAILAND, IN 1984 THE U.S. IMPORTED 51.3 MILLION POUNDS OF RICE (AN INCREASE OF 53%), AND IN THE FIRST SIX MONTHS OF 1985, RICE IMPORTS FROM THAILAND TO THE U.S. HAVE ALREADY REACHED 58.3 MILLION POUNDS; AND
- (11) THE RICE MILLER'S ASSOCIATION HAS FILED A PETITION WITH THE DEPARTMENT OF COMMERCE ASKING THAT COUNTERVAILING DUTIES BE IMPOSED UPON IMPORTS OF THAI RICE INTO THE U.S.

(B) BASED UPON THESE FINDINGS, IT IS THE SENSE OF CONGRESS THAT:

- (1) OUR DOMESTIC RICE INDUSTRY IS OF VITAL IMPORTANCE AND MUST BE PROTECTED FROM UNFAIR FOREIGN COMPETITION;
- (2) THE GOVERNMENT OF THAILAND IS UNFAIRLY SUBSIDIZING THE EXPORT OF RICE, AND THIS IS ADVERSELY AFFECTING THE U.S. DOMESTIC RICE INDUSTRY; AND
- (3) THE SECRETARY OF COMMERCE SHOULD GIVE IMMEDIATE CONSIDERATION TO THE COUNTERVAILING DUTY PETITION FILED BY THE RICE MILLER'S ASSOCIATION.

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MR. BUMPERS. MR. PRESIDENT, I HOPE THIS AMENDMENT WILL BE ACCEPTABLE IN LIGHT OF THAT.

MR. ZORINSKY. MR. PRESIDENT, SPEAKING ON BEHALF OF THE MAJORITY AND THE CHAIRMAN OF THE COMMITTEE, HE HAS AUTHORIZED ME TO RECOMMEND PASSAGE OF THE AMENDMENT. ON OUR SIDE, WE HAVE ALSO ACCEPTED THE AMENDMENT AND RECOMMEND ITS FAVORABLE APPROVAL.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM ARKANSAS [MR. BUMPERS].

THE AMENDMENT (NO. 1140), AS MODIFIED, WAS AGREED TO.

MR. DOLE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1141

(PURPOSE: TO RESTORE THE PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS)

MR. SIMON. MR. PRESIDENT, I ASK UNANIMOUS CONSENT TO SET ASIDE THE BOSCHWITZ AMENDMENT SO THAT I MAY OFFER AN AMENDMENT AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THAT HAS ALREADY BEEN GRANTED. THE SENATOR MAY OFFER HIS AMENDMENT. THE CLERK WILL REPORT.

THE BILL CLERK READ AS FOLLOWS:

THE SENATOR FROM ILLINOIS [MR. SIMON] PROPOSES AN AMENDMENT NUMBERED 1141.

MR. SIMON. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

BEGINNING ON PAGE 219, STRIKE OUT LINE 5 AND ALL THAT FOLLOWS THROUGH LINE 16 ON PAGE 220 AND INSERT IN LIEU THEREOF THE FOLLOWING NEW SECTION:

REPEAL OF CERTAIN RESERVE PROVISIONS AND CONFORMING AMENDMENTS

SEC. 1206. (A)(1) SECTION 813 OF THE AGRICULTURAL ACT OF 1970 (7 U.S.C. 1427A) IS REPEALED.

(2) CLAUSE (2) OF THE SECOND SENTENCE OF SECTION 110(F) OF THE AGRICULTURAL ACT OF 1949 (7 U.S.C. 1445E(F)) IS AMENDED --

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(A) BY INSERTING "AND" AFTER SUBCLAUSE (A); AND

(B) BY STRIKING OUT "AND (C) SECTION 813 OF THE AGRICULTURAL ACT OF 1970";

(B)(1) THE FOOD SECURITY WHEAT RESERVE ACT OF 1980 (7 U.S.C. 1736F-1) IS REPEALED.

(2) SECTION 202(B) OF THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 (7 U.S.C. 612C NOTE) IS AMENDED --

(A) BY STRIKING OUT "SECTION 302(B)(1) OF THE FOOD SECURITY WHEAT RESERVE ACT OF 1980" IN THE FIRST SENTENCE AND INSERTING IN LIEU THEREOF "SECTION 1202(B)(1) OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985"; AND

(B) IN THE SECOND SENTENCE --

(I) BY STRIKING OUT "FROM THE FOOD SECURITY WHEAT RESERVE" AND INSERTING IN LIEU THEREOF "FROM THE FOOD ASSISTANCE RESERVE"; AND

(II) BY STRIKING OUT "THE PROVISIONS OF SECTION 302(B) OF THE FOOD SECURITY WHEAT RESERVE ACT OF 1980" AND INSERTING IN LIEU THEREOF "SECTION 1204(A) OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985".

(3) THE FIRST SENTENCE OF SECTION 110(F) OF THE AGRICULTURE ACT OF 1949 (7 U.S.C. 1445E(F)) IS AMENDED BY STRIKING OUT "EXCEPT AS OTHERWISE PROVIDED UNDER SECTION 302 OF THE FOOD SECURITY WHEAT RESERVE ACT OF 1980 AND SECTION 208 OF THE AGRICULTURAL TRADE SUSPENSION ADJUSTMENT ACT OF 1980,".

(C) SECTION 208 OF THE AGRICULTURAL ACT OF 1980 (7 U.S.C. 4001) IS REPEALED.

MR. SIMON. MR. PRESIDENT, THIS IS ALMOST A MOTHERHOOD AND APPLE PIE AMENDMENT AND, FRANKLY, I DO NOT UNDERSTAND WHY IT IS NOT BEING ACCEPTED, BUT I HOPE THE MAJORITY OF THE MEMBERS OF THIS BODY WILL VOTE FOR IT.

THIS CONTINUES THE FARMER OWNED RESERVE PROGRAM. AND THE ADVANTAGES OF THAT ARE SEVERAL: FIRST, WE ARE INTERESTED IN SAVING MONEY IN THIS BODY. CBO ESTIMATES THAT IN 5 YEARS, THE NEXT 5-YEAR PERIOD, THIS WILL SAVE \$460 MILLION. THAT IS A PRETTY GOOD CHUNK OF MONEY. ANYONE INTERESTED IN SAVING \$460 MILLION I URGE YOU TO VOTE FOR THIS AMENDMENT.

SECOND, IT HELPS FARMERS IN THEIR PRICES BY NOT DUMPING THE GRAIN ONTO THE MARKET. I DO NOT NEED TO SPELL OUT, AFTER ALL THE DEBATE WE HAVE HAD, THE PROBLEMS THAT FARMERS FACE. AND FOR US TO COMPOUND THE PROBLEMS BY DISCONTINUING THE FARMER-OWNED RESERVE JUST DOES NOT MAKE SENSE.

THIRD, AND NOT LEAST IMPORTANT, WHILE WE HAVE SUPPLIES AND WE TALK ABOUT SURPLUSES, IN FACT, IN OVERALL TERMS, WE HAVE LESS THAN A 1-MONTH SUPPLY OF GRAIN FOR THIS WORLD. IF THERE IS A REAL DISASTER IN THIS COUNTRY OR IN OTHER MAJOR GRAIN-PRODUCING COUNTRIES, WE COULD HAVE SERIOUS PROBLEMS. IT IS A WAY OF SAYING TO THE REST OF THE WORLD, "IF YOU HAVE A CALAMITY, WE HAVE SOMETHING HERE TO BE OF ASSISTANCE TO YOU."

I HOPE MY COLLEAGUES ON BOTH SIDES OF THE AISLE WILL ACCEPT THIS. AGAIN, IT SAVES MONEY; CBO SAYS \$460 MILLION OVER THE NEXT 5 YEARS, BETTER THAN \$90 MILLION A YEAR. IT

HELPS ON PRICES AND IT PREVENTS DISASTER IN CASE WE FACE SOME MAJOR CALAMITY AROUND THE FACE OF THE EARTH.

I RESERVE THE REMAINDER OF MY TIME.

MR. BOSCHWITZ. MR. PRESIDENT, I RISE IN OPPOSITION TO THE AMENDMENT THAT WOULD REVERSE THE POLICY THAT WE AGREED TO IN THE SENATE AGRICULTURE COMMITTEE WHICH ELIMINATED THE FARMER-OWNED RESERVE. CONTINUATION OF THE FARMER-OWNED RESERVE WILL CERTAINLY BE EXPENSIVE IN THE LONG RUN, AS THAT HAS PROVEN TO BE IN THE PAST, AND IT WILL HURT THE FARM PRICES, AS IT CERTAINLY HAS PROVEN IN THE PAST AND, AT THE SAME TIME, IT WILL PROVIDE OUR FOREIGN COMPETITORS THE LUXURY OF AVOIDING THEIR OWN GRAIN RESERVE. WE BECAME THE RESERVE FOR THE ENTIRE WORLD.

THE FARMER-OWNED RESERVE PROGRAM OPERATES ON A FAULTY ASSUMPTION THAT WE CAN STORE OUR WAY TO PROSPERITY. THIS IS SIMPLY NOT THE CASE. YOU SIMPLY CANNOT STORE YOUR WAY TO PROSPERITY. FARMERS MUST PRODUCE TO SELLING MARKETS NOT TO GOVERNMENT STORAGE. THE FARMER-OWNED RESERVE HAS BEEN ANYTHING BUT THE ORDERLY MARKETING TOOL THAT IT WAS INTENDED TO BE. IF IT IS TO BE CONTINUED AS PROPOSED BY MY FRIEND FROM ILLINOIS, IT WILL CONTINUE TO BE USED FOR POLITICAL, NOT ECONOMIC, PURPOSES.

IF WE ACCEPT THE AMENDMENT, FARMERS WILL CONTINUE TO PUSH THEMSELVES TOWARD MORE, NOT LESS, DEPENDENCE ON THE GOVERNMENT.

SINCE THE FARMER-OWNED RESERVE WAS INSTITUTED, WE HAVE EXPERIENCED HUGE RUNUPS IN GRAIN STOCKS ON SEVERAL OCCASIONS. IN CROP YEARS 1978, 1979, AND 1982, FARMER-OWNED RESERVES PROVIDE A CONVENIENT WAY OF AVOIDING THE PROBLEMS OF FARM PRODUCTION AND PRICES THAT WERE TOO HIGH FOR A WORLD MARKET.

FACED WITH THE PROJECTED EXCESSIVE SUPPLIES, THE FARMER-OWNED RESERVE APPEARS TO BE AN EASY ANSWER FOR CARRYOVERS WHICH HAVE BEEN PRODUCED IN RESPONSE TO OTHER ELEMENTS IN THE FARM PROGRAM THAT WE ARE CONSIDERING HERE. WE USED IT IN 1978, AND WE DID IT AGAIN IN 1979 AND 1982. AND IF THIS AMENDMENT IS SUCCESSFUL, PROBABLY WE WILL DO IT IN 1986.

THE QUESTION WILL BE ASKED: WHY SHOULD WE NOT TAKE THESE SURPLUS COMMODITIES AND LOCK THEM UP WITH THE FARMER-OWNED RESERVE? THE ANSWER TO THE QUESTION IS SIMPLE: IT IS BAD FOR FARMERS. IT DEPRESSED MARKET PRICES FOR YEARS. IT CAUSES THOSE EXCESSIVE STOCKS TO OVERHANG THE MARKET WELL INTO THE FUTURE. IT ALSO HAS QUITE AN IMPACT IN EXPANDING FARM PLANTING. AT LEAST THAT HAS BEEN OUR EXPERIENCE.

THE BURDEN OF BILLIONS OF BUSHEL IN GRAIN IN THE GOVERNMENT-CONTROLLED RESERVE PROGRAM EXERTS EXTREME DOWNWARD PRESSURE ON FARM PRICES FOR AS LONG AS THOSE COMMODITIES REMAIN IN THAT RESERVE. OUR FARMERS REALLY CANNOT AFFORD TO OPERATE WITH SUCH EXCESSIVE RESERVES DEPRESSING FARM PRICES SO OFTEN AS FAR AS THE EYE CAN SEE. BECAUSE THE UNITED STATES HAS A POLICY THAT LOCKS UP HUGE QUANTITIES OF THE GRAIN FOR WORLD MARKETS, BUYERS AND OUR COMPETITORS KNOW THAT THEY NEED NOT STORE ANY PORTION OF THEIR NEEDS. AS A RESULT, WE CARRY A DISPROPORTIONATE SHARE OF THE TOTAL WORLD GRAIN STORAGE BURDEN.

THE UNITED STATES ACCOUNTS FOR APPROXIMATELY 32 PERCENT OF WORLD CORN USAGE, YET AT THE END OF THE CURRENT MARKETING YEAR, WE WILL HAVE 81 PERCENT OF THE TOTAL WORLD CORN CARRYOVER.

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OUR CONSUMPTION OF WHEAT IS APPROXIMATELY 6 PERCENT OF THE TOTAL. YET AT THE END OF THE MARKETING YEAR, WE WILL HOLD 36 PERCENT OF THE WORLD WHEAT CARRYOVER. WE SIMPLY CANNOT CONTINUE A PROGRAM WHICH PROVIDED THIS SERVICE TO THOSE IN DIRECT COMPETITION WITH THE U.S. FARMERS.

TO DO SO WOULD BE INEFFICIENT, BUT MORE IMPORTANTLY IT WILL CONTINUE TO KEEP US FROM EVER COMPETING ON AN EVEN PLAYING FIELD IN INTERNATIONAL TRADE. ELIMINATION OF THIS PROGRAM, HOWEVER, WILL NOT JEOPARDIZE FOOD SECURITY RESERVES AND NECESSARY CARRYOVERS THAT MUST BE HELD IN ORDER TO ASSURE ADEQUATE SUPPLIES OF GRAIN FOR THE WORLD.

TITLE 12 OF THE BILL WE ARE CONSIDERING CONTAINS A PROVISION THAT HAS FOOD ASSISTANCE RESERVE WHICH THE SECRETARY MAY USE TO MEET URGENT HUMANITARIAN NEEDS. THE MARKETPLACE WILL ALSO RECOGNIZE AN APPROPRIATE LEVEL OF CARRYOVER SUPPLY WHICH WILL ASSURE STABILITY AND ADEQUANCY IN MEETING FOOD NEEDS. CERTAINLY WE DO NOT NEED ADDITIONAL RESERVES TODAY.

CBO CALCULATES THAT SAVINGS CAN BE INCURRED BY CONTINUATION OF THE FARMER-OWNED RESERVE AND THAT GOVERNMENT STORAGE PAYMENTS ARE LESS UNDER SUCH A PROGRAM. HOWEVER, CONTINUATION OF THE FARMER-OWNED RESERVE WILL ASSURE US THAT THE TOTAL GOVERNMENT EXPENDITURES ARE ACTUALLY INCREASED BUT OCCURRING IN SMALL INCREMENTS OVER THE LIFE OF THE PROGRAM.

THE BOTTOM LINE IS THAT THE FARMER-OWNED RESERVE IS MORE EXPENSIVE IN THE LONG RUN, CREATES GREAT HARDSHIP IN AGRICULTURAL MARKETS, AND WE CANNOT AFFORD SHORT-TERM BUDGETARY SAVINGS THAT WILL CHOKE OUR ABILITY TO COMPETE IN WORLD MARKETS AND CREATE EXCESSIVE BUDGETARY EXPOSURE THAT CONTINUES INDEFINITELY.

MR. SIMMON ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM ILLINOIS.

MR. SIMON. I YIELD 3 MINUTES TO MY COLLEAGUE FROM MONTANA, SENATOR MELCHER.

MR. MELCHER. MR. PRESIDENT, THIS IS A VERY IMPORTANT AMENDMENT. IT SHOULD NOT BE THOUGHT OF AS SOMETHING, WELL, THIS IS SOMETHING WE HAVE TO GO THROUGH. THIS AMENDMENT WAS OFFERED ONCE IN A PACKAGE THAT I OFFERED FOR SAVINGS PURPOSES. BUT THIS AMENDMENT IS NOW BEING OFFERED FOR A DUAL PURPOSE: POLICY AND SAVINGS.

UNDER THE 3-YEAR CYCLE, IT IS \$235 MILLION SAVINGS. IT IS KIND OF HARD FOR US SOMETIMES TO THINK THAT SOMETHING THAT HAS BEEN IN PLACE UNDER CURRENT LAW AND WOULD BE RETAINED BY THIS AMENDMENT WOULD ACTUALLY SAVE SOME MONEY OVER THE NEXT 3 YEARS.

THE SENATOR FROM ILLINOIS RECITED THE FIGURE, I BELIEVE, OF \$420 MILLION, OR \$460 MILLION OVER 5 YEARS -- \$460 MILLION SAVING OVER 5 YEARS. THE SAVING OVER 3 YEARS -- THAT IS A CBO FIGURE WE HAVE BEEN USING FOR THIS BILL SIMPLY BECAUSE THAT IS A 3-YEAR BUDGET CYCLE -- \$235 MILLION.

PART OF THE PROBLEM WE HAVE IS TO BRING THIS BILL UNDER THE BUDGET, AND ALSO MORE THAN UNDER THE BUDGET -- MORE COST SAVINGS SO THAT THE ADMINISTRATION WILL FEEL FREE TO SIGN IT.

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IF WE DO NOT WANT TO HAVE SAVINGS, AND IF WE DO NOT WANT TO HAVE THAT CREDITED IN THE PACKAGE WE ARE PASSING, THEN VOTE AGAINST IT. IF WE DO NOT WANT TO CONTINUE A PROGRAM THAT FARMERS ARE DEMANDING BE CONTINUED, THEN VOTE AGAINST IT. IF YOU WANT JUST AN EXERCISE IN FUTILITY, VOTE AGAINST IT BECAUSE IT WILL PROBABLY BE OFFERED AGAIN BECAUSE OF THE COST SAVINGS, AND BECAUSE OF THE NEED FOR IT AS FAR AS FARMERS ARE CONCERNED.

IT IS GOOD POLICY. THEY LIKE IT. THE HOUSE HAS IT LOCKED IN THERE TIGHT. IT IS NOT GOING TO COME OUT. THE HOUSE IS NOT ABOUT TO GIVE IN TO THE CONFERENCE ON THIS ONE. THEY HAVE EVERYTHING GOING RIGHT FOR THEM. THEY HAVE THE SAVINGS. THAT IS ONE THING. THEY HAVE THE DEMAND OF FARMERS. THAT IS TWO THINGS. AND THIRD, THEY HAVE THE BELIEF RATHER SOLIDLY -- I AM SPEAKING NOW OF THE HOUSE OF REPRESENTATIVES -- THAT THEY WANT IT IN THERE BECAUSE THEY LIKE IT.

WE CAN JUST KEEP VOTING ON THIS THING OVER AND OVER AND OVER IF YOU WANT TO. I WOULD SUGGEST WE MIGHT AS WELL VOTE FOR IT AND PASS IT. I THINK IT IS WORTH CHANGING. I THINK WE NEED THE SAVINGS. LET US PASS IT.

MR. BOSCHWITZ ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM MINNESOTA.

MR. BOSCHWITZ. MR. PRESIDENT, HOW MUCH TIME IS REMAINING ON OUR SIDE?

THE PRESIDING OFFICER. THE SENATOR HAS 4 1/2 MINUTES.

MR. BOSCHWITZ. I WOULD BE WILLING TO YIELD THE BALANCE OF MY TIME, AND WILL MAKE A MOTION TO TABLE IF THE SENATOR FROM ILLINOIS WISHES TO YIELD BACK THE BALANCE OF HIS TIME.

MR. SIMON. I WISH TO SPEAK BRIEFLY. I WILL NOT CONSUME ALL THE TIME.

MR. ZORINSKY. WILL THE SENATOR FROM ILLINOIS YIELD FOR A SUPPORTIVE STATEMENT?

MR. SIMON. I AM PLEASED TO YIELD TO MY COLLEAGUE FROM NEBRASKA.

MR. ZORINSKY. I THANK MY COLLEAGUE.

MR. PRESIDENT, IN 1977, THE UNITED STATES ESTABLISHED A FARMER-OWNED RESERVE FOR GRAINS. SPECIFICALLY, THE FOOD AND AGRICULTURE ACT OF 1977 REQUIRED THE SECRETARY OF AGRICULTURE TO ESTABLISH A WHEAT RESERVE AND AUTHORIZED A FEED GRAIN RESERVE. THE PURPOSE OF THE FARMER-OWNED RESERVE FOR WHEAT AND FEED GRAINS IS TO REMOVE GRAIN FROM THE MARKETPLACE DURING PERIODS OF SURPLUS PRODUCTION AND LOW DEMAND. I BELIEVE THAT THE PROGRAM HAS HELPED TO PROVIDE STABILITY AND SHOULD BE MAINTAINED. MY AMENDMENT WILL SIMPLY CONTINUE THE CURRENT FARMER-OWNED RESERVE PROGRAM.

IT IS GENERALLY ACCEPTED THAT THE EXISTING GRAIN RESERVE WAS ESTABLISHED WITH SEVERAL PURPOSES IN MIND: FIRST, MAINTAIN THE U.S. POSITION IN WORLD TRADE AS A DEPENDABLE SOURCE OF PRODUCTS; SECOND, STRENGTHEN FARM PRICES WHEN SUPPLIES ARE EXCESSIVE; AND THIRD, DAMPEN FOOD PRICE GYRATIONS.

UNDER THE CURRENT PROGRAM, FARMERS ARE THE OWNERS OF THE GRAIN HELD IN THE RESERVE. ONCE THE RELEASE PRICE IS REACHED IN AN UPWARD PRICE MOVEMENT, THEN, ALL

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MARKETING DECISIONS REST WITH THE FARMERS. THEY HAVE THE CHOICE TO CONTINUE HOLDING THEIR GRAIN IN ANTICIPATION OF HIGHER PRICES, OR THEY MAY SELL THEIR GRAIN IMMEDIATELY. THE ROLE OF THE GOVERNMENT IS TO MAKE IT FINANCIALLY ATTRACTIVE TO FARMERS TO STORE GRAIN WHEN MARKET PRICES ARE LOW AND TO SELL WHEN MARKET PRICES ARE HIGH. THIS ALLOWS FARMERS TO MAKE MARKETING DECISIONS THAT EVEN OUT SUPPLIES COMING ONTO THE MARKET AND TO MODERATE MARKET PRICE FLUCTUATIONS.

I BELIEVE THE GRAIN RESERVE MECHANISM IS NECESSARY IF WE ARE TO ACHIEVE A FARM PROGRAM THAT MEETS THE NEEDS OF THE FARMER TO PROVIDE DIRECTION ON THE COURSE OF THE MARKET AS THE FARMER MAKES PLANS FOR PRODUCTION. ADDING TO A GRAIN RESERVE WHEN LARGE SUPPLIES DEPRESS PRICES WILL STEADY FARM INCOME, AND IT WILL MAINTAIN NEEDED FOOD SUPPLIES IN TIMES OF SHORTFALLS, CUSHIONING FARMERS AND CONSUMERS ALIKE AGAINST WILD GYRATIONS.

I BELIEVE THE COMMITTEE'S ACTION TO REPEAL THIS VITALLY IMPORTANT PROGRAM IS ILL ADVISED AND I URGE MY COLLEAGUES TO SUPPORT ME IN RESTORING THIS ESSENTIAL PROGRAM.

I ASK UNANIMOUS CONSENT THAT A LETTER TO ME FROM THE DIRECTOR OF THE CONGRESSIONAL BUDGET OFFICE SPELLING OUT THE SAVINGS THAT WOULD BE ACHIEVED BY THIS AMENDMENT.

THERE BEING NO OBJECTION, THE LETTER WAS ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

CONGRESSIONAL BUDGET OFFICE,
WASHINGTON, DC, OCTOBER 23, 1985.

HON. EDWARD ZORINSKY,
RANKING MINORITY MEMBER, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY, U.S.
SENATE, WASHINGTON, DC.

DEAR SENATOR: THIS LETTER IS IN RESPONSE TO YOUR REQUEST FOR THE ESTIMATED COST OF CHANGES IN GRAIN RESERVE PROGRAMS AS PROVIDED IN S. 1714, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY, SEPTEMBER 19, 1985.

S. 1714 WOULD ELIMINATE AUTHORITY FOR THE FARMER-OWNED GRAIN RESERVE (FOR) AND THE FOOD SECURITY WHEAT RESERVE. IN THEIR PLACE THE BILL WOULD REQUIRE THE SECRETARY OF AGRICULTURE TO ESTABLISH A FOOD ASSISTANCE RESERVE OF WHEAT AND FEED GRAINS TO BE USED TO MEET URGENT HUMANITARIAN NEEDS OVERSEAS.

WE ESTIMATE THAT THESE PROVISIONS OF S. 1714 WOULD INCREASE COMMODITY CREDIT CORPORATION (CCC) OUTLAYS, RELATIVE TO THE BUDGET RESOLUTION BASELINE, BY \$240 MILLION OVER THE FISCAL YEARS 1986 THROUGH 1988, AND BY \$460 MILLION OVER THE 1986-1990 PERIOD.

THE ESTIMATED OUTLAY INCREASE IS DUE TO ELIMINATION OF THE FOR. UNDER CURRENT LAW, FARMERS PLACING GRAIN IN THE FOR RECEIVE A THREE-YEAR NONRECOURSE LOAN AND ANNUAL STORAGE PAYMENTS. IF CROP PRICES REACH HIGH ENOUGH LEVELS, FARMERS MAY SELL FOR GRAIN AND REPAY THE LOANS. HOWEVER, IF PRICES ARE NOT ATTRACTIVE ENOUGH TO INDUCE REPAYMENT, FARMERS MAY DEFAULT ON THE LOANS UPON MATURITY AND GIVE THE GRAIN TO THE GOVERNMENT. ELIMINATING THE RESERVE WOULD PREVENT NEW PLACEMENTS INTO THE FOR BEGINNING WITH 1986 CROPS. EXISTING FOR LOANS WOULD LIKELY BE FORFEITED

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TO THE CCC, ASSUMING THE RELATIVELY LOW CROP PRICES PROJECTED UNDER THE BILL. OUTLAYS WOULD INCREASE, SINCE THE GOVERNMENT'S COSTS OF OBTAINING AND STORING FORFEITED GRAIN WOULD EXCEED SAVINGS FROM REDUCED FOR STORAGE PAYMENTS TO FARMERS.

I WOULD BE HAPPY TO DISCUSS THESE ESTIMATES WITH YOU, OR YOUR STAFF MAY CALL ANDY MORTON (226-2946).

WITH BEST WISHES.

SINCERELY,
RUDOLPH G. PENNER,
DIRECTOR.

MR. ZORINSKY. I THANK THE PRESIDENT. I THANK THE SENATOR FROM ILLINOIS.

I YIELD THE FLOOR.

MR. SIMON. I THANK MY COLLEAGUE.

MR. PRESIDENT, LET ME SIMPLY UNDERSCORE THE POINTS THAT HAVE BEEN MADE. MY DISTINGUISHED FRIEND FROM MINNESOTA -- AND HE IS MY FRIEND -- MADE BASICALLY THREE POINTS:

NO. 1, THIS AMENDMENT WOULD COST MONEY.

I DO NOT KNOW WHO PREPARED THE FACTS AND FIGURES. THE SENATOR CITED NO SPECIFIC FACTS AND FIGURES. BUT CBO SAYS IT WILL SAVE \$460 MILLION OVER 5 YEARS. YOU CAN EITHER TAKE SOME NEBULOUS CHARGE IT IS GOING TO COST SOME MONEY OR TAKE CBO'S FIGURES. I SUGGEST WE TAKE CBO'S.

NO. 2, MY DISTINGUISHED FRIEND SAYS IT IS GOING TO HURT FARMERS. THE REALITY IS NOTHING IS GOING TO HURT FARMERS MORE THAN SIMPLY DUMPING THESE RESERVES ONTO THE MARKET, ONTO AN ALREADY DEPRESSED MARKET. IT SIMPLY DOES NOT HOLD WATER.

NO. 3, THE SENATOR MAKES THE POINT THAT WE DO NOT NEED THE RESERVES.

I HOPE THE SENATOR IS CORRECT IN THAT. I DO NOT HAPPEN TO BE A PROPHET, NOR, WITH ALL DUE RESPECT TO MY GOOD FRIEND FROM MINNESOTA, IS HE A PROPHET. WHETHER WE NEED THE RESERVES OR WE DO NOT NEED THE RESERVES, WE DO NOT KNOW. BUT LET US NOT MAKE SOME FOOLISH GESTURE THAT TAKES AWAY RESERVES THAT COULD SAVE SOME COUNTRY, INCLUDING OUR OWN, FROM CALAMITY.

I HOPE THE MEMBERS OF THE BODY WILL HAVE THE GOOD SENSE TO DEFEAT THE MOTION TO TABLE THAT IS ABOUT TO BE MADE, AND WILL ACCEPT THIS AMENDMENT.

MR. BOSCHWITZ ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM MINNESOTA.

MR. BOSCHWITZ. MR. PRESIDENT, I AM PREPARED. I RESPECT MY FRIEND FROM ILLINOIS. WE HAVE SO MUCH GRAIN IN THE CCC IN RESERVE. I REALLY DO NOT THINK THE FARMER-OWNED RESERVE IS NECESSARY. THAT IS WHY I OPPOSE IT. I AM PREPARED TO YIELD BACK THE BALANCE

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OF MY TIME.

MR. SIMON. I YIELD BACK THE BALANCE OF MY TIME, MR. PRESIDENT.

THE PRESIDING OFFICER. TIME HAS BEEN YIELDED BACK.

MR. SIMON ADDRESSED THE CHAIR.

THE PRESIDING OFFICER. THE SENATOR FROM ILLINOIS.

MR. SIMON. I ASK FOR THE YEAS AND NAYS.

THE PRESIDING OFFICER. IS THERE A SUFFICIENT SECOND?

MR. DOLE. MR. PRESIDENT, LET ME SUGGEST THE ABSENCE OF A QUORUM.

THE PRESIDING OFFICER. THE CLERK WILL CALL THE ROLL.

THE BILL CLERK PROCEEDED TO CALL THE ROLL.

MR. SIMON. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ORDER FOR THE QUORUM CALL BE RESCINDED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1141) WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. SIMON. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1142

(PURPOSE: TO MODIFY THE METHOD OF FUNDING THE FEDERAL CROP INSURANCE CORPORATION)

MR. COCHRAN. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. IT WOULD REQUIRE UNANIMOUS CONSENT TO TEMPORARILY LAY ASIDE THE PENDING AMENDMENT.

MR. COCHRAN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE AND THAT I MAY OFFER MY AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE CLERK WILL REPORT.

THE BILL CLERK READ AS FOLLOWS:

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THE SENATOR FROM MISSISSIPPI (MR. COCHRAN) PROPOSES AN AMENDMENT NUMBERED 1142.

MR. COCHRAN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE APPROPRIATE PLACE IN THE PENDING AMENDMENT, ADD THE FOLLOWING:

ON PAGE 231, BETWEEN LINES 5 AND 6, INSERT THE FOLLOWING NEW SECTION:

FEDERAL CROP INSURANCE CORPORATION FUNDING

SEC. . (A) SECTION 504 OF THE FEDERAL CROP INSURANCE ACT (7 U.S.C. 1504) IS AMENDED TO READ AS FOLLOWS:

"CAPITAL STOCK

"SEC. 504. (A) THE CORPORATION SHALL HAVE A CAPITAL STOCK OF \$1.00 SUBSCRIBED BY THE UNITED STATES OF AMERICA, PAYMENT FOR WHICH SHALL BE CONSIDERED TO HAVE BEEN MADE.

"(B)(1) NOT LATER THAN 30 DAYS AFTER THE DATE OF ENACTMENT OF THE AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985, THE SECRETARY OF THE TREASURY SHALL CANCEL, WITHOUT CONSIDERATION, RECEIPTS FOR PAYMENTS FOR OR ON ACCOUNT OF THE STOCK OF THE FEDERAL CROP INSURANCE CORPORATION OUTSTANDING IMMEDIATELY PRIOR TO SUCH DATE OF ENACTMENT.

"(2) SUCH RECEIPTS SHALL CEASE TO BE LIABILITIES OF THE CORPORATION."

(B) SECTION 506 OF SUCH ACT (7 U.S.C. 1506) IS AMENDED --

(1) BY STRIKING OUT "AND" AT THE END OF SUBSECTION (J);

(2) BY STRIKING OUT THE PERIOD AT THE END OF SUBSECTION (K) AND INSERTING IN LIEU THEREOF A SEMICOLON; AND

(3) BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBSECTIONS:

"(1) MAY BORROW MONEY PURSUANT TO SECTION 516; AND

"(M) IN THE CONDUCT OF THE BUSINESS OF THE CORPORATION, SHALL USE --

"(1) ALL FUNDS AND OTHER ASSETS OF THE CORPORATION, INCLUDING CAPITAL AND NET EARNINGS THEREFROM; AND

"(2) ALL FUNDS AND OTHER ASSETS OF THE CORPORATION THAT HAVE BEEN OR MAY BE TRANSFERRED OR ALLOCATED TO, BORROWED BY, OR OTHERWISE ACQUIRED BY THE CORPORATION."

(C) SUBSECTION (A) OF SECTION 516 OF SUCH ACT (7 U.S.C. 516(A)) IS AMENDED TO READ AS FOLLOWS:

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"(A)(1)(A) SUBJECT TO SUBPARAGRAPHS (B) THROUGH (D), THERE ARE AUTHORIZED TO BE APPROPRIATED SUCH SUMS AS MAY BE NECESSARY --

"(I) TO REDEEM NOTES OR OBLIGATIONS MADE BY THE CORPORATION TO THE SECRETARY OF THE TREASURY; AND

"(II) TO COVER THE OPERATING AND ADMINISTRATIVE COSTS OF THE CORPORATION, INCLUDING AGENTS' AND BROKERS' COMMISSIONS, INTEREST ON TREASURY NOTES AND OTHER OBLIGATIONS, PARTIAL PREMIUM PAYMENTS BY THE CORPORATION, AN THE DIRECT COST OF LOSS ADJUSTERS FOR CROP INSPECTIONS AND LOSS ADJUSTMENTS.

"(B) FUNDS APPROPRIATED TO CARRY OUT SUBPARAGRAPH (A)(I) MAY BE USED ONLY AFTER ALL OTHER SOURCES OF MONIES AVAILABLE TO THE CORPORATION, INCLUDING MONIES AVAILABLE FROM PREMIUMS, ARE USED TO THE FULLEST EXTENT POSSIBLE TO REDEEM NOTES OR OBLIGATION REFERRED TO IN SUBPARAGRAPH (A)(I).

"(C) FUNDS APPROPRIATED TO CARRY OUT SUBPARAGRAPH (A) SHALL BE ALLOTTED TO THE CORPORATION IN SUCH AMOUNTS AND AT SUCH TIME OR TIMES AS THE SECRETARY OF AGRICULTURE MAY DETERMINE.

"(D)(I) EXPENSES IN CONNECTION WITH AGENTS' AND BROKERS' COMMISSIONS, INTEREST ON TREASURY NOTES AND OTHER OBLIGATIONS, PARTIAL PREMIUM PAYMENTS BY THE CORPORATION, AND THE DIRECT COST OF LOSS ADJUSTERS FOR CROP INSPECTIONS AND LOSS ADJUSTMENTS MAY BE PAID FROM PREMIUM INCOME AND OTHER CORPORATION FUNDS.

"(II) ANY SUCH PAYMENTS MAY BE RESTORED BY APPROPRIATIONS IN SUBSEQUENT YEARS.

"(2)(A) IF THE CORPORATION EARNS A NET REALIZED GAIN FOR ANY YEAR, THE FULL AMOUNT OF SUCH GAIN SHALL BE HELD ON DEPOSIT IN THE TREASURY IN AN INTEREST-BEARING ACCOUNT.

"(B) SUBJECT TO SUBPARAGRAPH (C), THE PROCEEDS OF SUCH ACCOUNT, INCLUDING BOTH PRINCIPAL AND ACCRUED INTEREST, SHALL REMAIN AVAILABLE TO THE CORPORATION WITHOUT FISCAL YEAR LIMITATION.

"(C) THE CORPORATION SHALL USE SUCH PROCEEDS, TO THE FULLEST EXTENT PRACTICABLE, TO REPAY ANY OUTSTANDING DEBT OR OTHER OBLIGATION TO THE TREASURY INCURRED BY THE CORPORATION."

(D) SECTION 516 OF SUCH ACT IS AMENDED --

(1) BY STRIKING OUT SUBSECTION (C); AND

(2) BY REDESIGNATING SUBSECTION (D) AS SUBSECTION (C).

(E) SECTION 516(C) OF SUCH ACT (AS REDESIGNATED BY SUBSECTION (D)) IS AMENDED --

(1) BY STRIKING OUT "EXCEPT AS PROVIDED IN SUBSECTION (C) IF AT ANY TIME" IN THE FIRST SENTENCE AND INSERTING IN LIEU THEREOF "IF";

(2) BY STRIKING OUT "OR THE ISSUANCE OF CAPITAL STOCK UNDER SECTION 504 OF THIS TITLE" IN THE SECOND SENTENCE AND INSERTING IN LIEU THEREOF ", APPROPRIATIONS MADE UNDER THIS SECTION, OR ANY OTHER SOURCE"; AND

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(3) BY STRIKING OUT THE LAST SENTENCE AND INSERTING IN LIEU THEREOF "THE TOTAL AMOUNT OF ALL MONEY BORROWED BY THE CORPORATION UNDER THIS SUBSECTION AT ANY TIME SHALL NOT EXCEED \$1,000,000,000."

MR. COCHRAN. MR. PRESIDENT, THIS IS AN AMENDMENT THAT RELATES TO THE FUNDING OF THE FEDERAL CROP INSURANCE PROGRAM, AND SPECIFICALLY THE FEDERAL CROP INSURANCE CORPORATION.

MR. PRESIDENT, THERE HAVE BEEN DIFFICULTIES, AS SENATORS KNOW, FROM TIME TO TIME, WHEN THE FEDERAL CROP INSURANCE CORPORATION HAS EXHAUSTED ITS FUNDS AND HAS BEEN UNABLE TO PAY CLAIMS OF FARMERS WHO HAVE SUSTAINED INSURED LOSSES.

FROM TIME TO TIME, THIS HAS REQUIRED SUPPLEMENTAL APPROPRIATIONS OR EMERGENCY FUNDING MEASURES, TO BE TAKEN SO THAT FARMERS COULD BE REIMBURSED IN A TIMELY FASHION. EVEN THOUGH THESE EMERGENCY MEASURES HAVE OPERATED TO SUSTAIN THE PROGRAM, THERE HAVE BEEN INSTANCES OF TEMPORARY HARDSHIP, AND CERTAINLY THERE HAVE BEEN INSTANCES WHERE THE FARMERS' CONFIDENCE IN THE FEDERAL CROP INSURANCE PROGRAM HAVE BEEN DIMINISHED.

MR. PRESIDENT, THE FEDERAL CROP INSURANCE PROGRAM HAS BECOME A FARM PROGRAM WHICH IS OF UTMOST IMPORTANCE TO OUR FARMERS. LOSSES HAVE BEEN DRAMATIC IN MY STATE OF MISSISSIPPI AND THEY HAVE ILLUSTRATED HOW IMPORTANT IT IS TO HAVE A DEPENDABLE CROP INSURANCE PROGRAM.

HOWEVER, AS A RESULT OF HIGH LOSSES IN MANY AREAS OF THE UNITED STATES, CLAIMS OF FARMERS PARTICIPATING IN THE CROP INSURANCE PROGRAM HAVE EXCEEDED THE FEDERAL CROP INSURANCE CORPORATION'S FUNDING LEVEL. THIS HAS CREATED INSTANCES WHERE EMERGENCY ACTION HAS BEEN NECESSARY TO PROVIDE FCIC WITH ADDITIONAL FUNDING TO MEET THESE CLAIMS.

AS A RESULT OF THE FEDERAL CROP INSURANCE CORPORATION'S TEMPORARILY RUNNING OUT OF MONEY, THERE HAVE BEEN SEVERAL ARTICLES IN THE PRESS ABOUT THE CORPORATION BEING BANKRUPT. THIS HAS TENDED TO DIMINISH FARMER CONFIDENCE IN THE PROGRAM. IN ORDER TO ALLOW FCIC TO CARRY OUT ITS RESPONSIBILITIES AND INDEMNIFY FARMERS FOR LOSSES AND TO PROVIDE THE PROTECTION TO OUR FARMERS, MY AMENDMENT WOULD PROVIDE FCIC WITH THE AUTHORITY TO BORROW MONEY SO IT COULD PAY CLAIMS TO FARMERS WHO HAVE SUFFERED LOSSES. MY AMENDMENT WOULD DO THIS BY CREATING AN ACCOUNT AT THE DEPARTMENT OF TREASURY AND IT WOULD ALLOW FCIC TO BORROW MONEY FROM THE TREASURY TO MEET ITS RESPONSIBILITIES.

MR. PRESIDENT, I WOULD LIKE IT UNDERSTOOD THAT MY AMENDMENT IS PROVIDING FCIC WITH AUTHORITY TO MEET ITS RESPONSIBILITIES AS CONGRESS HAS LEGISLATED. I WOULD ALSO LIKE FCIC TO UNDERSTAND THAT THIS BODY, ONCE WE HAVE ADDRESSED THE IMPORTANT FARM ISSUES WHICH CONFRONT US TODAY, WILL PAY VERY CLOSE ATTENTION TO THE OPERATIONS OF THE FCIC. WE ARE NOT ENTIRELY HAPPY WITH THE WAY THIS PROGRAM IS BEING ADMINISTERED. I INTEND TO SCHEDULE HEARINGS BEFORE THE AGRICULTURE PRODUCTION, MARKETING AND STABILIZATION OF PRICES SUBCOMMITTEE OF THE SENATE AGRICULTURE COMMITTEE OR THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES OF THE APPROPRIATIONS COMMITTEE, BOTH OF WHICH I CHAIR, TO REVIEW THE OPERATIONS OF THE FEDERAL CROP INSURANCE CORPORATION.

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I ASK THAT MY COLLEAGUES JOIN ME IN SUPPORT OF THIS AMENDMENT TO ENSURE THAT OUR NAITON'S FARMERS ARE PROVIDED ADEQUATE PROTECTION AGAINST INSURED LOSSES.

MR. PRESIDENT, I HAVE DISCUSSED THE AMENDMENT WITH THE MANAGERS OF THE LEGISLATION. WE APPRECIATE VERY MUCH THEIR ASSISTANCE IN WORKING ON THIS CHANGE IN THE BILL.

MR. HELMS. MR. PRESIDENT, WE HAVE INDEED WORKED WITH THE DISTINGUISHED SENATOR FROM MISSISSIPPI ON THIS AMENDMENT. IT IS A GOOD AMENDMENT AND WE ACCEPT IT ON THIS SIDE.

MR. ZORINSKY. MR. PRESIDENT, THIS AMENDMENT WOULD STRENGTHEN THE FEDERAL CROP INSURANCE PROGRAM. THE PROGRAM IS OF VITAL IMPORTANCE TO THE FARMERS OF THIS NATION. I COMPLIMENT THE SENATOR FOR HIS AMENDMENT AND I RECOMMEND ITS ADOPTION.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1142) WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. COCHRAN. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I YIELD THE FLOOR.

AMENDMENT NO. 1143

MR. KERRY. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY SET ASIDE AND THAT I MAY PROCEED WITH THE OFFERING OF MY AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE CLERK WILL REPORT.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM MASSACHUSETTS [MR. KERRY], FOR HIMSELF, MR. KENNEDY, MR. LEAHY, MR. SIMON, MR. HARKIN, AND MR. METZENBAUM, PROPOSES AN AMENDMENT NUMBERED 1143.

AT THE END OF THE BILL, ADD A NEW SECTION AS FOLLOWS:

"SEC. . EFFECTIVE DECEMBER 1, 1985, NO ARTICLE OF TOBACCO (HOWEVER PROVIDED FOR IN PART 13 OF SCHEDULE 1 OF THE TARIFF SCHEDULES OF THE UNITED STATES (19 U.S.C. 1202) THAT IS THE GROWTH, PRODUCE, OR MANUFACTURE OF THE REPUBLIC OF SOUTH AFRICA MAY BE ENTERED, OR WITHDRAWN FROM WAREHOUSE FOR CONSUMPTION, IN THE CUSTOMS TERRITORY OF THE UNITED STATES UNTIL THE PRESIDENT (1) DETERMINES THAT THE REPUBLIC OF SOUTH AFRICA HAS REPEALED ALL LAWS, REGULATIONS, RULES, ORDERS, TRAVEL LIMITATIONS, AND OTHER LEGAL LIMITATIONS IMPOSED BY THE GOVERNMENT OF THAT COUNTRY THAT RESTRICT THE COVERAGE BY FOREIGN JOURNALISTS OF NEWS EVENTS THAT RELATE TO SOCIAL, ECONOMIC,

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AND POLITICAL UNREST IN THAT COUNTRY AND (2) SUBMITS TO CONGRESS A REPORT CONTAINING THE BASIS FOR SUCH DETERMINATION."

MR. KERRY. MR. PRESIDENT, THIS AMENDMENT IS A VERY STRAIGHT-FORWARD AMENDMENT. IT IS COSPONSORED BY SENATOR LEAHY, SENATOR SIMON, SENATOR KENNEDY, AND SENATOR METZENBAUM.

MR. HELMS. MR. PRESIDENT, WILL THE SENATOR YIELD FOR ONE MOMENT?

MR. KERRY. FOR A QUESTION?

MR. HELMS. YES, MR. PRESIDENT. THE QUESTION IS, WOULD THE SENATOR BE WILLING TO ENTER INTO A TIME AGREEMENT ON THIS AMENDMENT?

MR. KERRY. ABSOLUTELY, MR. PRESIDENT. I SHOULD BE DELIGHTED.

MR. HELMS. WHAT WOULD BE HIS PLEASURE? TEN MINUTES EQUALLY DIVIDED? TWENTY MINUTES EQUALLY DIVIDED?

MR. KERRY. TWENTY MINUTES EQUALLY DIVIDED WOULD BE FINE.

MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT TO THAT EFFECT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. HELMS. THE MAJORITY LEADER SUGGESTED THAT THE TIME LIMITATION BE MADE RETROACTIVE TO THE BEGINNING OF THE SENATOR'S SPEECH.

MR. KERRY. I COULD NOT AGREE TO THAT. I SHALL FINISH VERY QUICKLY.

I THANK THE CHAIRMAN.

MR. KERRY. MR. PRESIDENT, MY AMENDMENT IS VERY SIMPLE. I WOULD PROHIBIT THE IMPORTATION INTO THIS COUNTRY OF SOUTH AFRICAN TOBACCO UNTIL THAT GOVERNMENT REPEALS ALL THE RESTRICTIONS IT HAS IMPOSED ON THE FOREIGN AND SOUTH AFRICAN NEWS MEDIA.

ON NOVEMBER 2, OF THIS YEAR, THE SOUTH AFRICAN GOVERNMENT IMPOSED NEW RESTRICTIONS THAT SHARPLY LIMIT PRESS ACCESS TO THE OFTEN BLOODY CLASHES BETWEEN POLICE AND BLACK PROTESTORS. BOTH FRANCE AND BRITAIN LODGED DIPLOMATIC PROTESTS WITH PRETORIA, CRITICIZING THE NEW CURBS ON PRESS FREEDOM. THE REAGAN ADMINISTRATION ALSO HAS NOTED OUR OWN GOVERNMENT'S CONCERN FOR THESE MEASURES.

THE NEW RULES ARE TOUGHEST ON BROADCAST JOURNALISTS. THE TELEVISION AND PHOTOGRAPHIC CREWS ARE NOW REQUIRED TO LEAVE THE SCENE IF VIOLENCE BREAKS OUT IN ANY OF THE 38 DISTRICTS WHERE THE GOVERNMENT HAS DECLARED A STATE OF EMERGENCY. PRINT REPORTERS ARE PERMITTED TO STAY IN OFF-LIMIT AREAS, BUT THEY MUST FIRST REPORT TO THE LOCAL POLICE STATION.

THIS LATEST ACTION BY THE SOUTH AFRICAN GOVERNMENT HAS PRECIPITATED CONCERN ON THE PART OF THE BLACK LEADERSHIP THAT THE ABSENCE OF REPORTERS AND CAMERAS COULD RESULT IN INCREASED BRUTALITY AGAINST BLACKS PROTESTING THE APARTHEID POLICIES OF THAT GOVERNMENT. IN LIGHT OF A REPORT CARRIED IN TODAY'S EDITION OF THE NEW YORK

TIMES, IT APPEARS THAT CONCERN IS WARRANTED.

ACCORDING TO THE TIMES REPORT, SIX PEOPLE IN THE BLACK TOWNSHIP OF MAMELODI WERE KILLED BY SOUTH AFRICAN POLICE YESTERDAY, INCLUDING SEVERAL ELDERLY WOMEN. THE TIMES CORRESPONDENT, RELYING UPON EYEWITNESS ACCOUNTS, REPORTED THAT THE SHOOTINGS OCCURRED AS THOUSANDS OF RESIDENTS GATHERED AT A LOCAL GOVERNMENT OFFICE TO PROTEST HIGH RENTS, THE PRESENCE OF POLICE AND ARMY SQUADS IN THE TOWNSHIP, AND THE BANNING OF WEEKEND FUNERALS. THESE WITNESSES ESTIMATED THE CROWD TO BE 50,000 AND THAT HUNDREDS WERE INJURED IN THE HEADLONG RUSH FROM POLICE GUNFIRE AND TEAR GAS.

ACCORDING TO THE NEW YORK TIMES, THE DEATHS BROUGHT TO 23 THE NUMBER OF BLACKS KILLED BY AUTHORITIES SO FAR THIS WEEK. SINCE SEPTEMBER 1984, AN ESTIMATED 865 PEOPLE, MOST OF THEM BLACK, HAVE BEEN KILLED BY SOUTH AFRICAN SECURITY FORCES.

THIS STEP AT RESTRICTING THE NEWS MEDIA'S ABILITY TO REPORT ON GOVERNMENT REPRESSION OF THE BLACK MAJORITY IN THAT COUNTRY DOES NOT BODE WELL FOR THE PROSPECTS FOR PEACEFUL CHANGE IN SOUTH AFRICA. PRESS CENSORSHIP AND RESTRICTIONS ON BOTH WESTERN AND SOUTH AFRICAN NEWS AGENCIES MEANS THAT NEITHER THE OUTSIDE WORLD NOR THE SOUTH AFRICANS THEMSELVES WILL BE ALLOWED TO HAVE ANY INFORMATION REGARDING THE TRUE STATE OF VIOLENCE THAT IS OCCURRING IN THAT COUNTRY. IT ALSO MEANS THAT THE UNREST AND TENSION COULD GET EVEN WORSE IN THE FUTURE AND IT WILL BE HIDDEN FROM THE AMERICAN PEOPLE.

IF THERE IS ONE THING THAT AMERICANS UNDERSTAND AND APPRECIATE, IT IS THE FACT THAT FREEDOM OF THE PRESS IS FUNDAMENTAL TO ANY DEMOCRACY. IT IS ONE OF THE FREEDOMS GUARANTEED BY THE DEMOCRATIC SOCIETIES THAT DISTINGUISH US FROM TOTALITARIAN REGIMES. EVEN IN REPRESSIVE MILITARY DICTATORSHIPS, ON OCCASION THERE IS A MODICUM OF PRESS FREEDOM. TOTALLY RESTRICTING THE PRESS'S ABILITY TO REPORT ON SOCIETAL ILLS IS A TOTALITARIAN TOOL WHICH WE EXPECT FROM COMMUNIST COUNTRIES -- NOT COUNTRIES WHO CLAIM MEMBERSHIP IN THE WESTERN COMMUNITY OF NATIONS.

SPOKESMEN FOR THE REAGAN ADMINISTRATION HAVE URGED THAT TALKS BE OPENED UP WITH THE BANNED AFRICAN NATIONAL CONGRESS IN ORDER TO FIND PEACEFUL RESOLUTION TO THE SOUTH AFRICAN CRISIS. YET, JUST 2 WEEKS AGO THE EDITOR OF THE CAPE TIMES IN SOUTH AFRICA, WAS ARRESTED, DETAINED, AND CHARGED WITH VIOLATING THE COUNTRY'S INTERNAL SECURITY ACT OF PUBLISHING AN INTERVIEW WITH OLIVER TAMBO, THE EXILED PRESIDENT OF THE AFRICAN NATIONAL CONGRESS. IF PROSECUTED AND CONVICTED, HEARD COULD RECEIVE A JAIL SENTENCE OF UP TO 3 YEARS. IN THAT INTERVIEW, TAMBO URGED THE CREATION OF AN IMPROVED CLIMATE IN WHICH TALKS WOULD OCCUR.

MR. PRESIDENT, THE AMOUNTS OF TOBACCO INVOLVED IN MY AMENDMENT MAY SEEM RATHER MINOR, AND THEY ARE. IN 1983, THE UNITED STATES IMPORTED ONLY 31 METRIC TONS OF SCRAP TOBACCO FROM SOUTH AFRICA. THIS GREW TO 239 METRIC TONS IN 1984. HOWEVER, WHILE WE IMPORTED 1,318 METRIC TONS OF OTHER TOBACCO FROM SOUTH AFRICA IN 1983, THIS DECLINED TO 243 METRIC TONS IN 1984. PART OF THIS DECLINE CAN BE EXPLAINED BY THE FACT THAT SCRAP TOBACCO CAME UNDER VERY FAVORABLE TARIFFS IN 1983 AND 1984. THEREFORE, IT APPEARS THAT MUCH OF THE HIGH-GRADE BURLEY TOBACCO, WHICH IS SUBJECT TO MUCH HIGHER TARIFFS, THAN SCRAP TOBACCO HAS BEEN SHREDDED IN ORDER TO BE CLASSIFIED AS SCRAP TOBACCO.

OUR IMPORTS OF SOUTH AFRICAN TOBACCO ARE MINIMAL AS A PERCENTAGE OF THE WORLDWIDE TOTAL OF TABACCO IMPORTS COMING INTO THIS COUNTRY. NEARLY 25,000 METRIC TONS OF SCRAP TOBACCO WERE IMPORTED IN 1984, AND 19,450 METRIC TONS OF OTHER TABACCO WERE IMPORTED IN THE SAME YEAR.

HOWEVER, I AM COGNIZANT OF THE FACT THAT THOSE OF MY COLLEAGUES WHO COME FROM TOBACCO-PRODUCING STATES ARE CONCERNED DEEPLY OVER THE PLIGHT OF THEIR TOBACCO PRODUCERS. AS A RESULT, A SPECIAL LEGISLATIVE REMEDY WAS OFFERED BY THESE SENATORS IN ORDER TO EASE THE ECONOMIC PROBLEMS FACED BY FAMILY-FARM TOBACCO-GROWING OPERATIONS. I KNOW THERE IS SIGNIFICANT CONCERN, AND GROWING OPPOSITION TO, TOBACCO IMPORTS COMING INTO THE UNITED STATES. THIS LATTER PROBLEM WAS ADDRESSED IN THE SENATE AGRICULTURAL COMMITTEE'S REPORT ON THE DAIRY AND TOBACCO ADJUSTMENT ACT OF 1983 WHICH STATED:

THE INCREASE OF FOREIGN GROWN TOBACCO IS PERCEIVED AS BEING A MAJOR CONTRIBUTOR TO THE PROBLEM OF OVERSUPPLY OF DOMESTIC TOBACCO. THE IMPORTATION OF LARGE AMOUNTS OF FOREIGN TOBACCO COULD HAVE A DETRIMENTAL EFFECT ON THE STABILITY OF THE TOBACCO PROGRAM ...

ON JANUARY 21 OF THIS YEAR, OUR DISTINGUISHED COLLEAGUE, SENATOR FORD, INSERTED INTO THE RECORD A RESOLUTION PASSED BY THE KENTUCKY GENERAL ASSEMBLY WHICH ADDRESSED THE PROBLEMS PLAGUING TOBACCO PRODUCERS. THE RESOLUTION SPECIFICALLY REQUESTED THE PRESIDENT TO REDUCE TOBACCO IMPORTS IN ORDER TO BRING THE EXCESSIVE TOBACCO LOAN STOCKS UNDER CONTROL.

THE RESOLUTION NOTED THAT AMERICAN TOBACCO FARMERS HAD TO ENDURE PRODUCTION CONTROLS WHILE FOREIGN PRODUCERS DID NOT, THEREFORE PROVIDING AN UNFAIR ADVANTAGE FOR FOREIGN PRODUCERS.

WHILE MY AMENDMENT MAY BE VIEWED AS A MINIMAL STEP IN REDRESSING THIS PROBLEM -- WHICH HAS BEEN ACKNOWLEDGED AS A SERIOUS PROBLEM BY THE COMMITTEE ON AGRICULTURE -- AT LEAST AMERICAN TOBACCO PRODUCERS WOULD NOT HAVE TO WORRY ABOUT UNFAIR COMPETITION FROM SOUTH AFRICA. EVERY METRIC TON OF FOREIGN TOBACCO DENIED THE AMERICAN MARKET IS JUST ONE MORE METRIC TON OVER WHICH OUR DOMESTIC PRODUCERS WILL NOT HAVE TO WORRY.

MR. PRESIDENT, FROM ALL THE EVIDENCE, IT IS OBVIOUS THAT THE VIOLENCE AGAINST BLACKS CONTINUES UNABATED IN SOUTH AFRICA. AS THE NEW YORK TIMES REPORTED, AND I REITERATE, AT LEAST 23 BLACKS HAVE BEEN KILLED BY SOUTH AFRICAN SECURITY FORCES IN THIS WEEK ALONE.

ALL THIS POINTS TO IS THE FACT THAT THE GOVERNMENT OF PIK BOTA IS INCAPABLE OF CHANGE. QUITE THE CONTRARY, THE BOTHA GOVERNMENT IS ONLY CAPABLE OF HASTENING THE DAY WHEN AN ALL-OUT RACE WAR BREAKS LOOSE IN SOUTH AFRICA.

AS WHITE SOUTH AFRICAN AUTHOR, NADINE GORDIMER, POINTED OUT IN HER ARTICLE WHICH APPEARED IN THE SEPTEMBER 8, 1985, EDITION OF THE NEW YORK TIMES MAGAZINE:

THE POLICE DOGS ARE GUARDING THE GATES OF PARADISE. KEEP AWAY FROM THE ROADS THAT PASS WHERE THE BLACKS AND THE POLICY-ARMY ARE CONTAINED IN THEIR VORTEX OF VIOLENCE, LIFE CAN GO ON AS USUAL. ***

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THERE IS A PHYSICAL AND MENTAL CORDONING-OFF OF AREAS OF UNREST. THE POLICE AND ARMY TAKE CARE OF THE FIRST MATTER, AND THE EXTRAORDINARY SENSE OF WHITENESS, OF HAVING ALWAYS BEEN DIFFERENT, ALWAYS FAVORED, ALWAYS SHIELDED FROM THE VULNERABILITIES OF POVERTY AND POWERLESSNESS TAKES CARE OF THE SECOND.

ALL OF US ARE CONCERNED OVER THE POSSIBILITY OF A MARXIST TAKEOVER IN SOUTH AFRICA OR ANYWHERE IN THE WORLD. BUT AS ONE SOUTH AFRICAN STUDENT, WHO TALKED OF A SOCIALIST SOLUTION TO THE PROBLEMS OF HIS COUNTRY, OBSERVED IN MS. GORDIMER'S ARTICLE:

CAPITALISM HAS NO FUTURE IN THIS COUNTRY. LOOK WHERE IT HAS GOTTEN US.

MR. PRESIDENT, THAT IS THE ESSENCE OF THE PROBLEM FOR THE UNITED STATES AND THE WEST. BLACK SOUTH AFRICANS HAVE SUFFERED UNDER THE YOKE OF APARTHEID'S VERSION OF CAPITALISM. THEY DO NOT HAVE ANY FIRSTHAND KNOWLEDGE OF MARXIST SYSTEMS THAT CRUSH LABOR UNIONS IN POLAND, PERSECUTE JEWS IN THE SOVIET UNION, AND SLAUGHTER FREEDOM FIGHTERS IN AFGHANISTAN.

NO, THE BLACKS IN SOUTH AFRICA SUFFER UNDER THE YOKE OF THE ONLY EXPERIENCE WITH CAPITALISM THAT THEY HAVE HAD. AND IT DISTURBS ALL OF US WHO BELIEVE IN DEMOCRATIC PRINCIPLES, AND WHO BELIEVE THE WESTERN ECONOMIC SYSTEM OFFERS A BETTER WAY OF LIFE FOR EVERYONE THAN MARXIST SYSTEMS. THE VERY CREDIBILITY OF OUR BELIEFS AND PHILOSOPHY ARE UNDERMINED BY A RACIST, TOTALITARIAN REGIME. BUT, IT SHOULD NOT BE SURPRISING TO US -- BECAUSE WE HAVE MADE IT CLEAR, AT LEAST UNTIL RECENTLY, THAT IN THE CASE OF SOUTH AFRICA THAT REPRESSION AND RACISM ARE TOLERABLE IF IT IS ANTI-COMMUNIST.

THE ILLEGITIMACY OF THE SOUTH AFRICAN POLITICAL SYSTEM HAS FINALLY CAUGHT UP WITH IT. A SYSTEM THAT HAS DENIED 80 PERCENT OF THE PEOPLE ALL POLITICAL RIGHTS BECAUSE OF THEIR SKIN COLOR NEVER RESTED ON THE CONSENT OF THE GOVERNMENT. TODAY, THE BOTHA REGIME GOVERNS ONLY BY AN ARMY OF OCCUPATION IN THE BLACK TOWNSHIPS.

I WAS DEEPLY MOVED BY THE SENTIMENTS EXPRESSED BY ZAMBIAN PRESIDENT KENNETH KAUNDA REPORTED IN THE SEPTEMBER 16, 1985, EDITION OF TIME MAGAZINE, WHO STATED:

WE CAN BE BLACK DICTATORS, OR BROWN OR YELLOW OR WHITE. THE PEOPLE WILL REJECT US. WHEN WE DEFY GOD'S LAW THAT WE ARE MADE IN HIS IMAGE, WE ARE IN TROUBLE. WE ARE DEALING HERE WITH A SITUATION IN WHICH ONE HUMAN BEING SAYS TO ANOTHER, "YOU ARE INFERIOR BECAUSE GOD MADE YOU BLACK." THERE IS NO EXCEPTION TO GOD'S LAW ON HUMAN RIGHTS. THE DIGNITY OF MAN IS THERE, ALWAYS. POWER MUST BE GIVEN TO ALL THE PEOPLE OF SOUTH AFRICA, ALL OF THEM.

THE WHITE MINORITY REGIME IN SOUTH AFRICA PROFESSES WESTERN VALUES AND CLAIMS MEMBERSHIP IN THE WESTERN COMMUNITY OF NATIONS BASED UPON THESE PROFESSED VALUES. HOWEVER, IT IS OUR OBLIGATION TO IMPRESS ON THAT GOVERNMENT THAT THERE IS A PRICE FOR ADMISSION TO MEMBERSHIP IN OUR CLUB, IF THEY WANT TO CLAIM THE BENEFITS OF OUR SYSTEM.

THIS HISTORY OF HUMANKIND HAS BEEN PLAGUED BY INJUSTICE CARRIED OUT IN THE NAME OF RACIAL ETHNIC PREJUDICE. THE HOLOCAUST PERPETRATED AGAINST THE JEWS WAS CARRIED OUT BY THE NAZIS IN THE NAME OF CREATING A PURE ARYAN RACE. THE PERSECUTION OF THE JEWS IN THE SOVIET UNION IS CARRIED OUT BECAUSE THEY ARE JEWS.

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IN OUR HISTORY, WE HAVE WITNESSED DISCRIMINATION AGAINST BLACKS, THE IRISH, ITALIANS, AND CATHOLICS, JUST TO NAME A FEW ETHNIC AND RELIGIOUS GROUPS. AND WE HAVE MADE SIGNIFICANT STRIDES IN ERASING PREJUDICES THAT STILL LINGER IN OUR OWN SOCIETY.

BUT IT HAS BEEN THE PROBLEM OF RACIAL DISCRIMINATION WHICH HAS BEEN SO PERNICIOUS. THE COLOR OF ONE'S SKIN HAS BEEN, AND CONTINUES TO BE, ONE OF THE MOST PERSISTENT PREJUDICES WITH WHICH HUMANKIND HAS HAD TO STRUGGLE TO OVERCOME.

JUST AS PRESIDENT KAUNDA OF ZAMBIA IS A DEVOUT CHRISTIAN WHO BELIEVES THAT GOD CREATED ALL MEN AND WOMEN EQUAL, REGARDLESS OF THE COLOR OF THEIR SKIN, I BELIEVE WE ARE A NATION WHICH ESPOUSES AND REPRESENTS A JUDEO-CHRISTIAN BELIEF IN THE INHERENT EQUALITY OF MEN AND WOMEN. AS SUCH, WE HAVE A MORAL RESPONSIBILITY TO ACT CONSISTENT WITH OUR BELIEFS.

MR. PRESIDENT, THE SOUTH AFRICAN GOVERNMENT MAY WANT TO REMOVE FROM INTERNATIONAL SCRUTINY THE DAILY REPRESSION IT HEAPS UPON 80 PERCENT OF ITS OWN POPULATION. BY IMPOSING SUCH STRINGENT RESTRICTIONS UPON THE NEWS MEDIA, AND IN PARTICULAR TELEVISION COVERAGE OF THEIR SYSTEM, THEY ARE ATTEMPTING TO RUN FROM THEIR PROBLEM. BUT THEY CANNOT HIDE. THE DEATH TOLL CONTINUES TO MOUNT, THE VIOLENCE CONTINUES TO SPREAD. AND SOME DAY IT WILL REACH INTO THE WHITE SUBURBS FROM WHICH THE SOUTH AFRICAN GOVERNMENT IS ATTEMPTING TO HIDE THE TRUTH.

MR. PRESIDENT, I WOULD LIKE TO CONCLUDE MY REMARKS BY QUOTING JOHN F. KENNEDY, WHO OBSERVED IN A MARCH 13, 1962, ADDRESS COMMEMORATING THE FIRST ANNIVERSARY OF THE ALLIANCE FOR PROGRESS:

THOSE WHO MAKE PEACEFUL REVOLUTION IMPOSSIBLE, WILL MAKE VIOLENT REVOLUTION POSSIBLE.

I ASK UNANIMOUS CONSENT THAT NADINE GORDIMER'S ARTICLE FROM THE NEW YORK TIMES MAGAZINE OF SEPTEMBER 8, 1985, THE TIME MAGAZINE INTERVIEW WITH ZAMBIAN PRESIDENT KENNETH KAUNDA OF SEPTEMBER 16, 1985, AND TODAY'S NEW YORK TIMES REPORT ON THE LATEST ROUND OF VIOLENCE IN SOUTH AFRICA, BE PRINTED IN THE RECORD.

THERE BEING NO OBJECTION, THE ARTICLE WERE ORDERED TO BE PRINTED IN THE RECORD, AS FOLLOWS:

[FROM THE NEW YORK TIMES MAGAZINE, SEPT. 8, 1985]

GUARDING 'THE GATES OF PARADISE'

(BY NADINE GORDIMER)

WE WHITES IN SOUTH AFRICA PRESENT AN UPDATED VERSION OF THE TALE OF THE EMPEROR'S CLOTHES; WE ARE NOT AWARE OF OUR NAKEDNESS -- ETHICAL, MORAL, AND FATAL -- CLOTHED AS WE ARE IN OUR OWN SKIN. THIS MORNING ON THE RADIO THE NEWS OF THE WITHDRAWAL OF MORE FOREIGN DIPLOMATS FROM SOUTH AFRICA, AND THE CONTINUING THREAT OF THE WITHDRAWAL BY FOREIGN BANKS, WAS FOLLOWED BY A BURST OF POP-MUSIC DEFIANCE BY THE STATE-OWNED SOUTH AFRICAN BROADCASTING CORPORATION, ON BEHALF OF AFRIKANERS AND ENGLISH-SPEAKING WHITES. "ALLIES," YELLED A DISCO IDOL, "WE'RE ALLIES, WITH OUR BACKS AGAINST THE W-A-LL...."

THERE IS AN OLD MISCONCEPTION STILL CURRENT ABROAD: THE AFRIKANERS ARE THE BADDIES AND THE ENGLISH-SPEAKERS, THE ANGELS AMONG WHITES IN OUR COUNTRY. THE CATEGORIES DO NOT FALL SO NEATLY INTO PLACE. NOT ALL AFRIKANERS SUPPORT THE STATE OF EMERGENCY AND THE SADISTIC POLICE AND ARMY ACTIONS THAT LED UP TO IT, AND NOT ALL ENGLISH-SPEAKERS WOULD IMplode APARTHEID TOMORROW IF IT WERE POSSIBLE TO PREVAIL AGAINST THE AFRIKANER ARMY THAT MANS THE AFRIKANER FORTRESS.

THE MISCONCEPTION SURPRISES ME. ANYONE WHO FOLLOWS THE REPORTS OF FOREIGN PRESS CORRESPONDENTS IN SOUTH AFRICA MUST BE AWARE THAT IN NOVEMBER 1983, THE PRIME MINISTER, MR. P.W. BOTHA, RECEIVED AN OVERWHELMING "YES" VOTE FOR HIS NEW CONSTITUTION, WITH ITS TRICAMERAL PARLIAMENT FOR WHITES, INDIANS AND COLORED (PEOPLE OF MIXED RACE) -- AND THE TOTAL EXCLUSION OF THE BLACK MAJORITY. THE REFERENDUM HELD WAS OPEN TO WHITES ONLY, BOTH AFRIKANERS AND ENGLISH-SPEAKERS; MR. BOTHA COULD HAVE RECEIVED A MANDATE IF THE ENGLISH-SPEAKING WHITES HAD VOTED "NO." "YES," THEY SAID, VOTING ALONG WITH SUPPORTERS OF MR. BOTHA'S NATIONAL PARTY. "YES," THEY SAID, 23.5 MILLION BLACK PEOPLE SHALL HAVE NO SAY IN THE CENTRAL GOVERNMENT OF SOUTH AFRICA.

AND "YES," SAID THE REAGAN GOVERNMENT TOO, ENTERING INTO CONSTRUCTIVE ENGAGEMENT WITH A POLICY DESTRUCTIVE OF JUSTICE AND HUMAN DIGNITY, WHILE MUMBLING OBEISANCE TO ABHORRENCE OF APARTHEID LIKE THOSE LAPSED BELIEVERS WHO CROSS THEMSELVES WHEN ENTERING A CHURCH.

THE DIVISION OF WHITES UNDER CRISIS

THERE IS NO SPECIAL POSITION OF NON-AFRIKANER WHITES IN SOUTH AFRICA, NOR HAS THERE BEEN FOR A VERY LONG TIME.

THE ACTUAL DIVISION AMONG WHITES IN OUR COUNTRY FALLS BETWEEN THE MAJORITY -- AFRIKANER AND ENGLISH-SPEAKING -- WHO SUPPORT THE NEW CONSTITUTION, WHETHER DIRECTLY OR CIRCUITOUSLY, AS A VALID MOVE TOWARD "ACCOMMODATING BLACK ASPIRATIONS" (LET US NOT INVOKE JUSTICE), AND THE MINORITY -- ENGLISH-SPEAKING AND AFRIKANER -- WHO OPPOSE THE CONSTITUTION AS IRREMIEDIABLY UNJUST AND UNJUSTIFIABLE. FEWER AFRIKANERS THAN ENGLISH-SPEAKERS OPPOSE APARTHEID, BUT THE ENGLISH-SPEAKERS WHO UPHOLD THE CENTRAL GOVERNMENT OF SOUTH AFRICA REPRESENT A MAJORITY IN THEIR LANGUAGE GROUP.

WHEN BLACKS SPEAK ABOUT THE "BOER" THESE DAYS, THEY'RE NOT JUST REFERRING TO AFRIKANERS; THE TERM HAS BECOME A GENERIC RATHER THAN AN ETHNIC ONE. IT IS LIKELY TO REFER TO A MODE OF BEHAVIOR, AN ATTITUDE OF MIND, A POSITION. THE NOMENCLATURE ENCOMPASSES ALL WHITES WHO VOLUNTARILY AND KNOWINGLY COLLABORATE IN OPPRESSION OF BLACKS. NOT ALL AFRIKANERS ARE "BOER," AND MANY ENGLISH-SPEAKERS WITH PEDIGREES DATING BACK TO THE 1820 SETTLERS ARE. ... STATES OF MIND AND WAYS OF LIFE UNDER CRISIS WOULD BE EXPECTED MORE OR LESS TO FOLLOW THE LINES OF DIVISION, AND I BELIEVE THAT STATES OF MIND DO. EVERYWHERE I GO, I SENSE A RELAXATION OF THE FACIAL MUSCLES AMONG WHITES WHO HAD APPEARED TO BE TASTING THE ASHES OF THE GOOD LIFE WHEN SOWETO WAS ON FIRE IN THE WEEK BEFORE THE STATE OF EMERGENCY WAS DECLARED IN JULY. APPROVAL OF THE STATE'S ACTION IS NOT OFTEN EXPLICIT IN MY COMPANY, BECAUSE IT IS KNOWN THAT I BELONG TO THE MINORITY WITHIN THE WHITE MINORITY THAT OPPOSES THE CONSTITUTION AS A NEW ORDER OF OPPRESSION IN CONTEMPT OF JUSTICE, AND SEES THE STATE OF EMERGENCY AS AN ACT OF DESPERATION: A DEMONSTRATION OF THE FAILURE OF THE GOVERNMENT'S ATROCIOUS "NEW DEAL" ONLY A FEW MONTHS AFTER IT WAS INSTITUTED. THE GENERAL FEELING

AMONG WHITES IS THAT FEAR HAS BEEN STAVED OFF -- AT LEAST FOR A WHILE.

THE POLICE DOGS ARE GUARDING THE GATES OF PARADISE. KEEP AWAY FROM ROADS THAT PASS WHERE THE BLACKS AND THE POLICE-ARMY ARE CONTAINED IN THEIR VORTEX OF VIOLENCE, AND LIFE CAN GO ON AS USUAL. ONE CAN TURN ONE'S ATTENTION TO MATTERS THAT AFFECT ONE DIRECTLY AND CAN BE DEALT WITH WITHOUT BLOODYING ONE'S HANDS: LOBBYING ALL OVER THE WORLD AGAINST DISINVESTMENT AND SPORTS BOYCOTTS. THESE ARE AREAS WHERE SOPHISTICATED PEOPLE UNDERSTAND ONE ANOTHER IN ECONOMIC AND LEISURE SELF-INTERESTS: FOR MANY, THE ONLY BROTHERHOOD THAT TRANSCENDS NATION AND RACE.

THERE IS A PHYSICAL AND MENTAL CORDONING-OFF OF "AREAS OF UNREST." THE POLICE AND ARMY TAKE CARE OF THE FIRST MATTER, AND THAT EXTRAORDINARY SENSE OF WHITENESS, OF HAVING ALWAYS BEEN DIFFERENT, ALWAYS FAVORED, ALWAYS SHIELDED FROM THE VULNERABILITIES OF POVERTY AND POWERLESSNESS, TAKES CARE OF THE SECOND.

AS FOR THE LESS WORLDLY AMONG THE WHITE MAJORITY, THEY EXPRESS OPENLY THEIR APPROVAL OF GOVERNMENT VIOLENCE IN THE LAST FEW MONTHS, AND THERE IS A GROUP THAT BELIEVES THERE HAS NOT BEEN ENOUGH OF IT. "THE GOVERNMENT SHOULD SHOOT THE LOT." THIS REMARK WAS OFFERED TO MY FRIEND, THE PHOTOGRAPHER DAVID GOLDBLATT, IN ALL CRAZY SERIOUSNESS; THERE ARE WHITES IN WHOSE SUBCONSCIOUS THE POWER OF THE GUN IN A WHITE MAN'S HAND IS MAGICAL (LIKE HIS SKIN?) AND COULD WIPE OUT AN ENTIRE POPULATION MORE THAN FIVE TIMES AS LARGE AS THAT OF THE WHITES.

IN BIZARRE HISTORICAL TWINSHIP, THIS IS THE OBVERSE OF THE TEACHINGS OF THE MID-19TH-CENTURY PROPHETESS NONGQAUSE, OF THE XHOSA TRIBE. NONGQUASE TOLD HER PEOPLE THAT BY FOLLOWING HER INSTRUCTIONS THEY COULD CAUSE ALL THOSE WHO WORE TROUSERS -- THE WHITE MEN -- TO BE SWEEPED AWAY BY A WHIRLWIND...

IT IS NOT TRUE THAT THE SOUTH AFRICAN GOVERNMENT IS BENT ON GENOCIDE, AS SOME BLACK DEMAGOGUES HAVE AVERRED (THE BLACK MAN IS TOO USEFUL FOR THAT); BUT IT IS TRUE THAT THE UNCONSCIOUS WILL TO GENOCIDE IS THERE IN SOME WHITES.

SO IS BELIEF IN THE OLD BIBLICAL JUSTIFICATION FOR APARTHEID, THAT BLACKS ARE THE DESCENDENTS OF HAM, ALTHOUGH EVEN THE DUTCH REFORMED CHURCH HAS EMBARRASSEDLY REPUDIATED THIS. OVER LUNCH ON HIS FATHER'S TRANSVAAL FARM RECENTLY, I MET A HANDSOME YOUNG AFRIKANER ON LEAVE FROM MILITARY SERVICE. GRACE WAS SAID. WHEN THE YOUNG MAN LIFTED HIS BOWED HEAD, HE GAVE AN EXPOSITION OF BIBLICAL JUSTIFICATION THAT WAS ALL HIS OWN, I THINK: BLACKS ARE THE DESCENDANTS OF CAIN AND A CURSE ON HUMANKIND. I DID NOT RISE TO THE BAIT; BUT MY EYES MUST HAVE BETRAYED THAT I COULD SCARCELY BELIEVE MY EARS. LATER, AMONG THE WOMEN OF THE FAMILY, I WAS SHOWN THEIR NEW ACQUISITION, A PRISTINE WHITE DISHWASHER THAT HAD REPLACED THE BLACK MAID. THE YOUNG AFRIKANER TOOK THE OPPORTUNITY TO FIRE AT ME, "YES, IT'S A GOOD WHITE KAFFIR GIRL."

VIOLENCE AND THE EARLY WARNINGS

DURING THE WEEKS THAT LED UP TO THE STATE OF EMERGENCY, THE EASTERN CAPE BLACK TOWNSHIPS HAD BECOME UNGOVERNABLE. VIOLENCE WAS HORRIFIC IN THE VICINITY OF GRAHAMSTOWN. THE WHITE TOWN OF GRAHAMSTOWN IS THE ENGLISH 1820 SETTLERS' ASSOCIATION SHOWPIECE ANSWER TO THE AFRIKANER VOORTREKKER MONUMENT AT PRETORIA. SOLDIERS AND ARMORED VEHICLES HAD TAKEN THE PLACE OF CULTURAL FESTIVAL VISITORS.

IT WAS ONLY WHEN, CLOSER TO HOME, SOWETO BECAME A HELL TO WHICH JOHANNESBURG'S BLACK WORKERS RETURNED EACH NIGHT AS BEST THEY COULD (BUSES WOULD NOT VENTURE FARTHER THAN SOWETO BOUNDARIES) THAT WHITE FACES IN JOHANNESBURG BECAME STRAINED. UNTIL THEN, MOST WHITES IN SOUTH AFRICA WERE IN A STATE OF ANGUISH OVER THE OUTCOME OF THE NEW ZEALAND GOVERNMENT'S DETERMINATION TO STOP A RUGBY TEAM'S TOUR OF SOUTH AFRICA.

THE MINORITY WITHIN THE WHITE MINORITY DID NOT HAVE TO WAIT FOR ANY DECLARATION TO BE AWARE OF AN EMERGENCY BEYOND THE NATION'S RUGBY FIELDS. SOME LEADERS HAD BEEN WARNING FOR MONTHS THAT AN UPRISING WAS INEVITABLE: BUILT INTO THE NEW CONSTITUTION AS ITS OWN CONSEQUENCE. OUTSTANDING AMONG THEM WERE BISHOP DESMOND M. TUTU; THE REV. BEYERS NAUDE, GENERAL SECRETARY OF THE SOUTH AFRICAN COUNCIL OF CHURCHES, AND THE REV. ALLAN BOESAK, PRESIDENT OF THE WORLD ALLIANCE OF REFORMED CHURCHES AND A FOUNDER OF THE UNITED DEMOCRATIC FRONT -- WHO WAS DETAINED IN AUGUST ON THE EVE OF AN ILLEGAL PROTEST MARCH AND THE WIDESPREAD VIOLENCE THAT FOLLOWED.

ALSO THERE WAS SHEENA DUNCAN OF THE BLACK SASH -- A WOMEN'S ORGANIZATION THAT HAS DONE MORE THAN ANY OTHER SOURCE TO EXPOSE THE APPALLING FORCED REMOVALS OF BLACK RURAL PEOPLE. GOVERNMENT POLICY HAS MEANT THAT IN THE PAST 25 YEARS, ONE IN TEN BLACKS HAS BEEN MOVED TO MAKE WAY FOR WHITES.

THE GOVERNMENT WAS ARRESTING TRADE UNION LEADERS AND LEADERS OF THE UNITED DEMOCRATIC FRONT, AN ORGANIZATION WHICH RECOGNIZES NO RACIAL OR COLOR DISTINCTIONS AND STANDS FOR A UNITARY STATE IN SOUTH AFRICA. AND JUST AS, ABROAD, ONE MAY MUTTER ABHORRENCE OF APARTHEID AND GO ON FUNDING IT MORALLY AND MATERIALLY, SO THE GOVERNMENT WAS BUSY REITERATING A LITANY OF DEDICATION TO CONSULTATION AND CHANGE, WHILE ARRESTING ALMOST EVERY BLACK LEADER WITH ANY CLAIM TO BE CONSULTED ABOUT CHANGE.

ON THE MINORITY SIDE OF THE DIVIDING LINE BETWEEN WHITE AND WHITE, A NEW ORGANIZATION HAD GROWN IN URGENT RESPONSE TO THE DEPLOYMENT OF 7,000 TROOPS AGAINST THE PEOPLE OF THE BLACK TOWNSHIP OF SEBOKENG, 40 MILES SOUTH OF JOHANNESBURG, LAST OCTOBER. THIS FORCE INCLUDED YOUNG ARMY RECRUITS. RESISTANCE TO CONSCRIPTION -- WHILE STILL RARE -- WAS SUDDENLY NO LONGER SOME FRINGE DEFECTION ON RELIGIOUS GROUNDS BY A HANDFUL OF SEVENTH-DAY ADVENTISTS, BUT A WAVE OF REVULSION AGAINST "DEFENDING ONE'S COUNTRY" BY MAIMING, KILLING AND BREAKING INTO THE HUMBLE HOMES OF BLACK PEOPLE.

IN THIS HORRIFYING DOMESTIC CONTEXT, A GROUP CALLED THE END CONSCRIPTION CAMPAIGN HELD A THREE-DAY GATHERING IN JOHANNESBURG. A LARGE CROWD OF YOUNG MEN AND THEIR FAMILIES DEBATED THE MORAL ISSUES OF CONSCIENTIOUS OBJECTION AND DEFINED THEIR POSITION NOT AS PACIFIST BUT A REFUSAL TO DEFEND APARTHEID.

I GAVE A READING THERE OF POETRY BY SOUTH AFRICAN WRITERS, BLACK AND WHITE, IN WHOSE WORK, LIKE THAT OF PLAYWRIGHTS, LATELY, RESISTANCE TO MILITARY SERVICE HAS BEEN THE THEME. THE SUBJECT HAS TO BE HANDLED GINGERLY, WHETHER IN POETRY OR PLATFORM PROSE; IT IS A TREASONABLE OFFENSE IN SOUTH AFRICA TO INCITE ANYONE TO REFUSE MILITARY SERVICE. THE E.C.C. IS NOT YET A MASS MOVEMENT, AND MAYBE WILL NOT BECOME ONE, BUT THE GOVERNMENT IS SUFFICIENTLY ALARMED BY IT TO HAVE DETAINED SEVERAL MEMBERS.

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AGAIN, THERE IS A STRANGE HISTORICAL TWINSHIP. EVEN AFTER 1960, WHEN THE SOUTH AFRICAN REVOLUTION MAY BE SAID TO HAVE BEGUN, THE SONS OF LIBERAL AND LEFT-WING FAMILIES DOCILELY ACCEPTED, FORCE MAJEURE, THE OBLIGATION TO DO MILITARY SERVICE, IF WITH A SENSE OF RESENTMENT AND SHAME. AT THE SAME TIME, WHITES WHO SUPPORT BLACK LIBERATION HAVE LONG WONDERED WHY BLACKS HAVE NOT TURNED SIGNIFICANTLY AGAINST THE INFORMERS AND COLLABORATORS AMONG THEIR OWN PEOPLE.

NOW, YOUNG WHITES HAVE AT LAST FOUND THE COURAGE TO FULFILL THE CHIEF PROVISION BLACKS DEMAND OF THEM IF THEY ARE TO PROVE THEIR COMMITMENT TO THE BLACK CAUSE: TO REFUSE TO FIGHT TO PROTECT RACISM. MEANWHILE, YOUNG BLACKS THEMSELVES HAVE REACHED THE STAGE OF DESPERATION THAT LEADS THEM TO HUNT DOWN AND DESTROY THOSE WHO ARE THEIR OWN PEOPLE IN TERMS OF SKIN, BUT NOT LOYALTY.

BOTH DEVELOPMENTS -- THE FIRST POSITIVE, THE SECOND TRAGIC -- ARE THE DIRECT RESULT OF THE NEW CONSTITUTION. THE BLACKS WERE NOT CONSULTED ABOUT IT, REJECTED IT, AND ARE NOW IN A CONTINUOUS STATE OF REBELLION, OUT OF BOTTOMLESS FRUSTRATION AT FINDING THEMSELVES FINALLY CAST OUT, IN CIVIC AND EVEN PHYSICAL TERMS, FROM THEIR OWN COUNTRY. THE GOVERNMENT DEALS WITH THIS REBELLION BY SENDING IN WHITE SOLDIERS TO TERRORIZE BLACKS INTO TEMPORARY SUBMISSION; YOUNG WHITES ARE CONFRONTED WITH THE LOATHSOME "DUTY" IT WAS SURELY ALWAYS CLEAR RACISM EVENTUALLY WOULD DEMAND.

FOR YEARS, WHEN ONE ASKED BLACKS WHY THEY ALLOWED BLACK POLICE TO RAID AND ARREST THEM, THEY WOULD ANSWER: "OUR BROTHERS HAVE TO DO WHAT WHITES TELL THEM. WE ARE ALL VICTIMS TOGETHER." NOW, BLACK YOUTHS ARE CONFRONTED WITH WHAT SURELY ALWAYS WAS CLEAR WOULD BE THE ULTIMATE DISTORTION OF THEIR LIVES BY APARTHEID: BROTHERS, CO-OPED AS POLICE INFORMERS AND CITY DIGNITARIES BY WHITE POWER, BECOMING ENEMIES.

MANY OF US WHO BELONG TO THE MINORITY WITHIN THE MINORITY ALREADY WERE ACCUSTOMED, BEFORE THE STATE OF EMERGENCY, TO USING THE TELEPHONE FOR THE KIND OF CALL NOT MADE OUTSIDE THRILLER MOVIES IN YOUR COUNTRY.

WHEN THE SOUTH AFRICAN DEFENCE FORCE RAIDED THE CAPITAL OF ONE OF OUR NEIGHBORING COUNTRIES, BOTSWANA, EARLIER THIS YEAR, WE FEARED FOR THE LIVES OF BLACK AND WHITE FRIENDS LIVING IN EXILE THERE.

FOR SOME DAYS, WE COULD PIECE TOGETHER THEIR FATE ONLY BY EXCHANGING GUARDED WORD-OF-MOUTH NEWS. FOR MY FELLOW WRITER, SIPHO SEPAMIA, THE NEWS WAS BAD. HE TRAVELED ACROSS THE BORDER TO BOTSWANA TO THE FUNERAL OF A RELATIVE MURDERED IN THE RAID. WE WERE NERVOUS ABOUT HIS DOING SO, SINCE THE BRUTAL RAID -- WHICH RESULTED IN INDISCRIMINATE KILLING, SO THAT EVEN CHILDREN DIED -- WAS PURPORTEDLY AGAINST AFRICAN NATIONAL CONGRESS REVOLUTIONARIES, AND THE DEMONSTRATION OF ANY CONNECTION WITH EVEN RANDOM VICTIMS COULD RUB OFF AS GUILT BY ASSOCIATION.

WITH THE BEGINNING OF THE STATE OF EMERGENCY CAME MASS ARRESTS, AND SEVERE PENALTIES FOR REVEALING WITHOUT AUTHORITY THE IDENTITY OF ANY DETAINEE. THE NAMES WE KNOW ARE CONFINED TO THOSE PERMITTED BY THE POLICE TO BE PUBLISHED. WHO CAN SAY HOW MANY OTHERS THERE ARE? SO OUR OMINOUS KIND OF MORNING GOSSIP HAS INCREASED -- AND THERE REMAINS THE FEAR THAT THE INDIVIDUAL ONE CALLS MAY NOT ANSWER BECAUSE HE OR SHE HAS BEEN TAKEN.

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SOME OF US HAVE FRIENDS AMONG THOSE WHO ARE THE ACCUSED IN THE TREASON TRIALS IN SESSION OR ABOUT TO COMMENCE, MAINLY TRADE UNIONISTS AND LEADERS OF THE UNITED DEMOCRATIC FRONT. I TELEPHONE MY OLD FRIEND, CASSIM SALOOJEE, A SOCIAL WORKER AND AN OFFICER IN THE UNITED DEMOCRATIC FRONT. HE IS AT HOME ON BAIL AFTER MANY WEEKS OF DETENTION BEFORE BEING FORMALLY CHARGED WITH TREASON. ONE DISCOVERS, THESE DAYS, THAT GENUINE CHEERFULNESS EXISTS, AND IT IS A BYPRODUCT OF COURAGE. HE HAS ONLY ONE COMPLAINT, WHICH IS EXPRESSED IN A WAY THAT CATCHES ME OUT -- "I'VE BEEN SPENDING MY TIME WATCHING PORNOGRAPHIC FILMS," HE SAYS.

WITH MY TACTFULLY UNSHOCKABLE LAUGH, I SUDDENLY REMEMBER THAT ACTIVE RESISTANCE TO APARTHEID IS "POLITICAL PORNOGRAPHY." THE FILMS HE HAS BEEN VIEWING ARE VIDEO CASSETTES OF PUBLIC MEETINGS MADE BY THE UNITED DEMOCRATIC FRONT AS RECORDS OF THEIR ACTIVITIES. THEY HAVE BEEN SEIZED BY THE STATE. FOR THE PURPOSES OF THEIR OWN DEFENSE, THE ACCUSED MUST STUDY WHAT MAY NOW BE USED AS EVIDENCE AGAINST THEM. "NINETY HOURS OF VIEWING. ..."

THE CASE IS SUB JUDICE, SO I SUPPOSE I CANNOT GIVE HERE MY VERSION OF WHETHER THE PARTICULAR MEETINGS I ATTENDED (THE U.D.F. IS A NONRACIAL, NONVIOLENT AND LEGALLY-CONSTITUTED MOVEMENT) COULD POSSIBLY BE CONSTRUED AS VIOLENT AND TREASONOUS, BUT I HOPE THAT AMONG ALL THAT FOOTAGE THERE IS AT LEAST RECORDED THE TIME WHEN THE CROWD IN A JOHANNESBURG HALL HEARD THAT THERE WAS POLICE HARASSMENT OF SOME SUPPORTERS IN THE FOYER, AND, FROM THE PLATFORM, CASSIM SALOOJEE SUCCEEDED IN PREVENTING THE CROWD FROM STREAMING OUT TO SEEK A CONFRONTATION THAT DOUBTLESS WOULD HAVE RESULTED IN POLICE VIOLENCE.

WHILE WRITING THIS LETTER, I HAVE RECEIVED A CALL FROM COLIN COLEMAN, A YOUNG WHITE STUDENT AT THE UNIVERSITY OF THE WITWATERSRAND, DOWN THE ROAD, HIMSELF A VETERAN OF DETENTION. HIS BROTHER IS NOW IN DETENTION FOR THE SECOND TIME.

AT LEAST, AFTER MORE THAN TWO WEEKS, COLIN COLEMAN'S PARENTS HAVE MANAGED TO GET PERMISSION TO VISIT NEIL COLEMAN IN PRISON. LIKE WELL OVER A THOUSAND OTHERS, HE HAS NOT BEEN CHARGED. THE PARENTS ARE FOUNDER MEMBERS OF THE WELL-ESTABLISHED DETAINEES' PARENTS SUPPORT COMMITTEE. THIS TITLE AND STATUS INDICATE THE ENDURING STATE OF MIND THAT PREVAILS AMONG WHITE PEOPLE LIKE THESE, STOIC BUT UNINTIMIDATEDLY ACTIVE ON THE PART OF ALL PRISONERS OF CONSCIENCE, BLACK AND WHITE, WHETHER OR NOT IN THE FAMILY.

COLIN CALLED TO ASK ME TO TAKE PART IN A PANEL DISCUSSION ON SOUTH AFRICAN CULTURE TO BE HELD BY THE STUDENTS' ACADEMIC FREEDOM COMMITTEE. IRRELEVANT WHILE WE ARE IN A STATE OF EMERGENCY? CONCURRENTLY WITH ENGAGEMENT IN THE POLITICAL STRUGGLE FOR THE END OF APARTHEID, THERE EXISTS AN AWARENESS OF THE NEED FOR A NEW CONCEPTION OF CULTURE, PARTICULARLY AMONG WHITES. YOUNG PEOPLE LIKE COLIN COLEMAN ARE AWARE THAT A CHANGE OF CONSCIOUSNESS, OF THE WHITE SENSE OF SELF, HAS TO BE ACHIEVED ALONG WITH A CHANGE OF REGIME, IF, WHEN BLACKS DO SIT DOWN TO CONSULT WITH WHITES, THERE IS TO BE ANYTHING TO TALK ABOUT.

THE ARTS IN SOUTH AFRICA SOMETIMES DO BEAR RELATION TO THE REAL ENTITIES OF SOUTH AFRICAN LIFE IN THE WAY THAT THE EUPHEMISMS AND EVASIONS OF WHITE POLITICS DO NOT. THIS IS INCREASINGLY EVIDENT IN THE BOLD THEMES EXPLORED BY BLACKS AND WHITES IN SOUTH AFRICA'S THEATER AND LITERATURE.

THESE ARE THE STATES OF MIND OF THE MAJORITY OF WHITE SOUTH AFRICANS, AND OF THE MINORITY WITHIN THE WHITE POPULATION. WITHIN THE FIRST GROUP, THE MAJORITY, THE PREOCCUPATIONS OF THE SECOND ARE NO MORE THAN NEWSPAPER STORES YOU, TOO, READ THOUSANDS OF MILES AWAY: SO LONG AS THE CASPIR ARMORED MONSTERS PATROL THE BLACK TOWNSHIPS AND EVEN MASS FUNERALS ARE BANNED, THE MAJORITY FEEL SAFE, SINCE THERE IS NO POSSIBILITY THAT THEY MAY BE IMPRISONED FOR A TOO-ACTIVE SENSE OF JUSTICE, OR FIND ANY MEMBER OF THEIR FAMILIES OR THEIR FRIENDS IN DETENTION, ON TRIAL, OR IN DANGER OF LOSING A LIFE IN RIGHT-WING TERRORIST ATTACKS. THERE ISN'T ANY POSSIBILITY THAT ONE OF THEIR LAWYERS MIGHT BE GUNNED DOWN, AS WAS VICTORIA MXENGE, A MEMBER OF A TREASON TRIAL DEFENSE TEAM, OUTSIDE HER HOME NEAR DURBAN IN JULY.

THE CONDITIONS OF LIFE, FOR WHITES, ARE A DIFFERENT MATTER. EVEN THOSE FEW WHITES WHO HAVE MEMBERS OF THEIR FAMILIES IN PRISON THEMSELVES CONTINUE TO WAKE UP EVERY MORNING AS I DO, TO THE SONG OF WEAVER BIRDS AND THE MECHANICAL-SOUNDING WHIR OF CRESTED BARBETS IN A WHITE SUBURB. SOWETO IS ONLY EIGHT MILES FROM MY HOUSE; IF I DID NOT HAVE FRIENDS LIVING THERE, I SHOULD NOT BE AWARE OF BATTLES OF STONES AGAINST GUNS AND TEAR GAS THAT ARE GOING ON IN ITS STREETS, FOR IMAGES ON A TV SCREEN COME BY SATELLITE AS EASILY FROM THE OTHER SIDE OF THE WORLD AS FROM EIGHT MILES AWAY, AND MAY BE COMPREHENDED AS EQUALLY DISTANCED FROM THE VIEWER. HOW IS IT POSSIBLE THAT THE WINTER SUN IS SHINING, THE RANDY DOVES ARE ANNOUNCING SPRING, THE DOMESTIC WORKERS FROM THE BACKYARD ARE PLACING BETS ON FAH FEE, THE NUMBERS GAME, WITH THE CHINESE RUNNER, AS USUAL EVERY AFTERNOON?

IN TERMS OF WAYS OF LIFE, CONDITIONS OF DAILY LIVING ARE SINISTERLY MUCH THE SAME FOR ALL WHITES, THOSE WHO MANAGE TO IGNORE THE CRISIS IN OUR COUNTRY, AND THOSE FOR WHOM IT IS THE DETERMINING STATE OF MIND. SOME GO TO PROTEST MEETINGS; OTHERS PLAY GOLF. ALL OF US GO HOME TO QUIET STREETS, OUTINGS TO THE THEATER AND CINEMA, GOOD MEALS AND SECURE SHELTER FOR THE NIGHT. MEANWHILE, IN THE BLACK TOWNSHIPS, THOUSANDS OF CHILDREN NO LONGER GO TO SCHOOL, FATHERS AND SONS DISAPPEAR INTO POLICE VANS OR LIE SHOT IN THE DARK STREETS, SOCIAL GATHERINGS ARE AROUND COFFINS AND SOCIAL INTERCOURSE IS CONFINED TO MOURNING.

THE NIGHT THE STATE OF EMERGENCY WAS DECLARED, I WAS AT A PARTY HELD AT AN ALTERNATIVE EDUCATION CENTER, THE OPEN SCHOOL, IN THE DOWNTOWN AREA WHERE BANKS AND THE GLASS PALACES OF MINING COMPANIES RUN DOWN INTO INDIAN STORES AND BLACK BUS QUEUES. THE SCHOOL IS DIRECTED BY COLIN AND DOLPHINE SMUTS (BLACK, DESPITE THEIR AFRIKAANS SURNAME), FOR BLACKS YOUTHS AND CHILDREN WHO STUDY DRAMA, PAINTING, DANCE AND MUSIC THERE -- SUBJECTS NOT OFFERED BY GOVERNMENT'S "BANTU" EDUCATION. THE OCCASION WAS A CELEBRATION: THE SCHOOL, WHICH HAD BEEN IN DANGER OF CLOSURE FOR LACK OF FUNDS, WAS TO RECEIVE A FORD FOUNDATION GRANT. COLIN HAD NOT KNOWN UNTIL THE EVENING BEGAN WHETHER THE NEW BAN OF GATHERINGS MIGHT NOT BE SERVED ON THE CELEBRATION. DOLPHINE HAD GONE AHEAD AND PREPARED FOOD.

THERE WERE POLITE SPEECHES, MUSIC, DRUMMING AND THE DECLAMATORY PERFORMANCE OF POETRY THAT HAS BEEN PART OF RESISTANCE RHETORIC SINCE YOUNG PEOPLE BEGAN TO COMPOSE IN PRISON DURING THE SOWETO UPRISINGS IN 1976 AND WHICH SETS SUCH GATHERINGS APART FROM THEIR COUNTERPARTS IN OTHER COUNTRIES. SOWETO WAS SEALED OFF BY MILITARY ROADBLOCKS. YET THE BLACK GUESTS HAD COME THROUGH SOMEHOW, THOROUGHLY FRISKED IN THE "ELEGANTLY CASUAL" CLOTHES WE ALL, BLACK AND WHITE, WEAR TO HONOR THIS OF KIND OCCASION. I ASKED A COUPLE I HAD NOT MET BEFORE WHAT IT WAS LIKE TO BE IN SOWETO NOW, LOOKING AT THEM IN THE INHIBITED, SLIGHTLY AWED WAY ONE TRIES NOT TO

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REVEAL TO PEOPLE WHO HAVE EMERGED ALIVE FROM SOME UNIMAGINABLE ORDEAL. THE MAN TOOK A BITE FROM A LEG OF CHICKEN AND WASHED IT DOWN WITH HIS DRINK. "IN YOUR STREET, ONE DAY IT'S ALL RIGHT. THE NEXT DAY, YOU CAN CROSS THE STREET WHEN A CASPIR COMES ROUND THE CORNER, AND YOU'LL DIE. IT'S LIKE BEIRUT."

YES, IF YOU WANT TO KNOW WHAT IT'S LIKE HERE, IT'S MORE LIKE BEIRUT THAN HE KNEW. I REMEMBER A FLIM I ONCE SAW, WHERE THE CAMERA MOVED FROM DESTRUCTION AND ITS HATEFUL CACOPHONY IN THE STREETS TO A VILLA WHERE PEOPLE WERE LUNCHING ON A TERRACE, AND THERE WERE BIRDS AND FLOWERS. THAT'S WHAT IT'S LIKE. I ALSO REMEMBER SOMETHING SAID BY A CHARACTER IN A NOVEL I WROTE TEN YEARS AGO. "HOW LONG CAN WE GO ON GETTING AWAY SCOT FREE?"

[FROM THE NEW YORK TIMES, NOV. 22, 1985]

POLICE KILL 6 IN SOUTH AFRICA; 23 DIE IN WEEK

(BY SHEILA RULE)

MAMELODI, SOUTH AFRICA, NOV. 21. -- THE POLICE SHOT DEAD AT LEAST SIX PEOPLE IN THIS BLACK TOWNSHIP TODAY, INCLUDING SEVERAL ELDERLY WOMEN, ACCORDING TO WITNESSES. THE DEATHS BROUGHT THE NUMBER KILLED BY THE AUTHORITIES SO FAR THIS WEEK TO AT LEAST 23.

THE POLICE CONFIRMED ONLY TWO DEATHS IN THE TOWNSHIP NEAR PRETORIA, SAYING A MAN AND WOMAN WERE SHOT DEAD WHEN GROUPS OF BLACKS ATTACKED POLICE VEHICLES WITH GASOLINE BOMBS AND STONES.

HUNDREDS ARE INJURED

THE SHOOTINGS OCCURRED AS THOUSANDS OF RESIDENTS GATHERED AT A LOCAL GOVERNMENT OFFICE TO PROTEST HIGH RENTS, THE PRESENCE OF POLICE AND ARMY SQUADS IN THE TOWNSHIP AND THE BANNING OF WEEKEND FUNERALS.

HUNDREDS OF OTHERS IN THE CROWD, ESTIMATED AT 50,000 PEOPLE, WERE INJURED IN A CONFUSED, HEADLONG RUSH FROM POLICE FIRE AND TEAR GAS.

THE DEATHS BROUGHT TO MORE THAN 865 THE NUMBER OF PEOPLE KILLED, MOST OF THEM BLACK, SINCE VIOLENCE ERUPTED IN SOUTH AFRICA'S SEGREGATED TOWNSHIPS IN SEPTEMBER OF LAST YEAR.

MEANWHILE, THERE WAS GROWING SPECULATION IN PRETORIA THAT NELSON MANDELA, THE JAILED LEADER OF THE AFRICAN NATIONAL CONGRESS, MIGHT BE RELEASED SOON. HE HAS BEEN IN PRISON SINCE 1964 ON A LIFE SENTENCE FOR SABOTAGE AND PLOTTING REVOLUTION.

MR. MANDELA'S WIFE, WINNIE, SAID IN RESPONSE TO QUESTIONS THAT SHE HAD NO "SPECIFIC INFORMATION AS TO WHEN HE WILL BE RELEASED." BUT SHE ADDED THAT SHE TOOK THE "SPECULATION SERIOUSLY BECAUSE OF ITS GREAT INTENSITY."

PRESIDENT P.W. BOTHA, ASKED BY REPORTERS WHETHER THE AUTHORITIES INTENDED TO RELEASE THE BLACK NATIONALIST LEADER, SAID, "NO DECISION HAS BEEN TAKEN." A SPOKESMAN IN MR. BOTHA'S OFFICE IN PRETORIA SAID, HOWEVER, THAT THERE WAS "NO TRUTH IN THE

RUMORS."

THE POLICE CLASHED WITH DEMONSTRATORS IN THE DILAPIDATED TOWNSHIP OF MAMELODI AFTER RESIDENTS OF THE AREA STAYED AWAY EN MASSE FROM WORK AND THOUSANDS OF ELDERLY WOMEN AND OTHERS MARCHED TO THE TOWN COUNCIL OFFICE IN THE PROTESTS OVER RENTS, POLICE PRESENCE AND THE FUNERAL BAN.

NO TAXIS OR BUSES OPERATED IN MAMELODI -- ONE DRIVER TOLD PROSPECTIVE PASSENGERS THAT HIS VEHICLE WOULD SURELY BE STONED -- AS YOUTHS URGED COMMUTERS NOT TO GO TO WORK. ONE VISITOR WAS WARNED THAT THE YOUNG "COMRADES" MIGHT THINK HER LARGE BROWN PURSE INDICATED SHE WAS COMING FROM WORK AND THAT THEY MIGHT THEREFORE CONFISCATE IT.

THE PROTESTORS CONFRONTED THE MAYOR OF THE TOWNSHIP AND URGED HIM TO ASK THE AUTHORITIES TO DEAL WITH THEIR GRIEVANCES.

DROWNED OUT BY CHANTS

THE MAYOR, STANDING IN A POLICE ARMORED VEHICLE, TRIED TO ADDRESS THE CROWD BUT WAS DROWNED OUT BY CHANTS AND FREEDOM SONGS. AS THE DEMONSTRATORS GREW RESTIVE AND SHOUTED INVECTIVE, THE POLICE OPENED FIRE.

SEVERAL PEOPLE LAY MOTIONLESS ON THE GROUND, AS THOUSANDS OF OTHERS FLED. SCORES OF PEOPLE SUFFERED BULLET WOUNDS, AND OTHERS WERE TRAMPLED IN THE STAMPEDE. THE POLICE REPORTED THAT THEY HAD ARRESTED FOUR "RINGLEADERS" OF YOUTHS WHO HAD URGED COMMUTERS TO STAY AWAY FROM WORK.

POLICEMEN AND SOLDIERS PATROLLED THE TOWNSHIP IN ARMORED VEHICLES THIS AFTERNOON UNDER A SCORCHING SUN, AS YOUTHS ERECTED BARRICADES IN THE STREETS WITH BURNING TIRES.

THE POLICE STOPPED ALL CARS ON THE MAJOR ROAD INTO THE AREA. THEY ORDERED PASSENGERS OUT AND DEMANDED THAT THEY FACE IN THE DIRECTION OF AN OPEN FIELD AS POLICEMEN, SAYING THEY WERE LOOKING FOR DRUGS, DUG INTO PURSES AND PACKAGES AND SEARCHED IN TRUNKS AND UNDER SEATS. TELEVISION CREWS WERE TURNED AWAY.

IN OTHER DEVELOPMENTS, THE AUTHORITIES SAID THEY HAD "OVERLOOKED" FIVE BODIES WITH BULLET WOUNDS THAT HAD BEEN FOUND DURING POLICE ACTION ON SUNDAY IN A BLACK TOWNSHIP OUTSIDE QUEENSTOWN, NEAR EAST LONDON. AS A RESULT, THEY SAID, THEY HAD FAILED TO MENTION THEM THE NEXT DAY IN THEIR ROUTINE POLICE REPORT.

THE ANNOUNCEMENT BRINGS TO 14 THE NUMBER OF PEOPLE KILLED IN THE AREA SUNDAY, POSSIBLY THE HIGHEST ONE-DAY TOLL OF DEATHS SINCE A STATE OF EMERGENCY WAS IMPOSED IN TOWNSHIPS ON JULY 21.

MRS. MANDELA SAID AT A NEWS CONFERENCE IN CAPE TOWN, MEANWHILE, THAT HER HUSBAND WAS SEEKING PERMISSION FROM THE AUTHORITIES TO MEET WITH HIS LAWYERS ON FRIDAY.

SHE DECLINED TO ANSWER REPORTERS' QUESTIONS ABOUT WHETHER SHE OR MR. MANDELA HAD MET IN RECENT WEEKS WITH THE MINISTER OF JUSTICE. SHE SAID SHE MIGHT BE ABLE TO ANSWER THAT QUESTION AFTER A MEETING WITH THE LAWYERS.

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THE LAWYERS SAID TONIGHT THAT THE MEETING HAD BEEN APPROVED AND THAT THEY WOULD MEET WITH MR. MANDELA ON FRIDAY AT VOLKS HOSPITAL IN CAPE TOWN, WHERE HE IS RECOVERING FROM PROSTATE SURGERY.

MRS. MANDELA SAID HER HUSBAND WOULD REJECT AN OFFER TO BE RELEASED ON CONDITION THAT HE WOULD BE SENT TO THE NOMINALLY INDEPENDENT TRANSKEI. HE WAS BORN THERE BEFORE THE AUTHORITIES TURNED IT INTO A SO-CALLED HOMELAND AS PART OF THEIR GRAND DESIGN OF APARTHEID.

WHEN ASKED WHETHER MR. MANDELA WOULD ACCEPT A DEAL THAT MADE HIS RELEASE CONDITIONAL ON DEPORTATION TO ZAMBIA, WHERE THE EXILED AND OUTLAWED AFRICAN NATIONAL CONGRESS HAS ITS HEADQUARTERS, MRS. MANDELA SAID, "THAT WOULD BE AN EXCITING POSSIBILITY FOR HIM TO SEE HIS LONG-GONE COLLEAGUES, BUT I DON'T SEE THAT HAPPENING."

[FROM TIME, SEPT. 16, 1985]

WAITING FOR AN EXPLOSION

(KENNETH KAUNDA, 61, WHO HAS BEEN PRESIDENT OF ZAMBIA SINCE HIS COUNTRY'S INDEPENDENCE IN 1964, IS ONE OF BLACK AFRICA'S ELDER STATESMEN. THOUGH NOT A MARXIST, HE IS A FIRMLY COMMITTED NATIONALIST WHO SUPPORTED THE INDEPENDENCE STRUGGLES IN ANGOLA, MOZAMBIQUE AND ZIMBABWE. KAUNDA IS, HOWEVER, ALSO A DEVOUT CHRISTIAN WHO BELIEVES THAT "WHEN THE GOOD LORD SAID 'LOVE THY NEIGHBOR AS THYSELF,' HE DIDN'T MENTION COLOR." HE HAS MET WITH SOUTH AFRICAN LEADERS IN AN EFFORT TO BRING ABOUT AN END TO APARTHEID. TIME DIPLOMATIC CORRESPONDENT WILLIAM STEWART RECENTLY VISITED THE ZAMBIAN CAPITAL OF LUSAKA TO TALK WITH KAUNDA IN HIS STUDY AT THE STATE HOUSE, THE ELEGANT MANSION THAT ONCE HOUSED THE GOVERNORS OF NORTHERN RHODESIA. DURING THE INTERVIEW KAUNDA APPLAUDED THE GROWING OPPOSITION TO APARTHEID IN THE U.S. AND MADE AN IMPASSIONED PLEA FOR INTERNATIONAL ACTION TO SAVE SOUTH AFRICA FROM WHAT HE BELIEVES WILL BE A BLOODY REVOLUTION. EXCERPTS:)

TWELVE AND A HALF YEARS AGO, A SOUTH AFRICAN JOURNALIST ASKED ME WHEN A POSSIBLE EXPLOSION MIGHT TAKE PLACE IN HIS COUNTRY. I SAID IN 15 YEARS. HE SAID "THAT LONG?" AND I REPLIED, "OF COURSE." WE ARE LEFT WITH 2 1/2 YEARS OF MY PREDICTION, AND I AM NOT SURE WE HAVE EVEN THAT LONG.

WE CAN BE BLACK DICTATORS, OR BROWN, YELLOW OR WHITE. THE PEOPLE WILL REJECT US. WHEN WE DEFY GOD'S LAW THAT WE ARE MADE IN HIS IMAGE, WE ARE IN TROUBLE. WE ARE DEALING HERE WITH A SITUATION IN WHICH ONE HUMAN BEING SAYS TO ANOTHER, "YOU ARE INFERIOR BECAUSE GOD MADE YOU BLACK." THERE IS NO EXCEPTION TO GOD'S LAW ON HUMAN RIGHTS. THE DIGNITY OF MAN IS THERE, ALWAYS. POWER MUST BE GIVEN TO ALL THE PEOPLE OF SOUTH AFRICA, ALL OF THEM. THE 5 MILLION WHITES ARE AS AFRICA AS I AM, AND SO ARE THE 24 MILLION BLACKS. SO ARE THE COLOREDS [PEOPLE OF MIXED RACE] AND THE INDIANS. THEY HAVE TO SIT TOGETHER TO DISCUSS THEIR FUTURE. IF THEY DO NOT, THE EXPLOSION WE HAVE BEEN FEARING WILL TAKE PLACE. WHEN IT HAPPENS -- NOT IF, BUT WHEN -- IT WILL MAKE THE FRENCHREVOLUTION LOOK LIKE A SUNDAY SCHOOL PICNIC. BLACK AND WHITE WILL PERISH, NOT BY THE THOUSANDS AS IN ZIMBABWE, BUT BY THE HUNDREDS OF THOUSANDS. WE HAVE TO MOVE AT BREAKNECK SPEED, WITH ONLY A POSSIBILITY OF AVERTING IT.

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THE THIN THREAD BY WHICH ALL THIS HANGS IS THE IMMEDIATE AND UNCONDITIONAL RELEASE OF [IMPRISONED AFRICAN NATIONAL CONGRESS LEADER] NELSON MANDELA. STATE PRESIDENT P.W. BOTHA HAS GOT TO RELEASE MANDELA UNCONDITIONALLY IF HE WANTS TO SAVE THE SITUATION. I BELIEVE PRESIDENT BOTHA IS A SINCERE MAN, DESPITE WHAT HAS HAPPENED. IT IS A GOOD QUALITY, BUT IN THIS SITUATION IT IS NOT ENOUGH. I DON'T THINK HE HAS THE COURAGE TO SEE HIS SINCERITY THROUGH.

THE OUTSIDE WORLD MUST ALSO PARTICIPATE BY IMPOSING ECONOMIC SANCTIONS. [IF THEY ARE IMPOSED], THE 24 MILLION BLACK AFRICANS WILL SEE THAT THE OUTSIDE WORLD IS ASSISTING THEM [AND] WILL SAY, "THE WORLD HAS NOT FORGOTTEN US. LET'S WAIT AND SEE." THIS IS THE THIN HOPE. WE HAVE BEEN TOLD SEVERAL TIMES THAT IT IS WE [BLACK AFRICANS] WHO WILL SUFFER MOST IF SANCTIONS ARE IMPOSED. NOBODY KNOWS THAT BETTER THAN I DO, NOBODY. I'VE GONE THROUGH IT, MY PEOPLE AND I, AS A RESULT OF THE BRITISH-PROPOSED SANCTIONS AT THE UNITED NATIONS [AGAINST RHODESIA IN THE 1960S]. BUT AN EXPLOSION IS ABOUT TO TAKE PLACE IN SOUTH AFRICA, AND WHEN IT DOES, IT WILL DESTROY EVERYTHING IN ITS WAKE. SO WHETHER THERE IS AN EXPLOSION OR WHETHER THERE ARE SANCTIONS, WE ARE INVOLVED. AS A MATTER OF BOTH PRINCIPLE AND SELF-INTEREST, WE WANT TO DO EVERYTHING POSSIBLE TO AVERT THAT EXPLOSION. FINAL ARRANGEMENTS CAN ONLY BE DETERMINED BY THE SOUTH AFRICANS THEMSELVES. BUT WE MIGHT GIVE A HINT: IT'S ALWAYS DANGEROUS GIVING TOO LITTLE TOO LATE. I TOLD BOTHA IN MY [BOTSWANA] BORDER MEETING WITH HIM IN 1982, "YOU AND THE MODERATE WHITES IN COMMERCE, THE MODERATE BLACKS IN COMMERCE FORM A VERY SUBSTANTIAL MIDDLE GROUP. YOU SHOULD TOGETHER FORM A NEW STRUCTURE FOR THE COUNTRY, POLITICALLY, ECONOMICALLY AND SOCIALLY. ONCE YOU DO THAT, SOUTH AFRICA WILL BE HOME FREE. FAIL, AND DISASTER." HOW TO DO THIS IS THEIR CONCERN, BUT SPEED IS OF THE ESSENCE.

MR. KERRY. MR. PRESIDENT, I ASK MY COLLEAGUES TO DO TWO THINGS HERE: ONE, MAKE A SMALL STATEMENT ABOUT THAT IMPORTATION PROBLEM AND LITERALLY OPEN THE DOOR TO SOME SMALL BUT GREATER AMOUNT OF DOMESTIC TOBACCO BEING PRODUCED; SECOND, AND PERHAPS FAR MORE IMPORTANTLY, MAKE AN IMPORTANT CONTINUED STATEMENT ABOUT OUR UNWILLINGNESS TO SIT IDLY BY WHILE THE GOVERNMENT OF SOUTH AFRICA PURSUES A POLICY WHICH WE ALL KNOW IS ABHORRENT TO THE BASIC TENETS OF DEMOCRACY IN THIS COUNTRY.

MR. PRESIDENT, I URGE ADOPTION OF MY AMENDMENT AND WHILE I WOULD HOPE THAT THE DISTINGUISHED MANAGERS OF THE BILL HERE, SENATOR HELMS AND SENATOR ZORINSKY, MIGHT IN THE INTEREST OF TIME AGREE TO A VOICE VOTE ON THE AMENDMENT, I WOULD OTHERWISE ASK FOR THE YEAS AND NAYS.

MR. DOLE. MR. PRESIDENT, I HOPE THE DISTINGUISHED SENATOR WOULD NOT REQUEST A ROLLCALL. WE ARE PREPARED TO ACCEPT THE AMENDMENT.

MR. KERRY. IF THE SENATORS ARE PREPARED TO ACCEPT IT, I WITHDRAW MY REQUEST FOR THE YEAS AND NAYS.

I THANK THE MAJORITY LEADER.

MR. ZORINSKY. MR. PRESIDENT, I COMMEND THE JUNIOR SENATOR FROM MASSACHUSETTS FOR HIS AMENDMENT, AND I URGE MY COLLEAGUES TO SUPPORT IT. IT SEEMS TO ME THAT THIS AMENDMENT KILLS TWO BIRDS WITH ONE STONE. FIRST, IT PUTS THE CONGRESS CLEARLY ON RECORD IN OPPOSITION TO THE RECENTLY IMPOSED RESTRICTIONS ON JOURNALISTIC COVERAGE OF SOCIAL, ECONOMIC, AND POLITICAL UNREST IN SOUTH AFRICA. IN THIS REGARD IT IS

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CONSISTENT WITH THE POSITION TAKEN EARLIER THIS YEAR BY THE SENATE IN OVERWHELMINGLY SUPPORTING SANCTIONS AGAINST THE GOVERNMENT OF SOUTH AFRICA IN ORDER TO MOTIVATE REFORM IN THAT NATION. I NOTE HERE THAT THE AMENDMENT IS NOT OVERLY BROAD, BUT ADDRESSES ONLY THE SPECIFIC PROBLEM OF PRESS RESTRICTIONS ADOPTED SINCE THE IMPOSITION OF SANCTIONS BY PRESIDENT REAGAN.

SECOND, THE AMENDMENT EXTENDS SOME VERY NEEDED HELP TO OUR NATION'S TOBACCO FARMERS WHO HAVE BEEN CONTINUALLY THREATENED BY FOREIGN IMPORTS. GENERALLY SPEAKING, I BELIEVE IN FREE TRADE, BUT I CAN SEE NO REASON IN LOGIC OR PRINCIPLE FOR AMERICAN FARMERS TO SUFFER FROM THESE IMPORTS WHEN THE GOVERNMENT OF SOUTH AFRICA CONTINUES ON A COURSE WITH WHICH WE SO FUNDAMENTALLY DISAGREE.

FOR THESE REASONS MR. PRESIDENT, I CONGRATULATE THE SENATOR ON HIS AMENDMENT, AND I INTEND TO SUPPORT IT.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM MASSACHUSETTS.

THE AMENDMENT (NO. 1143) WAS AGREED TO.

MR. ZORINSKY. I MOVE TO RECONSIDER THE VOTE.

MR. HELMS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. DOLE. MR. PRESIDENT, I THANK THE DISTINGUISHED SENATOR FROM MASSACHUSETTS. I DO NOT BELIEVE THE AMENDMENT BELONGS ON THIS BILL, BUT NEITHER DID THE BANKRUPTCY JUDGE AMENDMENT.

MR. PRESIDENT, I HOPE WE ARE PREPARED WITH OTHER AMENDMENTS.

AMENDMENT NO. 1061

MR. MATHIAS. I HAVE ONE. MR. PRESIDENT, I HAVE AN AMENDMENT AT THE DESK. I ASK THAT IT BE IMMEDIATELY CONSIDERED.

THE PRESIDING OFFICER. THERE ARE TWO AMENDMENTS PENDING THAT MUST BE SET ASIDE, THE CHAIR INFORMS THE SENATOR FROM MARYLAND.

MR. MATHIAS. IF THE PRESIDENT WILL BEAR WITH ME ONE MOMENT, IT IS AMENDMENT NO. 1061.

THE PRESIDING OFFICER. THE SENATOR MUST REQUEST THAT THE OTHER AMENDMENTS BE SET ASIDE SO HE CAN OFFER HIS AMENDMENT.

MR. MATHIAS. I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE SET ASIDE SO I CAN OFFER AMENDMENT 1061.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED. THE CLERK WILL REPORT.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

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THE SENATOR FROM MARYLAND [MR. MATHIAS] PROPOSES AN AMENDMENT NO. 1061.

MR. MATHIAS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT FURTHER READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

ON PAGE 21, LINE 8, INSERT THE FOLLOWING: WORLD AGRICULTURAL SUMMIT, (AFTER TRADE NEGOTIATIONS AND BEFORE EXPORT PROMOTION)

ON PAGE 23, LINE 18, INSERT A NEW SECTION 107 (C), CHANGING THE CURRENT SECTION 107 (C) TO SECTION 107 (D) AND SO ON.

(C) IT IS THE SENSE OF CONGRESS THAT THE PRESIDENT SHOULD, AT THE EARLIEST PRACTICABLE TIME AFTER THE DATE OF ENACTMENT OF THIS ACT, CONVENE AN INTERNATIONAL CONFERENCE OF MAJOR AGRICULTURAL NATIONS TO DISCUSS TRADE AND AGRICULTURAL PROBLEMS FOR THE PURPOSE OF --

(1) ELEVATING GLOBAL FOOD AND AGRICULTURAL ISSUES TO THE ATTENTION OF THE HIGHEST POLICY-MAKING OFFICIALS OF THE NATIONS OF THE WORLD;

(2) DEVELOPING A LONG-TERM PLAN FOR STRENGTHENING THE WORLD FOOD AND AGRICULTURAL TRADING SYSTEM IN WAYS THAT FOSTER THE BEST INTERESTS OF BOTH EXPORTING AND IMPORTING COUNTRIES ALIKE;

(3) INSURING AN ADEQUATE SYSTEM OF TRANSPORTATION AND DISTRIBUTION AND STABLE AGRICULTURAL ECONOMY;

(4) INSURING THAT THERE WILL BE AT ALL TIMES AN ADEQUATE SUPPLY OF FOOD FOR THE PEOPLES OF THE WORLD AND AN EQUITABLE PRINCIPLE ADOPTED FOR SHARING IT; AND

(5) BUILDING A FOUNDATION FOR NEGOTIATING A MORE OPEN AND FAIR WORLD AGRICULTURAL TRADING SYSTEM UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT).

MR. MATHIAS. MR. PRESIDENT, WE HAVE BEEN WORKING HERE FOR A NUMBER OF DAYS ON FASHIONING AN AGRICULTURAL BILL FOR THE UNITED STATES. THE DEBATE WHICH HAS OCCURRED DURING THESE DAYS HAS ILLUSTRATED HOW VERY DIFFICULT AND COMPLEX THIS TASK IS. BUT THE FACT IS THAT IT IS AN EVEN MORE DIFFICULT AND COMPLEX TASK THAN IT HAS APPEARED HERE IN THE SENATE, BECAUSE WE NO LONGER HAVE CONTROL OF WORLD AGRICULTURAL MARKETS. THE UNITED STATES TODAY HAS LESS INFLUENCE IN WORLD AGRICULTURAL MARKETS THAN AT ANY TIME SINCE THE END OF WORLD WAR II. THE FACT IS THAT MANY COUNTRIES WHICH WERE FORMERLY OUR CUSTOMERS FOR AGRICULTURAL PRODUCTS ARE NOW OUR COMPETITORS. THE PEOPLE'S REPUBLIC OF CHINA IS NOW A GRAIN EXPORTING NATION, NOT BY A GREAT DEAL, NOT BY A LARGE MARGIN, BUT IT IS A COUNTRY THAT IS IN SURPLUS. THAT IS IMPORTANT IN ITSELF. THE REPUBLIC OF INDIA, A COUNTRY WHICH AT ONE TIME WAS A PURCHASER OF LARGE AMOUNTS OF AMERICAN GRAIN, IS NOW A SELF-SUFFICIENT COUNTRY. THE EUROPEAN ECONOMIC COMMUNITY HAS AN AGRICULTURAL SURPLUS.

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ALL OF THIS MEANS THAT THERE HAS BEEN A REVOLUTIONARY CHANGE IN WORLD AGRICULTURAL MARKETS. THIS AMENDMENT VERY SIMPLY CALLS UPON THE PRESIDENT TO CONVENE A CONFERENCE WITH OTHER LEADING AGRICULTURAL NATIONS TO EXAMINE THE NATURE OF THE GLOBAL AGRICULTURAL MARKET. WE WANT TO ASSURE THAT THERE IS ADEQUATE FOOD IN THE WORLD, BUT ALSO TO BE SURE THAT THERE ARE STABLE AND DEPENDABLE MARKETS UPON WHICH THE WORLD AGRICULTURAL COMMUNITY CAN RELY. VERY SIMPLY, THAT IS WHAT THE AMENDMENT CALLS FOR.

MR. HELMS. MR. PRESIDENT, WITH ALL DUE RESPECT TO MY DEAR FRIEND FROM MARYLAND, I CANNOT SUPPORT HIS AMENDMENT. HE MENTIONED THE CHANGES IN WORLD TRADE AND OUR PARTICIPATION IN IT AND HE IS RIGHT ABOUT THAT. THESE CHANGES HAVE OCCURRED INSOFAR AS THE DECLINING PERCENTAGE OF THE WORLD MARKET CLAIMED BY THE UNITED STATES HAS RESULTED FROM FAILED FARM POLICIES -- PRICING OURSELVES OUT OF THE MARKET.

WE ARE SUPPORTING ONE COMMODITY AFTER ANOTHER AT A LEVEL FAR ABOVE THE WORLD PRICE. THAT IS THE CAUSE OF THAT. BUT THIS AMENDMENT SOUNDS GOOD AND ITS INTENT IS THE BEST; IT SEEMS JUST TO PROPOSE ANOTHER CONFERENCE. IT IS THE KIND OF AMENDMENT THAT WE WOULD USUALLY ACCEPT, BUT I HAVE TO SAY TO MY FRIEND THAT AS A SENSE-OF-THE-CONGRESS RESOLUTION, THIS PROPOSAL SETS FORTH SOME SPECIFIC GOALS FOR FOOD TRADE AND INTERNATIONAL POLICY WITH WHICH I CANNOT AGREE.

IT CALLS, FOR EXAMPLE, FOR THE PRESIDENT TO CONVENE A WORLD AGRICULTURAL SUMMIT. IT REQUIRES THAT CONFERENCE TO DEVELOP, AMONG OTHER THINGS, AN EQUITABLE "PRINCIPLE" FOR SHARING THE WORLD'S FOOD SUPPLY. IT SEEMS TO ME THAT THE FREE ENTERPRISE SYSTEM IS ABOUT AS EQUITABLE A PRINCIPLE AS THERE IS AND WE OUGHT TO GET ABOUT THE BUSINESS OF PROMOTING THAT BETTER AROUND THE WORLD THAN WE HAVE BEEN.

MR. MATHIAS. IF THE CHAIRMAN WILL YIELD, I HAVE NO DESIRE TO DICTATE AT THE OUTSET WHAT THAT PRINCIPLE SHOULD BE. ALL I AM SUGGESTING IS THAT WE OUGHT TO THINK ABOUT IT.

MR. HELMS. I UNDERSTAND THAT, BUT I WILL SAY TO MY FRIEND -- AND HE IS MY FRIEND AND HE KNOWS THAT -- THAT THERE ALREADY EXISTS VARIOUS MECHANISMS, VARIOUS ORGANIZATIONS, GOVERNMENTAL AGENCIES -- FOR EXAMPLE, THE FOOD AND AGRICULTURAL ORGANIZATIONS OF THE UNITED NATIONS, THE INTERNATIONAL WHEAT AGREEMENT AND GATT -- THROUGH WHICH THESE KINDS OF ISSUES MAY BE ADDRESSED.

WITH ALL DUE RESPECT TO THE SENATOR, I DO NOT THINK ANOTHER FORUM AND ALL THE EXPENSE AND EVERYTHING ELSE WILL DO ONE BIT OF GOOD. BUT I AM PERFECTLY WILLING TO FACE THE FACT THAT THERE IS GOING TO BE A VOICE VOTE AND I WILL LOSE, BUT I FELT OBLIGED TO STATE THE WAY I FEEL ABOUT IT.

MR. SARBANES. MR. PRESIDENT, I RISE IN VERY STRONG SUPPORT OF THE AMENDMENT OFFERED BY MY COLLEAGUE FROM MARYLAND. I THINK HE HAS SPOKEN ELOQUENTLY TO THE NEED FOR SUCH A CONFERENCE AND THE NEED TO DEVELOP A STRONGER FOUNDATION FOR AGRICULTURAL TRADING ON A MORE EQUITABLE BASIS AND TO ADDRESS SOME OF THE PROBLEMS WITH RESPECT TO THE TRANSPORTATION AND DISTRIBUTION OF PRODUCTS AND THE SUPPLY OF FOOD FOR PEOPLES AROUND THE WORLD. I HOPE THE SENATE WILL ADOPT THIS SENSE-OF-THE-CONGRESS PROPOSAL WHICH MY COLLEAGUE HAS PUT FORWARD.

I MIGHT POINT OUT, BECAUSE IT WAS JUST STATED IN OPPOSITION TO THE AMENDMENT THAT THE BLAME LIES WITH OUR INTERNAL POLICIES, THAT MAJOR AGRICULTURAL NATIONS HAVE

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WORKED OUT A VERY COMPLICATED SYSTEM OF SUPPORT AND SUBSIDY FOR THEIR PRODUCERS AND THAT A CONFERENCE OF THE SORT OUTLINED BY MY COLLEAGUE MIGHT WELL GO A LONG WAY TOWARD RATIONALIZING THIS INTERNATIONAL AGRICULTURAL TRADING SYSTEM TO THE ADVANTAGE OF EVERYONE INCLUDING BOTH PRODUCERS AND CONSUMERS. I COMMEND MY COLLEAGUE FOR OFFERING THE AMENDMENT.

MR. MELCHER. MR. PRESIDENT, I AM VERY MUCH IN SUPPORT OF THE SENSE-OF-THE-CONGRESS RESOLUTION OFFERED BY THE SENATOR FROM MARYLAND. I WANT TO TELL YOU A FEW OF THE THINGS THAT IT DOVETAILS WITHIN THE EXPORT TITLE OF THE COMMITTEE BILL.

WHILE I RECOGNIZE THE FRUSTRATIONS THAT HAVE BEEN EXPRESSED BY THE CHAIRMAN OF THE COMMITTEE, I WANT TO TELL YOU FOR SURE THAT OUR COMMITTEE WAS UNITED IN DEVELOPING THE EXPORT TITLE AND IT WAS UNITED BECAUSE WE HAVE BEEN ABSOLUTELY FRUSTRATED HERE IN THE UNITED STATES BY OUR LACK OF ABILITY TO EXPAND EXPORTS MORE THAN WE HAVE, AND, INDEED, WE ARE REALLY SHOCKED AND SADDENED TO WATCH THE DECLINE IN THE AGRICULTURAL EXPORTS FROM THE UNITED STATES.

TO ATTEMPT TO STEM THAT DECLINE AND TO GO UPWARD AGAIN, INCREASING THE AMOUNT OF AGRICULTURAL EXPORTS FROM THIS COUNTRY, WE HAVE IN THE COMMITTEE, IN THE EXPORT TITLE OF IT, ENHANCEMENT OF FOOD FOR PEACE IN SECTION 416, A SPECIAL ASSISTANT TO THE PRESIDENT, AND ACCEPTING THE OPPORTUNITIES THAT EXIST AND FINDING GREATER OPPORTUNITIES THAT MAY EXIST TO BROADEN OUR EXPORTS THROUGH THESE VERY SIGNIFICANT AND IMPORTANT TRADE ENHANCEMENT TOOLS THAT WE HAVE IN THESE TWO PIECES OF LAW IN SECTION 416.

OFTEN WE ARE FRUSTRATED BY THE INADEQUACIES AND THE BLINDNESS AND THE CLUMSINESS OF PEOPLE WITHIN THE STATE DEPARTMENT AND OCCASIONALLY WITHIN THE DEPARTMENT OF AGRICULTURE TO TAKE ADVANTAGE OF THESE OPPORTUNITIES.

THE SPECIAL ASSISTANT TO THE PRESIDENT HAS TO ASSIST IN IRONING OUT THESE DIFFICULTIES AND TO BRING ABOUT SOME SYSTEMATIC METHOD OF ACCEPTING THE APPLICATIONS OF VARIOUS COUNTRIES AROUND THE WORLD THAT WANT TO PARTICIPATE IN OUR FOOD, AND BY DOING SO TO GIVE US THE OPPORTUNITY NOT ONLY TO ASSIST THEM BUT ALSO, IN THE VERY LONG RUN, TO DEVELOP MARKETS IN THOSE PARTICULAR COUNTRIES -- PAYING MARKETS, ANNUAL MARKETS.

THE COMMITTEE BILL ALSO ADDS ENHANCEMENT OF EXPORT CREDIT, ENHANCEMENT OF A TARGETED EXPORT ASSISTANCE. IT ALSO ADDS A VERY IMPORTANT SECTION, WHICH IS NEW, THE FOOD FOR PEACE SECTION DESIGNED BY THE CHAIRMAN.

ALL I AM SAYING IS THAT, DESPITE OUR FRUSTRATION AND OUR DISAPPOINTMENT AT THE DECLINE OF AMERICAN AGRICULTURE, WE THINK WE CAN DO A MUCH BETTER JOB. THEREFORE, I VERY MUCH APPRECIATE AND APPLAUD THE SENSE-OF-THE-CONGRESS RESOLUTION OFFERED BY THE SENATOR FROM MARYLAND. I HOPE IT IS ACCEPTED.

MR. ZORINSKY. MR. PRESIDENT, I ECHO THE SENTIMENTS OF THE SENATOR FROM NORTH CAROLINA WITH RESPECT TO SOME OF THE INEQUITIES WE HAVE: NOT HAVING AN EQUAL PLAYING FIELD WITH RESPECT TO WHAT OTHER GOVERNMENTS DO FOR THEIR AGRICULTURE IN THE AREA OF SUBSIDIZATION IN THE INTERNATIONAL MARKETPLACE. THAT IS THE REAL MARKETPLACE; THAT IS REAL COMPETITION OUT THERE.

AS THE SENATOR FROM MARYLAND INDICATED, THIS AMENDMENT DOES NOT PRESUPPOSE TO

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TELL ANYONE, INCLUDING THE SENATE, AS TO WHAT THE CAUSES ARE.

IT IS HOPED THAT WE WILL FIND OUT THAT OUR FARMERS CAN COMPETE WITH OTHER FARMERS, BUT THEY CANNOT COMPETE WITH THE TREASURIES OF OTHER NATIONS, WITH THE STRONG DOLLAR, AND WITH MANY OTHER ITEMS THAT AFFECT THE INEQUITIES OF OUR DEFICIT IN TRADE WITH THE REST OF THE WORLD.

I SUPPORT THE AMENDMENT, AND ASK MY COLLEAGUES TO SUPPORT IT.

THE PRESIDING OFFICER. IS THERE FURTHER DEBATE? IF NOT, THE QUESTION IS ON AGREEING TO THE AMENDMENT.

THE AMENDMENT (NO. 1061) WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. MATHIAS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, SOMETIMES I MISS ALL THE FUN.

I REGRET THAT I WAS CALLED OFF THE FLOOR WHEN THE DISTINGUISHED SENATOR FROM MASSACHUSETTS OFFERED HIS AMENDMENT WITH RESPECT TO SOUTH AFRICA. I KNOW THAT HE INTENDED IT AS -- I DO NOT KNOW WHAT HE INTENDED IT TO BE. BUT I SAY THIS WITH ALL RESPECT FOR THE SENATOR: IT IS THE FIRST FRIVOLOUS AMENDMENT THAT HAS BEEN OFFERED TO THIS FARM BILL. FOREIGN POLICY HAS NOTHING TO DO WITH THIS FARM BILL -- CERTAINLY NOT THIS KIND OF FARM BILL.

IF I HAD BEEN HERE, I WOULD HAVE ASKED HIM TO CONSIDER MODIFYING HIS AMENDMENT WHERE HE SAYS "EFFECTIVE DECEMBER 1, 1985" -- AND I WILL SKIP -- I WOULD SUGGEST THAT HE INSERT "AND THE PEOPLE'S REPUBLIC OF CHINA."

I WOULD BE WILLING TO WAGER THAT THE SENATOR WOULD HAVE REJECTED THAT SUGGESTION, WHICH BRINGS THE FOCUS TO A POINT THAT I BELIEVE IS TOO OFTEN IGNORED.

IF THE SENATOR REALLY WANTS TO BE PUNITIVE TOWARD A NATION WITH A LONG HISTORY OF GENOCIDE, HE OUGHT TO THINK ABOUT THE PEOPLE'S REPUBLIC OF CHINA -- RED CHINA. AROUND THIS PLACE WE EXPECT OUR FRIENDS TO BE PERFECT; AND WHEN WE LOOK AT COMMUNIST NATIONS WE SAY, "WELL, BOYS WILL BE BOYS."

SO FAR AS SOUTH AFRICA IS CONCERNED, I DO NOT KNOW ANYBODY WHO IS IN FAVOR OF APARTHEID, NOR DO I KNOW ANYBODY WHO WILL EXPLAIN TO ME SATISFACTORILY WHY THERE IS SUCH A FLOW OF IMMIGRATION OF BLACK PEOPLE INTO SOUTH AFRICA.

I DO WISH I HAD BEEN ON THE FLOOR WHEN THE DISTINGUISHED SENATOR OFFERED HIS AMENDMENT, BECAUSE IT WOULD BE INTERESTING, VERY INTERESTING, TO SEE HOW HE WOULD HAVE REACTED TO MY SUGGESTION THAT HE INCLUDE THE PEOPLE'S REPUBLIC OF CHINA -- RED CHINA -- IN HIS FOREIGN POLICY INVASION OF THE FARM BILL.

MR. PRESIDENT, I SUGGEST THE ABSENCE OF A QUORUM.

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THE PRESIDING OFFICER. 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 ASK UNANIMOUS CONSENT THAT THE AMENDMENTS NOW PENDING BE LAID ASIDE AND THAT THEY BE CONTINUED AS THE ORDER OF BUSINESS AFTER THE CONSIDERATION OF THE FOLLOWING AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1144

MR. BOSCHWITZ. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM MINNESOTA [MR. BOSCHWITZ] PROPOSES AN AMENDMENT NUMBERED 1144.

MR. BOSCHWITZ. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER (MR. GRAMM). WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE READING AMENDMENT, ADD THE FOLLOWING: ON PAGE 459, BETWEEN LINES 18 AND 19, ADD THE FOLLOWING NEW SUBTITLE:

"SUBTITLE D -- COMMODITY PROVISIONS

"SUBDIVISION A -- WHEAT LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF WHEAT

"SEC. . EFFECTIVE ONLY FOR THE 1986 THROUGH 191 CROPS OF WHEAT, THE AGRICULTURAL ACT OF 1949 IS AMENDED BY ADDING AFTER SECTION 107C A NEW SECTION AS FOLLOWS:

"SEC. 107D. NOTWITHSTANDING ANY OTHER PROVISION OF LAW --

(A) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS NONRECOURSE LOANS FOR EACH OF THE 1986 THROUGH 1991 CROPS OF WHEAT AT A LEVEL OF \$2.20 PER BUSHEL, EXCEPT THAT IF THE SECRETARY DETERMINES THAT, BASED UPON MARKET CONDITIONS DURING THE IMMEDIATELY TWO PRECEDING MARKETING YEARS, THE LOAN LEVEL SHOULD BE INCREASED AND THAT ANY SUCH INCREASE IN THE LOAN LEVEL WILL NOT JEOPARDIZE THE COMPETITIVE POSITION OF UNITED STATES AGRICULTURE IN WORLD MARKETS, THE SECRETARY MAY INCREASE THE LOAN LEVEL FOR THE NEXT MARKETING YEAR TO AN AMOUNT WHICH DOES NOT EXCEED 105

PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE INCREASE. NOTWITHSTANDING THE FOREGOING, THE SECRETARY SHALL ANNUALLY DETERMINE THE AVERAGE PRICE OF WHEAT RECEIVED BY PRODUCERS DURING EACH OF THE IMMEDIATELY PRECEDING TWO MARKETING YEARS. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF WHEAT RECEIVED BY PRODUCERS IN ANY MARKETING YEAR, BEGINNING WITH THE 1986 MARKETING YEAR IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS FOR SUCH MARKETING YEAR, THE SECRETARY MAY REDUCE THE LEVEL OF LOANS FOR THE FOLLOWING MARKETING YEAR BY AN AMOUNT NOT GREATER THAN 10 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE DECREASE. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF WHEAT RECEIVED BY PRODUCERS IN ANY TWO CONSECUTIVE MARKETING YEARS, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS AT THE TIME OF SUCH DETERMINATION AND THE LOAN RATE WAS NOT ADJUSTED DOWNWARD FOR THE MARKETING YEAR PRIOR TO THE MARKETING YEAR FOR WHICH THE DETERMINATION IS MADE, THE SECRETARY SHALL REDUCE BY AT LEAST 10 PERCENT THE LEVEL OF LOANS FOR THE NEXT MARKETING PLACE. IF THE SECRETARY ADJUSTS THE LEVEL OF LOANS IN ACCORDANCE WITH THIS SUBSECTION, THE ADJUSTED LEVEL SHALL REMAIN IN EFFECT UNTIL SUCH TIME AS THE SECRETARY MAKES A SUBSEQUENT ADJUSTMENT IN THE LEVEL OF LOANS.

(I) THE SECRETARY MAY PERMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS PARAGRAPH FOR A WHEAT CROP AT A LEVEL THAT IS THE LESSER OF --

(I) THE LOAN LEVEL DETERMINED FOR SUCH CROP; OR

(II) THE PREVAILING WORLD MARKET PRICE FOR SUCH WHEAT, AS DETERMINED BY THE SECRETARY

(II) THE SECRETARY MAY PRESCRIBE BY REGULATION --

(I) A FORMULA TO DEFINE THE PREVAILING WORLD MARKET PRICE FOR WHEAT; AND

(II) A MECHANISM BY WHICH THE SECRETARY MAY ANNOUNCE PERIODICALLY THE PREVAILING WORLD MARKET PRICE FOR WHEAT.

"(B)(1) WITH RESPECT TO THE 1986 THROUGH 1991 CROPS OF WHEAT, THE SECRETARY SHALL MAKE PAYMENTS TO PRODUCERS ON FARMS HAVING A WHEAT ACREAGE BASE FOR THE 1986 CROP YEAR. THE SECRETARY MAY MAKE A PORTION OF THE PAYMENT IN WHEAT OWNED BY THE CCC INSTEAD OF CASH. THE PAYMENTS SHALL BE MADE IN AN AMOUNT COMPUTED BY MULTIPLYING (I) THE PAYMENT RATE AS DEFINED IN SUBSECTION (B)(2) OF THIS SECTION BY (II) THE PAYMENT QUANTITY AS DEFINED IN SUBSECTION (B)(3) OF THIS SECTION, BY (III) 100 PERCENT FOR THE 1986 CROP, AND FOR THE 1987 THROUGH 1991 CROPS, NOT MORE THAN 100 PERCENT FOR EACH CROP, AND NOT LESS THAN 90 PERCENT, 80 PERCENT, 70 PERCENT, AND 60 PERCENT FOR THE 1987, AND 50 PER CENTUM 1988, 1989, AND 1990 AND 1991 CROPS, RESPECTIVELY.

(2)(A) THE PAYMENT RATE FOR WHEAT TO PRODUCERS ON FARMS ON WHICH PRODUCERS WERE PARTICIPANTS IN EITHER THE 1984 OR 1985 WHEAT PROGRAM ESTABLISHED UNDER SECTION 107B OF THE AGRICULTURAL ACT OF 1949 SHALL BE \$1.42.

"(B) THE PAYMENT RATE FOR WHEAT TO PRODUCERS ON FARMS NOT SPECIFIED IN SUBSECTION (B)(2)(A) SHALL BE \$1.10.

"(C) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, IF THE SECRETARY

DECREASES THE LEVEL OF LOANS FOR THE 1987, 1988, 1989, 1990, OR 1991 MARKETING YEAR IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION, THE SECRETARY SHALL INCREASE THE PAYMENT RATE FOR WHEAT FOR SUCH MARKETING YEAR BY A PERCENTAGE EQUAL TO THE PERCENTAGE BY WHICH THE SECRETARY DECREASES THE LEVEL OF LOANS FOR SUCH MARKETING YEAR.

"(3)(A) THE PAYMENT QUANTITY FOR EACH OF THE 1986 THROUGH 1991 MARKETING YEARS SHALL BE COMPUTED BY MULTIPLYING THE ACREAGE BASE BY THE PAYMENT YIELD ESTABLISHED FOR THE FARM FOR WHEAT.

"(B) THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED AND CONSIDERED PLANTED TO WHEAT FOR HARVEST IN THE 1981, 1982, 1983, 1984 AND 1985 CROP YEARS. FOR THE PURPOSE OF THE PRECEDING SENTENCE, ACREAGE PLANTED TO WHEAT FOR HARVEST SHALL INCLUDE ANY ACREAGE WHICH THE PRODUCERS WERE PREVENTED FROM PLANTING TO WHEAT OR OTHER NONCONSERVING CROP IN LIEU OF WHEAT BECAUSE OF DROUGHT, FLOOD, OR OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCERS. THE SECRETARY MAY MAKE ADJUSTMENTS TO REFLECT ESTABLISHED CROP ROTATION PRACTICES AND TO REFLECT SUCH OTHER FACTORS AS THE SECRETARY DETERMINES SHOULD BE CONSIDERED IN ESTABLISHING A FAIR AND EQUITABLE ACREAGE BASE.

"(C) THE PAYMENT YIELD FOR WHEAT SHALL BE THE YIELD ESTABLISHED FOR THE FARM FOR THE CROP YEAR, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO YIELD FOR WHEAT WAS ESTABLISHED FOR THE FARM IN THE 1985 CROP YEAR, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE. IF THE SECRETARY DETERMINES IT NECESSARY, THE SECRETARY MAY ESTABLISH NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ON THE BASIS OF HISTORICAL YIELDS, AS ADJUSTED BY THE SECRETARY TO CORRECT FOR ABNORMAL FACTORS AFFECTING SUCH YIELDS IN THE HISTORICAL PERIOD, OR, IF SUCH DATA ARE NOT AVAILABLE, ON THE SECRETARY'S ESTIMATE OF ACTUAL YIELDS FOR THE 1985 CROP YEAR. IF NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ARE ESTABLISHED, THE FARM PAYMENT YIELDS SHALL BALANCE TO THE NATIONAL, STATE OR COUNTY YIELDS.

"(4)(A) A PRODUCER ON A FARM WITH RESPECT TO WHICH PAYMENTS ARE AUTHORIZED BY THIS SUBSECTION SHALL BE ELIGIBLE FOR SUCH PAYMENTS ON SUCH FARM ONLY WITH RESPECT TO THAT PORTION OF THE ACREAGE BASE WHICH THE PRODUCER DEVOTES TO WHEAT OR OTHER AGRICULTURAL COMMODITY OR TO AN APPROVED CONSERVATION USE AS DEFINED BY THE SECRETARY.

"(B) THE SECRETARY SHALL REQUIRE, AS A CONDITION TO RECEIVE PAYMENTS UNDER THIS SUBSECTION, THAT PRODUCERS REPORT ANNUALLY ON A DATE PRIOR TO HARVEST SPECIFIED BY THE SECRETARY, THE AMOUNT OF THE FARM ACREAGE BASE WHICH IS DEVOTED TO THE PRODUCTION OF AGRICULTURAL COMMODITIES OR CONSERVING USES.

"(D)(1) THE SECRETARY SHALL NOT REQUIRE PARTICIPATION IN ANY PRODUCTION ADJUSTMENT CONTROL PROGRAM FOR WHEAT OR ANY OTHER COMMODITY AS A CONDITION OF ELIGIBILITY FOR THE LOANS OR PAYMENTS AUTHORIZED BY THIS SECTION.

"(2) THE SECRETARY SHALL NOT MAKE LAND DIVERSION PAYMENTS TO PRODUCERS OF WHEAT.

"(E) IF THE FAILURE OF A PRODUCER TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF

THE PROGRAM CONDUCTED UNDER THIS SECTION PRECLUDES THE MAKING OF LOANS AND PAYMENTS, THE SECRETARY MAY, NEVERTHELESS, MAKE SUCH LOANS AND PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SERIOUSNESS OF THE FAILURE. THE SECRETARY MAY AUTHORIZE THE COUNTY AND STATE COMMITTEES ESTABLISHED UNDER SECTION 8(B) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT TO WAIVE OR MODIFY DEADLINES AND OTHER PROGRAM REQUIREMENTS IN CASES IN WHICH LATENESS OR FAILURE TO MEET SUCH OTHER REQUIREMENTS DOES NOT AFFECT ADVERSELY THE OPERATION OF THE PROGRAM.

"(F) THE SECRETARY MAY ISSUE SUCH REGULATIONS AS THE SECRETARY DETERMINES NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

"(G) THE SECRETARY SHALL CARRY OUT THE PROGRAM AUTHORIZED BY THIS SECTION THROUGH THE COMMODITY CREDIT CORPORATION.

"(H) THE PROVISIONS OF SECTION 8(G) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT (RELATING TO THE ASSIGNMENT OF PAYMENTS) SHALL APPLY TO PAYMENTS UNDER THIS SECTION.

"(I) THE SECRETARY SHALL PROVIDE FOR THE SHARING OF PAYMENTS MADE UNDER THIS SECTION FOR ANY FARM AMONG THE PRODUCERS ON THE FARM ON A FAIR AND EQUITABLE BASIS.

"(J) THE SECRETARY SHALL PROVIDE ADEQUATE SAFEGUARDS TO PROTECT THE INTERESTS OF TENANTS AND SHARECROPPERS.

"(K) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, COMPLIANCE ON A FARM WITH THE TERMS AND CONDITIONS OF ANY OTHER COMMODITY PROGRAM MAY NOT BE REQUIRED AS A CONDITION OF ELIGIBILITY FOR LOANS OR PAYMENTS UNDER THIS SECTION."

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. . SECTION 379D, 379E, 379F, 379G, 379H, 379I, AND 379J OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 (WHICH DEAL WITH MARKETING CERTIFICATE REQUIREMENTS FOR PROCESSORS AND EXPORTERS) SHALL NOT BE APPLICABLE TO WHEAT PROCESSORS OR EXPORTERS DURING THE PERIOD JUNE 1, 1986, THROUGH MAY 31, 1992.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE REQUIREMENTS

SEC. . SECTIONS 331, 332, 333, 334, 335, 336, 338, 339, 379B, AND 379C OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 SHALL NOT BE APPLICABLE TO THE 1986 THROUGH 1991 CROPS OF WHEAT.

SUSPENSION OF QUOTA PROVISIONS

SEC. . PUBLIC LAW 74, SEVENTY-SEVENTH CONGRESS (55 STAT. 203, AS AMENDED) SHALL NOT BE APPLICABLE TO THE CROPS OF WHEAT PLANTED FOR HARVEST IN THE CALENDAR YEARS 1986 THROUGH 1991.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1991 CROPS OF WHEAT

SEC. . SECTION 107 OF THE AGRICULTURAL ACT OF 1949 SHALL NOT BE APPLICABLE TO THE 1986 THROUGH 1991 CROPS OF WHEAT.

SUBDIVISION -- LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF FEED GRAINS

SEC. . EFFECTIVE ONLY FOR THE 1986 THROUGH 1991 CROPS OF FEED GRAINS, THE AGRICULTURAL ACT OF 1949 IS AMENDED BY ADDING AFTER SECTION 105B A NEW SECTION AS FOLLOWS:

"SEC. 105C. NOTWITHSTANDING ANY OTHER PROVISION OF LAW --

"(A) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS NONRECOURSE LOANS FOR EACH OF THE 1986 THROUGH 1991 CROPS OF CORN, GRAIN SORGHUM, BARLEY, AND OATS AT A LEVEL OF \$1.90, \$1.80, \$1.63, AND \$1.01 PER BUSHEL, RESPECTIVELY, EXCEPT THAT IF THE SECRETARY DETERMINES THAT, BASED UPON MARKET CONDITIONS DURING THE IMMEDIATELY TWO PRECEDING MARKETING YEARS, THE LOAN LEVEL FOR ANY SUCH COMMODITY SHOULD BE INCREASED AND THAT ANY SUCH INCREASE IN THE LOAN LEVEL WILL NOT JEOPARDIZE THE COMPETITIVE POSITION OF UNITED STATES AGRICULTURE IN WORLD MARKETS, THE SECRETARY MAY INCREASE THE LOAN LEVEL FOR SUCH COMMODITY FOR THE NEXT MARKETING YEAR TO AN AMOUNT WHICH DOES NOT EXCEED 105 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE INCREASE. NOTWITHSTANDING THE FOREGOING, THE SECRETARY SHALL ANNUALLY DETERMINE THE AVERAGE PRICE OF CORN, GRAIN SORGHUM, BARLEY, AND OATS RECEIVED BY PRODUCERS DURING EACH OF THE IMMEDIATELY PRECEDING TWO MARKETING YEARS. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF ANY SUCH COMMODITY RECEIVED BY PRODUCERS OF SUCH COMMODITY IN ANY MARKETING YEAR, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS FOR SUCH COMMODITY FOR SUCH MARKETING YEAR, THE SECRETARY MAY REDUCE THE LEVEL OF LOANS FOR SUCH COMMODITY FOR THE FOLLOWING MARKETING YEAR BY AN AMOUNT NOT GREATER THAN 10 PERCENT OF THE LEVEL OF LOANS FOR SUCH COMMODITY WHICH IS IN EFFECT AT THE TIME OF THE DECREASE. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF ANY SUCH COMMODITY RECEIVED BY PRODUCERS OF SUCH COMMODITY IN ANY TWO CONSECUTIVE MARKETING YEARS, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS FOR SUCH COMMODITY AT THE TIME OF SUCH DETERMINATION AND THE LOAN LEVEL WAS NOT ADJUSTED DOWNWARD FOR SUCH COMMODITY FOR THE MARKETING YEAR PRIOR TO THE MARKETING YEAR FOR WHICH THE DETERMINATION IS MADE, THE SECRETARY SHALL REDUCE BY AT LEAST 10 PERCENT THE LEVEL OF LOANS FOR SUCH COMMODITY FOR THE NEXT MARKETING YEAR. IF THE SECRETARY ADJUSTS THE LEVEL OF LOANS IN ACCORDANCE WITH THIS SUBSECTION, THE ADJUSTED LEVEL SHALL REMAIN IN EFFECT UNTIL SUCH TIME AS THE SECRETARY MAKES A SUBSEQUENT ADJUSTMENT IN THE LEVEL OF LOANS.

(I) THE SECRETARY MAY PERMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS PARAGRAPH FOR A FEED GRAINS CROP AT A LEVEL THAT IS THE LESSER OF --

(I) THE LOAN LEVEL DETERMINED FOR SUCH A CROP; OR

(II) THE PREVAILING WORLD MARKET PRICE FOR SUCH FEED GRAINS, AS DETERMINED BY THE SECRETARY.

(II) THE SECRETARY MAY PRESCRIBE BY REGULATION --

(I) A FORMULA TO DEFINE THE PREVAILING WORLD MARKET PRICE FOR FEED GRAINS; AND

(II) A MECHANISM BY WHICH THE SECRETARY MAY ANNOUNCE PERIODICALLY THE PREVAILING WORLD MARKET PRICE FOR FEED GRAINS.

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"(B)(1) WITH RESPECT TO THE 1986 THROUGH 1991 CROPS OF CORN, GRAIN SORGHUM, BARLEY, AND OATS, THE SECRETARY SHALL MAKE PAYMENTS TO PRODUCERS ON FARMS HAVING AN ACREAGE BASE FOR THE COMMODITY FOR THE 1986 CROP YEAR. THE SECRETARY MAY MAKE A PORTION OF THE PAYMENT IN FEED GRAINS OWNED BY THE CCC INSTEAD OF CASH. THE PAYMENTS SHALL BE MADE IN AN AMOUNT COMPUTED BY MULTIPLYING (I) THE PAYMENT RATE AS DEFINED IN SUBSECTION (B)(2) OF THIS SECTION, BY (II) THE PAYMENT QUANTITY AS DEFINED IN SUBSECTION (B)(3) OF THIS SECTION, BY (III) 100 PERCENT FOR THE 1986 CROP, AND, FOR THE 1987 THROUGH 1991 CROPS, NOT MORE THAN 100 PERCENT FOR EACH CROP AND NOT LESS THAN 90 PERCENT, 80 PERCENT, 70 PERCENT, 60 PERCENT, AND 50 PERCENT FOR THE 1987, 1988, 1989, 1990, AND 1991 CROPS, RESPECTIVELY.

"(2)(A) THE PAYMENT RATE FOR CORN, GRAIN SORGHUM, BARLEY, AND OATS TO PRODUCERS ON FARMS ON WHICH PRODUCERS WERE PARTICIPANTS IN EITHER THE 1984 OR 1985 PROGRAM FOR SUCH COMMODITY ESTABLISHED UNDER SECTION 105B OF THE AGRICULTURAL ACT OF 1949 SHALL BE \$0.94, \$0.88, \$0.78, AND \$0.51, RESPECTIVELY.

"(B) THE PAYMENT RATE FOR CORN, GRAIN SORGHUM, BARLEY, AND OATS TO PRODUCERS ON FARMS NOT SPECIFIED IN SUBSECTION (B)(2)(A), SHALL BE \$0.65, \$0.62, \$0.45, AND \$0.30, RESPECTIVELY.

"(C) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, IF THE SECRETARY DECREASES THE LEVEL OF LOANS FOR CORN, GRAIN SORGHUM, BARLEY, OR OATS FOR THE 1987, 1988, 1989, 1990, OR 1991 MARKETING YEAR IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION, THE SECRETARY SHALL INCREASE THE PAYMENT RATE FOR SUCH COMMODITY BE A PERCENTAGE EQUAL TO THE PERCENTAGE BY WHICH THE SECRETARY DECREASES THE LEVEL OF LOANS FOR SUCH COMMODITY FOR SUCH MARKETING YEAR.

"(3)(A) THE PAYMENT QUANTITY FOR EACH OF THE 1986 THROUGH 1991 MARKETING YEARS SHALL BE COMPUTED BY MULTIPLYING THE ACREAGE BASE FOR THE COMMODITY BY THE PAYMENT YIELD ESTABLISHED FOR THE FARM FOR THE COMMODITY.

"(B) THE ACREAGE BASE FOR ANY FARM FOR CORN, GRAIN SORGHUM, BARLEY, AND OATS SHALL BE THE AVERAGE ACREAGE PLANTED AND CONSIDERED PLANTED TO THE COMMODITY FOR HARVEST IN THE 1981, 1982, 1983, 1984 AND 1985 CROP YEARS. FOR THE PURPOSE OF THE PRECEDING SENTENCE, ACREAGE PLANTED TO THE COMMODITY FOR HARVEST SHALL INCLUDE ANY ACREAGE WHICH THE PRODUCERS WERE PREVENTED FROM PLANTING TO THE COMMODITY OR OTHER NONCONSERVING CROP IN LIEU OF SUCH COMMODITY BECAUSE OF DROUGHT, FLOOD, OR OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCER. THE SECRETARY MAY MAKE ADJUSTMENTS TO REFLECT ESTABLISHED CROP ROTATION PRACTICES AND TO REFLECT SUCH OTHER FACTORS AS THE SECRETARY DETERMINES SHOULD BE CONSIDERED IN ESTABLISHING A FAIR AND EQUITABLE ACREAGE BASE.

"(C) THE PAYMENT YIELD FOR FEED GRAINS SHALL BE THE YIELD ESTABLISHED FOR THE FARM FOR THE COMMODITY FOR THE 1985 CROP YEAR, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO YIELD FOR THE COMMODITY WAS ESTABLISHED FOR THE FARM IN THE 1985 CROP YEAR, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE. IF THE SECRETARY DETERMINES IT NECESSARY, THE SECRETARY MAY ESTABLISH NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ON THE BASIS OF HISTORICAL YIELDS, AS ADJUSTED BY THE SECRETARY TO CORRECT FOR ABNORMAL FACTORS AFFECTING SUCH YIELDS IN THE HISTORICAL PERIOD, OR, IF SUCH DATA ARE NOT AVAILABLE, ON THE SECRETARY'S ESTIMATE OF ACTUAL YIELDS FOR THE 1985 CROP YEAR. IF NATIONAL, STATE OR

COUNTY PAYMENT YIELDS ARE ESTABLISHED, THE FARM PAYMENT YIELDS SHALL BALANCE TO THE NATIONAL, STATE OR COUNTY YIELDS.

"(4)(A) A PRODUCER ON A FARM WITH RESPECT TO WHICH PAYMENTS ARE AUTHORIZED BY THIS SUBSECTION SHALL BE ELIGIBLE FOR SUCH PAYMENTS ON SUCH FARM ONLY WITH RESPECT TO THAT PORTION OF THE ACREAGE BASE WHICH THE PRODUCER DEVOTES TO A FEED GRAIN OR OTHER AGRICULTURAL COMMODITY OR TO AN APPROVED CONSERVATION USE AS DEFINED BY THE SECRETARY.

(B) THE SECRETARY SHALL REQUIRE, AS A CONDITION TO RECEIVE PAYMENTS UNDER THIS SUBSECTION, THAT PRODUCERS REPORT ANNUALLY ON A DATE SPECIFIED BY THE SECRETARY THE AMOUNT OF THE FARM ACREAGE BASE WHICH IS DEVOTED TO THE PRODUCTION OF AGRICULTURAL COMMODITIES OR CONSERVING USES.

"(D)(1) THE SECRETARY SHALL NOT REQUIRE PARTICIPATION IN ANY PRODUCTION ADJUSTMENT CONTROL PROGRAM FOR FEED GRAINS OR ANY OTHER COMMODITY AS A CONDITION OF ELIGIBILITY FOR THE LOANS OR PAYMENTS AUTHORIZED BY THIS SECTION.

"(2) THE SECRETARY SHALL NOT MAKE LAND DIVERSION PAYMENTS TO PRODUCERS OF FEED GRAINS.

"(E) IF THE FAILURE OF A PRODUCER TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF THE PROGRAM CONDUCTED UNDER THIS SECTION PRECLUDES THE MAKING OF LOANS AND PAYMENTS, THE SECRETARY MAY, NEVERTHELESS, MAKE SUCH LOANS AND PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SERIOUSNESS OF THE FAILURE. THE SECRETARY MAY AUTHORIZE THE COUNTY AND STATE COMMITTEES ESTABLISHED UNDER SECTION 8(B) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT TO WAIVE OR MODIFY DEADLINES AND OTHER PROGRAM REQUIREMENTS IN CASES IN WHICH LATENESS OR FAILURE TO MEET SUCH OTHER REQUIREMENTS DOES NOT AFFECT ADVERSELY THE OPERATION OF THE PROGRAM.

"(F) THE SECRETARY MAY ISSUE SUCH REGULATIONS AS THE SECRETARY DETERMINES NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

"(G) THE SECRETARY SHALL CARRY OUT THE PROGRAM AUTHORIZED BY THIS SECTION THROUGH THE COMMODITY CREDIT CORPORATION.

"(H) THE PROVISIONS OF SECTION 8(G) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT (RELATING TO ASSIGNMENT OF PAYMENTS) SHALL APPLY TO PAYMENTS UNDER THIS SECTION.

"(I) THE SECRETARY SHALL PROVIDE FOR THE SHARING OF PAYMENTS MADE UNDER THIS SECTION FOR ANY FARM AMONG THE PRODUCERS ON THE FARM ON A FAIR AND EQUITABLE BASIS.

"(J) THE SECRETARY SHALL PROVIDE ADEQUATE SAFEGUARDS TO PROTECT THE INTERESTS OF TENANTS AND SHARECROPPERS.

"(K) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, COMPLIANCE ON A FARM WITH THE TERMS AND CONDITIONS OF ANY OTHER COMMODITY PROGRAM MAY NOT BE REQUIRED AS A CONDITION OF ELIGIBILITY FOR LOANS OR PAYMENTS UNDER THIS SECTION."

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH

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1991 CROPS OF FEED GRAINS

SEC. . SECTION 105 OF THE AGRICULTURAL ACT OF 1949 SHALL NOT BE APPLICABLE TO THE 1986 THROUGH 1991 CROPS OF FEED GRAINS.

SUBDIVISION C -- COTTON SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. . SECTIONS 342, 343, 344, 345, 346, AND 377 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 SHALL NOT BE APPLICABLE TO UPLAND COTTON OF THE 1986 THROUGH 1991 CROPS.

REPEAL

SEC. (A). SECTION 506 OF THE AGRICULTURE AND FOOD ACT OF 1981 IS REPEALED.

(B) SUBSECTION H OF SECTION 103 OF THE AGRICULTURAL ACT OF 1949, AS AMENDED, IS REPEALED EFFECTIVE BEGINNING WITH THE 1986 CROP OF EXTRA LONG STAPLE COTTON.

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF COTTON

SEC. . EFFECTIVE ONLY FOR THE 1986 THROUGH 1991 CROPS OF UPLAND COTTON, SECTION 103 OF THE AGRICULTURAL ACT OF 1949 IS AMENDED BY ADDING AT THE END THEREOF A NEW SUBSECTION AS FOLLOWS:

"(I)(1)(A) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS NONRECOURSE LOANS FOR EACH OF THE 1986 THROUGH 1991 CROPS OF UPLAND COTTON AT A LEVEL OF \$0.50 PER POUND, EXCEPT THAT IF THE SECRETARY DETERMINES THAT, BASED UPON MARKET CONDITIONS DURING THE IMMEDIATELY TWO PRECEDING MARKETING YEARS, THE LOAN LEVEL SHOULD BE INCREASED AND THAT ANY SUCH INCREASE IN THE LOAN LEVEL WILL NOT JEOPARDIZE THE COMPETITIVE POSITION OF UNITED STATES AGRICULTURE IN WORLD MARKETS, THE SECRETARY MAY INCREASE THE LOAN LEVEL FOR THE NEXT MARKETING YEAR TO AN AMOUNT WHICH DOES NOT EXCEED 105 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE INCREASE. NOTWITHSTANDING THE FOREGOING, THE SECRETARY SHALL ANNUALLY DETERMINE THE AVERAGE PRICE OF UPLAND COTTON RECEIVED BY PRODUCERS DURING EACH OF THE IMMEDIATELY PRECEDING TWO MARKETING YEARS. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF UPLAND COTTON RECEIVED BY PRODUCERS IN ANY MARKETING YEAR, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS FOR SUCH MARKETING YEAR, THE SECRETARY MAY REDUCE THE LEVEL OF LOANS FOR THE FOLLOWING MARKETING YEAR BY AN AMOUNT NOT GREATER THAN 10 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE DECREASE. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF UPLAND COTTON RECEIVED BY PRODUCERS IN ANY TWO CONSECUTIVE MARKETING YEARS, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS AT THE TIME OF SUCH DETERMINATION AND THE LOAN RATE WAS NOT ADJUSTED DOWNWARD FOR THE MARKETING YEAR PRIOR TO THE YEAR FOR WHICH THE DETERMINATION IS MADE, THE SECRETARY SHALL REDUCE BY AT LEAST 10 PERCENT THE LEVEL OF LOANS FOR THE NEXT MARKETING YEAR.

(I) THE SECRETARY MAY PERMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS PARAGRAPH FOR A COTTON CROP AT A LEVEL THAT IS THE LESSER OF --

(I) THE LOAN LEVEL DETERMINED FOR SUCH A CROP; OR

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(II) THE PREVAILING WORLD MARKET PRICE FOR SUCH FEED GRAINS, AS DETERMINED BY THE SECRETARY.

(II) THE SECRETARY MAY PRESCRIBE BY REGULATION --

(I) A FORMULA TO DEFINE THE PREVAILING WORLD MARKET PRICE FOR COTTON; AND

(II) A MECHANISM BY WHICH THE SECRETARY MAY ANNOUNCE PERIODICALLY THE PREVAILING WORLD MARKET PRICE FOR COTTON.

"(B) FOR PURPOSES OF THIS SUBSECTION, EXTRA LONG STAPLE COTTON MEANS COTTON WHICH IS PRODUCED FROM PURE STRAIN VARIETIES OF BARBADENSE SPECIES OR ANY HYBRID THEREOF, OR OTHER SIMILAR TYPES OF EXTRA LONG STAPLE COTTON, DESIGNATED BY THE SECRETARY, HAVING CHARACTERISTICS NEEDED FOR VARIOUS END USES FOR WHICH AMERICAN UPLAND COTTON IS NOT SUITABLE AND GROWN IN IRRIGATED COTTON-GROWING REGIONS OF THE UNITED STATES DESIGNATED BY THE SECRETARY OR OTHER AREAS DESIGNATED BY THE SECRETARY AS SUITABLE FOR THE PRODUCTION OF SUCH VARIETIES OR TYPES AND WHICH IS GINNED ON A ROLLER-TYPE GIN OR, IF AUTHORIZED BY THE SECRETARY, GINNED ON ANOTHER TYPE GIN FOR EXPERIMENTAL PURPOSES.

"(C) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS NONRECOURSE LOANS FOR EACH OF THE 1986 THROUGH 1991 CROPS OF EXTRA LONG STAPLE COTTON AT SUCH LEVEL AS THE SECRETARY DETERMINES IS FAIR AND REASONABLE IN RELATION TO THE LEVEL OF LOANS FOR UPLAND COTTON, BUT IN NO EVENT AT A LEVEL IN EXCESS OF 50 PERCENT OF THE LEVEL OF LOANS FOR UPLAND COTTON IN EFFECT AT THE TIME OF THE DETERMINATION.

"(D) IF THE SECRETARY ADJUSTS THE LEVEL OF LOANS FOR UPLAND COTTON OR EXTRA LONG STAPLE COTTON IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE ADJUSTED LEVEL SHALL REMAIN IN EFFECT UNTIL SUCH TIME AS THE SECRETARY MAKES A SUBSEQUENT ADJUSTMENT IN THE LEVEL OF LOANS FOR SUCH COMMODITY.

"(E) IF AUTHORIZED BY THE SECRETARY, NONRECOURSE LOANS PROVIDED FOR IN THIS SUBSECTION MAY, UPON REQUEST OF THE PRODUCER DURING THE TENTH MONTH OF THE LOAN PERIOD FOR THE COTTON, BE MADE AVAILABLE FOR AN ADDITIONAL TERM OF EIGHT MONTHS.

"2(A) WITH RESPECT TO THE 1986 THROUGH 1991 CROPS OF COTTON, THE SECRETARY SHALL MAKE PAYMENTS TO PRODUCERS ON FARMS HAVING AN UPLAND COTTON OR EXTRA LONG STAPLE COTTON ACREAGE BASE FOR THE 1986 CROP YEAR. THE SECRETARY MAY MAKE A PORTION OF THE PAYMENTS IN COTTON OWNED BY THE CCC INSTEAD OF CASH. THE PAYMENTS SHALL BE MADE IN AN AMOUNT COMPUTED BY MULTIPLYING (I) THE PAYMENT RATE AS DEFINED IN SUBPARAGRAPH (B) OF THIS PARAGRAPH BY (II) THE PAYMENT QUANTITY AS DEFINED IN SUBPARAGRAPH (C) OF THIS PARAGRAPH, BY (III) 100 PERCENT FOR THE 1986 CROP, AND, FOR THE 1987 THROUGH 1991 CROPS, NOT MORE THAN 100 PERCENT FOR EACH CROP, AND NOT LESS THAN 90 PERCENT, 80 PERCENT, 70 PERCENT, 60 PERCENT, AND 50 PERCENT, FOR THE 1987, 1988, 1989, 1990, AND 1991 CROPS, RESPECTIVELY.

"(B)(I) THE PAYMENT RATE FOR UPLAND COTTON TO PRODUCERS ON FARMS ON WHICH PRODUCERS WERE PARTICIPANTS IN EITHER THE 1984 OR 1985 UPLAND COTTON PROGRAM ESTABLISHED IN ACCORDANCE WITH SUBSECTION (G) OF SECTION 103 OF THE AGRICULTURAL ACT OF 1949 SHALL BE \$0.183.

(II) THE PAYMENT RATE FOR UPLAND COTTON TO PRODUCERS ON FARMS NOT SPECIFIED IN

SUBPARAGRAPH (B)(I) SHALL BE \$0.073.

"(III) THE PAYMENT RATE FOR EXTRA LONG STAPLE COTTON TO PRODUCERS ON FARMS ON WHICH PRODUCERS WERE PARTICIPANTS IN EITHER THE 1984 OR 1985 EXTRA LONG STAPLE COTTON PROGRAM ESTABLISHED IN ACCORDANCE WITH SECTION 4 OF THE EXTRA LONG STAPLE ACT OF 1983 SHALL BE \$0.275.

"(IV) THE PAYMENT RATE FOR EXTRA LONG STAPLE COTTON TO PRODUCERS ON FARMS NOT SPECIFIED IN SUBPARAGRAPH (B)(III) SHALL BE \$0.11.

"(V) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, IF THE SECRETARY DECREASES THE LEVEL OF LOANS FOR UPLAND COTTON OR EXTRA LONG STAPLE COTTON FOR THE 1987, 1988, 1989, 1990, OR 1991 MARKETING YEAR IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY SHALL INCREASE THE PAYMENT RATE FOR SUCH COMMODITY FOR SUCH MARKETING YEAR BY A PERCENTAGE EQUAL TO THE PERCENTAGE BY WHICH THE SECRETARY DECREASES THE LEVEL OF LOANS FOR SUCH COMMODITY FOR SUCH MARKETING YEAR.

"(C)(I) THE PAYMENT QUANTITY FOR UPLAND COTTON AND EXTRA LONG STAPLE COTTON FOR EACH OF THE 1986 THROUGH 1991 MARKETING YEARS SHALL BE COMPUTED BY MULTIPLYING THE ACREAGE BASE FOR SUCH COMMODITY BY THE PAYMENT YIELD ESTABLISHED FOR THE FARM FOR SUCH COMMODITY.

"(II) THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED AND CONSIDERED PLANTED TO UPLAND COTTON OR EXTRA LONG STAPLE COTTON FOR HARVEST IN THE 1981, 1982, 1983, 1984 AND 1985 CROP YEARS. FOR THE PURPOSE OF THE PRECEDING SENTENCE, ACREAGE PLANTED TO UPLAND COTTON OR EXTRA LONG STAPLE COTTON FOR HARVEST SHALL INCLUDE ANY ACREAGE WHICH THE PRODUCERS WERE PREVENTED FROM PLANTING TO SUCH COMMODITY OR OTHER NONCONSERVING CROP IN LIEU OF SUCH COMMODITY BECAUSE OF DROUGHT, FLOOD, OR OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCERS. THE SECRETARY MAY MAKE ADJUSTMENTS TO REFLECT ESTABLISHED CROP ROTATION PRACTICES AND TO REFLECT SUCH OTHER FACTORS AS THE SECRETARY DETERMINES SHOULD BE CONSIDERED IN ESTABLISHING A FAIR AND EQUITABLE ACREAGE BASE.

"(III) THE PAYMENT YIELD FOR UPLAND COTTON OR EXTRA LONG STAPLE COTTON SHALL BE THE YIELD ESTABLISHED FOR THE FARM FOR SUCH COMMODITY FOR THE 1985 CROP YEAR, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO YIELD FOR SUCH COMMODITY WAS ESTABLISHED FOR THE FARM IN THE 1985 CROP YEAR, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE. IF THE SECRETARY DETERMINES IT NECESSARY, THE SECRETARY MAY ESTABLISH NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ON THE BASIS OF HISTORICAL YIELDS, AS ADJUSTED BY THE SECRETARY TO CORRECT FOR ABNORMAL FACTORS AFFECTING SUCH YIELDS IN THE HISTORICAL PERIOD, OR, IF SUCH DATA ARE NOT AVAILABLE, ON THE SECRETARY'S ESTIMATE OF ACTUAL YIELDS FOR THE 1985 CROP YEAR. IF NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ARE ESTABLISHED, THE FARM PAYMENT YIELDS SHALL BALANCE TO THE NATIONAL, STATE, OR COUNTY YIELDS.

"(D) A PRODUCER ON A FARM WITH RESPECT TO WHICH PAYMENTS ARE AUTHORIZED BY THIS PARAGRAPH SHALL BE ELIGIBLE FOR SUCH PAYMENTS ON SUCH FARM ONLY WITH RESPECT TO THAT PORTION OF THE ACREAGE BASE WHICH THE PRODUCERS DEVOTES TO COTTON OR OTHER AGRICULTURAL COMMODITY OR TO AN APPROVED CONSERVATION USE AS DEFINED BY THE SECRETARY.

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"(E) THE SECRETARY SHALL REQUIRE, AS A CONDITION TO RECEIVE THE PAYMENTS UNDER THIS PARAGRAPH, THAT PRODUCERS REPORT ANNUALLY ON A DATE PRIOR TO HARVEST SPECIFIED BY THE SECRETARY, THE AMOUNT OF THE FARM ACREAGE BASE WHICH IS DEVOTED TO THE PRODUCTION OF AGRICULTURAL COMMODITIES OR CONSERVING USES.

"(3)(A) THE SECRETARY SHALL NOT REQUIRE PARTICIPATION IN ANY PRODUCTION ADJUSTMENT CONTROL PROGRAM FOR COTTON OR ANY OTHER COMMODITY AS A CONDITION OF ELIGIBILITY FOR THE LOANS OR PAYMENTS AUTHORIZED BY THIS SECTION.

"(B) THE SECRETARY SHALL NOT MAKE ANNUAL LAND DIVERSION PAYMENTS TO PRODUCERS OF COTTON.

"(4) IF THE FAILURE OF A PRODUCER TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF THE PROGRAM CONDUCTED UNDER THIS SUBSECTION PRECLUDES THE MAKING OF LOANS AND PAYMENTS, THE SECRETARY MAY, NEVERTHELESS, MAKE SUCH LOANS AND PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SERIOUSNESS OF THE FAILURE. THE SECRETARY MAY AUTHORIZE THE COUNTY AND STATE COMMITTEES ESTABLISHED UNDER SECTION 8(B) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT TO WAIVE OR MODIFY DEADLINES AND OTHER PROGRAM REQUIREMENTS IN CASES IN WHICH LATENESS OR FAILURE TO MEET SUCH OTHER REQUIREMENTS DOES NOT AFFECT ADVERSELY THE OPERATION OF THE PROGRAM.

"(5) THE SECRETARY MAY ISSUE SUCH REGULATIONS AS THE SECRETARY DETERMINES NECESSARY TO CARRY OUT THE PROVISION OF THIS SUBSECTION.

"(6) THE SECRETARY SHALL CARRY OUT THE PROGRAM AUTHORIZED BY THIS SUBSECTION THROUGH THE COMMODITY CREDIT CORPORATION.

"(7) THE PROVISION OF SECTION 8(G) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT (RELATING TO THE ASSIGNMENT OF PAYMENTS) SHALL APPLY TO PAYMENTS UNDER THIS SUBSECTION.

"(8) THE SECRETARY SHALL PROVIDE FOR THE SHARING OF PAYMENTS MADE UNDER THIS SUBSECTION FOR ANY FARM AMONG THE PRODUCERS ON THE FARM ON A FAIR AND EQUITABLE BASIS.

"(9) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, COMPLIANCE ON A FARM WITH THE TERMS AND CONDITIONS OF ANY OTHER COMMODITY PROGRAM MAY NOT BE REQUIRED AS A CONDITION OF ELIGIBILITY FOR LOANS OR PAYMENTS UNDER THIS SUBSECTION.

"(10) IN ORDER TO ENCOURAGE AND ASSIST PRODUCERS IN THE ORDERLY GINNING AND MARKETING OF THEIR COTTON PRODUCTION, THE SECRETARY SHALL MAKE RECOURSE LOANS AVAILABLE TO SUCH PRODUCERS ON SEED COTTON IN ACCORDANCE WITH AUTHORITY VESTED IN THE SECRETARY UNDER THE COMMODITY CREDIT CORPORATION CHARTER ACT."

MISCELLANEOUS COTTON PROVISIONS

SEC. . SECTIONS 103(A) AND 203 OF THE AGRICULTURAL ACT OF 1949 SHALL NOT BE APPLICABLE TO THE 1986 THROUGH 1991 CROPS.

SKIPROW PRACTICES

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SEC. . SECTION 374(A) OF THE AGRICULTURAL ADJUSTMENT ACT IS AMENDED BY STRIKING OUT "1981" AND INSERTING IN LIEU THEREOF "1991".

PRELIMINARY ALLOTMENTS FOR 1992 CROP OF UPLAND COTTON

SEC. . NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE PERMANENT STATE, COUNTY, AND FARM BASE ACREAGE ALLOTMENTS FOR THE 1977 CROP OF UPLAND COTTON, ADJUSTED FOR ANY UNDERPLANTINGS IN 1977 AND RECONSTITUTED AS PROVIDED IN SECTION 379 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED, SHALL AGAIN BECOME EFFECTIVE AS PRELIMINARY ALLOTMENTS FOR THE 1992 CROP.

SUBDIVISION D -- RICE LOAN RATES AND TRANSITION PAYMENTS

SEC. . EFFECTIVE ONLY FOR THE 1986 THROUGH 1991 CROPS OF RICE, SECTION 101 OF THE AGRICULTURAL ACT OF 1949 IS AMENDED BY ADDING AT THE END THEREOF A NEW SUBSECTION AS FOLLOWS:

"(J) NOTWITHSTANDING ANY OTHER PROVISION OF LAW --

"(L) THE SECRETARY SHALL MAKE AVAILABLE TO PRODUCERS NONRECOURSE LOANS FOR EACH OF THE 1986 THROUGH 1991 CROPS OF RICE AT A LEVEL OF \$5.50 PER HUNDREDWEIGHT, EXCEPT THAT IF THE SECRETARY DETERMINES THAT, BASED UPON MARKET CONDITIONS DURING THE IMMEDIATELY TWO PRECEDING MARKETING YEARS, THE LOAN LEVEL SHOULD BE INCREASED AND THAT ANY SUCH INCREASE IN THE LOAN LEVEL WILL NOT JEOPARDIZE THE COMPETITIVE POSITION OF UNITED STATES AGRICULTURE IN WORLD MARKETS, THE SECRETARY MAY INCREASE THE LOAN LEVEL FOR THE NEXT MARKETING YEAR TO AN AMOUNT WHICH DOES NOT EXCEED 105 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE INCREASE. NOTWITHSTANDING THE FOREGOING, THE SECRETARY SHALL ANNUALLY DETERMINE THE AVERAGE PRICE OF RICE RECEIVED BY PRODUCERS DURING EACH OF THE IMMEDIATELY PRECEDING TWO MARKETING YEARS. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF RICE RECEIVED BY PRODUCERS IN ANY MARKETING YEAR, BEGINNING WITH THE 1985 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS FOR SUCH MARKETING YEAR, THE SECRETARY MAY REDUCE THE LEVEL OF LOANS FOR THE FOLLOWING MARKETING YEAR BY AN AMOUNT NOT GREATER THAN 10 PERCENT OF THE LEVEL OF LOANS WHICH IS IN EFFECT AT THE TIME OF THE DECREASE. IF THE SECRETARY DETERMINES THAT THE AVERAGE PRICE OF RICE RECEIVED BY PRODUCERS IN ANY TWO CONSECUTIVE MARKETING YEARS, BEGINNING WITH THE 1986 MARKETING YEAR, IS NOT MORE THAN 105 PERCENT OF THE LEVEL OF LOANS AT THE TIME OF SUCH DETERMINATION AND THE LOAN RATE WAS NOT ADJUSTED DOWNWARD FOR THE MARKETING YEAR PRIOR TO THE MARKETING YEAR FOR WHICH THE DETERMINATION IS MADE, THE SECRETARY SHALL REDUCE BY AT LEAST 10 PERCENT THE LEVEL OF LOANS FOR THE NEXT MARKETING YEAR. IF THE SECRETARY ADJUSTS THE LEVEL OF LOANS IN ACCORDANCE WITH THIS SUBSECTION, THE ADJUSTED LEVEL SHALL REMAIN IN EFFECT UNTIL SUCH TIME AS THE SECRETARY MAKES A SUBSEQUENT ADJUSTMENT IN THE LEVEL OF LOANS.

(I) THE SECRETARY MAY PERMIT A PRODUCER TO REPAY A LOAN MADE UNDER THIS PARAGRAPH FOR A RICE CROP AT A LEVEL THAT IS THE LESSER OF --

(I) THE LOAN LEVEL DETERMINED FOR SUCH A CROP; OR

(II) THE PREVAILING WORLD MARKET PRICE FOR SUCH RICE, AS DETERMINED BY THE SECRETARY.

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(II) THE SECRETARY MAY PRESCRIBE BY REGULATION --

(I) A FORMULA TO DEFINE THE PREVAILING WORLD MARKET PRICE FOR RICE; AND

(II) A MECHANISM BY WHICH THE SECRETARY MAY ANNOUNCE PERIODICALLY THE PREVAILING WORLD MARKET PRICE FOR RICE.

"(2)(A) WITH RESPECT TO THE 1986 THROUGH 1991 CROPS OF RICE, THE SECRETARY SHALL MAKE PAYMENTS TO PRODUCERS ON FARMS HAVING A RICE ACREAGE BASE FOR THE 1986 CROP YEAR. THE SECRETARY MAY MAKE A PORTION OF THE PAYMENT IN RICE OWNED BY THE CCC INSTEAD OF CASH. THE PAYMENTS SHALL BE MADE IN AN AMOUNT COMPUTED BY MULTIPLYING (I) THE PAYMENT RATE AS DEFINED IN SUBPARAGRAPH (2)(B) OF THIS SECTION BY (II) THE PAYMENT QUANTITY AS DEFINED IN SUBPARAGRAPH (2)(C) OF THIS SECTION, BY (III) 100 PERCENT FOR THE 1986 CROP, AND, FOR THE 1987 THROUGH 1991 CROPS, NOT MORE THAN 100 PERCENT FOR EACH CROP, AND NOT LESS THAN 90 PERCENT, 80 PERCENT, 70 PERCENT, 60 PERCENT, AND 50 PERCENT FOR THE 1987, 1988, 1989, 1990, AND 1991 CROPS, RESPECTIVELY.

"(B)(I) THE PAYMENT RATE FOR RICE TO PRODUCERS ON FARMS ON WHICH PRODUCERS WERE PARTICIPANTS IN EITHER THE 1984 OR 1985 RICE PROGRAM ESTABLISHED UNDER SUBSECTION (I) OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949 SHALL BE \$4.26.

"(II) THE PAYMENT RATE FOR RICE TO PRODUCERS ON FARMS NOT SPECIFIED IN SUBPARAGRAPH (2)(B)(I) SHALL BE \$2.50.

"(III) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, IF THE SECRETARY DECREASES THE LEVEL OF LOANS FOR THE 1987, 1988, 1989, 1990, OR 1991 MARKETING YEAR IN ACCORDANCE WITH PARAGRAPH (L) OF THIS SUBSECTION, THE SECRETARY SHALL INCREASE THE PAYMENT RATE FOR RICE FOR SUCH MARKETING YEAR BY A PERCENTAGE EQUAL TO THE PERCENTAGE BY WHICH THE SECRETARY DECREASES THE LEVEL OF LOANS FOR SUCH MARKETING YEAR.

"(C)(I) THE PAYMENT QUANTITY FOR EACH OF THE 1986 THROUGH 1991 MARKETING YEARS SHALL BE COMPUTED BY MULTIPLYING THE ACREAGE BASE BY THE PAYMENT YIELD ESTABLISHED FOR THE FARM FOR RICE.

"(II) THE ACREAGE BASE FOR ANY FARM SHALL BE THE AVERAGE ACREAGE PLANTED AND CONSIDERED PLANTED TO RICE FOR HARVEST IN THE 1981, 1982, 1983, 1984 AND 1985 CROP YEARS. FOR THE PURPOSE OF THE PRECEDING SENTENCE, ACREAGE PLANTED TO RICE FOR HARVEST SHALL INCLUDE ANY ACREAGE WHICH THE PRODUCERS WERE PREVENTED FROM PLANTING TO RICE OR OTHER NONCONSERVING CROP IN LIEU OF RICE BECAUSE OF DROUGHT, FLOOD, OR OTHER NATURAL DISASTER, OR OTHER CONDITION BEYOND THE CONTROL OF THE PRODUCERS. THE SECRETARY MAY MAKE ADJUSTMENTS TO REFLECT ESTABLISHED CROP ROTATION PRACTICES AND TO REFLECT SUCH OTHER FACTORS AS THE SECRETARY DETERMINES SHOULD BE CONSIDERED IN ESTABLISHING A FAIR AND EQUITABLE ACREAGE BASE.

"(III) THE PAYMENT YIELD FOR RICE SHALL BE THE YIELD ESTABLISHED FOR THE FARM FOR THE 1985 CROP YEAR, ADJUSTED BY THE SECRETARY TO PROVIDE A FAIR AND EQUITABLE YIELD. IF NO YIELD FOR RICE WAS ESTABLISHED FOR THE FARM IN THE 1985 CROP YEAR, THE SECRETARY MAY DETERMINE SUCH YIELD AS THE SECRETARY FINDS FAIR AND REASONABLE. IF THE SECRETARY DETERMINES IT NECESSARY, THE SECRETARY MAY ESTABLISH NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ON THE BASIS OF HISTORICAL YIELDS, AS ADJUSTED BY THE SECRETARY TO CORRECT FOR ABNORMAL FACTORS AFFECTING SUCH YIELDS IN THE HISTORICAL

PERIOD, OR, IF SUCH DATA ARE NOT AVAILABLE, ON THE SECRETARY'S ESTIMATE OF ACTUAL YIELDS FOR THE 1985 CROP YEAR. IF NATIONAL, STATE, OR COUNTY PAYMENT YIELDS ARE ESTABLISHED, THE FARM PAYMENT YIELDS SHALL BALANCE TO THE NATIONAL, STATE, OR COUNTY YIELDS.

"(D)(I) A PRODUCER ON A FARM WITH RESPECT TO WHICH PAYMENTS ARE AUTHORIZED BY THIS SUBSECTION SHALL BE ELIGIBLE FOR SUCH PAYMENTS ON SUCH FARM ONLY WITH RESPECT TO THAT PORTION OF THE ACREAGE BASE WHICH THE PRODUCER DEVOTES TO RICE OR OTHER AGRICULTURAL COMMODITY OR TO AN APPROVED CONSERVATION USE AS DEFINED BY THE SECRETARY.

"(II) THE SECRETARY SHALL REQUIRE, AS A CONDITION OF ELIGIBILITY TO RECEIVE PAYMENTS UNDER THIS PARAGRAPH, THAT PRODUCERS REPORT ANNUALLY ON A DATE PRIOR TO HARVEST SPECIFIED BY THE SECRETARY THE AMOUNT OF THE FARM ACREAGE BASE DEVOTED TO THE PRODUCTION OF AGRICULTURAL COMMODITIES OR CONSERVING USES.

"(5)(A) THE SECRETARY SHALL NOT REQUIRE PARTICIPATION IN ANY PRODUCTION ADJUSTMENT CONTROL PROGRAM FOR RICE OR ANY OTHER COMMODITY AS A CONDITION OF ELIGIBILITY FOR THE LOANS OR PAYMENTS AUTHORIZED BY THIS SECTION.

"(B) THE SECRETARY SHALL NOT MAKE LAND DIVERSION PAYMENTS TO PRODUCERS OF RICE.

"(6) IF THE FAILURE OF A PRODUCER TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF THE PROGRAM CONDUCTED UNDER THIS SECTION PRECLUDES THE MAKING OF LOANS AND PAYMENTS, THE SECRETARY MAY, NEVERTHELESS, MAKE SUCH LOANS AND PAYMENTS IN SUCH AMOUNTS AS THE SECRETARY DETERMINES TO BE EQUITABLE IN RELATION TO THE SERIOUSNESS OR THE FAILURE. THE SECRETARY MAY AUTHORIZE THE COUNTRY AND STATE COMMITTEES ESTABLISHED UNDER SECTION 8(B) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT TO WAIVE OR MODIFY DEADLINES AND OTHER PROGRAM REQUIREMENTS IN CASES IN WHICH LATENESS OR FAILURE TO MEET SUCH OTHER REQUIREMENTS DOES NOT AFFECT ADVERSELY THE OPERATION OF THE PROGRAM.

"(7) THE SECRETARY MAY ISSUE SUCH REGULATIONS AS THE SECRETARY DETERMINES NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

"(8) THE SECRETARY SHALL CARRY OUT THE PROGRAM AUTHORIZED BY THIS SECTION THROUGH THE COMMODITY CREDIT CORPORATION.

"(9) THE PROVISIONS OF SECTION 8(G) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT (RELATING TO ASSIGNMENT OF PAYMENTS) SHALL APPLY TO PAYMENTS UNDER THIS SECTION.

"(10) THE SECRETARY SHALL PROVIDE FOR THE SHARING OF PAYMENTS MADE UNDER THIS SECTION FOR ANY FARM AMONG THE PRODUCERS ON THE FARM ON A FAIR AND EQUITABLE BASIS.

"(11) THE SECRETARY SHALL PROVIDE ADEQUATE SAFEGUARDS TO PROTECT THE INTEREST OF TENANTS AND SHARECROPPERS.

"(12) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, COMPLIANCE ON A FARM WITH THE TERMS AND CONDITIONS OF ANY OTHER COMMODITY PROGRAM MAY NOT BE REQUIRED AS A CONDITION OF ELIGIBILITY FOR LOANS OR PAYMENTS UNDER THIS SUBSECTION."

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ON PAGE 220 BEGINNING ON LINE 21 STRIKE ALL THROUGH PAGE 223, LINE 4 AND INSERT IN LIEU THEREOF THE FOLLOWING:

(1) THE TOTAL AMOUNT OF PAYMENTS THAT A PERSON SHALL BE ENTITLED TO RECEIVE UNDER ONE OR MORE OF THE ANNUAL PROGRAMS ESTABLISHED UNDER THE AGRICULTURAL ACT OF 1949 FOR WHEAT, FEED GRAINS, COTTON, AND RICE SHALL NOT EXCEED \$50,000 FOR THE 1986 CROP, \$45,000 FOR THE 1987 CROP, \$40,000 FOR THE 1988 CROP, \$35,000 FOR THE 1989 CROP, \$30,000 FOR THE 1990 CROP, AND \$25,000 FOR THE 1991 CROP.

(2) THE TERM "PAYMENTS" AS USED IN THIS SECTION SHALL NOT INCLUDE LOANS.

(3) THE SECRETARY SHALL ISSUE REGULATIONS DEFINING THE TERM "PERSON" AND PRESCRIBING SUCH RULES AS THE SECRETARY DETERMINES NECESSARY TO ASSURE A FAIR AND REASONABLE APPLICATION OF THE LIMITATIONS PROVIDED BY THIS SECTION.

ON PAGE 328, BETWEEN LINES 11 AND 12, INSERT THE FOLLOWING:

NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE --

(E) THE SECRETARY SHALL IDENTIFY AT LEAST 30 MILLION ACRES OF LAND DEVOTED TO THE PRODUCTION OF AGRICULTURAL COMMODITIES THAT ARE SUBJECT TO EXCESSIVE EROSION. SUCH ACREAGE SHALL INCLUDE AT LEAST 2.2 PERCENT OF THE FARM ACREAGE BASES OF FARMS AS ESTABLISHED IN TITLES III, IV, V, AND VI OF THIS ACT IN AREAS SUBJECT TO EXCESSIVE WIND EROSION AS DETERMINED BY THE SECRETARY UNLESS THE PRODUCERS ON SUCH ACREAGE DEMONSTRATE THAT THEY HAVE INSTALLED AND MAINTAINED SHELTERBELTS OR OTHER PRACTICES APPROVED BY THE SECRETARY. THE SECRETARY SHALL NOT MAKE AVAILABLE TO PRODUCERS PRICE SUPPORT LOANS AS PROVIDED FOR BY THIS ACT WITH RESPECT TO COMMODITIES WHICH ARE PRODUCED ON ACREAGE WHICH IS DETERMINED TO BE SUBJECT TO EXCESSIVE EROSION IN ACCORDANCE WITH THIS SUBSECTION. IN ADDITION, THE SECRETARY SHALL NOT MAKE PAYMENTS WHICH ARE AUTHORIZED BY TITLES III, IV, V, AND VI TO PRODUCERS WITH RESPECT TO SUCH ACREAGE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBSECTION, NO ACREAGE SO IDENTIFIED SHALL INCLUDE LANDS ON WHICH AN APPROVED SOIL CONSERVATION SERVICE PLAN IS BEING FOLLOWED BY THE PRODUCER.

(F) ACREAGE IDENTIFIED AS LANDS SUBJECT TO EXCESSIVE EROSION UNDER THE PROVISIONS OF SUBSECTION (A) OF THIS SECTION SHALL BE ELIGIBLE FOR THE CONSERVATION ACREAGE RESERVE IN ACCORDANCE WITH THE OTHER PROVISIONS OF THIS TITLE.

MR. BOSCHWITZ. MR. PRESIDENT, THE AMENDMENT I HAVE OFFERED IS AN ALTERNATIVE. IT IS NOT INSTEAD OF A 1-YEAR FREEZE OR A 4-YEAR FREEZE, BUT IT IS AN ADDITIONAL ALTERNATIVE THAT CAN BE CONSIDERED IN CONFERENCE. IT IS NOT MEANT TO BE PLACED IN THE EXISTING PARTS OF THIS PACKAGE, NOR IS IT SO WRITTEN.

IT IS WRITTEN SO THAT IT CAN BE CONSIDERED IN CONFERENCE AS AN ALTERNATIVE.

MR. PRESIDENT, THIS AMENDMENT ENCOMPASSES THE BILL THAT SENATOR BOREN AND I INTRODUCED IN THE AGRICULTURE COMMITTEE MONTHS AGO AND IT IS A BILL THAT HAS CONSIDERABLY DIFFERENT ELEMENTS TO IT THAN THE THINGS WE ARE NOW CONSIDERING.

IT IS A BILL THAT IS EXTREMELY MARKET ORIENTED FOR ONE THING.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT WE OPERATE UNDER THE TIME AGREEMENT

OF 40 MINUTES EQUALLY DIVIDED.

THE PRESIDING OFFICER. IS THERE OBJECTION TO THE REQUEST OF THE SENATOR FROM MINNESOTA?

MR. ZORINSKY. I OBJECT.

THE PRESIDING OFFICER. OBJECTION IS HEARD.

THE SENATOR FROM MINNESOTA.

MR. BOSCHWITZ. MR. PRESIDENT, THIS AMENDMENT, AS I SAID, IS THE BILL THAT SENATOR BOREN AND I INTRODUCED.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT WE PROCEED UNDER A TIME AGREEMENT ON THIS AMENDMENT OF 40 MINUTES, 20 MINUTES ON EACH SIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. BOSCHWITZ. MR. PRESIDENT, ONCE AGAIN THIS IS THE BILL THAT SENATOR BOREN AND I OFFERED, AND IT IS A CONSIDERABLY DIFFERENT BILL THAN ANYTHING THAT THE SENATE HAS THUS FAR CONSIDERED. IT IS A BILL THAT WOULD RETURN AGRICULTURE TO A FREE MARKET SYSTEM OVER A PERIOD OF APPROXIMATELY 6 YEARS, AT LEAST HALFWAY.

FIRST, THIS IS A 6-YEAR BILL, NOT A 4-YEAR BILL.

ONE OF THE IMPORTANT THINGS IN AGRICULTURE IS TO BE ABLE TO PLAN AND TO PLAN AHEAD SO THE IDEA OF GOING BEYOND THE CUSTOMARY 4-YEAR BILL I THINK IS A VERY IMPORTANT ONE. THAT IN ITSELF DISTINGUISHES IT FROM THE BILL THAT WE NOW HAVE BEFORE US.

IN ADDITION, WE HAVE A TRANSITION PAYMENT THAT, AS I SAY, WOULD RETURN FARMERS TO THE MARKETPLACE OVER A 6-YEAR PERIOD, OR RATHER I SHOULD SAY HALFWAY TO THE MARKETPLACE, AND THAT IS AN IMPORTANT ELEMENT, MR. PRESIDENT, BECAUSE JUST A COUPLE OR 3 OR 4 YEARS AGO, REALLY 4 YEARS AGO, PERHAPS 15 OR 20 PERCENT OF THE FARMERS ENROLLED IN THE PROGRAMS. TODAY ENROLLMENT IN THE PROGRAMS IN WHEAT IS EXPECTED TO BE 93 PERCENT AND IN CORN AND OTHER FEED GRAINS 86 PERCENT IN THE COMING YEAR, SO THAT NOW THE FARMER, BY AND LARGE, IS A CAPITIVE OF THE GOVERNMENT, AND ALL OF THE INCOME OR SO MUCH OF THE INCOME COMES FROM THE GOVERNMENT RATHER THAN FROM THE MARKETPLACE.

THE TRANSITION PAYMENT, MR. PRESIDENT, IS JUST WHAT IT SOUNDS LIKE. IT IS TRANSITION DOWN. IN THE CASE OF WHEAT AND THE TRANSITION PAYMENT IS \$1.42 A BUSHEL AND IN THE SECOND YEAR IT IS \$1.28 OR 10 PERCENT LESS AND IN THE THIRD YEAR IT IS 60 PERCENT OF \$1.42 WHICH WOULD BE \$1.14 AND SO IT GOES DOWN OVER A PERIOD OF TIME.

ANOTHER INTERESTING POINT IS THE LOAN RATE, MR. PRESIDENT. THE LOAN RATE IS \$2.20 WHICH IS A VERY LOW LOAN RATE INDEED, LOWER THAN ANY OTHER LOAN RATE THAT HAS BEEN CONSIDERED AND IT IS A LOAN RATE THAT WOULD CLEARLY MAKE US COMPETITIVE IN THE WORLD MARKETPLACE.

BUT WHAT HAPPENS TO THE FARMER, IF YOU REDUCE THE TARGET PRICE IN EFFECT FROM \$4.38 TO \$3.64 OR \$3.60 AS IN THIS BILL AND THEN YOU DROP THE LOAN? ARE YOU NOT UNDULY

PENALIZING THE FARMER? THE ANSWER IS NO, MR. PRESIDENT, FOR A COUPLE OF REASONS. NUMBER ONE, THIS BILL HAS NO ARPP'S, NO ACREAGE PRODUCTION PROGRAMS, NO SETASIDES AS THEY ARE SOMETIMES CALLED. IT HAS NO SETASIDES BECAUSE, AS THE FOUR FORMER SECRETARIES OF AGRICULTURE, SECRETARY FREEMAN, THEN SECRETARIES HORTON, BUTZ, AND BERGLAND, WHO RAN THE AGRICULTURE DEPARTMENT FROM 1960 THROUGH 1980, AS THEY SAID, ACREAGE REDUCTION PROGRAMS ARE FUTILE. ALL WE DO IS GIVE AWAY THE WORLD MARKET. ALL WE DO IS JUST HAND TO THE FOREIGN COMPETITION A LARGER SHARE OF THE WORLD MARKET, AND AS A RESULT, EVEN THOUGH MY FRIENDS AT THE DEPARTMENT OF AGRICULTURE AND OMB SCORE GREAT SAVINGS DUE TO THE FACT THAT THERE ARE ACREAGE REDUCTION PROGRAMS AND SAY THAT THE COST OF AGRICULTURE WILL BE SMALLER BECAUSE OF THOSE ACREAGE REDUCTION PROGRAMS, NOTHING IN OUR EXPERIENCE WOULD SUGGEST THAT THAT HAS HAPPENED.

AS A MATTER OF FACT, EVERYTHING IN OUR EXPERIENCE WOULD SUGGEST THAT THE ACREAGE REDUCTION PAYMENTS INDEED INCREASE THE COST BECAUSE AS WE GIVE AWAY SHARE OF WORLD MARKET, CCC IS REQUIRED TO BUY AND TO STORE AND TO PAY INTEREST ON MORE AND MORE OF THE CROP.

SO THESE TRANSITION PAYMENTS, MR. PRESIDENT, AS A TRANSITION DOWN, THEY ALSO SHOULD BE CONSIDERED AND WEIGHED FROM THE STANDPOINT THAT THERE IS NO ACREAGE REDUCTION PROGRAM, THAT THE TRANSITION PAYMENT IS PAID ON THE ENTIRE BASE AND ON THE ENTIRE YIELD THAT THE FARMER HAS.

ANOTHER VERY IMPORTANT ASPECT OF THE BILL, MR. PRESIDENT, IS THE FACT THAT IN THE EVENT THERE IS A MARKET RECOVERY, AND THERE ALWAYS IS A MARKET RECOVERY, THERE ALWAYS HAS BEEN A MARKET RECOVERY, ANYTHING ABOVE THE LOAN RATE INURES TO THE BENEFIT OF THE FARMER.

SO, THEREFORE, IF WHEAT, WHICH HAS AVERAGED ABOUT \$3.50 A BUSHEL OVER THE LAST 10 YEARS, WERE TO CONTINUE WITH THAT AVERAGE, THE FARMERS INDEED WOULD MAKE OUT VERY WELL BECAUSE \$1.30 OVER AND ABOVE THE LOAN RATE THEY WOULD KEEP. IT WOULD NOT BE A REDUCTION OF THE TRANSITION PAYMENT AS IS PRESENTLY THE CASE WITH THE DEFICIENCY PAYMENT. IN THE EVENT THE MARKET RISES THE FARMER GAINS NOTHING IF HE IS PART OF THE GOVERNMENT PROGRAM. IN THE EVENT THE MARKET RISES THE GOVERNMENT PAYMENT IS SIMPLY REDUCED.

THE FARMER BENEFITS FROM THE MARKET FROM DAY NUMBER ONE ON THE BILL THAT SENATOR BOREN AND I INTRODUCED BACK IN COMMITTEE AND THAT NOW IS PART OF THIS AMENDMENT.

AS A MATTER OF FACT, MR. PRESIDENT, IN THE EVENT THAT THE DOLLAR CONTINUES IN ITS DECLINE, AND THAT IS NOT UNLIKELY, THE COMMODITIES INDEED MAY RECOVER AND THERE WOULD BE A GREAT BOON CERTAINLY FOR THE FARMER IN THIS BILL BECAUSE THE UPSIDE MARKET OPPORTUNITY IS FOR THE FARMER. IT SIMPLY DOES NOT CAUSE A REDUCTION IN FARM PAYMENTS FROM THE GOVERNMENT. THE MARKET OPPORTUNITY IS FOR THE BENEFIT OF THE FARMER.

THE IMPORTANT ELEMENTS OF THE BILL ARE REALLY THE FACT THAT IT RETURNS THE FARMER IN DEGREES TO THE MARKETPLACE. SECOND, IT LOWERS LOAN RATES TO A VERY LOW LEVEL SO THAT THE SIGNAL THAT WE SEND AROUND THE WORLD ABOUT PLANTING IS THAT IF YOU ARE PLANTING FOR EXPORT AND IF YOU PLAN TO GET A SHARE OF THE EXPORT MARKET, BY

GEORGE, THE AMERICANS ARE IN THAT BUSINESS, THEY ARE GOING TO COMPLETE FOR THAT EXPORT MARKET, AND I THINK THAT THE PLANTINGS THAT OCCUR FOR EXPORT, THE INCREASES IN THOSE PLANTINGS WILL CERTAINLY REDUCE. AND WE CAN RETURN IN THIS COUNTRY TO A FULL PRODUCTION AGRICULTURE.

THAT IS ANOTHER ASPECT OF THIS BILL, MR. PRESIDENT. IT IS A FULL PRODUCTION BILL. AS A MATTER OF FACT, THE BILL IS ENTITLED THE FAMILY FARM PROTECTION AND FULL PRODUCTION ACT.

AND IT IS A FULL-PRODUCTION BILL BECAUSE THERE IS NO SET-ASIDE. AND IT IS A FULL-PRODUCTION BILL FOR ANOTHER REASONS AS WELL. ONE OF THE GREATEST ADVANTAGES THAT AGRICULTURE HAS IN THE UNITED STATES IS THE INFRASTRUCTURE -- THE TRUCKS, THE HIGHWAYS, THE RIVERS, THE DEEP PORTS, THE RAILS, THE LOCKS, THE DAMS, THE BARGES, THE ELEVATORS THAT ARE LOCATED EVERY 15 OR 20 MILES, THE AUTOMATED LOADING AND UNLOADING EQUIPMENT. EVEN IN THE COUNTRIES SUCH AS ARGENTINA AND BRAZIL, IF FARMERS WERE TO HARVEST A BUSHEL OF WHEAT, THE COST OF GETTING THAT BUSHEL OF WHEAT TO MARKET IS EXTRAORDINARILY HIGHER THAN IT IS HERE IN THE UNITED STATES. IT IS HIGHER BECAUSE THEY DO NOT HAVE AN INFRASTRUCTURE.

FRANKLY, MR. PRESIDENT, THE INFRASTRUCTURE OF AGRICULTURE DESERVES PROTECTION AS WELL. THE INFRASTRUCTURE PROBABLY EMPLOYS MORE PEOPLE THAN THERE ARE FARMERS, AS A MATTER OF FACT. AND THE INFRASTRUCTURE RELIES PRINCIPALLY ON VOLUME, NOT SO MUCH ON THE PRICE OF THE PRODUCT ITSELF. SO THIS BILL NOT ONLY IS FARMER ORIENTED BUT, ALONE AMONG ALL THE BILLS THAT HAVE BEEN PRESENTED, IS ORIENTED TO THE INFRASTRUCTURE AS WELL -- TO THOSE WHO TRUCK, TO THOSE WHO ARE THE PURVEYORS OF SEEDS, FERTILIZER, OR OTHER FARM INPUTS, TO MAIN STREET, U.S.A. AND THE RURAL PARTS OF AMERICA, TO THE IMPLEMENT DEALERS, AND TO ALL OTHERS WHO RELY UPON RURAL AMERICA AND THE FARM ECONOMY FOR INCOME.

THIS IS AN UNUSUAL BILL. THIS IS A BILL THAT IS DIFFERENT THAN THOSE THAT HAVE BEEN PRESENTED AND THIS IS A BILL THAT I THINK WILL RESTORE PROSPERITY NOT ONLY TO AGRICULTURE BUT TO ALL OF RURAL AMERICA AND PUT RURAL AMERICA BACK TO WORK.

MR. PRESIDENT, I MIGHT ALSO SAY THAT THERE IS A LARGE SODBUSTER PROVISION OF CONSERVATION RESERVE IN THE BILL OF 30 MILLION ACRES. NO PAYMENTS ARE MADE TO THE FARMERS. HOWEVER, THEY CAN BID TO BECOME PART OF THE CONSERVATION RESERVE AND THE SECRETARY IS DIRECTED TO ACCEPT 20 MILLION ACRES OF THOSE BIDS.

SO, MR. PRESIDENT, THIS IS A BILL THAT IS ORIENTED TO THE FARMER. THIS IS A BILL THAT IS ORIENTED TO THE WORLD MARKET. THIS IS A BILL THAT SUPPORTS ONLY THE AGRICULTURAL PART OF THE ECONOMY BUT ALSO SUPPORTS THE INFRASTRUCTURE THAT REALLY IS ONE OF THE MOST IMPORTANT ELEMENTS OF THE AGRICULTURAL SCENE.

THERE IS ANOTHER ELEMENT OF THIS AS WELL, MR. PRESIDENT. WE REDUCE COSTS OVER TIME, AND SURELY IT WILL COME BECAUSE WE PHASE DOWN THE MAXIMUM PAYMENT LIMITATION. WE PHASE IT DOWN BY 10 PERCENT A YEAR. SO AT THE END OF THE SIXTH YEAR, IT STARTS AT 100 PERCENT, AND IT WILL BECOME 50 PERCENT AND BE \$25,000. SO THAT, TOO, WILL ACT AS A CAP TO THE COSTS OF AGRICULTURAL PAYMENTS.

SO THROUGH LOW LOANS, BY NOT HAVING SET ASIDES, BY FREEZING THE BASE END YIELD, BY ALLOWING THE MARKET UPSIDE, THE OPPORTUNITY INCOME TO THE FARMER, BY NOT REQUIRING

PLANTING FOR THE PROGRAM, BY HAVING A LOAN RATE THAT WILL MAKE US COMPETITIVE ON THE WORLD MARKETPLACE, I BELIEVE, MR. PRESIDENT, THAT INDEED WE WILL HAVE A RESURRECTION OF RURAL AMERICA AND THAT IS THE DESIRE OF MY BILL.

I RESERVE THE BALANCE OF MY TIME.

THE PRESIDING OFFICER. WHO YIELDS TIME?

MR. MELCHER. MR. PRESIDENT, THE AMENDMENT OFFERED BY MY FRIEND FROM MINNESOTA IS THE SAME TYPE OF PROPOSAL THAT WAS CONSIDERED IN THE SENATE AGRICULTURE COMMITTEE AND REJECTED.

MR. BOSCHWITZ. I WOULD SAY TO MY FRIEND, IT WAS NEVER VOTED ON IN THE COMMITTEE.

MR. MELCHER. IT WAS BEFORE THE COMMITTEE. IT WAS NEVER VOTED ON AND PERHAPS IS NOT CORRECT TO SAY REJECTED.

MY FRIEND FROM MINNESOTA TOLD ME IT WOULD HAVE BEEN REJECTED IF IT HAD BEEN OFFERED. I THINK THAT IS CORRECT. SO I HAVE STATED THE SITUATION PROPERLY.

AS I HAVE EXAMINED THE AMENDMENT, JUST SCANNING IT, ACTUALLY, I BELIEVE IT WOULD BE ATTACHED TO THIS MOTION TO RECOMMIT IN SUCH A POSITION THAT IF IT WERE ACCEPTED BY THE SENATE IT WOULD BECOME ANOTHER PART OF THE BILL WHICH IS IN DIRECT CONFLICT WITH MANY OTHER SECTIONS OF THE BILL. I DO NOT WANT TO MISLEAD OR MISINTERPRET THE OUTCOME OF MY FRIEND'S AMENDMENT IF IT WERE ACCEPTED. I WILL NOW YIELD TO HIM TO ELABORATE ON THAT POINT.

MR. BOSCHWITZ. I WANTED TO MAKE THE POINT AGAIN, MR. PRESIDENT, THAT THE AMENDMENT REALLY OFFERS A THIRD OPTION FOR THE PROGRAM CROPS. IT DOES NOT STRIKE ANY OF THE OTHER PROVISIONS PREVIOUSLY AGREED TO. IT CONTAINS THE BASIC ELEMENTS OF THE BILL THAT THE SENATOR MAY RECALL THAT WE TALKED ABOUT IN COMMITTEE. SO THAT IT SIMPLY ADDS ANOTHER OPTION FOR CONSIDERATION AT THE CONFERENCE. AND IT CERTAINLY IS DIFFERENT THAN OTHER PROVISIONS OF THE BILL, BUT DOES NOT STRIKE THEM BY ANY MEANS. IT IS AN ADDITION.

MR. MELCHER. YES, THAT IS IT PRECISELY. IT IS ANOTHER ADDITION THAT DOES NOT STRIKE AND INSERT, IT MERELY ADDS TO IT. WE CALL THEM OPTION TICKETS.

BUT THE SENATE IS SUPPOSED TO VOTE OUT A FARM BILL THAT HAS INSTRUCTIONS AND REQUIREMENTS FOR THE SECRETARY OF AGRICULTURE AND THE OTHER AGENCIES TO CARRY OUT THE DUTIES OF IMPLEMENTING THE FARM PROGRAMS.

THOSE THAT WILL BE ON THE CONFERENCE IN THE HOUSE ARE NOT INVITING US TO COME WITH A MULTIPLE CHOICE, SO APTLY DESCRIBED BY THE MAJORITY LEADER A COUPLE OF DAYS AGO, OF WHAT DOES THE CONFERENCE WANT. WHEN WE GET THERE, THERE HAS GOT TO BE A SENATE POSITION ON EACH OF THESE ISSUES THAT ARE DIFFERENT BETWEEN THE HOUSE AND THE SENATE. AND EACH SENATE CONFEREER WILL PRESENT THE SENATE'S POSITION. SELECTING A VARIETY OF DIFFERENT CONCEPTS DOES NOT ENHANCE OR EXPEDITE OR HELP IN ANY WAY THE SUCCESSFUL PRESENTATION BY THE SENATE AT THAT CONFERENCE. CERTAINLY IT OUGHT TO CREATE ALL KINDS OF OPPORTUNITY FOR A VERY SLOW, SLUGGISH, MIXED-UP CONFERENCE. I REALLY DO NOT ADVISE THAT.

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WHAT WE NEED IN THE SENATE-PASSED BILL IS A CLEAR STATEMENT OF WHAT THE SENATE'S POSITION IS, AND THE SENATE CONFEREES TO GO TO THE CONFERENCE WITH THE HOUSE REPRESENTING THOSE POSITIONS AND IRON OUT THE DIFFERENCES. THAT IS STANDARD OPERATING PROCEDURE. WE CERTAINLY NEED SOME DEFINITIVENESS AND CLARNESS IN THIS FARM BILL, AS THIS IS A VERY CRITICAL TIME FOR FARM AND RANCH OPERATORS.

SO, MR. PRESIDENT, I HOPE THE AMENDMENT IS NOT ACCEPTED. AND, WITH ALL DUE RESPECT TO THE FINE POINTS THAT ARE CONTAINED IN THE CONCEPT, IT SIMPLY WOULD BOG DOWN AND BE IN CONFLICT OR AT LEAST BE CONFUSING IN THIS BILL. IT IS CONFUSING ENOUGH.

MR. ZORINSKY. MR. PRESIDENT, I HAVE THE UTMOST RESPECT FOR SENATOR BOSCHWITZ, THE SENATOR FROM THE GREAT STATE OF MINNESOTA, SPECIFICALLY AS A BUSINESSMAN. BASICALLY, I AM SURE THIS IDEA HAS A LOT OF BASIC, GOOD PRINCIPLES IN IT FROM WHICH ITS ORIGIN WAS DERIVED.

HOWEVER, THIS FARM BILL HAS RAPIDLY BECOME NOT A FARM BILL BUT A COMMITTEE MARKUP WHERE WE ARE REWRITING AND WRITING THE FARM BILL ON THE FLOOR OF THE SENATE. WHEN I FIRST CAME TO THE U.S. SENATE I DID NOT THINK MUCH OF THE SENIORITY PROCESS BECAUSE IF YOU HAVE NOT BEEN A FORMER CONGRESSMAN YOUR SENIORITY WHEN YOU COME IN HERE IS IN ALPHABETICAL ORDER. THAT IS NOT GOOD FOR SOMEBODY LIKE ME. [LAUGHTER.]

BUT NOW THAT I HAVE SENIORITY, I DO NOT THINK THAT IS A BAD SYSTEM AFTER ALL. HOWEVER IN MY POSITION AS A RANKING MINORITY MEMBER, WE SPENT MANY WEEKS, DAYS, AND HOURS IN COMMITTEE MARKING UP THAT BILL. WHEN THAT COMMITTEE BILL LEFT, OBVIOUSLY IT CAN BE SUBJECT TO AMENDMENTS ALSO ON THE FLOOR IN THE SENATE TO THE EXTENT WHERE IT IS DIFFICULT TO RECOGNIZE WHAT CAME OUT OF THE COMMITTEE.

TO FURTHER EXACERBATE THE SITUATION I THINK WOULD MAKE A MOCKERY OF THE COMMITTEE SYSTEM, AND THEREFORE I WOULD HAVE TO OPPOSE THIS AMENDMENT.

ALSO, MR. PRESIDENT, I ASK MY DISTINGUISHED COLLEAGUE FROM MINNESOTA IF THERE IS AVAILABLE A RECENT COST ESTIMATE CONCERNING THIS PROPOSAL.

MR. BOSCHWITZ. THERE IS INDEED, SENATOR. IT IS OVER ABOUT A 3-YEAR PERIOD -- ABOUT \$60 BILLION OR \$68 BILLION, SOMEWHAT LESS THAN THE COMMITTEE BILL ITSELF, AND ABOUT THE SAME AS THE COST OF THE BUDGET COMMITTEE'S ESTIMATE AS IT HAS BEEN REESTIMATED FOR OCTOBER ECONOMICS. IT IS NOT A CHEAP BILL, BUT PROBABLY A LITTLE LESS THAN THAT IN THE BILL PENDING BEFORE US, HOWEVER.

INTERESTINGLY, SENATOR, IT IS A BILL THAT DID NOT GO UP TO COST. IT WAS THE PRICE AT \$51 BILLION BACK IN APRIL. EVERYBODY OOHED AND AHED, GEE, LOOK HOW EXPENSIVE THE FARM BILL WAS, AND AT THAT TIME, IT WAS VERY, VERY EXPENSIVE BUT AS ECONOMIC CONDITIONS CHANGED AND AS A VERY LARGE PROFIT CAME IN, PRICES EASED, EXPORTS DECLINED, AND EVERYBODY ELSE'S BILL WENT UP BUT BECAUSE WE DO NOT HAVE SET-ASIDES. BECAUSE WE IN EFFECT MAKE PAYMENTS ON THE ENTIRE CROP, AND BECAUSE WE DO NOT REQUIRE PLANTING FOR THE PROGRAM THE COST OF OUR BILL DID NOT GO UP. IT WENT UP \$7 BILLION OR \$8 BILLION BUT THAT IS BECAUSE THE COST OF 1986 WENT UP, AND 1986 AS YOU KNOW IS GOVERNED BY THE 1981 FARM BILL.

SO OUR COSTS REALLY DID NOT RISE. ONE OF THE ADVANTAGES OF OUR BILL IS THE STABILITY OF THE COSTS, AND IT IS NOT A CHEAP BILL. IT IS CONSIDERED TO BE A BILL THAT HAS EXCELLENT POLICIES.

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SO IT IS NOT A CHEAP BILL. IT IS NO MORE EXPENSIVE THAN ANY OTHER.

MR. ZORINSKY. I THANK THE SENATOR.

IF NONE OF MY COLLEAGUES ARE SEEKING RECOGNITION TO MAKE ANY FURTHER COMMENTS ON THIS AMENDMENT -- MR. PRESIDENT, HOW MUCH TIME DO WE HAVE LEFT ON THE OPPOSITION SIDE?

THE PRESIDING OFFICER. ELEVEN MINUTES ARE LEFT IN OPPOSITION, AND 7 MINUTES ARE LEFT IN SUPPORT.

MR. ZORINSKY. MR. PRESIDENT, THE SENATOR FROM MINNESOTA HAS MADE A GOOD POINT ON BUDGETARY ALLOTMENTS. IF OUR ORIGINAL FARM BILL AS IT CAME OUT OF COMMITTEE AFTER MARKUP HAD BEEN PRESENTED TO THIS BODY IN JANUARY OF THIS YEAR, IT PROBABLY WOULD HAVE BEEN WITHIN THE BUDGETARY CONSTRAINTS AND BUDGETARY ALLOTMENTS.

WHAT KEEPS CHANGING THAT IS THE CBO'S AND USDA'S ESTIMATE OF INCREASING EXPORTS AND DECREASING COMMODITY PRICES WHICH IN TURN INCREASE THE DEFICIENCY PAYMENTS WHICH THE U.S. TREASURY AND THE TAXPAYERS OF THIS COUNTRY ARE EXPOSED TO. WITH EACH MONTH THAT GOES BY THAT WE DO NOT PASS A FARM BILL QUITE OBVIOUSLY THE COSTS OF THE BUDGET GO UP BECAUSE THEY ARE PROJECTED FIGURES. AS COMMODITY PRICES GO DOWN, DEFICIENCY PAYMENTS ARE PROJECTED TO GO UP WHICH MEANS YOU KEEP GETTING DEEPER AND DEEPER IN THE HOLE CONCERNING MEETING YOUR BUDGETARY TARGET REQUIREMENT.

SO A BILL THAT WOULD BE WITHIN THE BUDGET LAST JANUARY OR FEBRUARY -- OF COURSE NOW WE ARE LOOKING AT NOVEMBER -- ALL OF A SUDDEN WE WERE ON THE BUDGET CONSTRAINTS UNTIL WE FOUND OTHER WAYS TO REDUCE THE EXPOSURE OF THE BUDGET.

SO THESE ARE ALL PROJECTED FIGURES BASED ON COMMODITY PRICE PROJECTIONS. RIGHT NOW IT APPEARS WE STILL LOOK AT THAT GRAPH, AND EVERY ECONOMIST I HAVE TALKED TO THAT PREPARES A GRAPH INDICATES COMMODITY PRICES ARE STILL GOING DOWN, AND EXPORTS ARE STILL EXPECTED TO GO DOWN WHICH MEANS EXPOSURE TO THE DEFICIENCY PAYMENTS WILL GO UP WHICH MEANS WE WILL BE FURTHER PRESSING AND EXACERBATING AN ALREADY OVERBURDENED BUDGET.

SO IF WE INCLUDE THIS TYPE OF AMENDMENT AND GO TO CONFERENCE, I AM CONCERNED WE MAY DEADLOCK THE CONFERENCE, CONFUSE THE CONFERENCE TO THE EXTENT OF A COUPLE OF MORE MONTHS, AND AGAIN WE WILL BE OVER BUDGET JUST SITTING STILL WAITING TO PASS A FARM BILL BECAUSE IN THE MEANTIME THE EXPORTS WILL CONTINUE TO DECLINE, COMMODITY PRICES WILL CONTINUE TO DECLINE, AND DEFICIENCY PAYMENTS WILL CONTINUE TO GO UP.

SO I THINK IT IS TIME FOR SOME ACTION ON THIS. HOPEFULLY WITH THE COOPERATION OF MY COLLEAGUES, 10 O'CLOCK WOULD BE A GOOD TIME TO LEAVE THIS EVENING IF WE CAN GET SOME ACTION ON THE REST OF THESE. I WILL YIELD BACK THE BALANCE OF OUR TIME.

I HOLD ON TO THE BALANCE OF MY TIME.

MR. BOSCHWITZ. MR. PRESIDENT, I MIGHT SAY TO THE SENATOR THAT SENATOR BOREN WANTS TO COME OVER AND SPEAK ABOUT THIS.

MR. ZORINSKY. MR. PRESIDENT, I SUGGEST THE ABSENCE OF A QUORUM, AND ASK UNANIMOUS CONSENT THAT THE TIME BE CHARGED AGAINST BOTH SIDES.

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MR. BOSCHWITZ. MR. PRESIDENT, CAN WE WITHHOLD THE QUORUM CALL ONE MOMENT? I WOULD LIKE TO YIELD SUCH TIME AS THE SENATOR FROM TEXAS WOULD DESIRE.

MR. ZORINSKY. I WITHHOLD THE QUORUM CALL REQUEST.

MR. GRAMM. MR. PRESIDENT, I CERTAINLY DO NOT CONSIDER MYSELF AN EXPERT ON THE PROPOSAL OF THE SENATOR FOR MINNESOTA. I HAVE, HOWEVER, LOOKED AT THE PROPOSAL CLOSELY ENOUGH TO KNOW THAT IT DOES ONE THING THAT NO OTHER MAJOR PROPOSAL PRESENTED ON THIS FLOOR THROUGH THIS LONG DEBATE HAS DONE; IT MOVES US TOWARD A SYSTEM THAT CAN AND WILL WORK.

I THINK WHAT IS MOST DISTRESSING TO ME ABOUT THE WHOLE FARM DEBATE IS THAT IN AN EFFORT TO HELP THE FARMER, WE SPEND MONEY ON PROGRAMS THAT SIMPLY GENERATE OVERSUPPLY AND DECLINING PRICES. WHAT A PARADOX IT IS THAT WE HAVE IN THE LAST 4 YEARS SPENT MORE MONEY ON FARM PRICE SUPPORT PROGRAMS THAN WE HAVE IN THE PREVIOUS 20 YEARS COMBINED, AND YET NEVER IN THE LAST QUARTER CENTURY HAS THE FARMER BEEN IN SUCH A DESTITUTE STATE AS HE IS TODAY.

THE PROBLEM HERE IS NOT THAT WE ARE NOT SPENDING ENOUGH. THE PROBLEM HERE IS THAT OUR PROGRAM IS FUNDAMENTALLY WRONG. OUR PROGRAM ENCOURAGES OVERPRODUCTION AND IMPOVERISHES THE FARMER AND THE TAXPAYER AT THE SAME TIME.

THE SOLUTION IS CLEAR. THE LONG-TERM SOLUTION IS TO GET THE U.S. GOVERNMENT OUT OF AGRICULTURE, AND THERE ARE VERY FEW MEMBERS OF THIS BODY AND VERY FEW PEOPLE KNOWLEDGEABLE ABOUT AGRICULTURE IN AMERICA WHO DO NOT UNDERSTAND THAT.

THE PROBLEM IS THAT THE GOVERNMENT HAS GOTTEN THE FARMER IN SUCH DIRE STRAITS THAT IT IS DIFFICULT TO GET GOVERNMENT OUT OF AGRICULTURE WHILE KEEPING THE FARMER IN BUSINESS. OUR PROBLEM IS NOT THAT WE DO NOT KNOW WHERE WE NEED TO GO. OUR PROBLEM IS THAT WE DO NOT KNOW HOW TO GET THERE FROM HERE.

I DO NOT BELIEVE WE ARE GOING TO ADOPT A 4-YEAR FARM BILL. QUITE FRANKLY, I WOULD LIKE TO SEE US ADOPT A 10-YEAR FARM BILL THAT WOULD SET OUT A PRACTICAL PROGRAM TO RETURN TO THE FREE MARKET IN AGRICULTURE AND TO PROVIDE A TRANSITION THAT WOULD HELP THE FARMER GET THERE IN A SOUND FINANCIAL CONDITION.

I AM CONCERNED THAT WE ARE GOING TO END UP WRITING A 1-YEAR FARM PROGRAM EXTENSION. THAT WILL MEAN THAT WE WILL WRITE A NEW FARM BILL UNDER THE GRAMM-RUDMAN-HOLLINGS PROPOSAL. UNDER THE REQUIREMENT TO BALANCE THE BUDGET, WE WILL BE FORCED TO MAKE DECISIONS BASED ON WHAT PROGRAMS COST AND AT THAT POINT, WE CAN BEGIN TO MOVE IN THE RIGHT DIRECTION.

I THINK THIS AMENDMENT MAKES ENTIRELY TOO MUCH SENSE TO BE GIVEN SERIOUS CONSIDERATION IN THIS DEBATE, AND I DO NOT EXPECT IT TO GET MUCH. THERE ARE PROBABLY THINGS IN IT THAT I DO NOT UNDERSTAND WELL ENOUGH TO OPPOSE. BUT I BELIEVE IT IS A STEP IN THE RIGHT DIRECTION. I APPLAUD OUR DISTINGUISHED COLLEAGUE FOR HIS COURAGE, ESPECIALLY IN THE FACE OF ALL THESE BAD IDEAS WHICH SPEND MORE MONEY ON PROGRAMS THAT DO NOT WORK, ON PROGRAMS THAT GENERATE POLITICAL SUPPORT BACK HOME, BUT DO NOT PUT MONEY IN THE FARMER'S POCKET, DO NOT PAY OFF BAD LOANS, AND DO NOT MAKE IT POSSIBLE FOR PEOPLE TO EARN A REAL LIVING IN AMERICAN AGRICULTURE.

I AM DELIGHTED THAT WE HAVE SOMEONE WHO HAD ENOUGH COURAGE TO COME FORWARD

AND TO PRESENT A BETTER IDEA.

THE DISTINGUISHED SENATOR FROM MINNESOTA HAS PRESENTED TO US THE MOST REVOLUTIONARY IDEA IN THE HISTORY OF MANKIND. HE DIDN'T INVENT IT, OF COURSE; IT IS CALLED FREE ENTERPRISE. WE DON'T HAVE IT IN AGRICULTURE. WE MADE THE FARMER DEPENDENT ON THE GOVERNMENT AND CONSEQUENTLY, WE HAVE IMPOVERISHED HIM. SOME DAY, SOME WAY, WE ARE GOING TO GET BACK ON THE RIGHT TRACK.

THERE WAS A TIME WHEN WE COULD ALL STAND UP AND SMUGLY SAY, "NO MATTER HOW BAD GOVERNMENT POLICY IS, THE AMERICAN FARMER IS SO EFFICIENT HE CAN OVERCOME IT AND OUTPRODUCE AND UNDERSSELL ANYBODY."

WELL, THAT IS NOT TRUE TODAY. AMERICAN TECHNOLOGY IS BEING UTILIZED ALL OVER THE WORLD. MORE NEW PRODUCTION WILL COME ON THE WORLD MARKET IN THE NEXT 5 YEARS USING THAT TECHNOLOGY THAN WE ARE CURRENTLY SELLING ABROAD.

UNLESS WE GET ON WITH A PRODUCTION-ORIENTED PROGRAM FOR AGRICULTURE, WE ARE GOING TO BE SWEEPED OUT OF THE WORLD MARKET.

I THINK IT IS TIME FOR A CHANGE IN AGRICULTURE. WE ARE NOT GOING TO GET THAT CHANGE THIS YEAR, BUT I WANT TO PREDICT THAT THERE IS ULTIMATELY GOING TO BE A CHANGE. WHEN WE ARE FORCED TO MAKE DECISIONS WITHIN THE CONSTRAINTS OF A BALANCED BUDGET, WE ARE NOT GOING TO HAVE PEOPLE WHO CAST VOTES TO FUND UNPRODUCTIVE PROGRAMS SIMPLY BECAUSE SOMEBODY WANTS THOSE PROGRAMS. WE ARE GOING TO HAVE TO MAKE HARD CHOICES. HARD CHOICES MAKE GOOD POLICIES. THOSE HARD CHOICES ARE ULTIMATELY GOING TO MEAN MOVING TOWARD A FREE MARKET IN AGRICULTURE.

I BELIEVE THAT IF WE CAN GET THE FARMER BACK ON HIS FEET AND THEN MOVE BACK TOWARD PRODUCTION FOR A WORLD MARKET, WE CAN MAKE RURAL AMERICA NOT JUST A GOOD PLACE TO LIVE BUT A GOOD PLACE TO MAKE A LIVING AGAIN.

I THANK OUR COLLEAGUE FOR THIS START.

MR. ZORINSKY. MR. PRESIDENT, I YIELD 4 MINUTES TO THE SENATOR FROM OKLAHOMA.

MR. BOREN. I THANK MY COLLEAGUE FROM NEBRASKA.

MR. PRESIDENT, I AM VERY PROUD TO JOIN WITH THE SENATOR FROM MINNESOTA IN THIS EFFORT. IT IS A BIPARTISAN EFFORT. IT IS A PROPOSAL THAT WE FIRST PUT BEFORE THE SENATE AGRICULTURE COMMITTEE IN THE HOPE THAT WE MIGHT PUT ASIDE THE MISTAKES OF THE PAST AND TRY A NEW APPROACH, ONE THAT WOULD HAVE GREAT BENEFITS OVER PAST AGRICULTURAL POLICIES.

I HAVE SAID ON THE FLOOR OF THE SENATE THAT I DO NOT PARTICULARLY LIKE THE IDEA THAT WE ARE WRITING A MULTIPLE CHOICE FARM BILL, AND I DO NOT. I DO NOT LIKE THE FACT THAT WE HAVE A 4-YEAR FREEZE IN ONE PART OF THE BILL AND A 1-YEAR FREEZE IN ANOTHER PART OF THE BILL. I THINK WE OUGHT TO MAKE THOSE DECISIONS FOR OURSELVES.

BUT IT IS VERY CLEAR FROM ACTION ALREADY TAKEN ON THE FLOOR THAT A MAJORITY OF MY COLLEAGUES HAVE BEEN BRACED TO THE CONCEPT OF A MULTIPLE CHOICE FARM BILL. THAT BEING THE CASE, I THINK IT IMPORTANT THAT WE PUT ANOTHER OPTION INTO THE BILL AND ONE THAT MAKES SENSE FROM MANY POINTS OF VIEW, ONE THAT IS A NEW APPROACH, ONE THAT

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DOES GET US AWAY FROM THE MISTAKES OF THE PAST.

I WOULD POINT OUT THAT THIS PROPOSAL AS AN OPTION WOULD GIVE ABOUT 5-PERCENT GREATER INCOME TO THE FARMER THAN THE SO-CALLED FLEXIBLE TARGET PROVISIONS WHICH HAVE BEEN WRITTEN INTO A SECTION OF THE BILL.

IT HAS MANY MERITS.

FIRST OF ALL, UNDER THIS PROGRAM, IN WHICH A PAYMENT IS MADE DIRECTLY TO THE FARMER, WE NO LONGER HAVE FARMERS PRODUCING FOR THE PROGRAM ITSELF. THAT IS ONE OF THE FAULTS AND FAILURES OF THE OTHER OPTIONS BEFORE US. THEY GIVE INCENTIVES TO THE FARMERS TO PLANT FOR THE PROGRAM RATHER THAN TO PLANT FOR THE MARKET.

THIS WOULD ENABLE FARMERS TO MAKE DECISIONS ABOUT HOW MUCH TO PLANT BASED UPON THE MARKET PRICES, BASED UPON THE ECONOMICS, THEIR OWN COST OF PRODUCTION, AND IT WOULD ALSO GIVE THEM GREATER FLEXIBILITY IN DECIDING WHAT TO PLANT. THEY WOULD NOT LOSE THEIR HISTORIC BASES IF THEY DECIDED TO SWITCH TO OTHER NONPROGRAM CROPS.

IT IS A GREAT CRIME, I THINK THAT WE HAVE IN THE UNITED STATES THE BEST EDUCATED FARMERS IN THE WORLD, MANY OF THEM WITH MASTER'S DEGREES AND DOCTOR'S DEGREES IN AGRICULTURAL ECONOMIC, MBA'S IN BUSINESS, AND THEY ARE GIVEN NO FLEXIBILITY TO MAKE DECISIONS ABOUT HOW TO RUN THEIR OWN FARMS. THEY ARE TOLD BY THE PROGRAM WHAT THEY SHALL PLANT AND WHAT THEY SHALL PLANT TO QUALIFY.

THAT APPROACH WILL GIVE THEM AN OPPORTUNITY TO PLANT ON THE BASIS OF SOLID ECONOMIC DECISIONS OF THEIR OWN.

IT IS THE ONLY OPTION THAT WOULD ALLOW THE FARMER TO BENEFIT IF THERE IS AN INCREASE IN THE MARKET PRICE. IF WE BEGIN TO GET THINGS THAT WORK, THE MONEY WILL GO TO THE FARMER, NOT THE GOVERNMENT. THE PRESENT APPROACH IS WHEN THE MARKET PRICES GOES UP, THE GOVERNMENT PAYMENT GOES DOWN AND, THEREFORE, THE FARMER DOES NOT REALLY BENEFIT VERY MUCH WITH THE INCREASE IN MARKET PRICES. SO THIS IS A DIRECT PAYMENT TO THE FARMER, A TRANSITION PAYMENT TO THE FARMER, AS WE MOVE TO THE FREE MARKET.

IT WILL ALSO DO MORE THAN ANY OTHER PROPOSAL BEFORE US TO PUT US IN THE POSITION TO COMPETE IN THE WORLD MARKETPLACES AND TO GET BACK OUR SHARE OF THE MARKET. WE HAVE HAD A DISASTROUS REDUCTION IN FARM EXPORTS, 30 PERCENT, 35 PERCENT, UP AS HIGH AS 40 PERCENT, IN TERMS OF BOTH WHEAT AND CORN IN JUST THE PAST 2 OR 3 YEARS.

THIS WILL ENABLE US TO GET OUT AND COMPETE ON THE WORLD MARKET PRICE. IT WILL SEND A STRONG MESSAGE TO THE EUROPEAN COMMUNITY AND OTHERS THAT WE WILL NO LONGER BEAR THE COST OF THEIR AGRICULTURAL POLICIES. WE WILL NO LONGER STORE ALL THE SURPLUSES FOR THE REST OF THE WORLD AND THEN ALLOW THEM TO TURN AROUND AND PLANT MORE, TAKING ADVANTAGE OF THE MARKET PRICE GUARANTEED BY THE AMERICAN TAXPAYER.

IT IS IN ESSENCE ALSO A FULL PRODUCTION APPROACH. WE HAVE NOT ONLY OUR FARMERS WHO ARE SUFFERING IN THIS COUNTRY RIGHT NOW; WE HAVE ALL OF THE RELATED BUSINESSES. WE HAVE THE EQUIPMENT MAKERS. WE HAVE THOSE WHO ARE SELLING THE SEED AND FERTILIZER AND THE OTHER INPUTS. WE HAVE WHOLE COMMUNITIES AND OUR SMALL TOWNS IMPACTED NEGATIVELY AS WE HAVE HAD PROGRAMS TO ARTIFICIALLY CUT PRODUCTION BACK SO MUCH THAT THEY HAVE DECIMATED ALL OF THE RELATED BUSINESSES IN RURAL AMERICA. IN

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FACT, THEY HAVE PULLED THE RUG OUT FROM UNDER THE ENTIRE ECONOMIC BASE OF THE RURAL PARTS OF OUR COUNTRY.

SO, FOR SO MANY REASONS, THIS POLICY OPTION PRESENTED BY THE SENATOR FROM MINNESOTA AND MYSELF TO THE AGRICULTURE COMMITTEE -- --

THE PRESIDING OFFICER (MR. GRAMM). TIME HAS EXPIRED.

MR. ZORINSKY. I YIELD 2 ADDITIONAL MINUTES, MR. PRESIDENT.

MR. BOREN. I THANK MY COLLEAGUE.

I AM VERY PROUD TO HAVE JOINED WITH MY COLLEAGUE FROM MINNESOTA IN MAKING THIS PROPOSAL AND I WANT TO GIVE HIM FULL CREDIT FOR INITIATING THE MAJOR CONCEPTS IN THIS APPROACH.

TO THOSE OF US WHO SAY, "WHEN ARE YOU GOING TO COME UP WITH SOMETHING NEW IN AGRICULTURAL POLICY? WHEN ARE WE GOING TO GET AWAY FROM THE MISTAKES OF THE PAST?" I WOULD SIMPLY SAY HERE IS AN OPPORTUNITY, AN OPPORTUNITY TO MOVE US IN A REASONABLE WAY TOWARD A FREE MARKET APPROACH WHILE AT THE SAME TIME PRESERVING AN ADEQUATE STANDARD OF LIVING FOR OUR FAMILY FARMERS AS WE MOVE TOWARD THAT FREE MARKET.

IT IS ALSO A BILL THAT WILL HELP US GET A TRULY FREE MARKET. ONE OF THE PROBLEMS RIGHT NOW IS THAT OUR FARMERS HAVE TO COMPETE WITH THE GOVERNMENTS OF OTHER COUNTRIES, NOT WITH THE FARMERS OF OTHER COUNTRIES. IT WILL MAKE IT SO EXPENSIVE FOR THE EUROPEAN MARKET AND OTHERS TO CONTINUE THEIR KINDS OF SUBSIDIES THAT THEY HAVE HAD IN THE PAST. IT WILL GIVE US SOME BARGAINING LEVERAGE TO GET A TRULY FREE MARKET IN WHICH THE AMERICAN FARMER CAN COMPETE.

IF WE CAN EVER HAVE A TRULY FREE MARKET, OUR FARMERS CAN OUTCOMPETE ANY OTHER FARMER ANYPLACE IN THE WORLD. THIS WILL HELP US GET THAT LEVERAGE ON BEHALF OF OUR FARMER TO MOVE US TO A FREE MARKET AND IT WILL GIVE THE FLEXIBILITY TO THE FARMER TO MAKE THEIR OWN BUSINESS DECISIONS.

AS I SAY, IF WE ARE GOING TO HAVE, OVER THE OBJECTIONS OF THIS SENATOR, A MULTIPLE APPROACH SETTING OUT SEVERAL POLICY ALTERNATIVES TO TAKE TO THE CONFERENCE COMMITTEE, I THINK THIS IS ONE OF THE POLICY OPTIONS. IT MAKES GREAT GOOD SENSE TO INCLUDE IT IN THE HOPE THAT OUR CONFEREES MIGHT DECIDE AS THEY DELIBERATE TO TRY SOMETHING THAT MIGHT REALLY WORK; THAT THEY MIGHT HAVE THE COURAGE TO START A NEW APPROACH AND ONE WHICH I THINK WOULD PUT AMERICAN AGRICULTURE ON A SOLID FOOTING FOR A LONG, LONG TIME.

AGAIN, I COMMEND MY COLLEAGUE FROM MINNESOTA. THIS IS A BIPARTISAN PROPOSAL AND I HOPE THAT MY COLLEAGUES WILL SERIOUSLY CONSIDER AT LEAST SAYING TO THE CONFEREES, THIS IS A POLICY OPTION THAT WE HOPE YOU WILL AT LEAST LOOK AT IN THE CONFERENCE COMMITTEE.

THE PRESIDING OFFICER. THE SENATOR'S 2 MINUTES HAVE EXPIRED. WHO YIELDS TIME?

MR. BOSCHWITZ. MR. PRESIDENT, HOW MUCH TIME DO I HAVE LEFT?

THE PRESIDING OFFICER. THERE ARE 2 MINUTES TO A SIDE.

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MR. SYMMS. WILL THE SENATOR YIELD?

MR. BOSCHWITZ. I YIELD 2 MINUTES TO THE SENATOR FROM IDAHO.

MR. SYMMS. MR. PRESIDENT, FIRST, LET ME SAY THAT BEFORE I CAME TO CONGRESS, I SPENT MY ENTIRE WORKING LIFE IN AGRICULTURE. I SPENT 8 YEARS IN THE OTHER BODY ON THE AGRICULTURE COMMITTEE. I HAVE SEEN THESE FARM PROGRAMS UP AND DOWN THE LINE, CONSTANTLY WORKING ON A PROGRAM OF SUPPLY MANAGEMENT. IF WE DO MANIPULATE THE PRICE -- IF WE TRY TO REPEAL THE LAW OF SUPPLY AND DEMAND -- WE MANIPULATE THE PRICE UPWARD, SOMETIMES IT HAS THAT EFFECT. USUALLY WHAT HAPPENS IS WE REDUCE OUR PRODUCTION AND OUR FOREIGN COMPETITORS INCREASE THEIR PRODUCTION TO OFFSET IT. WE HAVE NEGLIGIBLE IMPACT; YET WE ARE DOING ONE THING, MR. PRESIDENT. WE ARE SHUTTING OFF THE WORLD'S MOST EFFICIENT FOOD MACHINE. THE FARMERS OF THE UNITED STATES OF AMERICA AND THE AGRIBUSINESS THAT SUPPORTS THEM, THE EXTENSION SYSTEM, THE UNIVERSITY EXPERIMENT STATIONS, ALL THE THINGS THAT GO INTO AMERICAS AGRICULTURAL MACHINE ARE LITERALLY BEING SHUT DOWN BY OUR FARM POLICIES.

I WISH TO GIVE MY HIGHEST COMMENDATION TO THE TWO SENATORS WHO BROUGHT THIS PROPOSAL FORWARD. IT MAY NOT BE PERFECT BUT IT IS CERTAINLY BETTER THAN OUR CURRENT SYSTEM BECAUSE OUR FARMERS ARE GOING BROKE. IN MY STATE, THE FARM ECONOMY HAS NEVER BEEN WORSE. THE TAXPAYERS ARE PAYING THROUGH THE NOSE AND THE FOREIGN COMPETITORS ARE TAKING OUR MARKETS AWAY FROM US. THE BOREN-BOSCHWITZ PLAN OFFERS US A CHANCE. IT ALLOWS US A CHANCE TO TURN ON THE FOOD MACHINE OF THE UNITED STATES, ALLOWS OUR TECHNOLOGY TO WORK, ALLOWS THE FARMERS OUT THERE WORKING TO GET FULL PRODUCTION. MR. PRESIDENT, THIS IS WHAT WE MUST DO, WE MUST USE THE POWER OF GOVERNMENT TO BUY FREEDOM FOR THE FARMERS.

IT IS TRUE WE HAVE GOTTEN OURSELVES INTO SUCH A MESS THAT EVEN I, WHO WOULD LIKE TO ADVOCATE NO GOVERNMENT INTERFERENCE IN AGRICULTURE, AS THE DISTINGUISHED SENATOR FROM TEXAS STATED, AM HOPING TO USE GOVERNMENT TO TURN ON THIS MACHINE. THERE IS A TRADE WAR GOING ON. IF WE ADOPT A POLICY LIKE THIS, WE CAN TURN ON THE MOST EFFICIENT MACHINE OF OUR ECONOMY. IN THE LONG RUN, WE WILL BE HELPING THE FARMER, HELPING TO SUPPORT INDUSTRY. ALL THE SUPPLIERS AND PRODUCERS ARE GOING TO BE INVOLVED. THE SUPPLIERS WILL BE MAKING A GOOD LIVING, THERE WILL BE A LOT OF JOBS INVOLVED IN AGRICULTURE.

MR. PRESIDENT, THE MOST CONCERN I HAVE WITH THIS AMENDMENT IS THE DECLINING PAYMENT LIMITATION FROM \$50,000 TO \$25,000, THAT BEGINS IN THE SECOND YEAR.

SENATORS MCCLURE, GORTON, AND EVANS ALSO SHARE MY CONCERN AND BELIEVE THAT THIS PART OF THE AMENDMENT MUST BE CORRECTED. IF IT IS NOT THE DECLINING PAYMENT LIMITATION WILL HURT OUR WHEAT GROWERS IN THE NORTHWEST. THIS IS NOT ACCEPTABLE.

WITH THIS RESERVATION SENATORS MCCLURE, GORTON, AND EVANS ALSO SUPPORT THIS AMENDMENT.

I APPEAL TO MY COLLEAGUES TO VOTE FOR THIS AMENDMENT.

I ALSO WOULD LIKE TO ASK MY COLLEAGUES, IF THEY DO NOT GET ANYTHING ELSE OUT OF THIS AGRICULTURE LEGISLATION, TO GET THE SERIES OF SIX LETTERS FROM SENATOR BOSCHWITZ AND AT LEAST TAKE A PLANE TRIP AND READ THOSE LETTERS. IT IS ONE OF THE BEST THINGS THAT HAS BEEN DONE AROUND HERE FOR A LONG TIME.

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I COMMEND MY COLLEAGUE FROM MINNESOTA FOR THINKING THIS THING THROUGH AND KNOWING THE MARKET IS THE ONLY WAY WE ARE GOING TO SOLVE THIS PROBLEM. I THANK THE SENATOR AND I SUPPORT THE AMENDMENT.

MR. BOSCHWITZ. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT OUR SIDE HAVE 4 MINUTES MORE.

MR. BAUCUS. I OBJECT.

MR. BOREN. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT I BE ADDED AS A COSPONSOR.

THE PRESIDING OFFICER. WITHOUT OBJECTION IT IS SO ORDERED.

MR. ZORINSKY. MR. PRESIDENT, HOW MUCH TIME DO I HAVE?

THE PRESIDING OFFICER. TWO MINUTES.

MR. BOSCHWITZ. IS THE SENATOR FROM IDAHO DONE?

MR. SYMMS. I ASK UNANIMOUS CONSENT THAT I BE ADDED AS A COSPONSOR.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS ORDERED.

MR. ZORINSKY. MR. PRESIDENT, I YIELD BACK THE REMAINDER OF OUR TIME.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT. THOSE IN FAVOR WILL SAY YEAS, THOSE OPPOSED, NAY.

IT APPEARS THE YEAS HAVE IT.

MR. ZORINSKY. 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 AMENDMENT. THE YEAS AND NAYS HAVE BEEN ORDERED. THE CLERK WILL CALL THE ROLL.

THE LEGISLATIVE CLERK CALLED THE ROLL.

MR. SIMPSON. I ANNOUNCE THAT THE SENATOR FROM NEW MEXICO [MR. DOMENICI], THE SENATOR FROM NORTH CAROLINA [MR. EAST], THE SENATOR FROM ARIZONA [MR. GOLDWATER], THE SENATOR FROM ALASKA [MR. MURKOWSKI], AND THE SENATOR FROM PENNSYLVANIA [MR. SPECTER] ARE NECESSARILY ABSENT.

MR. CRANSTON. I ANNOUNCE THAT THE SENATOR FROM DELAWARE [MR. BIDEN], THE SENATOR FROM NEW JERSEY [MR. BRADLEY], THE SENATOR FROM OHIO [MR. GLENN], THE SENATOR FROM MASSACHUSETTS [MR. KENNEDY], AND THE SENATOR FROM MISSISSIPPI [MR. STENNIS] ARE NECESSARILY ABSENT.

THE PRESIDING OFFICER (MR. GARN). ARE THERE ANY OTHER SENATORS IN THE CHAMBER DESIRING TO VOTE?

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THE RESULT WAS ANNOUNCED -- YEAS 42, NAYS 48, AS FOLLOWS:

(See ROLLCALL VOTE NO. 338 LEG. in the ROLL segment.)

SO THE AMENDMENT (NO. 1144) WAS REJECTED.

MR. DOLE. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS REJECTED.

MR. HELMS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. BUMPERS. MR. PRESIDENT, IS THERE AN AMENDMENT PENDING AT THIS TIME?

THE PRESIDING OFFICER. THERE ARE TWO AMENDMENTS THAT MUST BE LAID ASIDE BY UNANIMOUS CONSENT.

MR. BUMPERS. I ASK UNANIMOUS CONSENT THAT THOSE AMENDMENTS BE TEMPORARILY LAID ASIDE IN ORDER THAT I MAY OFFER AN AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

MR. DOLE. MR. PRESIDENT, WILL THE SENATOR FROM ARKANSAS YIELD?

MR. BUMPERS. I YIELD.

MR. DOLE. MR. PRESIDENT, I HAVE BEEN ASKED BY THE MANAGERS OF THE BILL THAT ALL SENATORS WHO HAVE AMENDMENTS PLEASE STAY ON THE FLOOR. WE ARE GETTING DOWN TO THE POINT WHERE WE CAN ALMOST COUNT THE NUMBER OF AMENDMENTS, AND IT WILL BE VERY HELPFUL IF MEMBERS WHO HAVE AMENDMENTS WILL STAY ON THE FLOOR.

THE PRESIDING OFFICER. THE SENATOR FROM ARKANSAS HAS THE FLOOR.

AMENDMENT NO. 1145

(PURPOSE: TO AUTHORIZE THE MAKING OF LOANS TO BORROWERS WHO DEFAULT ON FMHA LOANS SECURED BY PRINCIPAL RESIDENCES AND TO MODIFY THE ELIGIBILITY REQUIREMENTS FOR FMHA LOANS)

MR. BUMPERS. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS] PROPOSES AN AMENDMENT NUMBERED 1145.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

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AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

ON PAGE 377, BETWEEN LINES 20 AND 21, INSERT THE FOLLOWING NEW SECTIONS:

PRINCIPAL RESIDENCE LOANS

SEC. 1719. THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT (7 U.S.C. 1921 ET SEQ.) (AS AMENDED BY SECTION 1716) IS FURTHER AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW SECTION:

"SEC. 351. (A) IF A LOAN MADE UNDER THIS TITLE IS SECURED BY THE PRINCIPAL RESIDENCE OF THE BORROWER OF THE LOAN, THE BORROWER DEFAULTS ON THE REPAYMENT OF THE LOAN AND, AS A RESULT OF SUCH DEFAULT, THE BORROWER IS REQUIRED TO FORFEIT THE RESIDENCE TO THE SECRETARY OR TO PAY TO THE SECRETARY AN AMOUNT EQUAL TO THE EQUITY OF THE BORROWER IN THE RESIDENCE, THE APPROPRIATE DIRECTOR OF THE STATE OFFICE OF THE FARMERS HOME ADMINISTRATION MAY MAKE A LOAN TO THE BORROWER IN ACCORDANCE WITH THIS SECTION.

"(B) IN ORDER TO BE ELIGIBLE TO OBTAIN A LOAN UNDER THIS SECTION, A BORROWER MUST HAVE THE ABILITY (AS DETERMINED BY THE SECRETARY) TO REPAY THE LOAN AND OTHERWISE MEET THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER SECTION 302.

"(C) THE AMOUNT OF A LOAN MADE UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF --

"(1) AN AMOUNT EQUAL TO THE AMOUNT OF EQUITY THE BORROWER HAS IN SUCH RESIDENCE AT THE TIME SUCH LOAN IS MADE; OR

"(2) THE OUTSTANDING AMOUNT OF PRINCIPAL AND INTEREST OWED BY THE BORROWER TO THE SECRETARY ON THE LOAN REFERRED TO IN SUBSECTION (A) ON WHICH THE BORROWER HAS DEFAULTED.

"(D) THE INTEREST RATE ON A LOAN MADE UNDER THIS SECTION SHALL BE THE RATE REQUIRED UNDER SECTION 307(A) TO BE PAID ON A LOAN MADE OR INSURED UNDER THIS TITLE ON THE DATE THE LOAN IS MADE.

"(E) THE PERIOD FOR THE REPAYMENT OF A LOAN MADE UNDER THIS SECTION MAY NOT EXCEED 25 YEARS.

"(F) IF A BORROWER MAKES ALL PAYMENTS DUE ON A LOAN MADE UNDER THIS SECTION IN ACCORDANCE WITH THE LOAN AGREEMENT ENTERED INTO WITH RESPECT TO SUCH LOAN, AN ACTION MAY NOT BE BROUGHT AGAINST THE BORROWER FOR THE REPAYMENT OF SUCH LOAN OR THE LOAN REFERRED TO IN SUBSECTION (A) ON WHICH THE BORROWER HAS DEFAULTED."

SECURITY FOR LOANS

SEC. 1720. THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT (7 U.S.C. 1921 ET SEQ.) (AS AMENDED BY SECTION 1719) IS FURTHER AMENDED BY ADDING AT THE END THEREOF THE FOLLOWING NEW SECTION:

"SEC. 352. (A) EXCEPT AS PROVIDED IN SUBSECTION (B) AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, TO BE ELIGIBLE TO OBTAIN A LOAN UNDER THIS TITLE, A BORROWER OF THE LOAN SHALL --

"(1) PROVIDE ONLY SUCH SECURITY FOR THE LOAN AS THE SECRETARY DETERMINES IS NECESSARY TO SECURE THE LOAN FOR THE TERM OF THE LOAN INCLUDING REAL ESTATE, BUILDINGS, MACHINERY, EQUIPMENT, CROPS, CROP INSURANCE, CROP ASSIGNMENTS, LIVESTOCK PRODUCT ASSIGNMENTS, LIVESTOCK, FURNITURE, FIXTURES, INVENTORY, ACCOUNTS RECEIVABLE, CASH, STOCKS, BONDS, PERSONAL AND CORPORATE GUARANTEES, MARKETABLE SECURITIES, THE CASH SURRENDER VALUE OF LIFE INSURANCE, OR ANY COMBINATION THEREOF;

"(2) DISPOSE OF ALL REAL PROPERTY THAT THE SECRETARY DETERMINES IS NOT ESSENTIAL TO THE OPERATION OF FARM AND NONFARM ENTERPRISES BY THE BORROWER;

"(3) IN THE CASE OF AN OPERATING LOAN MADE UNDER SUBTITLE B FOR THE ANNUAL PRODUCTION OF CROPS OR LIVESTOCK, PLEDGE SUCH CROPS OR LIVESTOCK AND ANY OTHER PROPERTY WHICH THE SECRETARY DETERMINES IS NECESSARY TO SECURE THE LOAN;

"(4) IN THE CASE OF A REAL ESTATE LOAN MADE UNDER SUBTITLE A, PLEDGE REAL ESTATE TO SECURE SUCH LOAN; AND

"(5) IN THE CASE OF A LOAN SECURED BY CHATTELS WHOSE LOSS WOULD JEOPARDIZE THE INTERESTS OF THE FEDERAL GOVERNMENT, INSURE SUCH CHATTELS AGAINST HAZARDS CUSTOMARILY COVERED BY INSURANCE IN THE SURROUNDING COMMUNITY.

"(B) IF A BORROWER PROVIDES SECURITY FOR A LOAN IN ACCORDANCE WITH SUBSECTION (A), THE SECRETARY MAY NOT REQUIRE AS A CONDITION OF ELIGIBILITY FOR THE CONSOLIDATION, RESCHEDULING, REAMORTIZATION, OR DEFERRAL OF THE LOAN UNDER THIS TITLE THAT THE BORROWER PROVIDE ADDITIONAL SECURITY FOR THE LOAN.

THE PRESIDING OFFICER. THE SENATE WILL BE IN ORDER. THE CHAIR CANNOT HEAR THE SENATOR FROM ARKANSAS AND DOUBTS WHETHER ANYONE ELSE IN THE CHAMBER CAN. IF THE SENATE WOULD LIKE TO GO HOME AT A REASONABLE TIME, THE CHAIR SUGGESTS THAT WE STOP WASTING TIME WITH CONVERSATION, SO THAT MEMBERS WHO OFFER AMENDMENTS CAN BE HEARD. WE WILL NOT RESUME UNTIL THE CONVERSATIONS STOP. THE SENATOR FROM ARKANSAS IS ENTITLED TO BE HEARD.

MR. BUMPERS. MR. PRESIDENT, MAYBE IF EVERYBODY WHO DOES NOT HAVE AMENDMENTS WILL LEAVE THE FLOOR, WE CAN GET ON WITH THIS.

THE PRESIDING OFFICER. THE SENATOR FROM ARKANSAS.

MR. BUMPERS. MR. PRESIDENT, THIS IS AN AMENDMENT WHICH I THINK HAS BEEN CLEARED ON BOTH SIDES, AND IT DOES TWO THINGS.

FIRST, IT PROVIDES THAT IN CASE THE FARMERS HOME ADMINISTRATION FORECLOSES ON A LOAN THAT INCLUDES THE FARMER'S HOME, THEY SHOULD TRY THEIR BEST TO NEGOTIATE AN ARRANGEMENT WITH HIM UNDER WHICH HE CAN SAVE HIS HOME.

SECOND, THE FMHA WOULD BE PROHIBITED FROM TAKING MORE THAN NECESSARY SECURITY TO COLLATERALIZE A LOAN.

WE ARE ALL WELL AWARE OF THE NUMBERS OF FARMERS WHO ARE BEING FORCED OFF THE LAND IN THIS COUNTRY. HOWEVER, I DO NOT THINK THAT FARMERS SHOULD BE REQUIRED TO FORFEIT THEIR HOMES TO FMHA IF THERE IS ANY WAY AT ALL TO AVOID IT.

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AS IS TYPICALLY THE CASE, HOWEVER, MOST FARMERS DO NOT HAVE THE UP-FRONT MONEY IN WHICH TO MAKE SUCH BUYOUTS OR PURCHASES. IN THOSE CASES, MY AMENDMENT WOULD GIVE THESE FARMERS THE OPPORTUNITY TO SECURE AN EQUITY LOAN FROM THE FMHA. THE LOAN WOULD BE AT REGULAR FMHA RATES WITH TERMS UP TO 25 YEARS. IN EXCHANGE FOR A 25-YEAR LOAN, THE FMHA WILL NOT WRITE OFF THE JUDGMENT DEBT WHICH WAS DUE AND OWING TO THE FMHA UNTIL THE EQUITY LOAN IS RETIRED. SHOULD A FARMER FAIL TO REMAIN CURRENT ON HIS EQUITY LOAN DURING THE COURSE OF THAT LOAN, THE FMHA COULD DECLARE THE ENTIRE DEBT, INCLUDING THE DEBT OF THE FORECLOSED FARM OR THE VOLUNTARILY CONVEYED FARM, AS AGAIN DUE AND OWING.

THIS AMENDMENT WOULD NOT BE ATTRACTIVE TO FARMERS WHO HAD MORE THAN MODEST HOMES. IT WOULD PRIMARILY BE ATTRACTIVE TO THOSE FARMERS WHO HAD MODEST HOMES, HOMES OF GREAT VALUE TO THEM BUT PERHAPS OF LITTLE VALUE TO THE GOVERNMENT AS COLLATERAL. FARMERS WHO COULD SHOW THAT THEY HAD AN OUTSIDE INCOME COULD MAINTAIN PAYMENTS SO THEY COULD KEEP THEIR HOMES AND STAY ON THE FARM AND IN THE RURAL SETTING, SO THAT THERE MAY BE AN OPPORTUNITY FOR THEM TO GET BACK INTO FARMING. ALTHOUGH WE ALL KNOW THAT WE ARE FACING A MAJOR READJUSTMENT IN RURAL AMERICA, I THINK THIS ONE PROCEDURE WOULD GO A LONG WAY IN HELPING UNFORTUNATE FARMERS MAINTAIN A HOMESTEAD AND MAINTAIN THE HOMESTEAD IN RURAL AMERICA.

THIRD, THIS BILL PROVIDES THAT THE FMHA WILL NOT TAKE ANY MORE COLLATERAL THAN IS ABSOLUTELY NECESSARY TO SECURE THEIR LOAN. RIGHT NOW, THE FMHA TAKES AS COLLATERAL EVERYTHING THEY CAN; THEY TAKE THE HOME, THE LAND, THE EQUIPMENT, THEY TAKE THE CROP, THEY TAKE THE WIFE, THEY TAKE THE CHILDREN, THEY TAKE A MORTGAGE ON EVERYTHING THEY CAN LAY THEIR HANDS ON WHETHER IT IS NECESSARY OR NOT AS A MATTER OF POLICY. THIS AMENDMENT WOULD REQUIRE THAT THE FMHA LIMIT THEIR COLLATERAL TO JUST WHAT IS REALLY NEEDED TO SECURE THEIR LOAN AND NO MORE. I BELIEVE BY ALL MEANS THE FMHA SHOULD HAVE EACH OF THEIR LOANS EFFECTIVELY AND ADEQUATELY COLLATERALIZED. BUT I DO NOT BELIEVE THAT WE SHOULD JEOPARDIZE THE ABILITY OF FARMERS TO ARRANGE OTHER CREDIT SIMPLY BECAUSE THE FMHA HAPPENS TO OWN ALL SECURITY AS A MATTER OF POLICY, SOME OF WHICH THEY MAY NOT NEED.

MR. DOLE. MR. PRESIDENT, WILL THE SENATOR YIELD?

MR. BUMPERS. I YIELD.

MR. DOLE. MR. PRESIDENT, I AM ADVISED IT HAS BEEN CLEARED.

MR. BUMPERS. I AM HAPPY TO MOVE ADOPTION OF THE AMENDMENT IF IT HAS BEEN CLEARED ON BOTH SIDES.

MR. DOLE. IT HAS BEEN CLEARED ON THIS SIDE. I CANNOT SPEAK FOR THE OTHER SIDE.

MR. ZORINSKY. MR. PRESIDENT, THIS SIDE HAS LOOKED AT THE AMENDMENT AND SUPPORTS ITS APPROVAL AND PASSAGE.

MR. BUMPERS. MR. PRESIDENT, I MOVE ADOPTION OF THE AMENDMENT.

THE PRESIDING OFFICER. IF THERE BE NO FURTHER DEBATE, THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM ARKANSAS.

THE AMENDMENT (NO. 1145) WAS AGREED TO.

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MR. ZORINSKY. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. HELMS. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE SET ASIDE IN ORDER THAT I MAY SUBMIT ANOTHER AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1146

(PURPOSE: TO MODIFY THE ELIGIBILITY REQUIREMENTS FOR EMERGENCY LOANS)

MR. BUMPERS. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS] PROPOSES AN AMENDMENT NUMBERED 1146.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT FOLLOWS:

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

ON PAGE 356, LINE 22, STRIKE OUT "CROP" AND INSERT IN LIEU THEREOF "CROP LOSSES".

MR. BUMPERS. MR. PRESIDENT, THIS IS A TECHNICAL AMENDMENT WHICH HAS BEEN CLEARED BY BOTH SIDES.

THIS IS A SIMPLE AMENDMENT TO SECTION 1706 OF S. 1714 AS IT REGARDS EMERGENCY LOANS [EM] OFFERED BY THE FMHA. UNDER SECTION 1706(B) AN APPLICANT SHALL BE INELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THIS SUBTITLE FOR CROP LOSSES IF CROP INSURANCE WAS AVAILABLE TO THE APPLICANT FOR SUCH CROP UNDER THE FEDERAL CROP INSURANCE ACT. MY AMENDMENT WOULD SIMPLY STRIKE OUT THE WORD "CROP" ON LINE 22 OF THE ACT AND INSERT THE WORDS "CROP LOSSES" PLUS ADD AN ADDITIONAL CLARIFYING SENTENCE.

ALTHOUGH THIS AMENDMENT IS SIMPLE, IT WILL HELP CLARIFY A POSSIBLE SITUATION THAT MAY DEVELOP SIMILAR TO THE INTERPRETATION OF THE FEDERAL CROP INSURANCE REQUIREMENT UNDER THE DISASTER PAYMENT PROGRAM INCLUDED IN THE 1981 FARM BILL. ALTHOUGH I UNDERSTAND THAT SECTION 1706 OF S. 1714 DEALS WITH DISASTER LOANS AND NOT DISASTER PAYMENTS, I AM AFRAID THAT, WITHOUT CLARIFICATION OF THIS AMENDMENT, FARMERS WILL FACE EXACTLY THE SAME DIFFICULTY QUALIFYING FOR EM LOANS AS MANY FARMERS IN ARKANSAS DID WHEN ATTEMPTING TO QUALIFY FOR DISASTER PAYMENTS UNDER

THE 1981 FARM BILL.

IN PUBLIC LAW 97-98, THE 1981 FARM BILL, THE BILL LANGUAGE UNDER THE DISASTER PAYMENT PROGRAM STATED THAT PRODUCERS ON A FARM SHALL NOT BE ELIGIBLE FOR DISASTER PAYMENTS UNDER THIS PARAGRAPH IF CROP INSURANCE IS AVAILABLE TO THEM UNDER THE FEDERAL CROP INSURANCE ACT. THREE EXCEPTIONS ARE MADE TO THIS PROVISION, TWO OF WHICH ARE: FIRST, IF FEDERAL CROP INSURANCE INDEMNITY PAYMENTS AND OTHER FORMS OF ASSISTANCE THAT WERE MADE AVAILABLE BY THE GOVERNMENT WERE INSUFFICIENT TO ALLEVIATE THE ECONOMIC LOSS OR SECOND, IF NO CROP INSURANCE COVERED THE LOSS BECAUSE OF TRANSITIONAL PROBLEMS WITHIN THE FEDERAL CROP INSURANCE PROGRAM, THEN A PRODUCER COULD BE ELIGIBLE FOR DISASTER PAYMENTS.

MANY FARMERS IN ARKANSAS WHO ATTEMPTED TO QUALIFY FOR DISASTER PAYMENTS, ESPECIALLY THOSE FARMERS WHO FARMED IN AREAS WHERE FEDERAL CROP INSURANCE WAS AVAILABLE BUT CERTAIN COVERAGES WERE EXCLUDED, WERE PROHIBITED FROM QUALIFYING FOR DISASTER PAYMENTS. THIS WAS BECAUSE OF AN INTERPRETATION BY THE DEPARTMENT THAT ACCORDING TO THE STATUTES, IF FEDERAL CROP INSURANCE WAS GENERALLY MADE AVAILABLE, A PRODUCER WAS NOT ELIGIBLE FOR DISASTER PAYMENTS EVEN IF THE SPECIFIC LOSS THE PRODUCER SUFFERED WAS EXCLUDED FROM HIS FEDERAL CROP INSURANCE POLICY. I DO NOT BELIEVE THAT THIS WAS THE INTENT OF CONGRESS WHEN IT PASSED THE 1981 FARM BILL, AND IT IS MY INTENTION TO CLARIFY SECTION 1706 OF S. 1714 TO ASSURE THAT SUCH MISINTERPRETATION DOES NOT PROHIBIT FARMERS CAUGHT IN A SIMILAR CIRCUMSTANCE FROM ATTEMPTING TO QUALIFY FOR EMERGENCY LOANS FOLLOWING THE PASSAGE OF THIS BILL.

MY AMENDMENT WOULD SIMPLY STATE THAT AN APPLICANT SHALL BE INELIGIBLE FOR EM ASSISTANCE UNDER THIS SUBTITLE FOR CROP LOSSES IF CROP INSURANCE WAS AVAILABLE TO THE APPLICANT FOR SUCH CROP LOSSES UNDER THE FEDERAL CROP INSURANCE ACT. I DO NOT BELIEVE THAT IT IS ENTIRELY UNREASONABLE TO REQUIRE PRODUCERS TO SEEK SUBSIDIZED FEDERAL CROP INSURANCE IN ORDER THAT MASSIVE FEDERAL ASSISTANCE THROUGH THE EMERGENCY LOAN PROGRAM CAN BE AVOIDED. HOWEVER, I DO NOT BELIEVE THAT IT IS FAIR TO PENALIZE PRODUCERS WHO SUFFER A LOSS ON ANY PARTICULAR CROP IF CROP INSURANCE FOR THAT CROP IS GENERALLY AVAILABLE BUT THE TYPE OF LOSS HE SUFFERED WAS EXCLUDED FROM THE POLICY.

I AM ADVISED BY THE COMMITTEE THAT NO ONE REALLY INTENDED THAT RESULT.

MR. HELMS. MR. PRESIDENT, WE FIND THE AMENDMENT ACCEPTABLE.

MR. ZORINSKY. MR. PRESIDENT, THE AMENDMENT IS ACCEPTABLE.

THE PRESIDING OFFICER. IF THERE BE NO FURTHER DEBATE, THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM ARKANSAS.

THE AMENDMENT (NO. 1146) WAS AGREED TO.

MR. BUMPERS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

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MR. MCCLURE. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE PENDING AMENDMENT BE TEMPORARILY LAID ASIDE SO THAT I MAY OFFER AN AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1147

(PURPOSE: TO AMEND THE PAYMENT LIMITATION PROVISIONS)

MR. MCCLURE. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM IDAHO [MR. MCCLURE] FOR HIMSELF AND MR. HELMS, MR. WILSON, MR. SYMMS, AND MR. BOREN PROPOSES AN AMENDMENT NUMBERED 1147.

MR. MCCLURE. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE APPROPRIATE PLACE IN THE PENDING AMENDMENT INSERT THE FOLLOWING:

ON PAGE 223, LINE 4, INSERT AFTER "SECTION." THE FOLLOWING: "IN ADDITION THE SECRETARY SHALL ISSUE REGULATIONS UNDER WHICH SUBCHAPTER S CORPORATIONS ARE TREATED AS A PARTNERSHIP FOR PURPOSES OF THE MAXIMUM PAYMENT LIMITATION UNDER THIS SECTION."

MR. MCCLURE. MR. PRESIDENT, I BRING AN AMENDMENT TO THE FARM BILL, S. 1714, WHICH ADDRESSES A PROBLEM FOUND IN MY STATE AND I AM SURE OTHER STATES WITH LARGE FARMS. THE PROBLEM THAT MY AMENDMENT ADDRESSES IS CAUSED BY PLACING A CAP ON DEFICIENCY PAYMENTS. MANY FAMILY FARMS IN IDAHO HAVE INCORPORATED TO BENEFIT FROM THE INHERITANCE TAX BENEFITS AND THE LIMITED LIABILITY ASSOCIATED WITH SUBCHAPTER S CORPORATIONS.

THE SUBCHAPTER S CORPORATION WAS DESIGNED TO PROVIDE THESE BENEFITS TO FARMERS AND SMALL BUSINESSMEN. FOR MANY FARMERS IT HAS MADE THE DIFFERENCE BETWEEN BEING ABLE TO HAND THE FARM OVER TO THE NEXT GENERATION IN ONE PIECE OR IN A MUCH REDUCED VERSION DUE TO FORCED SALE OF PART OF THE FARM TO PAY THE INHERITANCE TAX.

IN MY STATE THE AVERAGE FARM IS 598 ACRES BUT IN THE NORTH THE FARMS ARE MUCH LARGER, MOST ARE ABOVE 1,100 ACRES. THE LAND AND THE WEATHER IS PERFECT FOR RAISING WHEAT. MOST OF THESE FARMS ARE FAMILY FARMS. MANY HAVE INCORPORATED FOR TAX PURPOSES.

FOR MANY OF THESE FARMERS TO QUALIFY FOR PROGRAM BENEFITS THEY MUST GIVE UP THE BENEFITS OF INCORPORATION. THE REASON IS THAT THEY DO NOT QUALIFY FOR FEDERAL ACREAGE PROGRAMS BECAUSE THE CURRENT LAW TREATS THE CORPORATION AS ONE PERSON. THESE FAMILY FARM CORPORATIONS CANNOT BENEFIT FROM FEDERAL PROGRAMS NOR CAN THEY

CONTRIBUTE TO EFFORTS TO REDUCE PRODUCTION.

THE \$50,000 PAYMENT LIMITATION ON DEFICIENCY PAYMENTS HAS CAUSED SUBCHAPTER S CORPORATIONS TO BREAK UP THEIR CORPORATIONS TO BE ABLE TO PARTICIPATE IN FEDERAL COMMODITY CONTROL PROGRAMS. BY FORMING A PARTNERSHIP, THESE FAMILY FARMS CAN QUALIFY FOR THE PROGRAMS BECAUSE EACH PERSON OR HUSBAND/WIFE UNIT IS COUNTED AS A PERSON FOR PURPOSES OF PAYMENT LIMITATIONS. MEMBERS OF A SUBCHAPTER S CORPORATION ARE COUNTED AS ONE PERSON MAKING IT DIFFICULT OR IMPOSSIBLE FOR THE FARM TO PARTICIPATE IN FEDERAL PROGRAMS.

CONGRESS MUST MAKE UP ITS MIND WHETHER IT WANTS TO CONTROL PRODUCTION OR PROVIDE INCOME MAINTENANCE TO FARMERS. BY PLACING A CAP ON DEFICIENCY PAYMENTS WHICH ARE PART OF A PROGRAM WHICH IS DESIGNED TO CONTROL PRODUCTION, THE PROGRAM AUTOMATICALLY LIMITS THE NUMBER OF FARMERS WHO CAN USE THE PROGRAM. THE LARGER FARMS, THE ONES WITH 1,100 ACRES AND LARGER MUST BE ALLOWED LEGALLY INTO THESE PROGRAMS IF ANY TYPE OF SET-ASIDE PROGRAM OR SUPPLY CONTROL PROGRAM IS TO BE SUCCESSFUL. IF CONGRESS DOES NOT WANT TO CONTROL PRODUCTION, ONLY SUPPORT THE INCOME OF SMALL FARMERS, IT SHOULD SCRAP THE DIVERSION PROGRAMS AND FIND ANOTHER PROGRAM. IF CONGRESS WANTS TO CONTINUE WITH ACREAGE DIVERSIONS TO CONTROL PRODUCTION, IT SHOULD LIFT THE CAP ALTOGETHER.

IF THIS CONGRESS IS NOT WILLING TO LIFT THE DEFICIENCY PAYMENT LIMIT, AND TRULY BEGIN TO CONTROL SUPPLY, AT LEAST CHANGE THE LAW TO STOP THE BREAKUP OF SUBCHAPTER S CORPORATIONS. BY ACCEPTING THIS AMENDMENT YOU WILL ALLOW THOSE FAMILY FARMERS WHO HAVE USED THE SUBCHAPTER S CORPORATION BENEFITS TO HELP REDUCE THE SURPLUS OF COMMODITIES IN THE UPCOMING 4 YEARS, BY PARTICIPATING IN FEDERAL SUPPLY CONTROL PROGRAM.

LET'S STOP THE FORCED BREAKUP OF THESE FARMING OPERATIONS. LET'S STOP THE PLANTING FROM FENCE ROW TO FENCE ROW BY FAMILY FARMERS WHICH WANT TO SIGN UP IN ACREAGE REDUCTION PROGRAM BUT CANNOT. LET US PUT AN END TO FORCING THE BREAKUP OF THESE CORPORATIONS, LET US CHANGE THE LAW.

WITHOUT INCLUSION OF THE MAJORITY OF THE PRODUCERS, SUPPLY CONTROL WILL NEVER WORK. IF CONGRESS CANNOT DECIDE WHICH METHOD OF FARM-INCOME SUPPORT IT WANTS TO PROVIDE AND TO WHOM IT SHALL PROVIDE. IF CONGRESS CANNOT DESIGN A WORKABLE PROGRAM AT LEAST WE CAN ELIMINATE A PROVISION WHICH IS UNFAIR TO MANY FAMILY FARMERS. I URGE MY COLLEAGUES TO VOTE FOR THIS AMENDMENT AND STOP THE UNNECESSARY BREAKUP OF THESE SUBCHAPTER S CORPORATIONS. IN MANY STATES LIKE MINE THIS WILL PROVIDE RELIEF FOR MANY FAMILY FARMS.

MR. ZORINSKY. 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. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ORDER FOR THE QUORUM CALL BE RESCINDED.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

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MR. HELMS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE THREE PENDING AMENDMENTS BE LAID ASIDE SO THAT THE SENATOR FROM ARKANSAS MAY CALL UP AN AMENDMENT.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1148

(PURPOSE: TO ASSURE MORE CERTAINTY TO FARMERS' HOME ADMINISTRATION BORROWERS REGARDING THE LIQUIDATION OF LOANS)

MR. BUMPERS. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM ARKANSAS [MR. BUMPERS] PROPOSES AN AMENDMENT NUMBERED 1148.

MR. BUMPERS. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT ADD THE FOLLOWING:

ON PAGE 369, LINES 1 AND 2, STRIKE OUT "DETERMINES THAT A LOAN MADE OR INSURED UNDER THIS TITLE SHOULD BE LIQUIDATED" AND INSERT IN LIEU THEREOF "ACCELERATES A BORROWER LOAN MADE OR INSURED UNDER THIS TITLE".

MR. BUMPERS. MR. PRESIDENT, I HAVE DISCUSSED THIS WITH BOTH MANAGERS OF THE BILL.

THIS IS A SIMPLE AMENDMENT THAT WILL GIVE SOME CERTAINTY TO FARMERS HOME BORROWERS. UNDER THE LANGUAGE AS CURRENTLY IN S. 1714, AN FMHA BORROWER HAS NO STANDARD, GUIDELINE, OR CERTAINTY IN KNOWING WHEN A COUNTY SUPERVISOR WILL DETERMINE THAT A LOAN MADE TO THE BORROWER SHOULD BE LIQUIDATED. UNDER THE LANGUAGE CURRENTLY IN THE BILL, THE COUNTY SUPERVISOR IS NOT REQUIRED TO PROCEED UNDER ANY LEGAL REQUIREMENT TO ACCELERATE AN ACCOUNT BEFORE HE CAN NOTIFY THE BORROWER THAT THE FARMERS HOME ADMINISTRATION SHALL NO LONGER RELEASE NORMAL INCOME NECESSARY TO PAY HOUSEHOLD OR FARM OPERATING EXPENSES. SUCH A DECISION IS LEFT SOLELY TO THE DISCRETION OF THE COUNTY SUPERVISOR, AND IT WOULD BE VERY DIFFICULT FOR A BORROWER TO CHALLENGE OR APPEAL IN A TIMELY MANNER.

BY REQUIRING THAT THE FMHA MUST ACCELERATE AN ACCOUNT, CERTAINTY IS GIVEN IN THE BORROWER'S SITUATION AND THE BORROWER HAS THE BENEFIT OF AN ESTABLISHED, ADEQUATE APPEAL PROCEDURE. ONE OF THE GREATEST PROBLEMS EXPERIENCED BY FARMER BORROWERS WHEN DEALING WITH THE FMHA IS THE TREMENDOUS DEGREE OF DISCRETION HELD BY COUNTY SUPERVISORS WHO OPERATE WITH FEW GUIDELINES OR CHECKS AND BALANCES. SECTION 1713 OF S. 1714 CONCERNS THE RELEASE OF NORMAL INCOME AND IS AN ATTEMPT TO STATUTORILY ESTABLISH AND CLARIFY A PRACTICE CURRENTLY BEING EXERCISED BY THE FMHA OF ALLOWING

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DISTRESSED FARMER BORROWERS TO USE CERTAIN AMOUNTS OF CASH PROCEEDS FROM THE SALE OF FARM PRODUCTS FOR BASIC HOUSEHOLD AND/OR OPERATING EXPENSES. THE CURRENT LANGUAGE IN THE BILL IS TOO VAGUE AND I BELIEVE THAT THE RELEASE OF INCOME ALLOWANCE MUST HAVE MORE EXACT GUIDELINES.

THIS AMENDMENT WILL AVOID THE COMMON "STARVE-OUT" TECHNIQUE PRACTICED BY THE FMHA IN WHICH A FARMER IS FORCED OFF THE FARM WITHOUT THE AGENCY TAKING ANY ADVERSE ACTION. BY ESTABLISHING THAT A FORMAL ACCELERATION MUST BE ESTABLISHED BEFORE INCOME CAN BE CUT OFF, A FARMER BORROWER HAS A FORMAL APPEAL OPTION WITH THE ABILITY TO APPEAL A COUNTY SUPERVISOR DECISION WITHOUT THE THREAT OF LOSING HIS OPERATING AND LIVING ALLOWANCE.

MR. HELMS. MR. PRESIDENT, WE FIND THE AMENDMENT ACCEPTABLE.

MR. ZORINSKY. MR. PRESIDENT, WE HAVE CLEARED THE AMENDMENT ON OUR SIDE AND RECOMMEND ITS APPROVAL.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM ARKANSAS.

THE AMENDMENT (NO. 1148) WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

MR. GRAMM. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE THREE PENDING AMENDMENTS BE TEMPORARILY SET ASIDE.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

AMENDMENT NO. 1149

MR. GRAMM. MR. PRESIDENT, I SEND AN AMENDMENT TO THE DESK AND ASK FOR ITS IMMEDIATE CONSIDERATION.

THE PRESIDING OFFICER. THE AMENDMENT WILL BE STATED.

THE ASSISTANT LEGISLATIVE CLERK READ AS FOLLOWS:

THE SENATOR FROM TEXAS [MR. GRAMM] PROPOSES AN AMENDMENT NUMBERED 1149.

MR. GRAMM. MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE READING OF THE AMENDMENT BE DISPENSED WITH.

THE PRESIDING OFFICER. WITHOUT OBJECTION, IT IS SO ORDERED.

THE AMENDMENT IS AS FOLLOWS:

AT THE END OF THE PENDING AMENDMENT, ADD THE FOLLOWING:

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SEC. . (A) NOTWITHSTANDING ANY OTHER PROVISION OF THIS BILL, THE SECRETARY OF AGRICULTURE IS AUTHORIZED TO FORMULATE A PLAN AND PROVIDE TECHNICAL ASSISTANCE TO PROPERTY OWNERS AND AGENCIES OF LOCAL AND STATE GOVERNMENTS AND INTERSTATE RIVER BASIN COMMISSIONS TO --

(1) PROTECT THE QUALITY AND QUANTITY OF SUBSURFACE WATER INCLUDING WATER IN THE NATION'S AQUIFERS,

(2) ASSIST PROPERTY OWNERS IN REDUCING THEIR VULNERABILITY TO FLOOD HAZARDS THAT MAY AFFECT WATER RESOURCES, AND

(3) CONTROL THE SALINITY IN THE NATION'S AGRICULTURAL WATER RESOURCES.

MR. GRAMM. MR. PRESIDENT, THIS AMENDMENT IS CLEARED ON BOTH SIDES. IT IS AN EFFORT TO TRY TO AUTHORIZE THE SECRETARY TO GIVE ASSISTANCE TO FARMERS AND LOCAL GOVERNMENT OFFICIALS TO DEAL WITH PROBLEMS THAT AFFECT AQUIFERS.

MR. HELMS. MR. PRESIDENT, WE HAVE DISCUSSED THE AMENDMENT AND IT IS CLEARED ON THIS SIDE.

MR. ZORINSKY. MR. PRESIDENT, IT IS CLEARED ON THIS SIDE AND WE RECOMMEND ITS APPROVAL.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM TEXAS.

THE AMENDMENT (NO. 1149) WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

AMENDMENT NO. 1147

MR. HELMS. MR. PRESIDENT, WHAT IS THE PENDING BUSINESS?

THE PRESIDING OFFICER. THE AMENDMENT OF THE SENATOR FROM IDAHO NUMBERED 1147.

MR. MCCLURE. MR. PRESIDENT, I BELIEVE IT HAS BEEN CLEARED ON BOTH SIDES.

MR. HELMS. MR. PRESIDENT, IT HAS INDEED BEEN CLEARED ON THIS SIDE.

THE PRESIDING OFFICER. THE QUESTION IS ON AGREEING TO THE AMENDMENT OF THE SENATOR FROM IDAHO.

THE AMENDMENT (NO. 1147) WAS AGREED TO.

MR. HELMS. MR. PRESIDENT, I MOVE TO RECONSIDER THE VOTE BY WHICH THE AMENDMENT WAS AGREED TO.

MR. ZORINSKY. MR. PRESIDENT, I MOVE TO LAY THAT MOTION ON THE TABLE.

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THE MOTION TO LAY ON THE TABLE WAS AGREED TO.

ROLL:

[ROLLCALL VOTE NO. 334 LEG.]

YEAS -- 36

ABDNOR	ANDREWS	BAUCUS
BENTSEN	BOREN	BUMPERS
BURDICK	BYRD	CHILES
COCHRAN	CRANSTON	DECONCINI
EXON	FORD	GLENN
GRASSLEY	HARKIN	HART
HATFIELD	HAWKINS	HEFLIN
HOLLINGS	INOUYE	JOHNSTON
LEAHY	LONG	MATSUNAGA
MCCLURE	MELCHER	NUNN
PRESSLER	PRYOR	ROCKEFELLER
STENNIS	SYMMS	ZORINSKY

NAYS -- 60

ARMSTRONG	BIDEN	BINGAMAN
BOSCHWITZ	BRADLEY	CHAFEE
COHEN	D'AMATO	DANFORTH
DENTON	DIXON	DODD
DOLE	DOMENICI	DURENBERGER
EAGLETON	EVANS	GARN
GORE	GORTON	GRAMM
HATCH	HECHT	HEINZ
HELMS	HUMPHREY	KASSEBAUM
KASTEN	KENNEDY	KERRY
LAUTENBERG	LAXALT	LEVIN
LUGAR	MATHIAS	MATTINGLY
MCCONNELL	MITCHELL	MOYNIHAN
MURKOWSKI	NICKLES	PACKWOOD
PELL	PROXMIRE	QUAYLE
RIEGLE	ROTH	RUDMAN
SARBANES	SASSER	SIMON

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SIMPSON	SPECTER	STAFFORD
STEVENS	THURMOND	TRIBLE
WALLOP	WARNER	WILSON

NOT VOTING -- 4

EAST	GOLDWATER	METZENBAUM
WEICKER		

[ROLLCALL VOTE NO. 335 LEG.]

YEAS -- 60

ABDNOR	ANDREWS	BAUCUS
BENTSEN	BINGAMAN	BOREN
BOSCHWITZ	BUMPERS	BURDICK
BYRD	CHILES	COCHRAN
CRANSTON	DECONCINI	DENTON
DIXON	DOLE	DURENBERGER
FORD	GARN	GORE
GRAMM	GRASSLEY	HARKIN
HART	HATCH	HATFIELD
HAWKINS	HECHT	HEFLIN
HELMS	HOLLINGS	INOUYE
JOHNSTON	KASSEBAUM	LAXALT
LEVIN	LONG	MATSUNAGA
MATTINGLY	MCCLURE	MCCONNELL
MELCHER	MURKOWSKI	PRESSLER
PRYOR	RIEGLE	ROCKEFELLER
SASSER	SIMON	SIMPSON
STENNIS	STEVENS	SYMMS
THURMOND	TRIBLE	WALLOP
WARNER	WILSON	ZORINSKY

NAYS -- 32

ARMSTRONG	BIDEN	BRADLEY
CHAFEE	COHEN	D'AMATO
DANFORTH	DODD	EAGLETON

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EVANS	GORTON	HUMPHREY
KASTEN	KENNEDY	KERRY
LAUTENBERG	LEAHY	LUGAR
MATHIAS	METZENBAUM	MITCHELL
MOYNIHAN	NICKLES	NUNN
PACKWOOD	PELL	PROXMIRE
QUAYLE	ROTH	RUDMAN
SARBANES	STAFFORD	

ANSWERED "PRESENT" -- 2

EXON	HEINZ
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NOT VOTING -- 6

DOMENICI	EAST	GLENN
GOLDWATER	SPECTER	WEICKER

[ROLLCALL VOTE NO. 336 LEG.]

YEAS -- 50

ANDREWS	ARMSTRONG	BINGAMAN
BOSCHWITZ	BRADLEY	CHAFEE
CHILES	COHEN	D'AMATO
DANFORTH	DOLE	DURENBERGER
EVANS	GARN	GORTON
GRAMM	HATCH	HATFIELD
HAWKINS	HECHT	HEINZ
HELMS	HUMPHREY	KASSEBAUM
KASTEN	LAUTENBERG	LAXALT
LUGAR	MATHIAS	MATTINGLY
MCCLURE	MCCONNELL	METZENBAUM
MOYNIHAN	MURKOWSKI	NICKLES
PACKWOOD	PELL	PROXMIRE
QUAYLE	ROTH	RUDMAN
SIMPSON	STAFFORD	STEVENS
SYMMS	TRIBBLE	WALLOP
WARNER	WILSON	

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NAYS -- 44

ABDNOR	BAUCUS	BENTSEN
BIDEN	BOREN	BUMPERS
BURDICK	BYRD	COCHRAN
CRANSTON	DECONCINI	DENTON
DIXON	DODD	EAGLETON
EXON	FORD	GORE
GRASSLEY	HARKIN	HART
HEFLIN	HOLLINGS	INOUYE
JOHNSTON	KENNEDY	KERRY
LEAHY	LEVIN	LONG
MATSUNAGA	MELCHER	MITCHELL
NUNN	PRESSLER	PRYOR
RIEGLE	ROCKEFELLER	SARBANES
SASSER	SIMON	STENNIS
THURMOND	ZORINSKY	

NOT VOTING -- 6

DOMENICI	EAST	GLENN
GOLDWATER	SPECTER	WEICKER

[ROLLCALL VOTE NO. 337 LEG.]

YEAS -- 36

BAUCUS	BINGAMAN	BOREN
BUMPERS	BURDICK	BYRD
CHILES	DODD	EAGLETON
EXON	FORD	GORE
GRASSLEY	HARKIN	HART
HEFLIN	INOUYE	JOHNSTON
KASTEN	KERRY	LEAHY
LEVIN	LONG	MATSUNAGA
MCCLURE	MELCHER	METZENBAUM
MOYNIHAN	PELL	PRESSLER
PRYOR	RIEGLE	ROCKEFELLER

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SASSER

SIMON

ZORINSKY

NAYS -- 56

ABDNOR
 BENTSEN
 CHAFEE
 CRANSTON
 DECONCINI
 DOLE
 GARN
 HATCH
 HECHT
 HOLLINGS
 LAUTENBERG
 MATHIAS
 MITCHELL
 NUNN
 QUAYLE
 SARBANES
 STENNIS
 THURMOND
 WARNER

ANDREWS
 BOSCHWITZ
 COCHRAN
 D'AMATO
 DENTON
 DURENBERGER
 GORTON
 HATFIELD
 HEINZ
 HUMPHREY
 LAXALT
 MATTINGLY
 MURKOWSKI
 PACKWOOD
 ROTH
 SIMPSON
 STEVENS
 TRIBLE
 WILSON

ARMSTRONG
 BRADLEY
 COHEN
 DANFORTH
 DIXON
 EVANS
 GRAMM
 HAWKINS
 HELMS
 KASSEBAUM
 LUGAR
 MCCONNELL
 NICKLES
 PROXMIRE
 RUDMAN
 STAFFORD
 SYMMS
 WALLOP

NOT VOTING -- 8

BIDEN
 GLENN
 SPECTER

DOMENICI
 GOLDWATER
 WEICKER

EAST
 KENNEDY

[ROLLCALL VOTE NO. 338 LEG.]

YEAS -- 42

ARMSTRONG
 CHAFEE
 DANFORTH
 EVANS
 GRAMM

BOREN
 COCHRAN
 DOLE
 GARN
 HATCH

BOSCHWITZ
 COHEN
 DURENBERGER
 GORTON
 HATFIELD

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HAWKINS	HECHT	HEINZ
HELMS	HUMPHREY	KASSEBAUM
LAXALT	LONG	LUGAR
MATTINGLY	MCCLURE	MCCONNELL
NICKLES	NUNN	PACKWOOD
QUAYLE	ROTH	RUDMAN
SIMPSON	STAFFORD	STEVENS
SYMMS	THURMOND	TRIBLE
WALLOP	WARNER	WILSON

NAYS -- 48

ABDNOR	ANDREWS	BAUCUS
BENTSEN	BINGAMAN	BUMPERS
BURDICK	BYRD	CHILES
CRANSTON	D'AMATO	DECONCINI
DENTON	DIXON	DODD
EAGLETON	EXON	FORD
GORE	GRASSLEY	HARKIN
HART	HEFLIN	HOLLINGS
INOUE	JOHNSTON	KASTEN
KERRY	LAUTENBERG	LEAHY
LEVIN	MATHIAS	MATSUNAGA
MELCHER	METZENBAUM	MITCHELL
MOYNIHAN	PELL	PRESSLER
PROXMIRE	PRYOR	RIEGLE
ROCKEFELLER	SARBANES	SASSER
SIMON	WEICKER	ZORINSKY

NOT VOTING -- 10

BIDEN	BRADLEY	DOMENICI
EAST	GLENN	GOLDWATER
KENNEDY	MURKOWSKI	SPECTER
STENNIS		

SUBJECT: LEGISLATIVE BODIES (90%); MATERNAL & CHILD HEALTH PROGRAMS (79%); SCHOOL MEAL PROGRAMS (79%); NUTRITION (79%); FAMILY (59%); PUBLIC SCHOOLS (59%); APPROPRIATIONS (59%); AGRICULTURAL LAW (59%);