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(Legislative day of Monday, October 28, 1985)

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131 Cong Rec S 14405

REFERENCE: Vol. 131 No. 147

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

SPEAKER: Mr. ABDNOR; Mr. ANDREWS; Mr. BOREN; Mr. BOSCHWITZ; Mr. BUMPERS; Mr. BURDICK; Mr. BYRD; Mr. COCHRAN; Mr. CRANSTON; Mr. DIXON; Mr. DOLE; Mr. DURENBERGER; Mr. EVANS; Mr. EXON; Mr. GORTON; Mr. GRAMM; Mr. GRASSLEY; Mr. HARKIN; Mr. HARKINS; Mr. HEFLIN; Mr. HELMS; Mr. INOUE; Mr. LEAHY; Mr. LONG; Mr. LUGAR; Mr. McCLURE; Mr. MELCHER; Mr. MITCHELL; Mr. PRESIDING OFFICER; Mr. PRESSLER; Mr. PROXMIRE; Mr. PRYOR; Mr. SARBANES; Mr. SIMPSON; Mr. STEVENS; Mr. WILSON; Mr. ZORINSKY

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

The legislative clerk read as follows:

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

The Senate resumed consideration of the bill.

Pending:

(1) Stevens Amendment No. 914, to establish shipment requirements for exports sponsored by the Department of Agriculture.

(2) Cochran Amendment No. 915 (to Amendment No. 914), of a perfecting nature:

(3) Inouye Amendment No. 916, of a perfecting nature.

The PRESIDING OFFICER. The pending amendment is amendment No. 916.

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

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The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HELMS. Mr. President, I am almost tempted to call for third reading, but I will not do that just yet. That might excite some of the brethren and ladies who make up this august body. But here we are at a quarter to 10, and one Senator is on the floor in addition to the distinguished Presiding Officer.

As I count them, we have, at a minimum, 60 amendments to consider. Of course, I am speaking in a hopeful way to those who may be listening on their little squawk boxes in their offices, when I say that we want to move this bill along. We have a pending amendment, and soon we will see a rollcall vote on it.

There is no point in Senators facing the singing of "Jingle Bells" in this Chamber or even "Auld Lang Syne," when we could begin our work on the bill, conclude it, and move on to other things, such as the reconciliation, the debt ceiling, appropriations bills.

So, with all sincerity and friendliness, I do implore all Senators to come to the floor and begin work today on the farm bill.

Mr. President, 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. 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.

The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. What is the pending business?

The PRESIDING OFFICER. The pending business is amendment 916.

Mr. HELMS. Mr. President, I ask unanimous consent that that amendment be laid aside so that the distinguished Senator from Illinois may call up an amendment.

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

The Senator from Illinois is recognized.

Mr. DIXON. Mr. President, and Members of the Senate, as you know, we continue to address the problem of the use of American-flag vessels in connection with the transport of agricultural commodities.

One of the things that some of us feel would help to improve the quality of this legislation is to require that all

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agricultural commodities be shipped according to the lowest landed cost at whatever port might be used.

AMENDMENT NO. 926

Mr. DIXON. At this time, Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Illinois [Mr. Dixon] proposes an amendment numbered 926.

At the end of the pending amendment (No. 916) insert the following new section and renumber succeeding sections accordingly:

"Sec. . The requirement for United States flag transportation imposed by subsection (a) herein shall be subject to the same terms and conditions as provided in section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. subsection 1241(b)) provided that agricultural commodities or the products thereof shall be shipped at the lowest landed cost (as provided in part 1496 of Title 7 of the Code of Federal Regulations)."

Mr. DIXON. Mr. President, the amendment is self-explanatory.

For all in the Senate who would like to see the agricultural products of America shipped at the most reasonable rate, and keeping in mind the impositions that we have -- by our own votes here -- permitted to have placed on the bill by the adoption of a stricter cargo preference rule, I believe that most Senators would think that this amendment is desirable, that it will at least require that the shipping of agricultural products on American bottoms must be at the lowest landed cost.

Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER (Mr. Denton). Is there a sufficient second? There is not a sufficient second.

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

The yeas and nays were ordered.

Mr. DIXON. Mr. President, 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. DIXON. 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. DIXON. Mr. President, with the acquiescence of the distinguished chairman of the Agriculture Committee, I ask unanimous consent that the Inouye amendment be reinstated and that my amendment presently at the desk be considered at this point.

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

Mr. DIXON. Mr. President, I ask for the yeas and nays.

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The PRESIDING OFFICER. The yeas and nays are already ordered.

Mr. COCHRAN. Mr. President, 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. GRASSLEY. 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. GRASSLEY. Mr. President, recently I had an opportunity to read in the papers in my State references to a study put out by, I presume, the Senate Agriculture Committee, because it refers to Chairman Helms in terms of Senator Helms' paper, stating that commercial size farmers last year netted \$35,273, on the average.

I have not had a chance to look at that paper. I do not know, in the continuing debate on the farm bill, the extent to which everyone will have a chance to study it. I do not question its legitimacy at this point. I do not have any reason to think I should ever question the legitimacy of the study.

I just wonder about what it takes into consideration in figuring average income. I think the impression here that people want to leave is that in considering average income of nonfarm families in the United States, that must surely be a pretty good income.

I think we need to take into consideration that the family farm, as a sole proprietorship, does not have the benefit of having before tax deductions of health care and insurance costs, like many of its urban counterpart might have.

There are a few farms that are incorporated and through incorporation pay some of these expenditures. But most family farmers are sole proprietorships and they do not have that benefit.

In the unionized industries, like car manufacturing and farm machinery manufacturing, a lot of fringe benefits are calculated at about 20 to 30 percent of total pay. That is a benefit that the family farmer does not have.

The other thing that I would like to raise question about this figure of \$36,273 relates to whether or not it takes into consideration the low incomes paid for farm laborers, and also what is the definition of farmer in this particular instance.

If it did not take into consideration the return on labor, then, of course, the figure should not be considered very accurate in the sense of its comparison to city dwellers. If, in fact, it does take income into consideration, obviously that income that would be taken into consideration would be a lower income. I think that is something that everybody needs to be aware of.

Second, I think we need to think in terms of longer hours in agriculture labor, particularly the self-employed individual as opposed to somebody who is working by the hour, week, or month. Hourly wages are generally lower in farm income mostly because longer hours are put in, particularly as it relates to livestock producers and dairy producers, who obviously have an obligation 365 days of the year. Farming requires more attention and there is more responsibility. Because of longer hours it seems to me not very fair to compare agriculture with nonagriculture in the sense of length of time put in.

I would suggest that there are a lot of other issues that I am going to address later on in paper form for my colleagues, some statements about the present farm program distributes too many Government subsidies for the farmers; the payments are misdirected or poorly utilized and, therefore, the farm economy has been weakened.

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Also, another accusation about past and present farm programs have resulted in lower net income for farmers and yet direct payments have been greatly increased; therefore, U.S. farm programs have contributed to a weakened farm economy. That is not the case. That is an accusation that we definitely have to address head-on and dispute in the Record.

Another argument is that U.S. farm income is geared to produce for the export market and foreign farmers realize this by undercutting our prices in the marketplace through planning according to our farm programs.

Also, the argument is made that only 30 percent of the value of U.S. products is covered by farm programs, so why have any farm program at all because livestock and perishable commodities, and a lot of other commodities that make up the other 70 or 80 percent, are not covered.

That does not take into consideration the fact that there has been a lot of protection for fruits and vegetables through their control of the marketplace and the marketing orders that they have used.

There are several other issues that in some fashion we are going to be addressing as we deal with most of the issues of the farm bill.

I would appreciate my colleagues' attention to this \$36,273 figure so that they understand the difficult issues that have to be considered when comparing nonfarm income with farm income.

Mr. HELMS. Does the Senator yield the floor?

Mr. GRASSLEY. Yes.

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

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

Mr. HELMS. Yes.

Mr. COCHRAN. Mr. President, we have the Dixon amendment pending. It would be my intention, after Senators who want to be heard on the amendment have spoken, to move to table the Dixon amendment and ask for the yeas and nays so we can have a vote on it. I hope that Senators will continue this morning to support the compromise that has already been approved, in effect, by the Senate.

I do not know of any Senators who want to speak on this particular subject. If there are none, it is my hope that we can get to a motion to table and get to a vote.

I understand the Senator from Alabama wants to be heard. If there are others, I hope their staffs will advise us so we can proceed to a vote on a motion to table the Dixon amendment.

I thank the Chair.

Mr. HEFLIN. Mr. President, my remarks will be very brief on this amendment. As I understand it, the language of least-landed cost referred to in this amendment would result in greater shipments of Public Law 480 commodities from the Great Lakes. I am somewhat concerned about shipment of grains that could occur in other sections of the country. I have an interest in my own State that includes the Port of Mobile and the Tennessee-Tombigbee Waterway that just recently opened. The Corps of Engineers developed cost-benefit ratios for the Tenn-Tom as it was in the inception period and in the planning period. These ratios were revised as Congress began making appropriations for the waterway construction. The basis of those cost-benefit ratio figures was to show that investment of Federal money into the Tennessee-Tombigbee Waterway would result in benefits in excess of costs to the region.

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Primarily, the two elements that were involved in the Tennessee Tombigbee cost-benefit ratio studies were coal and grain. This amendment, Mr. President would in effect, declare that all of the Public Law 480 commerce would have to originate from the Great Lakes ports. It would prohibit grain shipments from passing through the Tennessee-Tombigbee Waterway, and could cause serious consequences to the development of this waterway, that America has spent many resources constructing, and which I think will end up being highly beneficial to the Nation as a whole.

There were many other cargo considerations beyond coal and grain that went into the cost-benefit ratio study figures, but these are the primary two products considered. To reroute the Public Law 480 shipments of grain to another country and to prohibit origination on the waterway or from the Port of Mobile, I think it would have a disastrous effect during this early, really embryonic period of the Tennessee Tombigbee Waterway development. I think it is something that we should be cautious about.

I merely wanted to bring that to the attention of Members of the Senate.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I would like to make a few remarks regarding the Dixon amendment.

It requires shipments under title II of the Public Law 480 program to be booked at "lowest landed cost." In addition, the amendment would impose a limitation on freight rates for U.S. vessels participating in cargo preference shipments, which would be tied, not to U.S. vessel owners' costs of doing business, but to foreign-flag freight rates. Senator Dixon's amendment should be rejected.

Both components of the amendment have already been debated and decisively rejected by the Senate in connection with an earlier amendment offered by Senator Dixon and a separate amendment offered by Senator Boschwitz. There is no occasion for the Senate to revisit these issues, particularly given the urgency of the need to complete work on the overall farm bill.

The amendment seeks to confer special protection on Great Lakes ports, at the expense of east coast, west coast, and gulf ports. It would seriously distort the competitive environment that has historically allowed all four port ranges to grow and prosper. The Senate should reject amendments that only serve to engage its members in a divisive debate.

The Cochran compromise between agriculture and maritime adequately protects the Great Lakes. The compromise, already approved by a wide margin, directs the Secretary of Transportation to administer the cargo preference laws so as to preserve, to the greatest extent practicable, each port range's historic share of agricultural preference cargoes. This authority is adequate to prevent any real hardship to the lakes. There is no need for rigid provisions that tie the hands of the agencies involved in arranging for shipment of our food relief exports.

A strict requirement to book shipments on a cost basis will not benefit the lakes. Any meaningful cost determination must include not only the cost of purchasing agricultural commodities and the freight rates for shipment, but also the time required for shipment. Shipment through the St. Lawrence Seaway significantly adds to the time required to ship agricultural commodities abroad, so that Great Lakes ports might actually be disadvantaged by a lowest landed cost requirement.

Support for our merchant marine should not be tied to foreign shipment rates. U.S. vessels participating in cargo preference shipments are required to offer fair and reasonable rates for U.S. vessels. This standard allows the Maritime Administration to take into account the actual costs of doing business in the United States, in compliance with our health and safety regulations and based on a reasonable wage rate for our seamen. Foreign competition is characterized by heavy government subsidization of shipping, less stringent health and safety standards, and very low wage rates. No other subsidy program, including the Farm Support Program, is tied to the prices charged by foreign competition, and

the Senate should not single the maritime industry out for such unreasonable treatment.

The amendment the Senator has offered this morning can be referred to as the lowest landed cost amendment. What he is saying is that shipments of U.S. grain should be transported in ships that operate at the lowest possible cost. This would undermine cargo preference, even under current law, because the ships chosen would not have to be U.S. ships. They could be ships under any flag, as I understand the amendment.

Mr. DIXON. Mr. President, will my colleague yield?

Mr. COCHRAN. I am happy to yield?

Mr. DIXON. May I say to my colleague from Mississippi that my understanding of the amendment -- on the basis of everything I have been advised -- is that it only applies to American bottoms within the purview of the Merchant Marine Act. So while I do not want to interrupt a friend and colleague in the course of his speech, I would assert that the lowest landed cost requirement only pertains to American bottoms.

Mr. COCHRAN. Mr. President, I thank the Senator for his comments. The fact of the matter is that, on the Great Lakes, there are essentially no American bottoms available. Only one line -- the Lykes line -- has any ships available, so basically there are only foreign ships operating on the Great Lakes. To impose this requirement would, in effect, set aside the law about preference for U.S.-flag vessels.

This is another attempt, Mr. President, to unravel the compromise that is before the Senate. If this amendment were agreed to, even though it might sound attractive and fair on the surface, it would jeopardize the effort that we are making to settle this dispute. It would undermine the effort to put an end to the controversy that has historically existed between these two major and important industries in America, the maritime industry and the agriculture industry. Both are so important. Both are confronted with very serious challenges today to be competitive, and to survive in a world that is growing more and more difficult in terms of our ability to operate economically and to claim market share around the world.

Today we see estimates of U.S. exports dropping continually, from a high just a few years ago of over \$40 billion for agriculture to an estimated value this year of only \$32 billion. This is a problem, Mr. President. It is a problem for agriculture, for the American farmers, and for the maritime industry. The Senator from Illinois has figures showing the tonnage that has been transported out of Great Lakes ports over the past 5 years. In 1979 and 1980, we were in a growth era. Tonnage was going up. But then, in 1982, we saw a sharp decline.

That is not something that is peculiar to the Great Lakes; it is a problem of the entire American effort to export agricultural commodities. We are in a downward trend. That is what we are trying to put a stop to. We are trying to become more competitive for the benefit of American agriculture, for the U.S. economy, and for our maritime industry. That is why we are urging that this compromise be accepted and that the amendments -- the efforts to unravel it, or to undermine it -- be rejected.

Mr. President, again, that is what the Dixon amendment attempts to do. I admire the Senator's imagination, his hard work, his diligence, and his initiative; nonetheless, I have to urge that we reject this amendment.

Mr. President, I know of no other Senators who want to be heard on this subject. I am prepared to try to answer any questions that any may have on this subject, but at the appropriate time, it is my intention to move to lay the amendment on the table and to ask for the yeas and nays. I yield the floor at this point.

Mr. HELMS. Mr. President, I can think of no more appropriate time to do it. I suggest that the Senator proceed.

Mr. COCHRAN. Mr. President, I move to lay the Dixon amendment on the table. I ask for the yeas and nays.

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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 to lay the amendment of the Senator from Illinois on the table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. Biden] and the Senator from Georgia [Mr. Nunn] are necessarily absent.

The PRESIDING OFFICER (Mr. Kasten). Are there any other Senators in the Chamber desiring to vote?

The result was announced -- yeas 71, nays 27, as follows:

(See Rollcall Vote No. 263 Leg. in the ROLL segment.)

So the motion to lay on the table the amendment (No. 926) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the motion to lay on the table 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.

AMENDMENT NO. 927

(Purpose: To provide for cost efficiency in the shipment of United States Government cargoes, to establish the Great Lakes and Saint Lawrence Seaway Advisory Council, and for other purposes)

Mr. DIXON. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Illinois [Mr. Dixon] proposes an amendment numbered 927.

Mr. DIXON. Mr. President, if I may have the attention of the Senate, this is a lengthy amendment and a very good one. As the amendment is read, I wish my colleagues would listen to the entire reading of the amendment because it is very informative.

Will the clerk read the amendment.

Mr. BUMPERS. Mr. President, is it in order for me to ask a question of the Senator from Illinois prior to the reading of the amendment?

The PRESIDING OFFICER. The regular order is the reading of the amendment.

Unanimous consent would have to be required to change that sequence.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

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The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Can the Chair tell us about how long that is going to take? Maybe the sponsor of the amendment can tell us.

Mr. DIXON. Probably 15 minutes.

The PRESIDING OFFICER. The amendment is 15 pages long.

The clerk will read the amendment.

The legislative clerk read as follows:

At the end of the pending amendment, insert the following new sections and renumber succeeding sections accordingly:

TITLE II -- COST EFFICIENCY IN THE SHIPMENT OF UNITED STATES GOVERNMENT CARGOES

FINDINGS

Sec. . The Congress finds that --

(1) it is in the best interests of the United States to maintain a strong merchant marine fleet for the efficient transport of United States Government cargo;

(2) it is in the best interests of the United States to ensure fair and reasonable participation for all four port ranges in the movement of United States Government impelled cargo; and

(3) such cargo should be shipped in the most efficient manner, at the lowest cost to the United States Government, which is not inconsistent with the provisions of section 901(b) of the Merchant Marine Act of 1936 (46 U.S.C. 1241(b)), the joint resolution entitled "Joint Resolution Requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products", approved March 26, 1934 (46 U.S.C. 1241-1), section 603 of the Foreign Assistance Act of 1961 (22 U.S.C. 2353), and section 2631 of title 10, United States Code (commonly known as the cargo preference laws).

DEFINITIONS

Sec. . For purposes of this title --

(1) the term "least cost to the United States" means the lowest expense to the United States Government determined by calculating the total cost of a commodity and all related transport costs, including but not limited to inland freight, ocean freight, wharfage, dockage, terminal transfer, stevedoring charges, freight forwarding, customs brokers, and freight differential charges; and

(2) the term "lowest landed cost" means --

(A) in the case of export cargo, all costs associated with the procurement and transportation of cargo from the United States to the port of entry abroad; and

(B) in the case of import cargo, the cost of transporting the cargo from the originating port abroad to the point of final destination in the United States.

SHIPMENT OF UNITED STATES GOVERNMENT CARGO AT LOWEST COST

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Sec. . (a) Any agency of the United States that ships, generates, finances, or otherwise impels United States Government cargo shall ship such cargo at the lowest cost to the United States. Such cargo shall be shipped at --

(1) the least cost to the United States if such cargo is --

(A) an agricultural commodity that --

(i) the sale and exportation of which is fully paid by the Commodity Credit Corporation; and

(ii) is exported under an agreement with a foreign nation pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954;

(B)(i) shipped, generated, financed, or otherwise impelled by the Department of Defense; and

(ii) is not cargo shipped at the lowest landed cost pursuant to paragraph (2)(B);

(C) a commodity shipped pursuant to an agreement financed by the Export-Import Bank of the United States;

(D) a commodity shipped pursuant to chapter 4 of part II of the Foreign Assistance Act of 1961 pursuant to an agreement financed under the Commodity Import Program, or any other export generating program administered by the Agency for International Development; or

(E) any other United States Government cargo, except a cargo shipped at the lowest landed cost pursuant to paragraph (2); and

(2) the lowest landed cost to the United States if such cargo is --

(A) an agricultural commodity that --

(i) the sale or donation of which, including freight and associated expenses, is financed by the Commodity Credit Corporation; and

(ii) is exported as assistance or a donation pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954; or

(B) shipped, generated, financed, or otherwise impelled by the Department of Defense and such Department pays all expenses associated with such cargo.

(b) Nothing in the provisions of subsection (a) shall be construed to supercede, or applied inconsistently with the provisions of --

(1) section 901(b) of the Merchant Marine Act of 1936 (46 U.S.C. 1241(b));

(2) the joint resolution entitled "Joint Resolution Requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products", approved March 26, 1934 (46 U.S.C. 1241-1);

(3) section 2631 of title 10, United States Code; or

(4) section 603 of the Foreign Assistance Act of 1961 (22 U.S.C. 2353).

PROMPT PAYMENT TO UNITED STATES SHIPPING INTEREST FOR THE SHIPMENT OF UNITED STATES GOVERNMENT CARGO

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Sec. . (a) Any agency of the United States that contracts with a foreign entity for the sale or transfer of United States Government cargo shall include as a term of such contract a provision for --

(1) the prompt payment within thirty days of any cost incurred by a United States shipping interest; and

(2) a late charge or interest penalty based on the principal amount owed, if such prompt payment provision is breached.

(b) If a foreign entity breaches a prompt payment provision of such contract made pursuant to subsection (a)(1), the affected United States shipping interest may petition the Federal agency that negotiated the contract to take action regarding payment. If such foreign entity has not made such payment within thirty days after the filing of the petition, the agency, in cooperation with the affected shipping interest, shall file suit in the appropriate Federal district court for the recovery of such payment and the late charge or interest penalty for late payment.

(c)(1) If the prompt payment provision included as a term of a contract pursuant to subsection (a)(1) provides that a Federal agency shall make such payment to a United States shipping interest and such agency breaches such provision, such shipping interest aggrieved by nonpayment may --

(A) file a petition for such payment and the amount of the late charge or interest penalty included in such contract pursuant to subsection (a)(2); and

(B) after thirty days from the date of filing of a petition under subparagraph (A), file suit in the appropriate Federal district court for recovery of such payment and the late charge or interest penalty.

(2) If the district court determines that the United States agency is liable in any suit filed pursuant to subparagraph (B) of paragraph (1), the court may award to the shipping interest an amount equal to three times the late charge or interest penalty in addition to the principal amount owed and the late charge or interest penalty.

(d) For the purposes of this section the term --

(1) "foreign entity" means any foreign nation, agent of a foreign nation, or foreign person; and

(2) "United States shipping interest" means any person or business concern of the United States involved in the transport of such cargo, including but not limited to port authorities, stevedoring companies, producers and processors, ship owners, and inland freight companies.

EFFICIENT USE OF THE UNITED STATES MERCHANT MARINE FLEET

Sec. . (a) Any Federal agency shipping United States Government cargo shall solicit bids from any ship operator for the transport of United States Government cargo over a route which is not serviced by such ship operator if --

(1)(A) there is no ship operator using United States-flag vessels that services such route; or

(B) any ship operator using United States-flag vessels that services such route is unable or unwilling to transport such cargo;

(2) such cargo would be transported in United States-flag vessels; and

(3) the transport of such cargo shall result in the lowest cost to the United States pursuant to section 203.

(b) Notwithstanding any other provision of law, any United States-flag vessel constructed in the United States may transport United States Government cargo on any route if such transport --

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- (1) is the first voyage of such vessel; and
- (2) shall result in the lowest cost to the United States pursuant to section 203.

REPORT TO CONGRESS

Sec. . Within twenty-four months after the date of enactment of this Act, the General Accounting Office shall review the compliance of all Federal agencies with the provisions of this title and report the findings and recommendations from such review to Congress.

TITLE III -- THE GREAT LAKES AND SAINT LAWRENCE SEAWAY ADVISORY COUNCIL

FINDINGS

Sec. . The Congress finds that it is in the long-term economic interests of the Nation to develop a coordinated economic revitalization strategy for shipping activities on the Great Lakes, the connecting channels, and the Saint Lawrence Seaway (commonly known as the fourth seacoast of the United States) in order to increase exports from the Great Lakes region and favorably affect the United States balance of trade.

COUNCIL ESTABLISHED

Sec. . (a) There is hereby established a council to be known as the Great Lakes Saint Lawrence Seaway Advisory Council (hereinafter referred to as the "Council").

- (b) The Council shall be composed of twelve members which shall include --
 - (1) the Secretary of Commerce, or his designee, who shall chair the Council;
 - (2) the Secretary of Transportation, or his designee;
 - (3) the Secretary of Agriculture, or his designee;
 - (4) the Assistant Secretary of the Army for Civil Works;
 - (5) the Administrator of the Saint Lawrence Seaway Development Corporation or his designee;
 - (6) the Administrator of the environmental Protection Agency, or his designee;
 - (7) the Chairman of the Council of Great Lakes Governors; and
 - (8) five members of the transportation industry, appointed by the Chairman from nominations by the industry of whom --
 - (A) two shall represent ports on the Great Lakes, of whom --
 - (i) one shall represent ports on Lakes Michigan and Superior; and
 - (ii) one shall represent ports on Lakes Huron, Erie, and Ontario and connecting channels;
 - (B) one shall represent operators of ocean going United States-flag vessels;
 - (C) one shall represent operators of ocean going foreign-flag vessels; and
 - (D) one shall represent maritime unions active on the Great Lakes.

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(c) Members of the Council shall serve until the expiration of the Council.

(d) Seven members of the Council shall constitute a quorum but a lesser number may hold hearings.

(e) The Council shall meet at the call of the Chairman or a majority of its members.

FUNCTIONS OF THE COUNCIL

Sec. . (a) The Council shall make a complete study of the means to develop and implement a comprehensive economic strategy to improve the capacity of the Great Lakes region to market and transport commodities in a timely manner and to maximize the efficiency and benefits of market products produced in the Great Lakes region and products shipped through the Great Lakes Saint Lawrence Seaway system. The strategy shall include --

(1) methods to improve and promote both bulk and general cargo overseas trade through Great Lakes ports;

(2) methods to accelerate the movement of grains and other agricultural commodities through the Great Lakes;

(3) methods, materials, and programs to promote trade from the Great Lakes region and through Great Lakes ports, particularly with European, Mediterranean, African, Caribbean, Central American, and South American nations;

(4) methods to increase the overseas routing of cargoes owned, financed, and sponsored by the Government of the United States through Great Lakes ports; and

(5) methods to encourage United States-flag vessels to engage in international trade from the Great Lakes.

(b) In developing the strategy, the Council shall conduct and consider the results of --

(1) an analysis of the constraints on overseas shipments of agricultural products through the Seaway resulting from marketing problems caused by --

(A) a late harvest season;

(B) the need for additional storage capacity;

(C) the loss of grain shipment from Great Lakes ports due to diversion by rail to Canadian or United States tidewater ports; and

(D) other constraints identified by agricultural interests;

(2) an analysis of --

(A) the types and quantities of export cargoes produced in the Midwest and North Central region that are owned, financed, and sponsored by the Government of the United States;

(B) the constraints on the shipment of such cargoes through the Great Lakes and Saint Lawrence Seaway system; and

(C) administrative and statutory changes that could achieve increased shipments of such cargoes through Great Lakes ports; and

(3) an analysis of --

(A) the effectiveness of ongoing promotional programs by Federal, regional, State, and local agencies directed at attracting shippers to the Great Lakes and Saint Lawrence Seaway system; and

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(B) recommendations on types of promotional programs to enhance the image and awareness of the Great Lakes and Saint Lawrence Seaway system by importers and exporters in the United States and overseas.

(c) No later than September 30, 1987, the Council shall transmit to the President and to each House of the Congress a report stating the strategy developed under this section and the results of each analysis conducted under this section. Such report shall contain a detailed statement of the findings and conclusions of the Council together with its recommendations for such legislative and administrative actions as it considers appropriate to carry out such strategy and to assure maximum economic benefits to the Great Lakes region.

(d) The Council shall cease to exist one-hundred and eighty days after submitting its report pursuant to subsection (c).

POWERS AND ADMINISTRATIVE PROVISIONS

Sec. . (a) The Council may, for the purpose of carrying out the provisions of this title, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Council considers appropriate.

(b) Subject to such rules as may be adopted by the Council, the Chairman, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 of subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, is authorized --

(1) to appoint and fix the compensation of such staff personnel as he deems necessary, including an executive director who may be compensated at a rate not in excess of that provided for level V of the Executive Schedule in title 5, United States Code, and

(2) to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(c) Each department, agency, and instrumentality of the executive branch of the Federal Government, including independent agencies, is authorized and directed to furnish to the Council, upon request made by the Chairman, such information as the Council deems necessary to carry out its functions.

(d) Upon request of the Council, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Council to assist the Council in carrying out its duties.

(e) The Administrator of General Services shall provide to the Council on a reimbursable basis such administrative support services as the Council may request.

(f) The Council may use the United States mail in the same manner and under the same conditions as other departments and agencies of the United States.

(g) Any member or agent of the Council may, if so authorized by the Council, take any action which the Council is authorized to take by this section.

COMPENSATION OF MEMBERS

Sec. . Members of the Council shall serve without compensation, but shall be reimbursed for travel or transportation expenses under subchapter I of chapter 57 of title 5, United States Code, while away from home or a regular place of business and engaged in the actual performance of duties vested in the Council.

AUTHORIZATION OF APPROPRIATIONS

Sec. . There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this

title.

Mr. DIXON. Mr. President, I again think that we have been engaged in a sort of forceful way, for most of yesterday and all of this morning, in a dispute concerning cargo preference which everyone in the Senate understands very well. I would want to say once again that I have the highest regard and the deepest personal affection for the Senator from Mississippi. I do not think I need to say again that anything in the course of this discussion in any way reflects upon his purpose. We simply have a difference of opinion about whether the public is best served by this amendment or not.

So obviously it is necessary for me to pursue the goal of persuading my colleagues -- who are all reasonable people -- that a better disposition of this problem is in order.

Mr. President, I want to congratulate the clerk. This was a long amendment, 15 pages. I followed him closely. He read it flawlessly. His elocution was excellent. I want him to know that I enjoyed every golden minute of his presentation of this amendment. I want the record to know that he did it without a single error.

I do not think any colleague will find any fault with this amendment. This amendment, incidentally, has been cleared with the maritime industry on past occasions. It is, I think, an amendment that serves the interest of the public generally, and is well-intentioned.

Title II simply says, first of all, that it is in the best interests of the United States to maintain a strong merchant marine fleet. I think we all agree about that. I believe that the advocates of the point of view presented so eloquently by my distinguished friend from Mississippi -- and I particularly would want to say that there have been contributions by the Senators from Alaska, Hawaii, and others -- have all said this is to give us a strong merchant marine fleet. We acknowledge that is the first purpose in this amendment.

Then we say:

It is in the best interests of the United States to ensure fair and reasonable participation for all four port ranges in the movement of United States Government impelled cargo.

I would argue that nobody would question that. In the broadest sense there are four port ranges in the country -- the west, the east, the gulf, and Great Lakes. My friend from California, the distinguished junior Senator from California, made some remarks last night. The Senator is interested in the west coast ports. My distinguished friend, I think a giant of this body who will soon be leaving us by his own decision, the distinguished senior Senator from Louisiana, spoke eloquently last night. He is interested in the gulf coast ports. Obviously, many of us here are interested in the east coast ports. Many are also interested in the Great Lakes ports.

But who would question this language?

It is in the best interests of the United States to ensure fair and reasonable participation for all four port ranges in the movement of United States Government impelled cargo.

Mr. President, the Presiding Officer is from the Great Lakes area. The Senator is a fair man. I know he wants to see fairness in this bill for all the ports of the country, not just for the Great Lakes -- for all the ports of the country. That is what this Senator wants.

So we express that at the beginning so our friends here, wherever they come from in the country, will know that we are not trying to take something from them at all. We are trying to share fairly, equitably, and reasonably with all parts of the country.

I hope every Senator in his office has set aside other business to listen to the reading of the amendment, and now are listening to the explanation of the amendment because it occurs to me that if everybody knows what is in this

amendment it should pass unanimously.

Here is a third provision. I do not think anybody would argue with this. It says "Cargo should be shipped in the most efficient manner." Who would argue about that? Cargo ought to be shipped in the most efficient manner. It speaks for itself. Then the amendment goes on to say cargo ought to be shipped at the "lowest cost to the U.S. Government." I think we all agree with that. Why should the Government not ship at the lowest cost? But we go on to qualify that by saying "which is not inconsistent with the provisions of the Merchant Marine Act of 1936." The joint resolution entitled "joint resolution requiring agricultural or other products to be shipped in vessels of the United States" approved in 1934, and also we say -- and listen to this, may I say to my friend from Mississippi, in lines 18, 19, and 20 on page 2 -- "and section 2631 of title 10, United States Code, commonly known as the cargo preference laws." So we want them to apply in connection with this provision.

Then we clarify what we have done in the beginning of the bill. I think to elucidate what is being done, to simplify it so that every person can understand it, is significantly important. There cannot be any difference of opinion.

We define what least cost to the United States really is. Up at the desk, some people asked, "What does this mean?"

Here is what it means: "the term 'least cost to the United States' means the lowest expense to the U.S. Government determined by calculating the total cost of a commodity and all related transport costs, including but not limited to inland freight, ocean freight, wharfage, dockage, terminal transfer, stevedoring charges, freight forwarding, customs brokers, and freight differential charges."

On that last amendment, several came up to me and asked, "What does the term lowest landed cost mean?"

That was in the prior amendment which was just rejected by the Senate. We define that here.

In the case of export cargo, all costs associated with the procurement and transportation of cargo from the United States to the port of entry abroad; in the case of import cargo, the cost of transporting the cargo from the originating port abroad to the point of final destination in the United States.

I think that clearly defines what we are attempting to do in this bill.

We then say that any agency of the United States that wants to ship shall ship such cargo at the lowest cost to the United States.

We define how we mean that with respect to the variety of cargos as follows:

The least cost to the United States of such cargo is an agricultural commodity that the sale and exportation of which is fully paid by the CCC; and is exported under agreement with a foreign nation pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954.

We go on to define at great length how you make that determination with respect to agricultural products.

Then on page 5 we assure prompt payment to United States shipping interests. I think that should please shipping interests, who, after all, are in business to make a profit.

We assure that there will be prompt payment and we give them the right to go into the Federal district court for recovery of such payment, for interest and penalties.

Then on page 7 we talk about the efficient use of our U.S. merchant marine fleet, saying that, "Any Federal agency shipping U.S. Government cargo shall solicit bids from any ship operator for the transport of U.S. Government cargo over a route which is not serviced by such operator," and then give the qualifying reasons why we do it.

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Then on page 8 we require a report to the Congress. We say that "24 months after the date of enactment of this act, the General Accounting Office shall review the compliance" with the act. We set up a Great Lakes and St. Lawrence Seaway Advisory Council, which is a council that serves without pay, made up of 12 members. I think no one would argue with the composition: the Secretary of Commerce, the Secretary of Transportation, the Secretary of Agriculture, the Assistant Secretary of the Army for Civil Works, the Administrator of the St. Lawrence Seaway, the Administrator of the Environmental Protection Agency, the chairman of the Council of Great Lakes Governors, five members of the transportation industry, and so on.

Then on page 10 we set forth the functions of the Council, telling what the Council's responsibility will be.

Then on page 13 we set forth the powers and administrative provisions of the Council. We provide that the members shall serve without compensation so that those who serve on this Council do so without pay and in the public interest.

I would say in all sincerity, though I doubt that the rollcall will reflect this, that if every Member would read this amendment and understand the consequences of it, there would not be a single vote against this amendment. It is a good amendment, carefully crafted, in the interest of the Government and in the interest of the American taxpayer. It honors the Merchant Marine Act. It has been cleared, as I understand it, with the merchant marine industry generally. It accomplishes a very unique and important service in guaranteeing the use of reasonable prices for the shipment of these products.

I am very hopeful that as this debate continues on this amendment, my dear friend from Mississippi might surprise me by indicating that upon careful reflection, having heard the reading of it by the clerk and the explanation of it by this Senator, he will be persuaded to the intelligence of my position. I wonder if that is a possibility.

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

Mr. DIXON. I am delighted to yield.

Mr. COCHRAN. Mr. President, I congratulate the Senator on his effort to attract attention to the fact that there are some Senators who are not pleased with the provisions of this compromise insofar as they relate to the shipments out of the Great Lakes region. I wish he could be pleased, and I wish others who have expressed their concerns about the Great Lakes area could be persuaded that this bill does reflect a sensitivity to those concerns.

The compromise provides for the creation of an advisory commission to address these concerns. The commission would study this problem, come up with answers to questions that have been raised about why the tonnage is decreasing in the Great Lakes ports, outline how changes can be made in laws and procedures to provide fair and equitable allocation of Government-financed shipping, and show how the Great Lakes area could benefit from an allocation that would be more fair and equitable.

These are concerns that we understand. We know they exist. I congratulate the Senator for bringing these to the attention of the Senate.

We have had these expressed through the offering of several amendments now. We have had votes on those amendments, or at least votes on motions to table those amendments. Consistently, a substantial majority of the Senate has spoken that this compromise is the best we can do right now. To adopt preferential language -- language that actually would prefer Great Lakes ports over east coast, gulf coast, or west coast ports -- is not appropriate.

I am afraid that, in spite of the nice language we have heard read so accurately by the clerk and described with such eloquence by the distinguished Senator from Illinois, this is another amendment that is really more of the same. The operative language in this amendment is "lowest landed cost," and we just voted on that. Senators just voted to table an amendment that would require the shipping of U.S. agricultural commodities on the basis of lowest landed cost. That

undermines and can disregard even the provisions of current law with respect to cargo preference.

It would do violence to the maritime industry, it would not help our beleaguered farmers, and it would have serious consequences to our merchant marine.

The amendment attempts to benefit the Great Lakes at the expense of the other three seacoasts. The Great Lakes are already adequately protected by the formation of the advisory commission that is part of the language of the compromise amendment. The compromise also directs the Secretary of Transportation to administer this program so that the historic trading patterns and movement over port ranges are taken into account.

That is about all we can do right now, Mr. President. Everybody would like to have more shipping out of their ports. We would like to have more from the Mississippi River ports in Mississippi. But there are some practical problems that we run into sometimes that we cannot legislate away.

I know that the Saint Lawrence Seaway is an impediment insofar as the large modern ships are concerned. They cannot get in there to service a lot of those Great Lakes ports. The locks are narrow in some cases. I can recall, I might say to my friend from Illinois, that when I was in the Navy, the ship I was on, the U.S.S. MACON, took an inland seas cruise. I was not aboard for that cruise, but I recall the events surrounding the cruise. The H.M.S. BRITANNIA was on that cruise and they made calls at the Great Lakes ports. I recall when the ship came back and was home ported at Charlestown Naval Shipyard in Boston. We had to put it in the yard for repairs because the screw guards were bent and damaged in those narrow locks.

This was a heavy cruiser. I have forgotten the exact beam of that ship, but it was much less than the beams of ships in our modern merchant marine fleet. That is the problem.

It is the same problem that we had at Natchez, MS; Vicksburg, MS; and Greenville, MS, when the bridge was constructed over the Mississippi River at Baton Rouge. The bridge was so low that oceangoing vessels could not get under it. They could not put in any longer at Natchez, Vicksburg, or Greenville. Those ports dried up.

Some give credit to Gov. Huey Long for constructing that bridge at that level so the large, oceangoing ships had to stop at Baton Rouge. They could not go any farther. Baton Rouge is unique as a Mississippi port because it is not located at a point where the river is the boundary of both Louisiana and Mississippi; on both sides of the river at Baton Rouge, you have Louisiana. This is not the case at Natchez, where you have Vidalia, LA, on one side and Natchez, MS, on the other. To construct a bridge there, you would have to have the cooperation of both State governments. But at Baton Rouge, in those days, we witnessed the construction of a bridge that was so low that ships of a certain size were not able to get north of that point. As a result, Baton Rouge flourished as a port and so did New Orleans, and we have seen the consequences.

Of course, there are now container barges available, and we have seen ports recreated on the Mississippi north of Baton Rouge. These ports are doing business once again. Just recently, within the time I have served in Congress, the port at Natchez has been reconstructed with the help of an EDA grant and initiative from local business leaders. We have had a new port constructed at Rosedale, MS, just north of Greenville.

The point I am making is that some of the great Lakes ports have a similar problem. There is an impediment to the servicing of those ports.

I am not saying that that is the only problem the Great Lakes have. We have recognized that there are some legitimate concerns. We understand the problems the Senator from Illinois has. We are trying to address these concerns in the compromise. We think the language of the compromise addresses these in a sensitive way. The Senate has said that it believes so, too, by a 70-to-30 vote. Last night, by 71 votes to 22 votes, and here again this morning, by a similar margin, the Senate has spoken on this issue.

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I hope the Senator will accept the decision of the Senate and let us move on to the consideration of the other provisions of the farm bill. I do not want to suggest that the Senator is intentionally delaying the progress of the Senate on the farm bill. He represents a great farming region. He has been an active member of the Committee on Agriculture in the development of this important legislation. He and I have worked closely together on amendments in the Agriculture Committee and I have the highest regard for him. I respect him. I have a great deal of affection for him as a person. He has done a great job in the Senate in advancing the concerns that he has with respect to the cargo preference provisions that relate to the Great Lakes interests.

However, we have voted on that, Mr. President. We have voted on that five times now. I wonder how many more times we have to vote on it. The Senator can answer that; I cannot. I hope that this time, when we vote on the motion to lay the Senator's amendment on the table, that this will be the last amendment we will have on this subject.

Mr. President, it is not my intention to cut off the debate. If any other Senators want to speak out on this issue or ask questions, I certainly hope they will come to the floor and we can conclude the debate on this amendment of the Senator from Illinois. I shall move to table and get the yeas and nays so the Senator can have another vote on this issue, but I hope this will be the last vote on this issue so we can move along to other provisions of the bill.

Mr. DIXON. Mr. President, I think the subject has been fairly thoroughly examined. I thank my colleague from Mississippi for expressing his views about it. I ask for the yeas and nays, Mr. President.

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

The yeas and nays were ordered.

Mr. COCHRAN. Mr. President, I move to lay the amendment of the Senator from Illinois on the table, and I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi to lay the amendment of the Senator from Illinois on the table. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

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

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 70, nays 29, as follows:

(See Rollcall Vote No. 264 Leg. in the ROLL segment.)

So the motion to lay on the table the amendment (No. 927) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. 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, we have been discussing cargo preference here now for about 24 hours -- maybe not that

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much in the Chamber -- and I understand there continue to be amendments offered until there is some "compromise" but no one is working on the compromise. So I do not know how we can work out a compromise if we have a continuous stream of amendments.

So I have suggested to my staff that perhaps they could get together with the staff of the Senator from Illinois, the Senator from Minnesota, and the Senator from Mississippi, if we can be of assistance, because there are still 60 amendments remaining on the farm bill. I do not think all of those will be offered. But there is an outside chance we could finish the bill this week and that would help our whole calendar for the remainder of the year.

Hopefully after this next amendment we will have maybe something we can compromise on or move on to payment limitations or 1-year target price freeze, or some other portion.

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

Mr. DOLE. I am happy to yield.

Mr. DIXON. Mr. President, I am advised that the staff of my office and the staff of the office of the Senator from Minnesota have given to the staff of the distinguished Senator from Mississippi compromise language that I am advised was satisfactory to the staff people of the Senator from Mississippi but that others present in the Chamber or elsewhere are not pleased with that language.

I do not know how many other people have to play, and they are welcome to. I do not want to misrepresent what the facts are here, but I had just been told that language we agreed upon, those of us on both sides who are concerned about a compromise, and been given to the staff of the Senator from Mississippi, was found to be satisfactory.

I say to the majority leader that anything that my colleague on the Senator's side, the Senator from Minnesota, will agree to is satisfactory to the Senator from Illinois. We have crafted language that I thought was reasonable. A report came back that the staff of the manager at least thought it was reasonable but others apparently do not.

I do not want to be difficult about this, but I am willing to agree in a reasonable way with reasonable terminology.

I have another amendment at the desk I am prepared to call up, and it is a very good amendment. I am hopeful about it.

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

Mr. DOLE. Mr. President, let me respond. I understand the Senator from Minnesota, Senator Boschwitz, is trying to locate staff members.

Mr. DIXON. He is in the Chamber now, I say to the majority leader. I spoke with him a moment ago. Our staff is working and met with them. We are making a conscientious effort to accommodate the differing points of view.

Mr. DOLE. Mr. President, the only point I will make is we have agreed with the chairman and ranking Democrat on the Budget Committee, Senator Domenici and Senator Chiles, if they can bring reconciliation back we will interrupt the farm bill, and also there is some hope that we might have the debt ceiling back here tomorrow or the next day and that would interrupt the farm bill.

So I am just suggesting. I do not find any fault with anyone. I am just suggesting if we could resolve this, it would permit us to move on to the other issues in the farm bill, and I do not quarrel with anyone who is trying to work out a compromise.

So we will try to do what we can to facilitate it.

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Mr. DIXON. Mr. President, as long as I can make it clear to the majority leader I am not on this side doing this for fun, I want to do so. Each time we have a rollcall I address my personal friend over there and let him know I am ready for a compromise. We have crafted language we thought was good. I am ready to adopt it when the Senator from Mississippi can accept it.

Mr. PROXMIRE. Mr. President, will the majority leader yield for a minute on that?

Mr. DOLE. I yield.

Mr. PROXMIRE. Mr. President, I point out that the Senators from Illinois and Minnesota are on the committee. They have been making a fight for many of us. We feel very strongly about this.

This is something that is devastating to our States, absolutely devastating. We could lose two-thirds of our port traffic. It will have an adverse effect on our economy and our employment in our States.

This is something of greatest importance. So it is vital that we work out some kind of a compromise.

We recognize we cannot get what we want. But we want some equitable settlement.

I think the Senator from Mississippi is a very reasonable man. All we want is a compromise.

Mr. COCHRAN. Mr. President, let me say in response to the comments of the distinguished Senator from Illinois and the distinguished Senator from Wisconsin that we are certainly willing to listen and consider any suggestions that they or others may have with respect to an improvement in the language of this compromise. We want it to be fair. We want it to be equitable to all four seacoasts.

We had hoped that the language that was in the compromise -- as it is reflected in the amendment that is at the desk, and which has already been approved by 70 Senators -- would take care of the concerns. We had felt that it addressed, in a fair and equitable way, the interests of those who represent the Great Lakes region.

It is apparent that it does not satisfy their concerns. I wish this compromise could satisfy every Senator's concern. I wish we could have 100 votes for it. We have 70 for it. That is pretty strong. I am hoping at some point Senators will recognize that there is a lot of leverage on their side. We do not have any changes, in my judgment, at this point.

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

Mr. COCHRAN. I am happy to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, is it not true that the Senator from Mississippi on behalf of his side offered a compromise that the other side turned down?

Mr. COCHRAN. The Senator is correct.

Mr. LONG. So in the effort to meet their problem the Senator has already proposed a compromise that from his point of view went about as far as he thought he could go to meet their concerns, and they turned it down.

Now, in this legislative body if you are in the minority -- at some point it happens all the time -- someone wins and someone loses, so having been offered a compromise, I applaud the Senator for indicating he is still willing to consider something that his supporters, his troops could accept. But in the last analysis they do not want what he can agree to. It would appear to me since he had 70 votes he has the vote to work his will and, of course, that takes some time. I understand that. But as a rule with 60 percent of the votes -- it does not take 70 -- 60 is enough.

So far the Senator's forces have not fallen below 60 in any rollcall vote.

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Mr. COCHRAN. The Senator is correct. Sixty-three is the lowest vote we had.

Mr. LONG. So in the last analysis he is not only speaking for the majority he is speaking for enough to prevail, even if he had to resort to cloture. It would take time to wear out the filibuster. But he has the votes on his side. That is this Senator's judgment.

Mr. COCHRAN. I thank the Senator.

Mr. LONG. I thoroughly approve of the Senator making a compromise if he thinks it does not sacrifice what he thinks is vital for those he is speaking.

I plead to the Senator do not give away the store to these fellows. He has the votes. If he has the votes he should not be giving it all away.

Mr. COCHRAN. I thank the Senator.

Mr. ZORINSKY. Mr. President, I would like to call attention to the fact that there are a lot of people on America's farms who are waiting to find out what kind of a farm bill they are going to end up with.

This particular bill is going to generate a lot of heat that will make the cargo preference issue rather minor.

There are a lot of things in this bill of vital concern to dairy-producing States, to grain-producing States, to rice-producing States, and to peanut-producing States. There are very important issues in the bill.

But for some people in November 1986, when they do not come back again, they are going to find out that the vote in November contained no compromises in it.

The farm bill was developed by a fragile coalition, and if we are not going to abide by the overwhelming vote of a majority in this Chamber, we are going to be on the bill for a long, long, long time.

There are many things sacred to my State that are worth filibustering for. However, there is one factor that is more important than any parochial issue, and that is the welfare of the United States of America. In that regard, agriculture plays a vital and important role. It is vital to the sustenance of the people of this Nation. To maintain a viable agricultural industry, it is important that we let the farmers of America know what is in store for them in a timely fashion. They are entitled to that without our becoming bogged down in parliamentary procedures in this Chamber.

That is why, when I get calls, as a Senator from Nebraska and as the ranking Member on our side of the aisle managing this bill, as to what is happening -- why is the bill not moving forward -- I am going to forward the calls to those of my colleagues who are continuing to hold up the work of this Senate. I am going to give them their telephone numbers. I am going to give them their home telephone numbers. I am going to give them an address and refer all those questions to those Members of this body. The farm bill is important. We spent 4 months marking up this bill in our committee. I think enough is enough.

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

Mr. ZORINSKY. Yes.

Mr. BOSCHWITZ. How much time did we spend on this particular matter in committee? I know that you were there each time and that you spent a great deal of time there. How much time did we talk about cargo preference? Was this so-called compromise, in which we had no part, was this ever discussed there and were any hearings held on it?

Mr. ZORINSKY. I would have been prepared to discuss it in committee if it were brought up. I was satisfied when we had the committee markup and I am satisfied that the Cochran compromise is the best we can get on the floor of the

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Senate. I love Utopia. I would like to always have things my way.

But, do you know what? When I get a vote of 70 to 30 against me, I am going to accept that vote because I think we have to finish this farm bill.

Mr. BOSCHWITZ. Did the Senator say that he is going to make telephone numbers available and so forth? Is that what I heard him say?

Mr. ZORINSKY. Pardon?

Mr. BOSCHWITZ. Did I hear the Senator say that he was going to make my telephone number available so people could call?

Mr. ZORINSKY. I have not determined that the distinguished Senator is the one who is holding up the session. If that is the case, I will do that.

Mr. BOSCHWITZ. It is in the phone book, so you will not have any trouble finding it.

But in any event, we feel that we have been terribly injured. We are going to have ports closing. It may even affect some wheat coming out of Nebraska. Certainly, it will affect the wheat coming from the Middle West.

We are being subjected to a compromise that we were not part of. We are being subjected to a compromise that we tried to become a part of and tried to participate in and we were not permitted. Interestingly, we were not part of a compromise. The principal negotiator in the compromise has now turned against us, the majority leader. So if the Senator is satisfied with it, that is good, but we are not.

Mr. ZORINSKY. Well, I would just like to clarify what I said to the Senator from Minnesota. I take no issue with his doing whatever he wants to do with regard to retaining the cargo preference provisions of the committee reported bill. All I said was, when my constituents ask me what I feel is holding up the farm bill, I was going to refer them to those who are doing that. And the distinguished Senator can make the explanation to them, just as he did to me. I yield the floor.

Mr. PRESSLER. Mr. President, if it is proper, may I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair must inform the Senator that the amendment is not in order at this time. Only an amendment to the amendment No. 916 would be in order at this time.

Mr. PRESSLER. Mr. President, could I ask my colleagues for unanimous consent? This is an amendment to establish a 3-tier target price for feedgrains and wheat. If the pending business could be laid aside, I could offer the amendment now. The majority leader and others have asked if we could go on ahead, as I understand it. I am ready to offer this amendment and debate it.

I am not trying to get ahead of anybody or anything of that sort, but I am ready to go on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. COCHRAN. Mr. President, reserving the right to object, let me ask the Senator if he could withhold the offering of that amendment. I think an objection would probably be made -- I know one would be made if the Senator asks unanimous consent for the purpose of going to that subject now.

I hope we can stay on the issue of cargo preference and resolve it. I think we ought to resolve it now and move forward with any other amendments that are going to be offered on this subject so we can go to the other parts of the

bill.

Mr. PRESSLER. Let me say to my friend, I was just trying to be helpful. I heard the majority leader say that Senators should come to the floor with their amendments. I am ready to go.

Mr. DIXON. Mr. President, may I make it clear that, for the purpose of the amendment of my distinguished friend, I would not have any problem to set aside this cargo preference question for that amendment, only reserving the right to pursue the amendment I have at the desk, which is the proper amendment on the amendment at issue before the Senate right now. But, for the limited purpose of taking up my friend's amendment, I would have no objection to that.

Mr. PRESSLER. I thank my friend. I do not know what the current situation is. I am willing to offer an amendment and get the business going forward. I do not anticipate anybody is going to try to amend my amendment.

Mr. DIXON. May I say to my friend from South Dakota, for the limited purpose of setting this aside only to go to his amendment, with that understanding, I would have no objection and then return again to my amendment which is at the desk.

Mr. PRESSLER. I only have a 8- to 10-minute speech. I come from the House of Representatives where we never spoke more than 5 minutes. I will just double that.

Mr. DIXON. May I say to my friend from South Dakota, I have always enjoyed his talks. I know I speak for many on this side, and my colleague from Minnesota, we would like to hear a longer talk. The Senator's talks I have found to be very enlightening and useful. So, please, do not limit yourself.

Mr. PRESSLER. I say to my colleague, his speeches have been very inspiring.

Mr. DIXON. I do not object to setting aside this amendment for the limited purpose only of considering the amendment of the Senator from South Dakota.

Mr. PRESSLER. Mr. President, I ask unanimous consent to proceed with my amendment.

Mr. COCHRAN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

AMENDMENT NO. 928

(Purpose: To specify criteria for the availability of United States-flag commercial vessels for purposes of the cargo preference laws)

Mr. DIXON. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. Dixon] proposes an amendment numbered 928.

At the end of the pending amendment, insert the following new section:

"Sec. . Section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) is amended by inserting the following after the first sentence in subsection (b):

"No United States-flag commercial vessel shall be deemed to be available for the transportation of cargoes subject

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to this section and the Joint Resolution of March 26, 1934 (48 Stat. 500, 46 U.S.C. 1241-1) unless such vessel --

"(A) is able to provide full commercial insurability;

"(B) is available for loading within 10 days of the the specified loading date; and

"(C) is suitable, in terms of vessel type, size, and ability to discharge cargo, to transport the specific cargo to be shipped."

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

Mr. DIXON. I am delighted to yield.

Mr. HELMS. I wonder if I might approach the Senator about a time agreement on this amendment.

Mr. DIXON. Mr. President, may I say to my dear friend, who I admire greatly -- I serve on the committee with him; I have the greatest regard for him -- he has been in the same circumstance as I am a couple of times.

Mr. HELMS. No time agreement.

Mr. DIXON. I am afraid I could not be agreeable to a time limit. I hope my colleague and friend knows I do not like to be obstreperous. One of the joys of my life has been to get along with people pretty well. I am here doing a piece of work I do not care much for. I am just trying to get an accommodation with my friend from Mississippi and his associates. Whenever they do that, I would be more than happy to accommodate everybody.

In the meantime, I would like to explain what I am doing at some length from time to time on some of these amendments.

Mr. HELMS. Very well, if the Senator will yield further in the response to the remarks by my distinguished friend from Nebraska about the telephone numbers, I have, I believe, eight requests for Senators' telephone numbers -- four from Bo Derek and four from Kate Jackson.

[Laughter.]

Mr. DIXON. Mr. President, may I say to my friends in the Senate I am very serious about this amendment. I do not know that anybody listens when we get into this kind of a situation. I think we are pretty much committed to 70-30 rollcall votes or some variation of that. But all this amendment does, may I say to my friends who are voting on the other side of this issue, is, say, that if you buy a foreign vessel, you can put an American flag on it right away if it meets American standards.

I wish Senators, in their offices, wherever they are, would listen to this because in all fairness there is nothing the matter with this amendment. The administration wants this amendment. I do not know how persuasive that might be to anybody. But it simply would permit American companies in view of what we have done here -- may I say to my friend from Mississippi -- where we are saying 75 percent of them have to be American bottoms, we do not have that many American bottoms right now.

All we are saying is somebody on the Great Lakes in business can buy a foreign vessel, make it an American bottom, if it meets the standards, they get the insurance, meet the test, they put an American flag on the flag post, and operate it in compliance with the Cargo Preference Act.

Everybody here knows there is only one American bottom on the Great Lakes. By in the face of what you have done to cargo preference -- I want to say again how anybody could have had a compromise, not have Great Lakes people there to play their part, do to us what is being done here -- at least this amendment gives us a chance to go buy a

ship. You ought to at least let us get a ship.

Maybe we would like to make these high prices, too, now that you have jacked up profit. Now that everybody can make 300 percent of what they were making before, I think there are a lot of people who want to go into the shipping business. When you have ice cream cones, for \$10, everybody wants to sell ice cream cones.

So all we are saying here is, look, as long as you are going to make it so profitable, let us go buy a ship. I do not think that is very unreasonable.

I have been spending all my life in public service listening to speeches about the free enterprise system. And we abuse it quite a bit around here. If there is anything that is free enterprise, it is competition. All we are saying is let us buy a foreign ship. That foreign ship has to meet every standard -- every standard -- of an American ship. It must be suitable in terms of vessel type, size, and ability to discharge cargo to transport the specific cargo to be shipped. It must provide -- listen to this -- full commercial insurability. I mean it is absolutely a four square request. We are just saying we would like to play on this field if this is the field you are going to play on.

I do not see anything that could be more reasonable than that. I think it was suggested in support of this thing in the first place that it would help the military. We are willing to assist. We are going to help the military in having more and newer ships. If you adopt this amendment before you now, American businessmen under this amendment will buy foreign ships, and on the purchase under this act they will become American bottoms. You raise the American flag. They are fully insured. They meet all the standards. They become an American ship. What is more fair than that?

I just want to say this: Somewhere along the line the rule of reasonableness has to apply to what is taking place here. I ask my colleagues to consider very closely this particular amendment. I want to say again it is very simple. This amendment simply says an American businessman can buy a foreign vessel that meets all American standards, that fully complies with all American laws, that is fully insured, and make it an American ship so it complies with the cargo preference laws. That is absolutely all there is to this. It is a fair amendment.

I cannot imagine anybody that would be opposed to this. For that purpose, I ask my colleagues notwithstanding the 70 to 30 vote to look at this one more generously. It is a good amendment.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I rise in support of the Senator's amendment, and would like to describe it once again keeping in mind what the purpose of the cargo preference is. The purpose, as I understand it, is that the United States should have a fleet that is available in the event of hostilities, and that the various subsidies given to the maritime industry are for that purpose. We do not contest that. We think that is an important and viable purpose to achieve. I supported the maritime industry in all other areas other than in this area of cargo preference where it comes into conflict with other elements of the economy.

This amendment says that we would be able to reflag ships that are owned by Americans that are now under the foreign flag, be they Panamanian, Liberian, and others, so that they would be able to qualify for hauling cargo preference types of goods.

This would accomplish several things. It would accomplish, first of all, that we would have an adequate fleet in the event of an emergency. It would give us a new method of obtaining such fleet. In addition, it would also bring down the cost of cargo preference.

As a result of that, we would be able to increase our fleet numbers, and in the event there were difficulties in the world, and some would not transport our goods, we would have adequate number of ships available to do just that. It

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makes great sense to allow the reflagging of ships now under foreign flags to the American flags.

It would also accomplish another objective; that is, to make the cargo preference of the shipments go at more reasonable rates. Yesterday, I pointed out that in one recent shipment in September to the Sudan the price per ton was \$63 per metric ton while the international price was just slightly over \$20 per metric ton.

The result of that is that a very large share of the cost of goods becomes greater. Where there are 37.7 bushels of wheat per metric ton, it amounts to 53 or 54 cents. If you take \$63, it becomes \$1 or \$1.75. It is amazing but virtually two-thirds of the cost of the goods is in bulk cargo. This is a bulk shipment where freight should be much cheaper.

We really do not have much problem, Mr. President, with liner type shipment. As you may know, in the maritime shipments, there are two types of shipment, being the liner shipment and the other being the bulk shipment.

There really is not much of a problem with liner shipments, because with liner shipments our American fleet is quite able to compete with foreigners. The rates are established and we are able to compete along with other nations.

However, when it comes to bulk, there the disparity is different.

When we speak about Great Lakes ports, we are talking about liner shipments because that is what comes into the Great Lakes, liners. Liners also provide a good deal of the port work, and much more so than would a bulk shipment.

In the event these ships were made available as is requested in the amendment of the Senator from Illinois, then there is no question that the bulk rates would go down, as they have gone down in recent years.

There was a short window that was allowed to the maritime industry to allow ships that were built abroad to be included in the U.S. maritime fleet. As a result of allowing ships that were built abroad into the U.S. maritime fleet, the rates for cargo preference goods went down quite considerably.

The result of that is that it was not four and five times the way it was in the past, or three times now, and lower than that in some instances, but we think that the freight or cargo preference shipments could indeed come down in the event that ships that are now sailing under foreign flags were allowed to be reflagged under the American flag. We would keep down the cheaper rate for cargo preference shippers, but we would also achieve the highly commendable goal of having a more aggressive and more modernized merchant marine that would serve us in the event this country was engaged in some form of hostilities.

So I join the Senator from Illinois in his amendment and say to him that he is certainly on the right track. I am happy to support his amendment and I will be happy to talk at some length on this subject if he wishes.

Mr. DIXON. I thank my colleague from Minnesota.

Is there something that the distinguished chairman wanted to say concerning this discussion or is there a possibility of setting this aside temporarily while we talk further?

Mr. HELMS. I was going to suggest that we go to a vote.

Mr. DIXON. We can go to a vote because my next amendment the chairman of the Agriculture Committee will love. It is an amendment where we comply with Gramm-Rudman-Hollings. He will love it. I know everyone will want to vote for that because we have endorsed it enthusiastically. That will be the next one. We can get to that as quickly as we want to.

Mr. COCHRAN. Mr. President, if the Senator will yield for a question, I have an amendment which I am told is the pending amendment. In the purpose section it says to specify criteria for the availability of U.S.-flag merchant vessels for purposes of the cargo preference.

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May I ask the Senator from Illinois if that is the amendment he submitted to the committee amendment?

Mr. DIXON. The pending amendment says to specify criteria for the availability of U.S.-flag commercial vessels for purposes of the cargo preference laws.

Mr. COCHRAN. It is my understanding the Senator was talking about waiving the 3-year requirement for foreign-built ships to qualify under cargo preference.

Mr. DIXON. It does. It does by saying when you buy it, if you meet the full commercial insurability and all the other requirements of the vessels, you can qualify.

Mr. COCHRAN. If there are no other Senators who desire to be heard on this amendment, it appears to this Senator that this is another effort to undermine the compromise. It appears to be another effort to unravel the agreement which was forged after months of work to try to settle the controversy over cargo preference that was brought on by the recent Federal court decision that resulted in the Department of Agriculture's having to cancel its fledgling credit program.

Our exports are drying up. We are seeing the American farmer hurt by the impasse which has developed. We have seen the merchant marine hurt by this impasse. Seventy Senators have spoken through their votes. The compromise is acceptable and should be adopted by the Senate. I am hoping that that decision can be accepted by Senators.

There are provisions in here that protect the interests of those who are concerned about Great Lakes ports and Great Lakes shipping. I would grant they are not particularly satisfied. I am not completely satisfied by this compromise. There are some of my closest friends in my State who think this is a bad deal, but it is the best deal available right now under the circumstances. I am convinced of this, so I am supporting the compromise.

While it is not something I would like to do ordinarily, I am convinced that, in the long run, this will be a good solution to a tough problem.

I am hoping that Senators will continue to support the compromise by rejecting this amendment.

Mr. President, I move to table the amendment and I ask for the yeas and nays.

Mr. DIXON. May I say this to my colleague, that I have no objection. I join in the request for the yeas and nays. The next amendment I will send to the desk is the flag amendment. I will correct my response to the Senator by saying this one only requires full insurability and that the vessel is suitable by American type standards as to vessel, type, size, discharge of cargo, and so on. The next one concerns the power to acquire and put up the American flag. It is the next in the series that will do that.

Mr. COCHRAN. Mr. President, I renew my request.

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

The yeas and nays were ordered.

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

Mr. DIXON. Objection.

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The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed 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. Is there objection? Without objection, it is so ordered.

The question is on agreeing to the motion to table the amendment of the Senator from Illinois. 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 Nevada [Mr. Laxalt] and the Senator from Virginia [Mr. Triple] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. Stennis] and the Senator from Michigan [Mr. Riegle] are necessarily absent.

The PRESIDING OFFICER (Mrs. Kassebaum). Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 73, nays 23, as follows:

(See Rollcall Vote No. 265 Leg. in the ROLL segment.)

So the motion to lay on the table the amendment (No. 928) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Madam President, we have a little discussion going on in the Vice President's room to see if we can resolve the problem here because I think we have consumed more than adequate time on this issue. I know the managers of the bill are anxious to get into some of the farm amendments, the real guts of the whole bill, whether they can have a 1-year target price freeze or some variation thereof, and a lot of other amendments that are pending.

I would hope that we could resolve this problem. If not, I would hope that those who have the problem will let us set it aside and give them the remainder of the day and part of tomorrow to try to work out some agreement.

I do not have any chips on either side. I think there is some merit in the remarks made earlier by the distinguished Senator from Wisconsin.

I would hope that if we cannot reach some agreement in the next few minutes we be permitted to set this amendment aside temporarily and go to some other amendments and see if we cannot get the farm bill passed.

Mr. PROXMIRE. Madam 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.

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Mr. DOLE. Mr. President, I suggest that the order for the quorum call be rescinded.

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

Mr. DOLE. Mr. President, about an hour ago a quorum call was requested in hopes that we might be able to work out some agreement on the pending cargo preference controversy. We have now consumed all of yesterday and about half of today on this one issue. But there are still 60 or more amendments pending to S. 1714, the Agriculture, Food, Trade, and Conservation Act of 1985. So I would hope, if we cannot resolve this problem, those interested parties would be willing to set it aside. It is not going to go away, and the farm bill is never going to go away if we do not start voting on some of the agricultural amendments. So I am going to suggest in about 5 minutes, if we have not reached some agreement, that we ask unanimous consent to temporarily set aside this amendment and move on to some other amendment. As soon as we finish that amendment, this amendment will be right back. So maybe by that time there will be some agreement.

It does not make sense to fritter away 5 1/2 hours so far today on an issue where we have not made any headway. And there is demand that we complete action on the farm bill itself, so I would say in about 5 minutes we will ask unanimous consent to temporarily lay this amendment aside unless there is some agreement.

Mr. DIXON. May I say to my friend, the majority leader, I guess he does know that Senator Cochran, Senator Inouye, Senator Proxmire, Senator Boschwitz, and myself did meet for a period of time. Senator Inouye, left us, informing us he would be back with some kind of a proposition. Our staffs are all working on the matter as well. I certainly have no objection to temporarily setting this aside to go to another amendment and then return to this amendment.

Mr. DOLE. If there is some agreement being worked out, that is fine. We do not need to hold up the whole Senate while four or five work out an agreement. That is my point.

So I hope that in a few minutes we can start making some progress.

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. 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, what is the pending business?

The PRESIDING OFFICER. The pending business is amendment No. 916.

Mr. DOLE. Mr. President, I am advised that the chairman is now in position to request that the amendment be set aside -- I think we have cleared that all the way around -- until 4:30 p.m. and then we can move on to another amendment or amendments between now and then.

Mr. HELMS. Mr. President, the majority leader is referring to the underlying amendment, of course.

Mr. DOLE. Yes.

Mr. HELMS. Mr. President, I ask unanimous consent that amendments 914, 915, and 916 be temporarily set aside for a period of 2 hours and that the Senator from Indiana [Mr. Lugar] be recognized to call up an amendment.

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

Mr. HELMS. I thank the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

AMENDMENT NO. 930

(Purpose: To provide for a 1-year freeze in target prices and a 5-percent reduction thereafter)

Mr. LUGAR. 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 Indiana [Mr. Lugar] proposes an amendment numbered 930.

Mr. LUGAR. 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:

On page 88, strike out lines 18 through 23 and insert in lieu thereof the following:

"(i) in the case of the 1986 crop, \$4.38 per bushel; and

"(ii) 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 supply of wheat, 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.

On page 114, strike out lines 20 and 21 and insert in lieu thereof the following:

"(E) The established price for corn shall not be less than --

"(i) in the case of the 1986 crop, \$3.03 per bushel; and

"(ii) 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 supply of corn, 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.

On page 138, strike out lines 16 and 17 and insert in lieu thereof the following:

"(5) The established price for upland cotton shall not be less than --

"(A) in the case of the 1986 crop, \$0.81 per pound; and

"(B) 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 supply of upland cotton, 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 subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

On page 165, strike out lines 1 and 2 and insert in lieu thereof the following:

"(5) The established price for rice shall not be less than --

"(A) in the case of the 1986 crop, \$11.90 per hundredweight; and

"(B) 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 supply of rice, 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 subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

Mr. LUGAR. Mr. President, I wish to rise today to offer an amendment to reduce the enormous cost overruns of this legislation, and the effect of my amendment I would hope would be to send marketing signals that would discourage farmers from producing surplus crops which cannot be marketed for profitable prices.

The amendment would freeze the crop year 1986 target price levels for wheat, feed grains, cotton, and rice at present 1985 levels and allow for no more than a 5-percent reduction in each year thereafter.

The Senate Agriculture Committee has reported a farm bill that ignores all reasonable budgetary limits; 14 of the 17 members of the committee voted in support of the budget resolution which was approved by the Senate and the House of Representatives. A majority of the committee, however, voted later to report a farm bill estimated to exceed the 3-year budget resolution by nearly \$9 billion, using the assumptions of the January baseline.

According to more recent estimates by the Congressional Budget Office from the July baseline figures, the farm bill presently before the Senate will exceed the budget resolution by over \$20 billion over the next 3 years of time.

Mr. President, let me say parenthetically that considerable dispute will occur throughout the remainder of this debate on target prices on the basis of these changing budget figures. The January situation was one in which the price of corn, wheat, cotton, and rice were higher than they were in July. Specifically, production of the major crops during this period of time from January onward changed dramatically in terms of estimates. For example, corn increased to 8.6 billion bushels, up 10.2 percent from the January estimate. Cotton went up 22.9 percent from January to the current estimate in terms of the estimate of number of bales now estimated at 13.6 million bales. And dairy was 4 percent more production during this period of time.

The gist of this, of course, is that prices are likely to fall as production rose. Estimates of production went up. At each estimate both futures prices as well as actual cash prices fell. This means that estimates of how much farm programs were going to cost also went up because, as will be explained a number of times in the course of this debate, the deficiency payments by the Commodity Credit Corporation are based on the target price minus a 5-month average of cash prices after the crop comes in but no more than the difference between the target price and the loan rate.

To take corn, because this is perhaps arguably the most expensive situation we will have this year, the target price is \$3.03 for the current crop; the loan rate is \$2.55. Since the price of corn is very likely to remain for 5 months under the \$2.55 loan rate, the so-called deficiency payment will be \$3.03 minus \$2.55 or 48 cents per bushel for every bushel on every acre covered under the program for which a farmer signed up. It was about 71 percent compliance with the Corn Program this year.

That could lead in corn alone to about a \$6 billion price tag for direct payments to farmers under this deficiency situation.

Mr. President, that is the reason there are differences in the estimates, and the gist of my amendment today will not be to resolve the entirety of all the cost overrun or budgetary estimate dilemma but simply to set in motion a trend which I would argue will be healthy.

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In short, Mr. President, in figures supplied yesterday to us by the U.S. Department of Agriculture, in January the current base line estimate for support costs by the Commodity Credit Corporation was \$11.1 billion. The current estimate in October is that for the same law that we are now working under that would be \$19.9 billion.

So at the time we are discussing the judgment in January, if we thought we had a \$11 billion problem as we discussed it, now we have \$19 billion, and that is for the current situation in fiscal year 1986. This is why everything becomes subject to the changes of these base line figures, and there is no conceivable way Congress can deal with those horrendous overruns because even as we discuss the bill the prices of many commodities are continuing to go down and, therefore, the costs of the governmental payments that have already set their figures are clearly there and the terms are there and people are going to be paid and the price goes up.

All I am saying, Mr. President, is that if we had a \$9 billion problem over a 3-year period of time in January, using the same assumptions, we have a \$20 billion problem now. And that is too much.

In short, it is fair to say that the same Senators who discussed in this body the Gramm-Rudman amendment or the balanced budget amendment or various budgetary debates that we have had have talked and rightly so about the problems that are caused to farmers, to manufacturers, to exporters, by high interest rates, by the problems of a high dollar. They have said that there is some relationship between these problems and the Federal budgetary deficit. We do not know precisely the relationship, but it is there.

We have, all of us, condemned a \$200 billion deficit in the fiscal year just passed and condemned the thought we would be fated to have \$200 billion of deficits for almost each year in the future.

But now almost immediately the first debate after Gramm-Rudman we are confronted with the fact that in the agricultural sector we are going to run well beyond all of our budgetary estimates.

The question is how in the most conservative humane fashion we can change even slightly that situation.

My amendment is not meant to do more than merely get the process in motion.

Mr. President, I have no argument with those in this Chamber who have pointed out that farmers in the current emergency need the certainty of the law as it stands. Therefore, the first provision in my amendment is to freeze the target prices for the fiscal year 1986 so that the situation will remain the same, bleak as it is; but it will remain the same, no worse. But then to suggest, I think, in a logical fashion, that our only hope in terms of some cost containment with regard to the deficit, with regard to taxpayers in general, with regard to farmers who are deeply interested in high interest rates and what have you, is to give the Secretary of Agriculture an option of reducing the target prices by no more than 5 percent in the next 3 years of time after that first freeze.

That is not a radical proposal. It, I think, solves one of two things that must come forward in this legislation. The first is that loan rates must decline so that we become more export competitive, and the second is that target prices must decline so that the enormous expense of the bill will not completely ruin all budgetary strategies that lead to overall economic health on the farm, in industry, or elsewhere.

Mr. President, the Senate recently voted to broaden the President's authority to impound Federal spending if the budget deficit is above specified levels. If the Congress is indeed serious about reducing the deficit, then we cannot vote to restructure our entire budget process for the purpose of reducing the budget deficit and then vote shortly thereafter to approve a farm bill that is from \$9 to \$20 billion over the budget resolution, depending upon which baseline, January, or July, or October, that one wants to use.

The argument that the budget resolution treats farmers unfairly is simply without substance. Prior to 1981, Farm Program costs averaged about \$3 billion annually -- \$3 billion annually prior to 1981.

The Congress passed and the President signed a farm bill in 1981 that had an estimated cost in those days of less than \$4 billion annually. That was our last time around the track, just 4 years ago -- a farm bill that would average less than \$4 billion a year at that time. The 1981 cost projections were not very accurate. Actual outlays since that time have averaged more than \$12 billion annually.

Mr. President, Members may ask how that could have occurred. Even presently as we argue this farm bill and we say it is \$9 to \$20 billion over the budget, just 4 years ago when we argued this on the floor, the record will show this bill total was going to cost us \$3 to \$4 billion a year. In fact, it cost \$12 billion.

The reason, Mr. President, is not that Members tried to fudge the figures. It was that we set in motion various principles that were bound to lead to this effect. In short, we set high target prices. We set them higher for each of the 4 years. The incentives in the market were clear to produce more. There is no way to read higher target prices except as an incentive to produce more.

Even in this particular year, Mr. President, when there has been 71 percent compliance on farms that produce corn and, by all odds, the number of acres that should have been in production have been sharply less, and in some States were sharply less, we have a record crop -- 8.6 billion bushels and going upward. The fact is that we have been producing because the market, as the Federal Government suggested with higher target prices, signaled more production, and thus we tripled the estimates that we had, modest as they may now seem, when we debated this 4 years ago.

The Senate Agriculture Committee has recently recommended -- and in this bill that idea is incorporated -- a 4-year freeze in target price support levels, despite the fact that the present target price levels are some 50 percent greater than actual market prices. Under the committee's bill, Federal payments for target prices are estimated to exceed 47 percent of the total value of all production for wheat, 36 percent for corn, 43 percent for cotton, and 62 percent for rice.

My amendment freezes the crop year 1986 target prices for wheat, corn, cotton, and rice at the 1985 levels, but gives the Secretary of Agriculture the authority to reduce target prices by not more than 5 percent in crop years 1987, 1988, and 1989. The Congressional Budget Office estimates this amendment would reduce the 3-year costs of the committee's bill, using the \$9 billion overrun on the January estimate, by \$2.4 billion. A relatively modest savings, but, Mr. President, I would suggest probably the most substantial savings that is going to be offered during the course of this debate, if one takes a look at history of the target price situation in the last 4 years.

If one were to use the July baseline figures, of course, the \$2.4 billion savings is magnified considerably, probably in the order of two and-a-half to three times, in the same manner that the \$9 billion became \$20 billion. But, attempting to keep things at the January level, essentially a \$2.4 billion savings for what would be a modest 5-percent reduction for 3 years of time.

The target price mechanism works as follows: Whenever the national average price for a crop falls below the target price for a specified period, a producer of that crop becomes eligible for a "deficiency payment" equal to his normal production multiplied by the payment rate. The payment rate is the difference between the target price and the average market price, or between the target price and the average loan rate for nonrecourse loans, whichever is smaller. The farmer's actual production and actual price received for his crop are not factors; he can receive payments even though he may have sold the crops at a much higher price.

Target prices were established for wheat, feed grains, cotton, and rice in the early 1970's. Former Secretary of Agriculture Earl Butz agreed to the target price concept as a tradeoff for more export oriented policies at that time. The target price levels enacted at the time were believed to be low enough to avoid any budgetary outlays.

As has proven to be the case with virtually all instances involving target prices, the cost projections were, to say the least, inaccurate. The 1986 farm bill, as reported by the Senate Agriculture Committee, calls for an estimated \$45 billion in outlays for target price deficiency payments over the next 4 years.

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So that is our estimate, as we start this 4-year period, about \$11 1/4 billion a year, somewhat more substantial than the estimate of \$3 billion to \$4 billion a year we made just 4 years ago, which proved to be barely one-third of the cost of what the program finally came to.

Target prices are no more than guaranteed minimum prices fixed by law. They trigger Federal outlays that are as uncontrollable and unpredictable as U.S. agriculture itself. We have no idea what the weather will be in 1986, 1987, and 1988. Economists cannot accurately predict if the estimated \$45 billion in deficiency payments will ultimately go to the farmer or, if market prices rise, the payments would become less significant. The point is simply that the Senate cannot knowingly predict the farming situation for 1989 and should not attempt to establish the minimum price levels for a situation that is unpredictable.

The Secretary of Agriculture simply must have some authority for modest -- modest -- downward adjustments in the target prices for later years in response to the prevailing market conditions at that time.

Of course, Mr. President, the Secretary of Agriculture is not entirely defenseless against this cost situation. The Secretary may use his authority under law to announce acreage retirement programs in order to reduce production and shore up farm prices. For example, if you have historically planted 100 acres of wheat and the Secretary announces a 30-percent set-aside program, you can only plant on approximately 70 acres for that particular year in order to qualify for the target price payments. This is not authority that the Secretary employs in a limited way. As matter of fact, he announced acreage retirement programs for all program crops this year. Corn farmers had to retire 10 percent of their acreage in order to qualify for deficiency payments. As I have pointed out, Mr. President, even after this retirement corn farmers are producing a record crop -- in excess of 8.6 billion bushels. Wheat farmers had to reduce by 25 percent; cotton farmers had to reduce by 30 percent, and rice farmers had to reduce acreage by 30 percent.

The predicament we face with acreage diversions is that most farmers tend to idle their least productive acres. Despite large acreage diversions this year, we are harvesting bumper crops for virtually all commodities. The prudent farmer simply idles his least productive acres and more intensively farms what is left with extra fertilizers and better overall management situations. In the end, we could end up with the worst of all worlds with the USDA taking on the significant regulatory burden of spot checking and measuring to ensure that farmers plant within their allotted acres, and yet, we achieve no measurable decrease in production.

The other side of this argument is that acreage diversions can reduce production if implemented in a significant way as was the case in 1983 with the Payment-in-Kind Program. This program idled 80 million acres -- one-half of our total cropland base for wheat, feed grains, cotton, and rice. Farmers were given \$9 billion in Government-owned commodities in exchange for reducing their production acreage.

Unfortunately, there are tremendous downsides to programs of this sort. U.S. farmers cannot expect to compete in international markets with over one-half of his land and machinery idled for an entire crop year. In essence, export sales are ceded to other nations under those conditions. Large acreage reductions efforts also have a devastating impact upon U.S. agri-business firms. The fertilizer industry alone lost an estimated \$2 billion in revenues as a result of the Payment-in-Kind Program. Many farm implement firms have since been forced into mergers and consolidations in a desperate attempt to retain profitability. In order to prosper and compete in international markets, U.S. agriculture simply must maintain a viable and highly competitive agribusiness industry. The Payment-in-Kind, or other similar programs, simply cannot become a permanent feature of U.S. farm policy.

The market is presently signaling for greatly reduced supplies of all major crops. U.S. carryover stocks of wheat exceed 65 percent of total annual consumption; corn stocks exceed 30 percent of total usage; cotton carryover stocks are 60 percent of total annual consumption; and rice stocks exceed 60 percent.

Not surprisingly, current market prices for each of these crops are very low. The market is attempting to balance supply and demand at a time when U.S. agricultural exports have declined by 20 percent and favorable growing

conditions have produced record crops in 3 out of the last 4 years. But the 1985 target price levels and the levels retained by this legislation continue to signal for business as usual. The farmer does not make the necessary production adjustments which are called for by market demands. Surplus production continues to accumulate in government warehouses. Carryover stocks grow larger which forces market prices even lower.

From personal bookkeeping experiences on my family's farm in Marion County, IN, I am well aware of the current financial problems facing many farmers.

Let me say parenthetically, Mr. President, that in the case of my family farm, we are fortunate to have no debt. That makes an enormous difference in the possible profitability of that operation. Approximately a third to a half of all farms in Indiana have little or no debt. The situation for our farm which we believe is being well managed and for comparable family sized farms -- ours is 604 acres in size, and this hits a general idea of the family farm size -- our return on invested capital is approximately 2 to 3 percent. That return is increasing as the value of the land decreases -- as that divisor decreases. But it is in line with at least well-managed Indiana farms -- return of about 2 to 3 percent on invested capital with no debt involved. Mr. President, that of course is the heart of the matter for most investors in this country with a similar amount of money. By putting it in the U.S. Treasury securities, one can make 10 to 11 percent -- considerably more than the 2 to 3 percent on the farm.

Farming is not a profitable business, or at least a remunerative business even if one has no debt, the situation is well managed, and the weather has been reasonably favorable. We are in a secular decline of farmland prices that has probably not yet run its course. We are in a situation of lowered crop prices because we have enormous surpluses. The figures that I just read may not have sunk in, but if there is 60 percent of all that is needed in cotton and rice, 30 percent of all the corn that is needed for the next year already there, the depression upon price is obvious.

Mr. President, if our customers abroad do not have the resources -- many do not as Latin American countries work through the International Monetary Fund to work out plans, as people by the force of the international debt situation simply cannot buy -- if export sales go down, we have enormous surpluses here well beyond our capacity, prices go down, and then stay down. That is reflected in agricultural land prices. Therefore, about the best a farm situation could do, unless it is a highly leveraged speculative situation or a specialty crop is to move somewhere in the 2 to 5 percent -- if you are very fortunate -- return on income. That is why we have a problem. That we recognize.

Mr. President, let me just say that to keep the target prices at the current levels to send signals to farmers all over this country, a guaranteed price of \$3.03 per bushel of corn is to guarantee the price on the market is going to keep going down. The facts of life are that with borrowing in a national weather disaster or some total cleanup of debt around the world, we have a very large surplus overhanging the market.

Mr. President, let me concede so that all understand, for the first year of these 4 years, even given everything I have said, we would leave the target price as it is so there would be assurance to farm families, to the farm industry, to every infrastructure of farming in every small town or large town of America that there will be stability for 1 year. But then, Mr. President, we must at least make a modest start in moving the target price situation and in giving the Secretary the latitude to change target prices for these four commodities by no more than 5 percent.

Mr. President, I submit that this modest amendment, although it will only solve a part of the problem, is a policy concept that is tremendously important. It is tremendously important as we begin to face the future. We begin to get some idea to American agriculture of a movement toward the market -- just the movement -- with a lot of props, a lot of money, and a lot of income still in there behind it.

Mr. President, I am hopeful that my colleagues will favor this amendment with their votes. I hope they will give it thoughtful support. It seems to me that we have an opportunity to fashion a farm bill even at this late hour that might meet all of the requirements of a nation that is compassionate, that wants to bring farm income at least to a point where people can continue to farm, and continue to serve in the infrastructure of American agriculture, but looks to the Senate

for at least a minimal foresight with regard to the future.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the Senator for his remarks. The figures presented by the Senator are very interesting.

I believe, however, that the Senate needs to understand where we are in terms of the cost of this bill, which led this Senator to the regrettable position of being the first chairman of the Senate Agriculture Committee in history to vote against reporting a farm bill. I just could not in good conscience support the bill. I said so at the time, with all due respect to my colleagues who felt differently about the spending level.

Mr. President, I do not know whether I can serve to simplify the issue, but let me try.

I think the first thing that needs to be understood by target prices -- and a lot of people do not understand what is meant by target pricing -- is that target prices really have nothing to do with market prices. Target prices are simply an arbitrary standard used to determine how much of the taxpayers' money the Congress proposes to transfer from the nonfarm sector to the farm sector. These are most always referred to as subsidies.

The problem with target prices, I have decided after having served for nearly 13 years on the Agriculture Committee, and since 1981 as its chairman, is that target prices fall into the category of spending which we call around this place as entitlements. But the irony is that the entitlements are not to individuals on the basis of need. They are paid on the number of bushels, pounds, and hundredweights a farmer can possibly manage to produce.

I think we all should know the marketplace has been pleading for reduced incentives for overproduction. The Senator from Indiana made that perfectly clear. The trouble is overproduction is induced by target price payments. The consequential fact is that the American farmer today is not producing for the marketplace, but producing for the Government. When one say the Government, one means at the taxpayers' expense.

The signal has not gotten through to the farmers in many cases. The way the system has worked is the lower the market prices go down, the more taxpayers' money Congress spends to mask these lower prices.

In addition, the system obviously rewards farmers for producing more or producing in excess of needs because the more they produce the more dollars they get from the Federal Government.

Let me make it perfectly clear that I do not, and I think Senator Lugar does not, question the good intent of those who disagree with us. But the side effect of it is that these good intentions have gone awry. We are indiscriminately spending billions of dollars on an industry, to wit, farming, in a fashion that may ease the pain in the short run but exacerbates the disease of surplus production and consequent falling market prices.

Giving the Secretary the authority to freeze target prices for 1 year will result in no cut at all in 1986, but it will result in a saving of approximately \$2.4 billion over 3 years. I might make that relative by saying that \$2.4 billion, Mr. President, is about what Congress provided for these subsidies for an entire year 10 years ago. That is how far we have come.

Obviously, I support Senator Lugar's amendment, which does nothing more than freeze the target prices where they are for 1 year and thereafter allows secretarial discretion for up to 5 percent reductions for each of the crop years 1987 through 1989.

During the consideration of the farm bill, those 4 or 5 months we spent in markup, I repeatedly said to my colleagues, "Let us do what we can to participate in deficit reduction. This committee is not going out of business, the

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Senate is not going out of business, the Congress is not going out of business. Next year or the year after we can take a look at it and see what, if anything, needs to be done. But in the meantime, let us freeze it," as Senator Lugar proposed, "for 1 year and then stand back and watch the reaction of the marketplace."

I think farmers everywhere would be amazed how much that would help in terms of exports, in terms of prices, because it would send a signal that has not been sent by this Congress in a long, long time.

During the past 12 months, Mr. President, through the extensive hearing process, private conversations with agricultural leaders and discussions with so many of my colleagues, I think I am fair in saying that there is little disagreement about the desirability of reducing the Federal role in American agriculture.

I go back into the cloakrooms, I visit around, and I do not hear any informal disagreement about that.

The problem comes when we get here on the Senate floor and Senators begin wondering how this is going to play back in Peoria or somewhere else.

Sure, it is tough to draw the line, but I think we were hired by the people in our respective elections in our respective States to come up here and make the hard judgments.

There is disagreement, it seems, around this place, informally and formally, to center more around the pace at which the Federal Government should withdraw after 50 years of intervention.

I believe that a slow withdrawal is somewhat akin to the man who loved his dog so much that when his dog's tail became infected, he did not want to do anything drastic to the dog, he did not want to hurt it too badly, so he cut off a little bit at a time.

I think we are at the crossroads, Mr. President, in a slow withdrawal from the failed policies of the past. We are going to help one group of farmers, a very large group of farmers, and that is the farmers overseas, our competitors in other countries. It is going to result here, at home, in a further bleeding of the American farmers without any benefit in the long term.

On the other hand, a rapid withdrawal such as that proposed in the original administration farm bill would have left the farmers with too much uncertainty given the financial distress that many farmers are faced with. The White House agreement with Congress regarding Senate Concurrent Resolution 32, the first concurrent resolution on the budget for fiscal year 1986, provided something in the neighborhood of \$14 billion more for Commodity Credit Corporation farm price support programs than was originally proposed in the President's budget request and which was embodied in the administration farm bill proposal.

Congressional approval of the budget compromise gave the Senate Agriculture Committee more elbow room to develop a farm bill that did not jerk the rug out from under farmers but, nevertheless, forced a rapid enough adjustment that foreign competitors would need to become participants in our efforts to balance supply and demand on a global basis.

So, Mr. President, the people who love these high target prices the most are our competitors overseas, because all they have to do is come in a little bit below us on the market price and they have it made. They can capture more and more of the world market that we used to have. Our exports, percentagewise, drop and they have fun and we have distress.

(Mr. MATTINGLY assumed the chair).

Mr. GRASSLEY. Would the Senator yield on that point?

Mr. HELMS. I will in just a moment, Mr. President. Let me finish my train of thought. Then I shall yield the floor.

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Of course, there is disagreement about this thing, there is political pain. I understand that.

Mr. GRASSLEY. Mr. President, the reason I wanted the Senator to yield, if he would, is just for clarification.

Mr. HELMS. Yes, Mr. President, I yield for that.

Mr. GRASSLEY. There might be some truth, there is a factual basis for what he says in regard to loan rates, but I am not sure that there is for the target-price system as far as our competition overseas.

Yes, the extent to which we can or cannot move our products into the world market because of the loan rate, I would agree with the Senator from North Carolina. But I do not think that is applicable to the target price.

Mr. HELMS. They are kissing cousins and they are part and parcel of the failed policies, I say to the Senator. That is the point I was trying to make. The target prices induce surpluses that cause farmers market prices to go down.

What happened in the committee in the markup of this bill, and I say again I fully respect all Senators on and off the committee who disagree with me, but what happened during our markup was this: Instead of following through on the budget agreement adopted by the Senate -- and by the way, 14 out of 17 members of the Senate Agriculture Committee voted for that resolution -- the committee nevertheless voted to report to the full Senate what I regard as a budget-buster beyond the wildest dreams of even the most ardent advocates of Federal intervention into agriculture.

That is the reason I felt obliged to vote against this bill. It gave me no pleasure; it gave me a great deal of pain, as a matter of fact. The committee-approved bill is almost 25 percent higher than what the Senate voted in the budget resolution to spend on farm programs over the next 3 years -- \$9 billion more. The irony is that it will hurt farmers most of all, in my judgment.

This excessive spending actually victimizes farmers. It hurts them in two Ways.

First, target price payments are based on production. The more you produce the more payments you get. Yet, when market prices are driven low by surpluses created by massive subsidies, it becomes important to individual farmers to receive as many Government payments as possible. Therefore, we have a situation in which production is increased beyond what it would be so participating farmers can receive more payments. The result has been more production, ever lower prices, and higher taxpayer expense.

Second, farmers are the ones most adversely impacted by runaway deficit spending. High real interest rates have caused interest expenses to become the largest single element in farmers' costs of production. They have turned otherwise profitable operations into foreclosure cases.

The deficit has also impacted the value of the dollar. Few industries are as dependent on exports as agriculture. For what impact the deficit has had on increasing the value of the dollar relative to other currencies -- agriculture has suffered.

I know that most farmers do not realize just how much money has been spent in an effort to shield them from market realities. Many Members of Congress also do not realize how much has been spent.

Most people think that defense spending or spending to pay interest on the national debt have been the fastest growing items in the budget.

Not so. Agricultural price support programs are the fastest growing item in the Federal budget.

In the 4 years prior to President Reagan's first term, those years governed by the 1977 farm bill, price support costs averaged between \$2 and \$4 billion annually.

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The spending average for the 1981 farm bill, which coincides with Mr. Reagan's first term, averaged a whopping \$10.4 billion -- an almost 250-percent increase! These figures do not include any other spending incurred by the Department of Agriculture for other than net price support activities.

As you can see, if money was the standard, President Reagan should be more popular than Willie Nelson.

But money is not the only standard -- not for President Reagan and not for this Senator. If money were the only standard for this Senator, I would have voted for the proposal offered in committee by the Senator from Iowa, Mr. Harkin. But I did not, because I thought it was bad policy for farmers and for the Nation.

My point is this: The Senator from North Carolina and the Senator from Indiana and many other Senators are prepared to spend tremendous amounts of money on farm programs and farmers in an effort to help get them through this period and back on track toward greater income from the marketplace. But we are not prepared to go on a wild spending spree. Some restraint, not miserly by any means, must be imposed.

The budget resolution allows Congress to spend about \$11.5 billion per year on price support programs -- depending on what we spend for farm credit -- more than has been spent in the past -- no cuts!

I repeat. The budget resolution will allow spending on price support programs without any cuts.

The committee bill, on the other hand, increases price support spending to about \$14 billion per year -- or around 20 percent more than the past 4 years which was 250 percent above the previous 4 years.

The Congressional Budget Office [CBO] estimates that this amendment will save \$2.4 billion over 3 years; \$2.4 billion is a significant savings, but far from the \$9.2 billion we need to save in order to conform with the budget resolution agreed to by this body including 14 of the 17 members of the Senate Agriculture Committee.

By reducing target prices we have a rare chance to do something positive for farmers as well as the Nation. Conversely, failure to reduce target prices in a gradual, but steady manner, such as that proposed in the amendment, will hurt farmers more than help them, by adding further inducements to create even greater surpluses of all commodities than now exist, and by adding further to the massive Federal deficits that are debilitating the entire economy with an overvalued dollar and interest rates that are higher than they would be if we operated the Government in a fiscally responsible way.

Mr. President, I know that other Senators wish to speak and I am not going to continue. I thank the Chair and I yield the floor.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, with effective target prices, we can maintain a safety net for agricultural producers, thereby enabling them to provide American consumers with the most diverse, highest quality and cheapest food and fiber in the world. It is true, there is great concern about the cost of this particular bill. I point out, though, that there is more than one way to reduce the cost of this agriculture bill. You don't have to change a 4-year target price freeze to a 1-year target price freeze.

I am concerned about the cost of this farm bill as are my colleagues on this side of the aisle. Currently, one of my colleagues is working on an amendment to reduce the bill's cost substantially and bring it more in compliance with the budget resolution. However, he does not propose to reduce the 4-year target price freeze to a 1-year target price freeze.

My dear colleagues, I speak to you as one who was a businessman for 40 years. If we do not have a safety net for the farmers of America, we are going to lose the engine that pulls the train called agriculture. We won't have enough

commodities for our people at home or to ship into the international marketplace.

Many feel that the ultimate goal of the Lugar amendment is to bring it into line with the budget. I submit to my colleagues that we have to look at the bottom line of what this farm bill is going to do when we finish with it.

No. 1, it should be somewhere in compliance with the budget. But more important than that, it should enable the agricultural industry and rural America to continue to exist. We have, for all these many years, claimed to be experts in the area of agriculture. We have had setaside programs. I read yesterday where a member of the administration said we cannot unilaterally, as in the PIK Program, set aside millions of acres while our competitors fill the gap. Well, I say to you, Mr. President, there was no gap for them to fill even with the setaside of the acres, inasmuch as we had such tremendous surpluses we still could have furnished and completed any sales that were required of us for foreign sales abroad.

The problem is that this Nation does not have the commitment to our farmers as other countries do. Our farmers can compete with the farmers of other countries but they cannot compete with the treasuries of those other countries. That is why I think the time has come when this Nation has to become serious as to whether we want to again become a factor in the agricultural international marketplace.

As a businessman, let me tell you I have never known a businessman who continues to produce more than he or she can sell to stay in business. I think it is time for the farmers of America to begin to produce for sale rather than for storage. We continue to produce for storage and what happens? We have storage costs. And the surplus that overhangs the market further depresses the price of the commodity to such an extent that the farmers are producing themselves out of business.

Now, I agree with my colleague from Indiana that land prices have not now bottomed out. And this is happening without S. 1714 -- the 1985 farm bill -- being in effect.

Now, a comment was made by my friend from Indiana that his proposal will allow stability in agriculture at least for 1 year. Well, let me say that agriculture cannot exist, no business can exist, without long-term stability. You cannot live with peaks and valleys. My colleague from North Carolina indicated that the Congress is not going to go away, so let us accept something like this, a 1-year freeze, and we can always come back and change and refine it.

Well, conversely, what is the matter with accepting a 4-year freeze? If we do not like it, we can come back and refine it. At least you are giving some out-year income protection to farmers that will allow them to plan for the future.

Now, we have established a terrible record of credibility in this institution called the U.S. Congress with respect to 4-year farm bills. We were 2 years into the 1981 farm bill and what happened? Lo and behold, we came back in this august body and decided that what we did in 1981 was wrong. The \$4.45 target price for the 1984 crop of wheat was reduced to \$4.38, and the \$4.65 target price for the 1985 crop was reduced to \$4.38. We changed the 1981 bill. This is graphic evidence, proof of what my colleague from North Carolina said; that this body will not go away; that we can modify and change things.

As a matter of fact, I have hesitancy in locking farmers into a 4-year target price freeze -- not for the same reason that my friend from Indiana indicates. If we continue in the direction we are now going we will have such chaos, confusion, and economic turmoil in this industry that 2 years from now we may not want target prices frozen, we may want them increased, not frozen by law in the year 1985. And we may want to go the other way with target prices.

But be that as it may, project yourself as a farmer or as any businessman in 1981, sitting down with his banker, taking his books out, looking at his average annual yield, projecting commodity prices, looking at the drought capabilities and the cost of borrowing money and the interest rates and saying, "This is what Uncle Sam says. Now, Mr. Banker, my target prices will be this, the loan support prices will be this for the next 4 years." The banker looked at it, looked at his cash flow and said, "We can loan you up to x number of dollars based on what we feel the Government is

going to do for the next 4 years." So they loan the money. Then land values begin to plummet. Then more collateral is required, and on top of that all of a sudden dear old Uncle Sam comes along and says, "We don't care under what basis you made a decision to borrow money in 1981 under the 1981 farm bill. We are telling you it is a new ball game now. We are going to drop target prices 2 years out after we promised you in a 4-year farm bill they would be at x number of dollars."

Now, that would have been, I guess, tantamount to going up to the manager of the St. Louis Cardinals baseball club and saying to him, after 9 innings were completed, "How would you like a 10th inning to try to get even?" You cannot change the rules of a ball game once an individual has made an economic decision based on what Government has promised in the way of financial assistance. If you are not going to provide them anything, do not provide it from the beginning. At least they will know where they stand. But you never want to pull the rug out from under someone after you have made that commitment.

There used to be a time in this country when your word was your bond. You could shake hands with an individual; you did not need 10 accountants and 15 lawyers looking over your shoulder wondering if this commitment is going to last 10 minutes, 10 hours, 10 days, 10 months, or 10 years. But today I guess that has become a fact of life, and the Federal Government itself is as much responsible for the erosion of credibility as is anyone else.

Now, I would say that the fact that we have a glut, an overabundance on the market of commodities and the fact that prices are depressed have led to a recession in rural America. Now, when you say, "Let's have a 1-year target freeze and we will see what happens next year," this is what is going to happen next year. I can predict this with a great degree of credibility because it is happening this year, let alone next year. Take a look as a businessman at the alternative to not spending for agriculture. And I am not saying we should spend in excess of the budget. But I am saying, what if we do not, what is the down side? Because, again, I am looking at this as a businessman. If I fail to put an investment on the front end and chaos happens, what is my exposure on the down side of the situation?

This is what it is. The FDIC gets to come in and indemnify depositors in failed banks up to \$100,000. Approximately 16 or more banks have failed in the State of Nebraska this year alone. That is a cost somewhere to someone. It is coming out of someone's pocket to reimburse depositors of banks.

Second, you get calls pretty soon, which I have already received from school boards, saying: "Mr. Senator, how do I set the mil levy for our school system, inasmuch as we are in rural districts? The farmers cannot pay the property tax; our mil levy is in the property tax. We have to know how many teachers to let go and how many schools to close."

Then you have your farm implement dealers and the fertilizer people. Many people say they are the ones who are really adversely affected if you control production.

As a businessman, I constantly had half a million dollars in the accounts receivable on the books when I was in business. Do you know what I did? Every night I went to bed and prayed that those people who owed me money stayed in business so that they could pay me the money they owed me.

The farm implement dealers I have talked to and the fertilizer people I have talked to would rather get paid for 100 percent of their accounts receivable than sell twice as much product and get paid for none of it.

So, what you try to do with a 4-year target freeze is lock in a safety net.

This farm bill -- as reported by the Agriculture Committee -- already has market-clearing loan support prices. As the Senator from Indiana aptly pointed out, the loan rate heralds the setting of world prices, not the target price. Target prices assure the farmer of a certain return, regardless of the market price. So target prices in no way signal our international customers or competitors.

Let us look at what really is the problem. We continue to produce as though we are going to eat that market alive in

the international marketplace.

Without this bill been passed -- we do not even have it out of the Senate, let alone to conference, let alone to the President, let alone back to override a veto, let alone maybe to have to start all over again -- without this bill hurting agriculture, as people say it will, and affecting the budget, we are losing our share of the world marketplace. So let us not blame this bill for what is happening to us in the international marketplace.

Right now we have many more competitors in the international marketplace. India has become a net exporter of corn. They are self-sufficient in that area. The People's Republic of China has developed the technology to become a factor in the international marketplace in agriculture. The European Economic Community is currently producing twice the amount of products it can consume domestically -- and guess where that is going to go in the competition? That is going into the world marketplace. Argentina is increasing its production.

I say let us produce for sales and let our competitors begin to produce for storing their commodities and paying storage on their surplus, as we have been dumb enough to do all these past years.

So I ask my colleagues to vote against this amendment. Let's give our people an opportunity to see some light at the end of the tunnel. Let's save an industry that ranks high in the national security of this country. If we lose the engine that pulls the train called agriculture, we will not have to worry about foreign policy and we will not have to worry about missiles. We will have to worry about an internal situation within this country.

Read any history book: The great nations have never been conquered from outside the country. It was always within that country, and within that country, there was always a factor of starvation and inability to feed itself.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. I thank the Chair for recognizing me.

Mr. President, I salute my colleague on the Agriculture Committee, the very distinguished Senator on our side of the aisle who is handling this bill, one of the floor managers of one of the most difficult bills to piece together and patch together to come to the floor of the U.S. Senate. I salute him for his dedication in trying to make common sense out of this measure.

I also salute him for the literally hundreds of hours the Senator from Nebraska has sat in the Agriculture Committee and helped to fashion this bill that is today under consideration.

Mr. President, before I make a remark or two about the bill that is presently before the Senate and the amendment, I should like to ask a question of the Senator from Indiana [Mr. Lugar], a gentleman I equally admire, one whose intelligence and fore-thought and wisdom I respect.

I ask the distinguished author of the Lugar amendment, which is now the pending business, if this amendment is supported by the administration.

Mr. LUGAR. The administration has not indicated anything by letter with respect to the amendment. In conversation with Secretary Block, the Secretary has indicated that he supports my amendment and hopes it will receive a favorable vote.

Mr. PRYOR. So the distinguished Senator from Indiana does indicate that the Secretary of Agriculture does support the pending amendment?

Mr. LUGAR. Yes, he does.

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Mr. PRYOR. I thank the Senator.

Mr. President, this will be one of the key votes that the Senate will face on this year's agriculture bill. This piece of legislation, this agriculture measure, which is a 4-year program for the farmers and for the consumers of this country, has consisted of literally hundreds and hundreds of hours of hearings, discussion, and debate, and was completed after 71 rollcall votes in the Agriculture Committee.

It was not an easy bill to bring before the Senate. On many occasions, I was very uncertain as to whether my position was correct. But as we look at the various provisions, the hundreds of pages that encompass this committee report, I can truthfully say that I believe the Committee on Agriculture has brought to the floor of the Senate the best of all possible bills, under the circumstances.

Not everything I wanted in the agricultural bill prevailed. I lost on several votes, as I am sure all of us did in the Agriculture Committee.

Mr. President, the amendment proposed by the distinguished Senator from Indiana, as I have stated, will truly be one of the critical votes facing us on this piece of legislation. In simple terms, this measure on which we will be voting today, perhaps tomorrow, perhaps sometime next week -- the way we do our business around this place, who knows when we will vote on the Lugar amendment? -- represents, and I say this respectfully to the Senator from Indiana, a difference of philosophy between stability and instability in the American farm posture for the next 4 years.

We have talked and we have heard the distinguished chairman of the Agriculture Committee, the Senator from North Carolina, talking about sending signals to the country, sending signals to this country or that country, or this marketplace, or that bank, or whatever. But, Mr. President, should we by chance adopt the amendment offered by the distinguished Senator from Indiana to this farm bill we are in effect stating unequivocally, without reservation, that, yes, 1 more year the same program will be in effect but after that that program is over and farmers of America, farm families of America, you are out there and you are on your own because we are going to start pulling that life-support system out, not quickly, but a little bit at a time.

It is just like the distinguished chairman from North Carolina talking about that dog where you cut his tail off a little bit at a time. That is exactly what we are going to do in a very painful way, and I say to my friend from Indiana that the signal that will be heard in Brazil, the signal that will be heard in Argentina, the signal that will be heard in Canada, the signal that will be heard across the countries that compete, in many cases unfairly with the American farmer, that signal is going to be simple, it is going to be sure, it is going to be loud, and it is going to be plain because that signal is going to indicate, Mr. President, that the U.S. Government is pulling the plug on those farmers who are today remaining.

My friend from Indiana just got up and said only one-third to one-half of the farmers in the State of Indiana have any debt. I do not know what is happening in Indiana. I do not know whether Indiana farmers know a lot more than the farmers in Arkansas or not. But I can assure and promise my friend from Indiana that that is not the case in the 25 farm States. Most of the farmers today are in debt. The rural banks are crumbling. The Farm Credit System is going to be looking for a massive bailout. And for some reason or another, even though after repeated requests from members of the Agriculture Committee, we have not yet been able to obtain a hearing in the Agriculture Committee on the Farm Credit System and the implication of that Farm Credit System's debts and its woes.

I say to my friend from Indiana that really I think we are doing this thing backward. We probably should be talking about the Farm Credit System even before we bring up a 4-year farm bill that is under consideration today.

But once again that is not how the system has worked. We are on the farm bill and once again I remind my colleagues that this is truly going to be one of the key votes of this next several-day exercise in establishing our relationship with the farmers of this country.

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Mr. President, I am not going to speak long.

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

Mr. PRYOR. I am glad to yield to my friend from Alabama.

Mr. HEFLIN. Mr. President, the distinguished Senator from Arkansas raised some interesting issues. I wish to inquire of him, No. 1, when this is called a 1-year freeze I really believe it is a misnomer because actually looking at what has happened to agriculture commodities, corn in 1984 the target price was \$3.03, in 1985 it was \$3.03, and now under this it would be \$3.03 for 1986, and then start declining.

So I suppose as we are talking about a freeze I believe really that is a misnomer because we froze target prices in 1984 for 1985 at that level and we now are down on a downward escalation. We are coming down the ladder. Most of the time it is about 6 percent per year.

Has there been any indication to the Senator of any farm community on any farm economy that has had sufficient profit to justify a reduction of target prices?

Mr. PRYOR. I know of no commodity, no section of our country, no farmer, no farm group that actually would come in and say this is going to do anything but further damage the American farm family. I think that is what this amendment speaks to.

I think the Senator from Alabama has raised a very good question.

I might just add, the Senator from Alabama is a very distinguished member of the Agriculture Committee. The Senator from Alabama knows as well as the Senator from Arkansas knows that as to this piece of legislation, this farm bill of 1985, no one is happy with it. No one is excited about it. No one is going to become unjustly enriched because of it.

Basically, if we want to be honest with ourselves working within the parameters of the budget, working within the parameters of system, if we want to be totally honest, it is nothing to write home about. No one is proud of it. I am not proud of it. I did not even want to vote for it in the committee because I do not think it goes far enough. But the majority of my colleagues said this is as far as we can go.

Let me just conclude my statements, I say to my friend from Alabama and other friends on the floor this afternoon, I think once again on this piece of legislation, the farm bill of 1985, this truly could be one of the key votes that we will be facing on this bill. And I hope the Members of this body will really study this amendment, realize what signals we are going to be sending overseas and if we think exports are eating us up alive now, just wake up tomorrow in Argentina or Brazil or Canada, or wherever, and read the headlines the U.S. Government is about to pull the plug on the American family farmer, and then you are going to see, we are going to see some imports flooding into this country and our export condition continue to worsen.

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

Mr. PRYOR. I am glad to yield to the Senator for a question.

Mr. HARKIN. Mr. President, if the Senator will yield for a second, the Senator is absolutely right on this idea.

We have already had a freeze.

I was listening to the remarks of the distinguished Senator from Alabama, observing this is not a freeze. He is absolutely right. What this is is not a freeze; it is a deep-freeze. It is a deep-freeze in which they plan to put the farmers of America if we follow this kind of program.

I thank the Senator for yielding.

Mr. HEFLIN. Mr. President, if we, therefore, are looking at this, we should realize what this would do as a 4-year farm program. It would have 1 year where we would maintain the target prices where they are and then start escalating down with no guarantee that farm income is going to increase or that they are going to get better in any way.

The only thing that we can point to is the issue of deficits, and saying, well, in budgetary restraint we must do something.

It is my understanding that the distinguished Senator from Montana [Mr. Melcher] is preparing an amendment which will bring the farm bill within budgetary limits and it looks to me, if he can do it in a palatable manner where it is not harmful to the farmer, that is the approach that should be used rather than the approach of lowering target prices.

Maybe the amendment of the Senator from Indiana is premature. I do not know on this yet. But I do know there are some efforts being made to try to bring it within certain budgetary limits where it will not harm the farmer. I think that is something that should be considered.

But other than budget, does the Senator know of any justification at this time of saying that we should enter into a downward escalator which would lower farm income? Does he know any justification?

Mr. PRYOR. I see no justification whatsoever.

Mr. HEFLIN. I am not saying it is justification because of the budget but that is something we should look at and something we should be considering. If the Senator finds an alternative, then that to me is a far better approach.

Mr. PRYOR. I am so proud that the distinguished Senator from Alabama has mentioned a proposed amendment that ultimately will be offered by our colleague on the Agriculture Committee, the distinguished Senator from Montana, Senator Melcher. I have looked at the outline and the concepts of Senator Melcher's amendment. I can say that the Senator from Montana, I truly believe, has worked diligently and he has worked sincerely on both sides of the aisle in attempting to craft an amendment which will bring the 1985 agriculture bill within the parameters and constraints of the budget resolution. I applaud the Senator and say at this point that I am going to support the Senator's amendment, because most of us did support the budget resolution. We did adopt constraint on this particular bill as on many, many other expenditures.

But the Senator from Alabama has raised another good point. We are going into a downward escalator at this particular moment should the Lugar amendment pass the Senate. The Senator from Alabama is absolutely right, as is the Senator from Iowa, in stating the ramifications and the impact of this particular amendment, the Lugar amendment, which is supported by the administration and Secretary Block, which I hope that our colleagues will vote no on.

Finally, I say to my friend from Alabama -- and then I would love to yield the floor and listen because I know other colleagues have something to say -- that I do not know of another bill that we have considered in the Senate, it certainly was not the foreign relations bill that the distinguished Senator from Indiana, the chairman of the Foreign Relations Committee, has handled thus far: I do not think that bill he handled is \$4.5 billion under what last year's budget was for foreign aid. We are talking about a \$4 billion decrease in the 1986 program here versus the 1985 program that we are operating in right now.

I do not know of one other program, one other authorization or appropriation bill that has carried the magnitude of the type of downward scale in dollars spent for one function of Government as does the U.S. Farm Policy Act of 1985. Maybe some of my colleagues know it. But our farmers have already taken a hit, not only there but in the credit sector, falling land prices, and banks that are deteriorating because of poor loans.

I think that the Lugar amendment is going to be a very, very critical vote. I would at this time yield the floor.

Mr. GRASSLEY. Mr. President, I think all of us in this Chamber and, for sure, I know my Republican colleagues, everybody on this side of the aisle, have the same great respect for the free market that the Senator from Indiana has. But I think we ought to set straight that the last few years have not been the traditional free market operating. Basically what the Senator's amendment does is make a political decision, not an economic decision, that, for instance, in my State will lead to 20 to 30 percent of the people who are now occupied in farming no longer being farmers. That is a political decision, not an economic decision, that is being considered by this body as we consider the Senator's amendment.

There is not an incompatibility between the target price concept and the free market. There is not an incompatibility, and the history of the decade of the 1970's substantiates that. If you remember, during that period of time, we had target price protection but we also had demand and supply more in unison so that the marketplace decided the prices that farmers would get for their feedgrains and wheat.

That target price was there for basic protection. It was there for stability. And yet there was very little payout of the Federal Treasury and the forces of the free marketplace were basically working until about 1982.

Now, I want a free market; most everybody wants a free market and most everybody would be satisfied that agriculture can operate within that free market. But we have had situations within the last 6 or 7 years that has had the free market distorted or totally not working because of political decisions beyond any individual farmer's control, most of those decisions emanating right here from Washington, DC in one way or another.

Now, who would have ever thought that Paul Volcker's decision to deflate in October 1979 would have had ramifications not only in agriculture, but also a detrimental impact upon natural resources worldwide, not just in the United States and not just in agriculture, but most every natural resource, and impacting very detrimentally upon agriculture, as commodity prices have come down and as the value of land has gone down.

There is not a farmer in the United States who could have controlled or anticipated the impact of that decision. Agriculture has been impacted negatively by embargoes and, as a Republican, I am not just talking about the Carter grain embargo, either. We still suffer from embargoes whenever they were imposed by Presidents, Republicans or Democrats, over the last several years -- lost markets forever. There are still farmers in my State that bring up the Carter grain embargo. And I can remind them very easily of embargoes by Republican Presidents that have also been harmful.

Or who would have ever thought, particularly after Ronald Reagan was elected in 1980, coming to town to make a difference on budget policy, that we would ever go to \$200 billion budget deficits? Partly because there is not enough leadership from the White House on that issue, but also because both Republicans and Democrats here on the Hill have been irresponsible on fiscal policy, we have ended up with a \$200 billion deficit. Those are political decisions we have made that have impacted negatively upon agriculture in the form of high interest rates and in the form of the high value of the dollar limiting our exports. And that particularly impacts negatively upon agriculture probably more than any other segment of the economy.

If there are any two things that we could have done or can do to help agriculture, even more important than this agriculture farm bill that we have before us, it would be to get interest rates down and get the value of the dollar down. If you get interest rates down 2 percent, you increase farmers' income \$2 billion. If you get interest rates down 2 percent for the farmer who has a 55-percent debt-to-asset ratio at \$7,500 a year income last year, and you double his income this year. Lower interest rates would make a dramatic impact upon farm income.

But those negative, irresponsible political decisions here in Washington, DC, are something that our farmers could not anticipate and can do very little about, except with the power of the ballot or the power to demonstrate or the freedom to do those things.

I suppose we ought to mention things that are nonpolitical, but things beyond the control of the farmers of the United States that have impacted detrimentally. The fact that in 1981, 1982, 1984, and 1985, we happened to have very

good weather worldwide, except usually in the U.S.S.R. That good weather has produced an abundance that I suppose we ought to be thankful for in view of the starvation in some places in the world. But, on the other hand, that overhang in the market, that surplus production that was not anticipated, has been beyond the control of the individual farmer, yet has hurt him.

So we all want the free market to work, but when there are political decisions in Washington and acts of nature worldwide that impact negatively upon agriculture, it seems to me that it is very legitimate that the safety net for agriculture be held very tight and not be slashed here or slashed there, as it going to be done if this amendment by the Senator from Indiana were to be adopted. Basically the purpose of a safety net is to protect segments of the economy when things are beyond their control, a legitimate function of Government. It seems as if we do it for the entitlements, the undernourished, and the unemployed. And we also do it through the most golden of safety nets on the Hill, a safety net under the defense industry where we never let major defense contractors go broke. If we can protect the most wealthy or most protected of industries in this country -- the defense industry, we can surely do it for agriculture.

Agriculture is an important segment of our economy. Twenty-two percent of the gross national product is related to agriculture. That is 1 in 5 jobs. In my State 7 in 10 jobs are related to agriculture. It does not matter whether it is nationwide, 1 in 5, or in Iowa, 7 in 10.

There are a lot of people affected beyond the farmers with what we are deciding here today, particularly by this key amendment that the Senator from Indiana offers. It seems to me that one of the things that we in political life are derelict about when we talk about farm policy is we sound too often like we are just concerned about helping the 3 percent of the people in the United States who are earning their living from the dirt, from the soil, where, in fact, it is a much larger basic industry, so important to the gross national product. What we do for this basic industry has a beneficial -- if what we do is beneficial and helpful -- impact, and ripple effect throughout the entire economy.

What we have to do through the target price, why I support the 4-year freeze of target prices, and why I oppose Senator Lugar's amendment is that the one thing that agriculture needs most, next to profitability, is certainty and predictability. There may not be a profit in even a 4-year freeze of target prices. But at least there is some certainty, and there is some predictability in that approach to target prices and the freeze.

Predictability is beneficial by taking the panic out of agriculture. I do not know whether you can understand the trial and tribulation that is out there, not just because there is not enough money in the pocketbook or the bank accounts are low. But the real problem out there goes beyond just the economics to social and psychological problems because of the fact that nobody knows where the bottom of the drop in farm prices or the drop in land prices is in agricultural America.

That, in and of itself, causes a lot of pain, economic as well as other kinds of pain. If, somehow, we could bring some certainty to the agricultural climate and predictability, the panic, or at least part of the panic, would go away. That would be very beneficial.

There is only one last point I would like to make. This does not address all of the issues on this point that I would like to address, but I am not going to take the time of colleagues who have been very patient while maybe all of us have talked too long. But when I see the point made by the Senator from North Carolina, or the Senator from Indiana, that this bill is overbudget -- most of the overbudget points are made as they relate to the target price -- most of those excess costs are out there in the third and fourth year, and not in the first or second year.

So I guess at this point I want to associate myself with a point made by the minority leader of the Agriculture Committee, Senator Zorinsky, when he said that if there is something not right about the 4-year freeze, we can correct it.

Agriculture has taken the lead in accepting the concept of a freeze as we did in 1984 -- freeze target prices at their 1983 level when they would have otherwise been scheduled to go up for corn, for instance, to \$3.15. So if anybody feels

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out there that agriculture has not led the way in a responsible budget policy in this country, then I would point that out so that you will know that we have done that.

But I think we ought not to make a decision in support of Senator Lugar's amendment based on the fact that we are guesstimating out there a high cost for the third and fourth year when seldom, on any budget policy, does this Congress ever make a very correct judgment as to what something is going to cost even next year, let alone 3 or 4 years out.

So I suggest that my colleagues for the sake of certainty and predictability in agriculture -- and reducing the panic that is out there in rural America -- reject this amendment by the Senator from Indiana.

Mr. WILSON and Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Mr. President, I rise in support of the amendment offered by Senator Lugar, of which I am pleased to be a cosponsor. The amendment is an essential effort needed to correct the most glaring flaw in the pending farm bill.

I am referring to the 4 year freeze on the level of target prices and the unacceptable impact that this approach will have on both the American taxpayer and the American farmer.

First, from the taxpayer's perspective, a 4-year target price freeze will result in an unprecedented outpouring from the U.S. Treasury in the form of increasingly large deficiency payments to producers of wheat, feed grains, cotton, and rice. According to the U.S. Department of Agriculture, the cost of this provision will approach \$13 billion over the life of the Senate farm bill. Such large expenditures are irresponsible and will only exacerbate the already unacceptable size of the Federal deficit.

While our \$200 billion a year deficit threatens our national well-being, it hits the American farmer especially hard. From the farmer's perspective, it is the direct cause of artificially high interest rates which increase the cost of financing the annual production and operational expenses of a farm. In addition, the Federal deficit results in a too strong U.S. dollar that serves as a 40 percent tax on our food exports and a 40 percent subsidy on agricultural imports. Agricultural exports have fallen during the past 4 years from a high of \$44 billion to a projected level of \$31 billion for the current year, and American farmers face increasing competition from cheap imports at home.

If the 4-year target freeze is retained, then the Secretary will be forced to implement larger acreage reduction programs, in order to boost crop prices and control budget outlays. The result will be a corresponding increase in plantings abroad and a loss of foreign markets that have traditionally been U.S. customers.

In the face of such adverse consequences, the alternative offered by Senator Lugar is both a reasonable and supportable one. It would freeze current target prices for 1 year, in order to maintain farm income. In each succeeding year, the amendment would give the Secretary of Agriculture the authority to reduce target prices by no more than 5 percent annually, providing a gradual transition to a more market-oriented farm policy.

Based upon January figures of the Congressional Budget Office, this amendment would save \$2.4 billion in Federal expenditures. But, as the sponsor of the amendment has already noted, given more recent USDA estimates of record crop yields, the savings resulting from his 1-year target freeze proposal will exceed \$7 billion.

Mr. President, I commend my distinguished colleague from Indiana for his courage, his clear vision, for his amendment, and I am pleased to join him in cosponsoring it. I urge its adoption both for the American taxpayer and the American farmer.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I rise in strong opposition to the amendment offered by the Senator from Indiana.

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Mr. President, have the yeas and nays been requested on this amendment?

The PRESIDING OFFICER. They have not been.

Mr. EXON. 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.

Mr. EXON. Mr. President, let us understand this amendment for what it is. This is the administration's program lock, stock, and barrel. The Senator has been advised that the question had come up on the floor of the Senate, and it was explained by the offerer of this administration amendment that it was supported by the Secretary of Agriculture. The Secretary of Agriculture speaks for the administration on agriculture, so let us clearly label this amendment for what it is. This is the continuation of a ruinous policy for the American family-size farmer that has been part and parcel of this administration ever since it came into office. It is about time that it be said; it is about time that it be understood.

There are those of us who recognize that there are problems out there, not only in agriculture, not only for the farmers and ranchers, but the main street businessmen in rural America.

Unfortunately, in listening to the debate, it seems to me that the only former mayor of a large city who understands agriculture is my colleague from Nebraska, the former distinguished mayor of Omaha.

When Ed Zorinsky was mayor, I think he would say he had little understanding or knowledge of agriculture. But since he has been in the Senate, where he joined, at his request -- he was not assigned but he requested assignment -- the Agriculture Committee, he has served there with great distinction.

I was very disappointed, frankly, to hear the remarks of the Senator from California. There were a few of us who had no real interest in a major agricultural proposal for California that the Senator from California offered a few days or a few short weeks ago. It had to do with the importation of cheap labor from Mexico to help out the farmers of California. Otherwise their crops were likely to lay unpicked in the field. But there were those of us who understand the trials and tribulations of the farmers. I do not know what the other votes were that supported the Senator from California at that time, but the reason that this Senator supported that was that I have a feeling, I have a concern, for the farmers of California, just like I have a concern for the farmers of Nebraska, Iowa, South Dakota, and Minnesota.

I think I understand their problems. I certainly understand their near-panic today with regard to the depression that we have in agriculture.

There are those who will say, "This is a profarmer amendment. This is going to bust the Federal budget."

I want to tell my colleagues in the Senate that if this amendment becomes law, if this proposal by the administration is the hallmark of our agricultural policy, we will rue the day that it was ever passed.

There are people supporting this measure who I do not think have any basic understanding at all of what is going on in rural America today.

I listened with keen interest to my distinguished friend and colleague from Iowa who understands agriculture because he lives with it each and every day.

We must defeat this amendment. I guess there has been a lot said about what we should and should not do in regards to a farm bill today. Let me summarize, if I might, and maybe we can go to a vote.

I just want to summarize by saying that the difficulties of the family size farmer today are not primarily because of

mistakes that he has made. Let us look at the situation.

His export markets under this administration have been devastated since this administration came into power. What little he has been able to sell overseas he has had to give away because of the high value of the dollar because of the fiscal policy of this administration.

We hear a great deal today about the free market. There is no free market in agriculture today and as nearly as any informed person can see ahead there is not going to be a free market in the years and years to come.

Why is that? Because of the complicated features of the overvalued dollar, somewhere between 20 and 30 percent it is generally estimated. More than that, Mr. President, there is no free market today in world agriculture because of the foreign subsidies given to their food producers that make the meager attempts that we are trying to propose here to help out just a little bit pale by comparison.

I simply tell you that there is no free market, and there is no way we are going to straighten out these things unless we have a realistic farm bill. Not a giveaway farm bill. Not a farm bill that is going to save every family farmer in America today, but a farm bill that will at least give them a chance.

We talk about the unfairness today with regard to wines. We talk about the tariffs on French wines coming in to protect California wines. Maybe that is right and maybe that is wrong. But I want to say very clearly this Senator from Nebraska has, I think, a much better understanding of the needs of farmers and the dire circumstances, whether they are grain farmers or corn farmers, they are going through today.

There is no free market. This administration proposal introduced by the Senator from Indiana is the heart and soul of this administration's attitudes toward, and what they are about to do to, the American farmer.

It must be stopped.

It might be asked, "Why are you against only a 1-year extension, Senator, of the current target prices and then a reduction thereafter?"

Because I say to you that the target prices as are outlined in the bill passed out of the Senate Agriculture Committee are not enough. But they are all that we can afford right now. I simply say that if we adopt this amendment the U.S. Senate is going to indicate its stamp of approval on this administration's policy that we are going to sell our way out of difficulty with cheap food.

That has basically been the policy of not only this administration but preceding administrations both Democrat and Republican alike.

There is no free market. We are not going to sell our way out of this difficulty until we get the value of the dollar down. Until we eliminate the foreign subsidies to their food producers, we are not going to have any kind of international marketplace in which to sell our way out of this difficulty.

I simply say, Mr. President, that unless we have a minimum -- and I emphasize "minimum" -- of a 4-year low -- low -- target prices as reported out of the Senate Agriculture Committee, we are not going to have the stability that our farmers, our ranchers, and their small business suppliers need, the time that they need to work out of the depression, and I underline depression, that we have in rural America today.

Mr. President, I only hope that when the votes are cast on this amendment, there will be a solid majority of the U.S. Senate that will rise to the occasion and say we are not going to go ahead with the passage of the Reagan administration's amendment sponsored by the Senator from Indiana.

Several Senators addressed the Chair.

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The PRESIDING OFFICER. The Senator from North Carolina.

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

I have been in consultation with the distinguished ranking minority member of the committee [Mr. Zorinsky]. We note that there are four or five Senators who yet wish to speak. I have consulted also with the distinguished Senator from Illinois [Mr. Dixon], whose amendment will be the pending business when we leave this subject. Senator Zorinsky and I think there is a possibility that there might be a vote on Senator Lugar's amendment. Therefore, Mr. President, I ask unanimous consent that the time for discussion of the Lugar amendment be extended to 5 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. Very well, Mr. President.

Mr. BUMPERS. Will the Senator from North Carolina yield?

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

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

Mr. HELMS. Mr. President, I propound again my unanimous-consent request that the discussion on the Lugar amendment continue until 5 p.m.

Mr. PRESIDING OFFICER. Is there objection?

Mr. MELCHER. I object.

Mr. EXON. Reserving the right to object, and I shall not.

Mr. PRESIDING OFFICER. An objection has been heard.

Mr. EXON. I would like to ask my friend from North Carolina, since it appears there will be about 35 minutes left if his request is granted, if he will enter into a time agreement that the time between now and 5 p.m. or upon acceptance of his unanimous-consent request be equally divided between the Senator from North Carolina and the Senator from Nebraska?

Mr. BUMPERS. An objection has been heard on the Senator's request.

Mr. PRESIDING OFFICER. An objection has been heard on the unanimous-consent request of the Senator from North Carolina.

Mr. BOSCHWITZ and Mr. ANDREWS addressed the Chair.

Mr. PRESIDING OFFICER. The Senator from North Dakota.

Mr. ANDREWS. Mr. President, I am pleased the Chair recognized me. I hope we can have time to discuss this because this is really the guts of the farm bill.

I do not go along with what the Senator from Nebraska has said, that this is the so-called administration request. Too many of us have been pointing too many fingers around here trying to place too much blame of one kind or another

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for what happens on this farm bill. I think this discussion should be on a factual basis. If we go back in history, we will find out that we lost \$81 million in tons of grain not shipped because of an export embargo put on by the other administration. I can point out with my colleagues a host of mistakes this administration has made. It seems there is a bipartisan effort at benign neglect of the American farmer.

The reason this amendment should be defeated, Mr. President, is not what kind of partisanship might evolve but because the American farm economy cannot stand its income being cut down in those outyears. It also ought to be stopped dead in its tracks because it is patently unfair.

At this time, we in Congress, on a bipartisan basis, have decided that entitlements should rise in each one of the outyears. We have decided that defense spending should rise in each one of the outyears. To start saying that the agricultural economy should decline in outyears is patently asinine and does not have any reason for being considered, given the problems we have today with the Farm Credit Administration.

We are being asked, Mr. President, to take a look at an infusion of some \$8 billion into the Farm Credit Administration, an infusion of \$8 billion that is putting the tail ahead of the dog, because what we need right now is not to fix the Farm Credit Administration, but to fix those who borrow from the Farm Credit Administration. You do not begin the transfusion until you stop the hemorrhage.

If we cannot assure the Federal Land Bank -- not just the Federal Land Bank as part of the Farm Credit Administration, but also the banks and the insurance companies who make long-term loans to farmers -- that gross income is not going to be cut 5 percent a year those outyears while, as I mentioned before, every other aspect of the economy continues to rise, we are never going to be able to shore up the farm credit problems in this country. So, from the standpoint, the standpoint of equity alone, this amendment should be defeated.

This committee cast a number of votes on a number of different sectors of this farm program. One of the key sectors we looked at was, can the farm economy afford to have its income cut 5 percent a year in those outyears? The decision on a bipartisan basis, was, no, it could not. I think that decision ought to stand, because if not, we are going to be funding far more to remedy the problems that will exist in the Farm Credit Administration and to remedy the problems that will exist in major and minor banks around this country and in other financial institutions than we are ever going to spend in the appropriations necessary to back up a farm bill that keeps price supports on a level playing field.

Let me emphasize once more in closing, Mr. President, that all we are doing in the bill that is before us from the Senate Agriculture Committee is keeping that safety net for farmers on a level at the same time the Senate, in a bipartisan manner, has voted to increase the safety net for entitlement recipients, to increase gradually over those outyears the funding we spend for defense and a host of other things. Fairness demands no less than a level playing field and I hope the amendment can be rejected.

Mr. HARKIN and Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I want to say to my colleagues first of all that this amendment is the opening salvo, the opening shot to destroy any chance that the farmers of this country have to survive. The main thing about it is if this amendment were to be adopted, it literally cuts the heart out of the bill and it cuts the heart out of American agriculture.

Mr. President, farmers are just like everybody else. They have to have some certainty and they have to have continuity. Not one single crop involved in the program we are talking about even comes close to bringing, at today's prices, enough to cover the cost of production. That is a fact, Mr. President. Not one single commodity in this group is bringing enough on the free market today -- the free market which the President says we have to go to -- none of the program crops will bring enough on that market even to pay for the cost of production. We are talking here about \$5 to

\$6 billion in 1986.

A lot of farmers could care less about the Lugar amendment because they are already broke or they are going broke and whether it is a 1-year freeze or a 4-year freeze makes no difference; they are going broke anyway. But a lot of them still can live to fight another day if we give them half a chance.

In 1950 the debt-to-income ratio was 1 to 1. That is, a farmer had enough income every year to retire his entire indebtedness. Now, you think about that, Mr. President. In 1950 a farmer knew when he planted his crop that he was going to have enough income that year to retire his entire debt.

The PRESIDING OFFICER. The Senator will suspend. Under the previous order, 2 hours having passed, the Senate will resume consideration of amendment No. 916 to amendment 914, the Stevens amendment.

Mr. DIXON. Mr. President, I thought we had an understanding heretofore on the request by the distinguished chairman of the Agriculture Committee, the manager of the bill, to extend the debate until 5 o'clock.

The PRESIDING OFFICER. There was an objection by the Senator from Montana to that request.

Mr. DIXON. Is that objection still in place?

The PRESIDING OFFICER. That objection is in place.

Mr. DIXON. May I say to my friend from Montana we have friends who support our point of view who still want to be heard.

Mr. MELCHER. If the Senator will yield, if the unanimous-consent request is made to continue debate on this but not shut off debate on it, that request is fine with me.

Mr. BUMPERS. I must say the distinguished Senator from Illinois and perhaps I misunderstood the Senator's unanimous-consent request, too. At 4:30 under the previous order, we were to go back to the Stevens amendment. Was the Senator requesting that we continue debate on this until 5 o'clock?

Mr. DIXON. Yes.

Mr. HELMS. That is correct. Let me level with the Senator. If at 5 o'clock we still have people who want to discuss it, I will try again.

Mr. DIXON. Sure.

Mr. BUMPERS. I did not understand that, and I do not think the Senator from Montana understood that. If the Senator would repropound that, I do not think there would be objection to it.

Mr. HELMS. I thank my friend. Mr. President, I ask unanimous consent that the debate continue until 5 o'clock on the Lugar amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Mr. President, reserving the right to object -- I am quite sure I will not -- the Senator simply is saying that at that time we will go to the Stevens amendment and then after that is disposed of come back to the Lugar amendment?

Mr. HELMS. Unless there is another unanimous consent to continue.

Mr. BUMPERS. Right.

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Mr. HELMS. Right.

Mr. BUMPERS. With that understanding, I have no objection.

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

Mr. BUMPERS. Mr. President, I was making the point that in 1950 a farmer knew, when he planted his crop, he was going to have enough income that year to pay his entire indebtedness, and today, 1985, that debt-to-income ratio is 10 to 1. That means the farmer knows that when he plants his crop, if he gets lucky, he will take in enough money to retire 10 percent of his debt. And if he is paying 10 percent interest, it means he is going to stand still. He is not going to retire anything on principal.

We are not doing the farmers any great favors with this bill. It beats doing nothing and it beats going to the so-called free market concept. But I want to reemphasize that probably 10 percent of the farmers in this country who are classified in severe financial distress probably are not going to make it regardless of what we do. And there may be another 10 percent marginal who still will not make it no matter what we do. So nobody should act as though this is some magnanimous bailout to a bunch of wastrels who brought it on themselves.

What we are doing really is minimal when you consider the magnitude of the crisis that the farmers labor under. Of the \$214 billion farm debt in this country, \$80 billion incidentally of which is held by the Federal Farm Credit System, \$140 billion of it is on farmers whose debt-to-asset ratio is over 40 percent.

I always thought the Federal land bank was probably the most solid of all the Farm's Credit System financing institutions. And I suppose it is as solid as any. As my colleagues know, the Farm Credit System includes the bank for cooperatives, the Production Credit Associations and the Federal land bank. And all of a sudden in the last 6 months you have heard for the first time since the Depression that the whole Farm Credit System is in serious financial straits. They are talking about combining the Federal land bank and the PCA, anything to try to strengthen that system. But of the roughly \$8 billion debt that the Federal Farm Credit System holds, \$12 billion of it -- about 15 percent -- right now is considered highly questionable.

Now, you might ask yourself, are we going to appropriate \$10 billion or \$15 billion to bail out the Farm Credit System? I would prefer to appropriate \$5 to \$6 billion to try to help these farmers make a little money in the hope that they can pay their debt and take some of that \$12 billion off the problem loan list. I would much prefer giving income assistance to the farmers and give them a fighting chance to pay off their farm indebtedness than to bail out the Farm Credit System. We may wind up doing both.

We have a little over 2 million farmers in this country. When I was a child growing up in rural Arkansas we had 25 million farm families. One-fourth of all the people in this country lived on the farm. Now, it is a tribute to their ingenuity and their productivity that today a little over 2.5 percent of all the people in the country live on the land.

But I will tell you something else, Mr. President. If you torpedo the target price system, you are throwing that roughly 5 to 7 million people still on the farm now to the wolves. If you are from an urban State, I plead with you do not be provincial about this. I voted for the New York City bailout, Mr. President, and I want you to know that did not endear me to the people of my State. Happily, that turned out well and the United States made money. If I am not mistaken, New York City wound up paying the Treasury \$36 million. We made \$36 million off the deal, but that is not what is relevant. What is relevant is that we consider ourselves a union of 50 States. We are not an assembly of 50 individual States off doing our own thing. Why do you think we call ourselves the United States? Because when one State is in trouble, we are all in trouble. When New York City was in trouble, we were all in trouble. And if you do not happen to come from 1 of the roughly 20 to 25 primarily agricultural States, do not be parochial about this issue because I promise you that if 950 banks out of the roughly 14,000 banks in this country start folding because of their agricultural loans going sour, no State will be spared.

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So if one segment of our economy is in trouble, the whole economy is in trouble. Agriculture is not in trouble -- it is in a crisis.

So I plead with my colleagues: Do not say I just represent the consumers -- we all represent the consumers -- because who is going to produce something to consume if we don't save our farmers?

If you vote for this amendment or anything similar to it then Brazil, an economic basket case; Argentina, an economic basket case; Canada; Australia; France or any of the countries who subsidize agriculture to the extent that they are putting every American farmer out of business, will get the message that the United States is too weak or too myopic or too ideological to keep it from happening.

If you adopt this amendment, you will see what happens to interest rates on the bonds that are issued by the Farm Credit System.

I have stood on this floor for almost 11 years, and I have watched the military appropriations bill glide through here: \$150 billion, \$180 billion, \$200 billion, and this year \$302 billion. I have watched us appropriate \$26 billion, enough to finance deficiency payments for 5 years, for an MX missile which, in my opinion, 70 percent of the people in this body knew was a mistake when they voted on it.

So, what do we do? After we waste \$26 billion, we come back and say maybe it was a mistake. But I watched that herd instinct flow through this body. Everybody said we have to have the MX, that we must have 100 of them, and these same people came back 3 years later and said, "No, maybe 40 is enough. It was a mistake."

The only problem with that mistake is that \$25 billion has already been wasted.

We are talking about a program here of \$5 to \$6 billion a year which it is hoped will save around 80 percent to 90 percent of the American farmers.

Yesterday, the House Appropriations Committee killed the AMRAM weapons an air-to-air missile made by Hughes in Arizona. AMRAM has been in trouble for a long time. The only problem with killing it is that we have already spent \$2 billion.

This is not a diatribe against weaponry or the Defense Department. I am simply saying that "this ain't beanbag." This is important to the heart and soul of this country.

If I stood on this floor and suggested killing Meals on Wheels, there would be cries of outrage. There would be cries of indignation, and people would say, "What kind of insensitive Senator have the people of Arkansas sent to the United States Senate?"

Well, this vote would be committing no less of an atrocity on 5 million innocent people who are about to lose everything they have worked for their entire lives. This vote goes right to the heart of the entire debate on this bill. The debate is going to intensify around here, not just on this bill but on others, as to what kind of society we want and what role Government is going to play in providing that society.

I assume that the debate will continue. There will be a 2-year-freeze amendment and so on. So I want to get all of this out of my system now, if I can, and say that I believe in a decent society. I believe in a union of States where each one is concerned about the other. I believe in a country where, when one segment of the economy is involved and is in deep trouble, we are all in trouble.

A vote against the Lugar amendment will be a small, embryonic signal that you, too, believe in a decent society and, yes, that Government has a role in making it decent.

Mr. President, I yield the floor.

Mr. HARKIN. Mr. President, I compliment my colleague, the distinguished Senator from Arkansas, for an excellent statement on just what this amendment is all about and what the effects of this amendment will be on us as a nation. He was very eloquent in his remarks, delineating how this amendment would affect us as a society and what its adoption -- which I hope does not occur -- would do to tear apart the fabric of our Nation. I just want to pay my respects to my good friend from Arkansas for an excellent statement.

Mr. President, I oppose the amendment offered by the distinguished Senator from Indiana. I want to take this time basically to respond to some of the contentions made by the author of the amendment, some of the reasons he enunciated when he offered the amendment, as to why this amendment was needed, to show how those arguments are just a smokescreen for what the intent is behind this amendment. I will be up front.

The intent behind this amendment, as is the intent behind the whole thrust of the administration in agriculture, is nothing more or less than to get rid of some farmers in this country. Let me rephrase that: To get rid of a lot of farmers in this country.

First of all, the author of the amendment said that we needed to get the loan rates down so that we could export more. I notice that the title of the bill, S. 1714, is "A bill to expand export markets for United States agricultural commodities," and so forth. I have to ask the author of the amendment: What good does it do us as a country, what good does it do the farmers of Indiana or of Iowa or of Nebraska or anywhere else -- what good does it do us if we continue to export more and more in quantity and get less and less for it? What good does it do to continue to increase our exports if we are growing it for less than the cost of production and busting our farmers in the process?

Using this kind of logic, that somehow it is better for us as a country and better for our farmers to continue to overproduce and to sell these commodities abroad at less than the cost of production, one can then see the way clear for us as a nation. We can see the way clear to recapture once again, for example, all the automobile markets throughout the world.

If we follow the logic of the Senator from Indiana, we can take over every automobile market throughout the world. We can put Toyota out of business, Datsun out of business, and Mitsubishi out of business. The United States could become the No. 1 exporter in the world. How? Very simple.

We just have Ford Motor Co., General Motors, and Chrysler all produce their cars for \$1,000 a car and sell them abroad for \$1,000 a car. That is what it would be. That would be wonderful.

I tell you we could drive Toyota out of business and Datsun out of business. We would sell cars all around the world. Everyone around the world would buy an American-made car. It would only cost them \$1,000.

That is what we are being asked to do for our agricultural commodities. The answer is clear. We cannot do it in automobiles because it would bust General Motors, Ford, and Chrysler long before we ever captured the export market.

The same is going to happen to our farmers. If we continue down this road, we are going to bust the farm economy of this country, throw hundreds of thousands, perhaps as many as a million farmers off the farms, and we still will not have captured any of those export markets.

There is a reason why we will not capture those export markets and there is a reason why the argument is being made that we have to reduce our loan rates and our support prices in order to export. There is a reason why that argument is phony. It is as phony as a three-dollar bill.

It is because we are the only country in the world that exports its grain through private grain companies. Every other country in the world, every single one, exports its grain through a grain board. So what they are able to do is they are able to peg the prices at which they want to sell their grain.

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And I plotted this out on a graph going back over several years. No matter what our prices are, those other countries' prices will be slightly underneath ours. When our commodity prices are low, their grain boards set their prices low right underneath what ours are. When our prices go up, their grain boards peg their prices right underneath ours.

Again, this can be proven demonstrably by just plotting out on a graph.

So it is really a phony argument that we have to get our prices down in order to meet the demand in the export markets.

There is another reason why the argument is phony, that if we do not get our prices down or conversely if we keep our prices high other countries will bring land into production. Two reasons. No. 1, other countries are developing their agriculture regardless of what we do. When our prices are high they put land into production. When our prices are low they put land into production.

Other countries are developing their agricultural base actually taking our agricultural technology, our methods of agriculture, applying it in those countries and increasing their agricultural production.

And they are doing it for two reasons. First, to meet their own internal demand for food and, second, to capture a share of the export markets.

Now, you might say well, why do we not keep our prices extremely low, that way these other countries then would not bring land into production. Look at it this way: Our nearest competitor in corn is Argentina. Our nearest competitor in the world market is Argentina. My State of Iowa exports 40 percent more corn than the entire nation of Argentina. That gives you some idea of how much of a competitor they are. They cannot put enough land into production to really severely cut into our export markets.

So you take those two reasons. First, because we supply over 50 percent of the grain in world markets, and, second, because other countries use grain boards to peg their prices, then the argument turns around. The higher the prices that we have for our agricultural commodities means the more money that our farmers make. It means also the more money that farmers in Third World countries make, the more able they are to meet their debt payments

So, I would argue just conversely to what the Senator from Indiana has said, that the more our farmers receive for the products they produce the better off not only are we going to be as a nation but the better off Third World countries are going to be in terms of their own ability to feed their people and in their ability to meet their debt payments.

The second thing that the Senator from Indiana stated was that the budget does not treat farmers unfairly. That is right. The Senator said that the budget does not treat farmers unfairly.

Again, the facts belie that statement. Agriculture comprises about 2 percent of the budget but in the cuts that were made in the budget agriculture took about 5 percent of the cuts.

So agriculture has 2 percent of the budget but we took 5 percent of our cuts, 2 1/2 times what agriculture comprises of the total budget.

So what my colleague from Iowa, Senator Grassley, said earlier about this bill not really being over budget is very true. If we had taken our proportionate share of cuts as proportionate to what our share of the budget is -- let us say only 2 percent of the cuts -- this would be well within the budget passed by the Senate and the House of Representatives.

So really the budget does treat farmers unfairly. We took 2 1/2 times the cuts in the budget proportionate to what the share of agriculture is. So the budget does treat farmers very unfairly.

The third thing the distinguished Senator from Indiana said was that the wrong signals were sent to overproduce and to produce more and more. On that point I agree with the distinguished Senator from Indiana. The wrong signals

were sent, but I would just point out that the Senator from Indiana voted for the 1981 farm bill both here in the Senate and in the conference report, the bill that set us up for where we are today to produce more and more and more, and I said it 4 years ago, that the bill proposed in 1981 was a production only oriented program and that is what it turned out to be, produce, produce, produce, more and more surpluses, lower and lower prices.

Now, we talk about the PIK Program. The Senator from Indiana talked about the PIK Program and how it idled 50 percent of the land and worked a hardship on our agribusinesses and fertilizer people. That is true. I was not in favor of that PIK program. But look at it this way: As to the PIK Program in 1983, 50 percent of all of the money that went out in the PIK Program, and it turned out to be about \$16 billion, 50 percent of it went to less than 5.5 percent of the farmers of this country.

So really what we had in the last 4 years was again this boom and bust philosophy. Produce like mad in 1981 and 1982; then you have the most massive land retirement in the history of this country and you take over the biggest part of the money paid for that and you give it to the largest and richest of the farmers in this country; and then we go back to the bust policies, 1984 and 1985, overproduce again, and now we find ourselves in a situation where we have the largest carryovers that we have had in many years.

So the Senator from Indiana talked about the large surpluses and the carryovers. That is true. But what caused it? It is not here without some cause. It is there because this administration did not use any meaningful acreage retirement programs, did not use a paid diversion program, and has not instituted meaningful conservation measures so as to get our supply in line with demand.

So we do. We have surpluses. We have more surpluses than we have had probably in about 25 years of agricultural programs. It is funny how history repeats itself.

In 1960, the two candidates for the Presidency, then Senator John Kennedy and Vice President Richard Nixon, engaged in a series of debates, and it is very interesting to read their debates on domestic policies and especially agricultural policies in 1960.

Listen to what then Senator John Kennedy had to say regarding the agricultural programs. He said,

My judgment is that the program the Vice President put forward, which is the extension of Mr. Benson's program, will cost a billion dollars more than the present program which cost about \$6 billion a year, the most expensive in history. We have spent more money on agriculture in the last 8 years than the 100 years of the Agriculture Department before that.

Does this sound familiar to anyone? Is that not what the President is saying? Is that not what the Secretary of Agriculture is saying? We have spent more money in the last 4 years than we have in the history of the agricultural programs. That is precisely the point that Senator Kennedy was making in 1960 about the Benson program.

So what did the Benson program bring us? It brought us surpluses. Boy, did it bring us surpluses.

And anybody who was around at that time remembers the Benson bins. We had those storage bins all over the countryside. I remember in my small town in Iowa, we had the Benson bins filled with corn, but nobody would buy it. It was as cheap as dirt. In fact, it was cheaper than dirt, but no buyers and huge surpluses.

Again, I will read from that debate what then Vice President Richard Nixon had to say. He was talking about the surpluses. He said:

Now that we have the surpluses, it is our responsibility to indemnify the farmer during the period that we get rid of the farmer -- or the surpluses.

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A nice little slip of the tongue, but does it not remind you of what this President said a few months ago when he said that what we had to do was keep the grain and export the farmers?

So I come back to where I started, that this is nothing more or less than a deliberate attempt to get rid of some farmers, the same as what was used in the 1950's.

The PRESIDING OFFICER. The Senator will suspend. The hour of 5 o'clock having arrived, the Senate will now resume consideration of amendment No. 916 to the language to be stricken by an amendment numbered 914.

Mr. HARKIN. Mr. President, I ask unanimous consent that we put off the debate getting back to the Dixon amendment, I believe it is amendment No. 914, for 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object and, of course, I will not object, I ask unanimous consent that the time for discussion of this amendment be extended for 10 minutes to accommodate the Senator from Iowa, following which the distinguished Senator from Oklahoma will be recognized.

The PRESIDING OFFICER. Is the objection to the unanimous-consent request of the Senator from North Carolina?

Mr. DIXON. Reserving the right to object, and I shall not object, I just want the record to show that it is under the same rules and understandings on the prior occasion.

Mr. HELMS. That is correct.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so order.

Mr. HELMS. I thank the Chair.

Mr. HARKIN. Mr. President, I will conclude very briefly, but I wanted to make these points. I was looking at the figures for Indiana. They have had a tremendous loss in equity there, too. From 1981, \$35.6 billion, down to last year \$26.4 billion. Now, that is not quite as bad as Iowa. We lost 60 percent of our equity in farmland since 1981.

But I just wanted to point out to the Senator from Indiana that the net income per acre under his amendment for next year, the net income would be \$62.24 per acre and by 1989, under his amendment, the net income would be \$27.89 per acre.

The Senator from Indiana stated that he had a family farm back in Indiana. I am just wondering if the Senator would be willing to rent his farm to me for \$62.24 an acre next year. If so, I will rapidly run across the aisle and be glad to sign a contract with him right now. But that is what the income will be under this amendment.

The distinguished Senator from Indiana said that on his family farm they had no debt. I believe that is what he said. He said that one-third to maybe one-half of the farmers in Indiana had no debt. Well, that is fine. I am glad of that.

But is that just to whom we have to look in terms of shaping our farm programs? That is just like saying that 93 percent of our people in America are employed, so why should we worry about the unemployed? That is like saying that 2 percent of our people drive Cadillacs, so should we worry about anybody else that does not have any money?

The fact is that one-half to two-thirds of the farmers in this country do have debts, large debts. And, as my colleague from Iowa pointed out earlier, not because of their own fault, but because of programs instituted here in Congress and by this administration.

Finally, I would just say that if this amendment is adopted, the average age of farmers today, which averages around 55 to 60 years of age, will go up even more and we will have shut the door in America to any young person who wants to go into agriculture and take up farming as a career and to raise a family on a farm.

So I ask my colleagues to give an overwhelming and decisive vote "no" on the amendment offered by the Senator from Indiana.

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

Mr. HARKIN. I am glad to yield, but I said I would only take a couple of minutes because I know the Senator from Oklahoma also wishes to speak.

Mr. BURDICK. I did not want to speak. I just wanted to ask a question.

Mr. HARKIN. Yes, I yield.

Mr. BURDICK. First of all, I wish to compliment the Senator on a fine statement here today on this amendment. Anyone that knows the nature of farming knows that it is beset with hazards and a lot of difficulties. One is the hazard of weather -- rain at the wrong time, not raining at the right time; drought; and all the rest.

It seems to me that another hazard that is going to be beset upon us, if we pass this amendment, will be caused by the 1-year amendment. One year is not time enough to make long-range planning for the average farmer, or any businessman, or anybody else. I believe it would be a tragedy to have a 1-year farm bill. We have to go over a period of years. Does the Senator not agree with me that the results of this amendment would not be helpful.

Mr. HARKIN. Absolutely. As the Senator from Alabama pointed out earlier, this 1-year type of thing would cause more chaos and confusion than anything else.

Mr. BURDICK. I thank the Senator.

Mr. HARKIN. I yield the floor.

(Mr. ABDNOR assumed the chair.)

Mr. BOREN. Mr. President, I wish to congratulate my colleague from Iowa on the remarks which he just made and I wish to associate myself with them.

Let us look at the facts as they really are. Let us set aside the myths and look at the facts.

In the first place, let us put into perspective as to who is making the sacrifices in order to try to get the budget deficits down. How many parts of the budget have even been frozen, let alone been cut below the current levels?

It is a fact that if we simply extended the current farm program over the next 4 years, the current program as it is now, it would cost between \$4 billion and \$6.8 billion more than this bill would cost. In other words, this bill represents a reduction of what the current program would cost.

How many parts of the budget are taking that kind of reduction? Can we say the Defense budget, for example, is being cut by that same percentage?

I happen to be the one that stood on this floor when we had under consideration the so-called Gramm-Rudman proposal and made the motion and offered the amendment, which was accepted, to make sure that agriculture took its share. But it is not fair to ask a segment that is in such desperate trouble to take more than its share.

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Over the last 2 days, we have voted for a 62-percent increase in merchant marine subsidies in the United States -- a 62-percent increase in merchant marine subsidies. That will now average, per merchant seaman on an American-flag ship, about \$160,000 each per year. Yet we are asking the American farmer to pay for it, when 50 percent of our family farmers have a cash income of \$6,580 a year or less.

We all want to see these deficits brought down, but let us talk about fairness and sharing the burden. Let us wake up to the fact that all of this country is going to be impacted if we allow agriculture to collapse.

How many speeches have we heard on the Senate floor about what would happen if we had a default on the Third World debt? We have been told there would be a catastrophe that would collapse our economic system.

Let us look at the figures. The total amount owed to American banks by Third World nations is \$166 billion. The farmers of the United States themselves owe \$214 billion to our banks and \$133 billion of that amount, according to the USDA, is in the hands of farmers who are severely leveraged at 40 percent or more and who are in danger of not being able to make that debt payment on time.

Why is it that we understand what would happen if we had a default of the Third World debt, but we do not seem to begin to understand around here the kind of crisis we are going to have if that collapse occurs in agriculture, making it impossible for that almost \$140 billion of farm debt owed to American banks to be serviced?

USDA estimates that net farm income for 1985 will be 39-percent lower than it was in 1984. Yet, under this amendment we would simply continue that level -- 39-percent down from the year before -- for 1 year and then start to reduce it 5 percent a year for the next 3 years after that.

If we want to create a catastrophe, if we want to create the kind of effect on the financial system that I talked about a minute ago, this is a blueprint to do exactly that. If we want to take the most hard-pressed sector of our economy and ask them to do more than their share, to take more than their share of cuts when other sectors of the economy are not doing nearly as well, then we ought to pass this particular amendment.

The problem is serious now. The problems are getting more serious by the day. In my State, farmland is depleting in value at the rate of 38 percent on an annualized basis. If we cannot put some certainty back in, we are not asking for an increase. We are talking about simply freezing for 4 years at a level that is already severely stressing American agriculture. Here comes this amendment that would not even allow us to stay where we are.

We are here under tremendous stress, but it would have us face a 5-percent reduction potentially in income every year for the next 4 years. How in the world could the credit system withstand it? How could they have the credit extended to the farmers that they must have to stay in business? It is a very serious mistake. I hope my colleagues will consider that they are not only impacting American agriculture if they approve this amendment, but they are severely impacting the entire American economy, and putting it under great danger.

Mr. President, I would like to ask unanimous consent to yield briefly to the distinguished majority leader who I believe wants to make a remark. I would like to ask unanimous consent that I might be allowed to yield to him for 5 minutes, that the time before we go back to the cargo preference amendment be extended for 5 minutes, that I might then yield without losing my right to the floor, and that I might be recognized again following the remarks by the distinguished majority leader.

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

Mr. DOLE. Mr. President, as I understand, the Senator will then move to table the amendment?

Mr. BOREN. The majority leader is correct.

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Mr. DOLE. Mr. President, let me take just a few moments. I think we are getting into the important decisionmaking time. There is little doubt in my mind that this amendment is going to fail, and it probably will get 35 or 40 votes.

I hope we will not table it and that we might be able to amend the amendment. I have a lot of ideas for amendments. I am not going to vote to table it. If it is not tabled, it will be subject to amendment. I think it will probably be tabled in any event. I do not want to quarrel too much with the speakers I have heard in my office. But on the other hand, sooner or later, we will have to come to grips with not only the farm problem but the deficit problem.

I heard the opening words of the distinguished chairman of the Foreign Relations Committee, a member of the Agriculture Committee. I think 14 out of 17 members of the Agriculture Committee voted for the budget resolution. Maybe we can have it both ways. It depends on how it is reported by the press. If the press reports that those who voted for the most money were helping the farmer, and those who voted to stay within the budget were opposed to the farmer, then I assume those who vote for the high dollar are the winners politically.

But I assume in the long run the farmers are the losers, and the taxpayers are the losers. I hope it is not going to happen on this vote. But I would like to finish the bill, hopefully this week.

I will conclude by saying that this vote will probably indicate to both the administration and to ourselves that we have a little work to do on the farm bill if we are going to keep it within bounds.

I guess the other option would be to go ahead and pass anything, go to conference, and try to work it out. If it is still way over budget, whatever figure that is, I assume the President will veto it. He does not want to veto a farm bill. So I think we may as well vote and find out where the bodies are buried.

Mr. EVANS. Mr. President, as a Senator from one of the largest wheat-producing States in the Nation, I rise in support of the amendment before us to control farm program costs and target farm income support payments to the smaller farmer.

For several months now, I have held the view that our 1985 farm bill must initiate a transition toward reduced Government support of, and involvement in, agriculture. As one of the fastest growing sectors of the Federal budget, farm programs have contributed substantially to what is perhaps the key component of the complex crisis facing American agriculture: our \$200 billion deficit. By gradually reducing their cost in conjunction with an overall deficit reduction effort, farm programs could become a significant contributor to the solution. Yet the committee-reported farm bill, if unchanged, would only perpetuate policies that have helped drive American agriculture deeper and deeper into trouble.

High target prices and subsidy payments sustained over the life of this bill will do little to break the present pattern of excessive stock buildups and lower commodity prices. The potential budget costs of a 4-year target price freeze will create new pressure for more hastily-designed, ill-conceived or ineffective supply control measures. While they may provide temporary relief from overproduction on the domestic side, they slowly undermine our farm economy's health by inviting foreign expansion into our overseas markets. This is of particular concern to grain growers in Washington, who move over three-fourths of their product into world trade.

Clearly, a new direction is still needed, but we will now have to make some tough choices. Our \$200 billion deficit tells us we can no longer have it both ways. We can no longer afford to channel billions into agriculture without regard to means or needs of the recipients, nor can we expect to continue covering the shortfalls of our domestic policies with export subsidies or bonuses for an indefinite period of time. It is a losing proposition any way you look at it: on the home front, we encourage overproduction with greater subsidies, and on the foreign front, we discourage real long-term commercial demand growth for our farm products by offering short-term export quick fixes. The greatest agricultural system in the world -- especially the many efficient family farms and small businesses that make it work -- deserves better if it is to remain competitive in world markets.

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Mr. President, we must take the first step to break the vicious circle of high target prices and acreage controls in grain production. High target prices can too often induce farmers to plant commodities already in surplus in order to capture more program payments. Yet in doing this, supply problems are aggravated only further, placing greater downward pressure on prices and escalating the need for large acreage control programs to reduce unwanted stocks. And to get the big producers to participate, the subsidies must be set at levels that thwart the targeting of income payments to needy farmers. Ironically, the small family farmer we all would like to help winds up receiving the least assistance under our current system. And our deficit reduction agreements -- which could ultimately provide immeasurable benefits to farmers of all sizes in terms of lower interest rates and a weaker dollar overseas -- could be severely compromised if subsidy payments were to go unchecked.

Further, Mr. President, it has been suggested on several occasions that high target prices will address both the farm income and farm credit crisis for all of agriculture. Let me say first that I do not doubt for 1 minute the seriousness of this situation: The credit crisis is very real and has taken many good producers to the wall in my State. Our diverse agriculture in Washington is far from being a hobby or a sideline; it's big business, our No 1 industry. We had marketings of well over \$3 billion in 1983. Over 75 percent of our farms are family-size and family-owned, and gross \$200,000 per year or less.

Yet we cannot overlook the fact that in 1984, about 90 percent of all direct Government payments for the 1984 programs went to farms accounting for less than a third of all total farm marketings. And of all producers who are experiencing both 40-percent debt-to-asset ratios or more and negative cash-flow, less than half actually participated in farm programs. We should not forget that the credit problem from State to State can be as diverse and varied as agricultural production itself: It goes beyond program crops and target prices to include many other agricultural commodities, commodities that benefit from little or no Government price support or income enhancement. Our efforts to correct the credit crisis should reflect these considerations as well. We cannot reasonably expect a single farm bill to cure all the ailments in agriculture.

Mr. President, as one who is more accustomed to an urban environment, I have learned a great deal about our national agricultural system during these past few months. It has often been said that city dwellers do not always understand the problems of their rural cousins. Indeed, that may be the case for many of us in terms of understanding the workings of farm programs, and I do not pretend to possess the same level of knowledge and expertise as my able colleagues on the Senate Agriculture Committee. However, I do understand the impact of \$200 billion Federal deficits and high interest rates on declining equity values and declining foreign market shares. I do understand the sensitivity of our agricultural exports to embargoes and protectionist trade policies. As I told a number of Northwest farmers back in January at the Spokane Farm Forum, the primary problems facing agriculture are far beyond the scope of this bill or any other farm bill we could possibly assemble, and we must not lose sight of the real causes of our farm crisis. The last farm bill told us more spending alone is not the answer. The action we take on this farm bill will demonstrate whether we are willing to face that reality. This amendment is a step in that direction, and I urge my colleagues to support it.

Mr. ABDNOR. Mr. President, the Lugar amendment would send a message to our struggling family farmers. Unfortunately, it is not a message of hope or opportunity. Mr. Lugar has summarized this message as a continuation of the status quo. "Bleak, but no worse," he says.

I have to differ with my friend from Indiana. The message this amendment sends to our Nation's family farmers is "bleak and getting worse."

Passage of this amendment would tell our Nation's farmers, ranchers, and agribusinessmen that the congressional solution to the farm crisis is to maintain the status quo. The response in rural America will be one of desperation and despair. To continue the status quo is to continue a devastating farm crisis.

The end result of this amendment for rural America would be disastrous. It would literally pull the rug out from under the family farmer. This amendment would do more than place a 1 year freeze on target prices with reductions in

the following years; it would also harm our rural communities which are so dependent on a vibrant, successful farm economy.

Not only would target prices be phased down, but the availability of credit for capital dependent farmers would be phased down, too. This is because a target price reduction will result in even fewer farmers able to cash-flow, translating into even less credit available to farmers attempting to cope with low prices, high-interest rates, and devalued assets.

The last thing we need to do is pass an amendment which would give further cause for the tightening of credit and devaluation of land prices.

As a farmer myself, I realize that the time may come when we need to move toward less Government support for agriculture. However, that time is not now, not in the middle of a crisis. If the rug is pulled out from under agriculture now, we will be removing all hope for a better, more profitable future for rural America.

I urge my colleagues to defeat the Lugar amendment.

Mr. MELCHER addressed the Chair.

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

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

Mr. BOREN. I am happy to yield.

Mr. MELCHER. Let me just say as I understand the remarks of the Senator from Indiana -- and I ask the Senator to correct me if I am wrong -- that the amendment that he propose would be scored by CBO at about \$2.5 billion saving.

Mr. LUGAR. That is correct.

Mr. MELCHER. Mr. President, this is the wrong place to take a saving in this bill. We need to have savings in this bill. We shall have the necessary reductions in the expenditures of this bill to bring it within the budget resolution. That is going to require reduction of somewhere around 7.4 to 7.6. By the time we get through adding this or that to the bill, we had better be talking about \$7.8 billion. That type of an amendment in one amendment to sensibly take out of the bill that amount of money to bring it within the budget resolution will be offered. I shall be delighted to offer it. I plan to offer it.

Those kinds of savings that we can make where we selectively decide that the priorities are here for reductions rather than taking it out of the target prices is a way to do it. The target price is a mechanism whereby through the deficiency payments during these terrible times commodity producers are assured something, some safety net. The question of having it for 1 or 4 years may appear to be academic to many people. But it is not academic to their creditors. Farmers' creditors are looking at this particular provision in the bill on whether or not there is going to be cash flow for their customers sometime in the future. It is not much. But it is something to tie to. Their creditors realize that. We cannot reduce it to 1 year. We cannot reduce it to 2 years. We have to keep it for 4 years of life of the bill in order to keep life in American agriculture as our creditors see it.

The PRESIDING OFFICER. The additional time has expired.

Mr. BOREN. Mr. President, I ask unanimous consent that we proceed to an up-or-down vote -- the yeas and nays have been ordered on this amendment -- before we return to the cargo preference amendment.

Mr. PRYOR. Reserving the right to object, Mr. President, and I can assure my friend from Oklahoma I do not want to object, but I wonder if it is possible to achieve an agreement here that after the disposal of the amendment by Senator

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Lugar, and after the disposal of the issue of the cargo preference involving the Senator from Illinois and other Senators, we might turn our attention to the amendment which will be offered by the Senator from Montana [Senator Melcher] relative to the deficit and to the budget problems that are contained in this bill.

Mr. DIXON. May I say to my friend, Mr. President, from Arkansas, if we dispose of this, we are making progress on the other, and I think we might take up one amendment at a time. Would the Senator from Arkansas mind if we just went along with the request of the Senator from Oklahoma to dispose of this by rollcall?

Mr. PRYOR. I am not going to object to the request of the Senator from Oklahoma. I think it would be a logical sequence after the Lugar amendment, after cargo preference, to turn or consider the amendment of the Senator from Montana.

Mr. HELMS. Mr. President, I think we had better let the normal process work, and as the distinguished Senator from Illinois said, amend it amendment by amendment.

Mr. PRYOR. I do not object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? Without objection, it is so ordered.

Mr. HELMS. The Senator from Illinois had nothing about a follow-on amendment.

Mr. BOREN. My request, Mr. President, was that we move now immediately to the rollcall vote on the Lugar amendment after which time we would return to the cargo preference; that we have the rollcall up or down on the Lugar amendment at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is agreed to.

The question is on agreeing to the amendment of the Senator from Indiana.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON announced that the Senator from Maryland [Mr. Mathias] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 48, nays 51, as follows:

(See Rollcall Vote No. 266 Leg. in the ROLL segment.)

So the amendment (No. 930) was rejected.

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

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

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I have consulted with the distinguished Senator from Illinois and others. I believe they are still working on a compromise. Therefore, I ask unanimous consent to set aside amendment No. 914 and amendment No. 916.

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The PRESIDING OFFICER. The Senate will be in order so everyone can be heard.

Is there objection?

Mr. MELCHER. Reserving the right to object, what is the request, Mr. President?

Mr. HELMS. My unanimous-consent request is to lay aside amendment No. 914 and No. 916, cargo preference. We are doing that at the suggestion of the sponsors of the amendment.

Mr. COCHRAN. Reserving the right to object, Mr. President, do I understand the request of the Senator to be that we set aside the cargo preference amendments at this point?

Mr. HELMS. Temporarily.

Mr. COCHRAN. For what purpose?

Mr. HELMS. So that Senator Pressler may call up an amendment.

Mr. COCHRAN. What is the nature, if we could be advised, of the amendment the Senator seeks to call up?

Mr. PRESSLER. My amendment is to establish a three-tier target price for feed grains and wheat. An amendment I am sure will be fairly uncontroversial. I only need 4 or 5 minutes.

Mr. COCHRAN. Mr. President, continuing to reserve the right to object, if I may, it was my understanding, after discussions with Senators closely involved in trying to work out this cargo preference amendment, we were close to an agreement; that an amendment could be offered, we were going to have an up-or-down vote on it and that would be the only amendment allowable to the cargo preference section. And then we would vote on the compromise. It would be my hope -- and I trust other Senators, too -- having worked now for almost a day-and-a-half on that issue, we could resolve it in the next 1 1/2 hours.

Mr. DIXON. Will my friend from Mississippi yield?

Mr. COCHRAN. I do not have the floor.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. I yield to the Senator.

Mr. DIXON. May I say to my friend from Mississippi that I have just approached the chairman of the committee, the distinguished manager of the bill, and told him that the compromise is being typed up now in final form. I believe it is in the hands of the aides of my friend from Minnesota. There have been discussions between the distinguished senior Senator from Hawaii, the distinguished senior Senator from Alaska, and, as the Senator knows, the Senator from Mississippi as well. We expect momentarily that it will be in final form. We are very close to an agreement. If we could be accommodated and take one more amendment, and dispose of it until we get to this, I think we will save hours of time around this place.

Mr. COCHRAN. Mr. President, continuing to reserve the right to object, I do not want to hold up consideration of amendments that can be taken up and disposed of quickly. What I did not want to happen, though, would be an amendment that is very controversial to be called up and we go on into the evening debating that and then let the cargo preference issue slip away from us. I think we are close to working it out and finally resolving it, and with that understanding, that we will not be long on this other amendment, I will not object to the unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

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Mr. MELCHER. Reserving the right to object, Mr. President, the situation is that we have been trying to untangle cargo preference all afternoon and we would like to get to a point where we could get on with amendments that have to do with bringing this bill under the budget resolution. Taking another amendment that could be offered by the Senator from South Dakota -- certainly it could not be cleared up in 5, 10, or 20 minutes -- will lead to other amendments. If we are going to continue to wait to unravel cargo preference, I would very much like to accommodate that but I would very much like to know at what point we can get to offering amendments on some selected cuts to bring the bill under the budget resolution.

I pose the question to the distinguished chairman of the committee and to the distinguished majority leader.

Mr. HELMS. Mr. President, I believe I still have the floor.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. I checked with the distinguished Senator a few minutes ago, and he said his amendment was still in the typewriter and would take about 20 more minutes. What the distinguished majority leader and I and others are trying to do is to expedite consideration of this bill. Senator Pressler is ready. As a matter of fact, he was ready this morning.

Mr. PRESSLER. I was ready last Friday.

Mr. HELMS. So I ask for consideration of my unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object, will the Senator restate the unanimous-consent request?

Mr. HELMS. Yes, I will.

The unanimous-consent request is to set aside amendment No. 914 and amendment No. 916, which are the relevant amendments with respect to cargo preference, and that Senator Pressler be recognized to call up an amendment.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object, for how long is the Senator's proposal? How long is the chairman's proposal?

Mr. HELMS. For the consideration of the Pressler amendment, I say to my friend.

Mr. DOLE. Mr. President, I suggest 30 minutes, to be equally divided.

Mr. DIXON. Mr. President, reserving the right to object, the understanding is that we revert to the amendment on cargo preference, which I have at the desk, when the Pressler amendment is disposed.

Mr. HELMS. Regular order would do that.

Mr. DIXON. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Mr. President, reserving the right to object, what is this about 30 minutes on a side? Is that part of the unanimous consent request?

Mr. DOLE. If the Senator from North Carolina will yield, that was only a suggestion, if there is some concern about

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how long the amendment is going to take. I understand that it will not take very long on the part of the Senator offering the amendment, if that would satisfy the Senator from Montana, who had a question about the time. But if there is some question, I will withdraw the suggestion.

Mr. HARKIN. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I yield, without losing my right to the floor.

Mr. HARKIN. If the amendment by the Senator from South Dakota deals with the tiering, then there is going to be a lot of discussion on that.

Mr. PRESSLER. I can explain my amendment in about 4 or 5 minutes.

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

Mr. HELMS. I yield with the understanding that I do not lose my right to the floor.

Mr. MELCHER. I suppose there would be objection on our side that within that 30 minutes there be a vote on it, because there could be other amendments to it. If the request is just to bring it up and then revert back to cargo preference after 30 minutes, I have no objection.

Mr. HELMS. I have no crystal ball. I cannot tell how long it is going to take.

Mr. MELCHER. Mr. President, reserving the right to object, I think I understand the request properly: that for the next 30 minutes we will discuss an amendment of the Senator from South Dakota. If it is not completed within that time, we will revert back to cargo preference.

Mr. HELMS. No, that is not my unanimous-consent request.

Mr. MELCHER. That is not the request?

Mr. HELMS. No.

Mr. MELCHER. I was advised by a Member on our side, who is not on the floor, that he would not want an agreement for a vote within 30 minutes.

Mr. HELMS. I think what may have confused my friend is that the majority leader suggested a 30-minute time limit for consideration of the Pressler amendment, equally divided, but that was not propounded as the unanimous-consent request.

Let us have a test on that. I offer that as a unanimous-consent request: That there be a time limitation on the Pressler amendment not to exceed 30 minutes, with the time equally divided.

Mr. MELCHER. Mr. President, I have to object, on behalf of a Member on our side who is not present at this time.

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

Mr. HELMS. I yield.

Mr. MITCHELL. I should like to offer a suggestion, self-serving in nature, but it may suit the circumstances.

I have an amendment which I think is not a major amendment, on which I would be prepared to enter into a time agreement. I do not think the opponents would object to 40 minutes equally divided. That would fill in the space and permit a resolution of the other matter. If it is in the convenience of the majority leader and the manager, I would be

prepared to go forward on that.

Mr. HELMS. I would like to accommodate the Senator with that, but the Senator from South Dakota has been waiting patiently for most of this day to offer the amendment, and he got sidetracked time and time again by the cargo preference. I do not think I would impose that on him.

Mr. MITCHELL. I have no desire to intrude. I have been waiting since Monday as well. I understood that we could not get an agreement to set aside the pending amendment, and I am suggesting that this amendment be taken up in the meantime. If there is an agreement with respect to the amendment of the Senator from South Dakota, I have no objection to that.

The PRESIDING OFFICER. The Senate will be in order.

Is there objection to the original request?

Mr. MELCHER. Mr. President, I thought I made the objection clear, that on behalf of a Member who is not here, we have to object.

Mr. DOLE. Object to what -- the 30 minutes?

The PRESIDING OFFICER. Objection is heard.

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

Mr. HELMS. I yield, provided I do not lose my right to the floor.

Let me state again what the Parliamentarian meant when he advised the Chair that the question was on the original unanimous-consent request.

It is simply to lay aside the cargo preference, and I defined those by number, and that is all the request is.

Mr. MELCHER. I have no objection to that, as long as it is not going to get a vote.

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

The Senator from South Dakota is recognized.

AMENDMENT NO. 929

(Purpose: To establish a three-tier target price for feed grains)

Mr. PRESSLER. 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 South Dakota [Mr. Pressler] proposes an amendment numbered 929.

Mr. PRESSLER. 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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On page 114, strike out lines 20 and 21 and insert in lieu thereof the following:

"(E) The established price for corn shall be not less than --

"(I) \$3.13 per bushel for any quantity of corn not in excess of 10,000 bushels,

"(II) \$2.98 per bushel for any quantity of corn in excess of 10,001 bushels, but not in excess of 20,000 bushels, and

"(III) \$2.83 per bushel for any quantity of corn in excess of 20,001 bushels.

On page 88, strike out lines 18 through 23 and insert in lieu thereof the following:

"(E) The established price for wheat shall not be less than --

"(I) \$4.48 per bushel for any quantity of wheat not in excess of 7,500 bushels.

"(II) \$4.33 per bushel for any quantity of wheat in excess of 7,501 bushels, but not in excess of 15,000 bushels and,

"(III) \$4.18 per bushel for any quantity of wheat in excess of 15,001 bushels.

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

Mr. PRESSLER. I yield.

Mr. DOLE. Mr. President, I see the distinguished minority leader on the floor, and this might be a good time to indicate that we will have votes for a while this evening.

I am not certain how long this amendment will take or what we will do following that. I think the last vote will probably be an indication of where we may wind up on this bill one of these days. I am encouraged by what has happened. There is an indication to me that Members on both sides want to get a farm bill that will not be vetoed, one that will not do violence to the budget, and one that will help the American farmer. I am somewhat encouraged by the 48 to 51 vote.

Perhaps that would be another indication that maybe it is time to sit down on both sides and try to work out a farm bill. That is a fairly close vote.

I say to the distinguished minority leader that we will probably stay until about 9 o'clock. Maybe it is time to vote on a \$25,000 payment limitation. Maybe that would be a good amendment.

Mr. PRESSLER. Mr. President, the amendment I am offering would direct deficiency payments for corn and wheat to family size farmers and help to hold down the cost of these programs. Program benefits would be directed to family size farmers through a three-tiered target price system similar. The amendment is the same as the target price provision I offered in S. 250 and similar to an amendment I offered to the 1981 farm bill.

The current farm program, with its \$50,000 payment limitation still allows the majority of program benefits to go to the largest corporate farms. Almost one-half of the payments made under the target price program go to the largest 5 percent of the farmers, based on land ownership. These farmers usually need the least help. The most recent available USDA statistics illustrate this point. Farms with gross sales of over \$250,000 had an average net equity of \$904,446. Farmers in this category had an average annual net income of \$96,889 in 1984. The same set of statistics shows that the smaller, family size farm with gross sales of between \$20,000 and \$100,000 had a net income of \$17,602. The average income all American families in 1984 was equal to \$24,800. These statistics illustrate that we need to do a better job of directing Federal farm program benefits to family size farms.

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My amendment would direct farm program benefits to family farmers and away from large corporate farms. It would set the corn target price at \$3.13 per bushel for the first 10,000 bushels of production per farm. For production between the 10,000, and 20,000, the target price would be set at \$2.98 per bushel. For production in excess of 20,000 bushels, the price support would be \$2.83. The target price for wheat would be set at \$4.48 for the initial 7,500 bushels produced. Production between 7,501 and 15,000 bushels would be supported at a rate of \$4.33 per bushel. A target price of \$4.18 would apply for production beyond \$4.18 per bushel. Well over 70 percent of the Nation farmers would benefit from my amendment. Another 15 to 20 percent of the farmers would receive comparable benefits from both my amendment and the committee bill. The largest producers would have a reduction in benefits. The increase in program benefits to family size farmers without increasing costs is possible because of the large share of production held by the largest operators. For example, this amendment would reduce benefits to only 10 to 15 percent of the farmers, but these farmers produce approximately 40 percent of the grain.

I have worked with the chairman of this committee and we have contacted USDA concerning the cost of the three tiered program. USDA has estimated that the amendment would be revenue neutral for fiscal year 1986. The same number of dollars would be more effectively directed to family size farmers rather than the largest farmers who need the assistance the least.

The amendment would also reduce the incentive for farmers to produce more corn or wheat in order to benefit from target price payments. Once the farmer hits the 13,000 or 20,000 bushel level, his incentive to produce more corn and wheat would be reduced. With our huge feed grain surplus, it is important that we reduce governmental incentives for farmers to produce excessive amounts of corn.

Mr. President, in the last few days I have heard many elegant speeches on the need to provide assistance to the family farmers of America. My amendment would increase farm program benefits to the average size family farmer. Benefits would be increased for the farmers with the highest need. Since everyone seems to want to help family farmers then I hope of my colleagues will support this amendment.

The PRESIDING OFFICER (Mr. Humphrey). The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I thank the Chair for recognizing me.

Before discussing the amendment by the distinguished Senator from South Dakota, which I support, I ask that he make me a cosponsor. I ask unanimous consent that I be listed as a cosponsor.

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

Mr. HELMS. Mr. President, I am looking at the rollcall vote just taken where the amendment of the distinguished Senator from Indiana [Mr. Lugar] was defeated by a three-vote margin. If we can get together and come to an accommodation, I believe we can finish this farm bill in short order. I do not mean in a few hours but in 2 or 3 days.

Now, originally, I had anticipated it was going to take a week or 10 days at a minimum, but now I am greatly encouraged because I believe that a majority of Senators must surely realize that what is needed is to bring some fiscal responsibility to the farm bill.

Now, we will be glad to work with, consult with, cooperate with Senators in trying to achieve an accommodation.

As to the amendment of the distinguished Senator from South Dakota, this amendment has been referred to as a farm bill with tier, creating a farm bill with tiers. I think we better spell that. That is t-i-e-r-s and not t-e-a-r-s because past farm policies, the failed policies of the past, have resulted in many tears, t-e-a-r-s, being shed by small family farmers.

Now we have been discussing this daylong about what has been done to the farmers, what can be done for the

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farmers, and I say again, Mr. President, that the best farm bill that we could possibly write and pass in this Chamber would be one to move toward a balanced budget, get the interest rates down 2 or 3 percent. That is the main problem that we are confronting out across America's land, among the farmers particularly the small farmers.

The analysis of the 1972, 1978, and 1982 Census of Agriculture demonstrates what many have already suspected. That census shows that small farmers are disappearing. Why?

Let us analyze just a little bit. During this period, small family farmers declined in number by almost 20 percent while the number of larger farms increased. I think it is more than a coincidence that this has happened at the very time that Congress has year after year, farm bill after farm bill, indiscriminately come forth with larger and larger subsidies to agriculture.

I have stated many times since consideration of the farm bill began last week, and I say again, that the payments, the subsidies, are not going to the small farmers in terms of percentages; they are going to the large farmers.

If we are for real around this place about the concern, interest, devotion to the small family farmer, let us prove it by getting some equity and some fairness.

These ever-growing subsidies have contributed to ever-growing average size farms, ever-increasing numbers of large farmers, chronic surpluses, low farm prices, and declining number of small farmers.

We can express our political feelings about the farmers all we want to. But the fact remains that what has happened to the small farmers has been largely a result of the failure of Congress to be fiscally responsible.

The amendment by the distinguished Senator from South Dakota is an effort to correct one of the problems, and I commend him on it. It is a good amendment. It will give small family wheat and feed grain farmers a chance to compete in an industry that is now tilted by Government policy toward larger farmers.

And I ask the Senator if that is not a correct assessment.

Mr. PRESSLER. That is a correct assessment.

Mr. HELMS. I thank the Senator.

Furthermore, the amendment would establish higher target prices for smaller producers and progressively lower target prices for the larger producers. Now, I want to know what is unfair about that.

If we mean what we say, I say to the Senator, when we express our devotion to the small family farmer, I think the Senator is on the right track and I commend him for his amendment.

On average, the weighted national wheat and feedgrain target price is not changed from current law. It equates to a freeze in target prices, but redistributes the subsidies according to the size of the farm.

Now, the formula in the Senator's amendment, as I understand it -- and I want him to correct me if I am wrong -- truly targets smaller farmers and results in approximately a \$4.38 national weighted target price. Is that what the Senator has in mind?

Mr. PRESSLER. That is correct.

Mr. HELMS. I thank the Senator.

So even though large farmers would have reductions in the target prices, small farmers would have increases and the average for the Nation's farmers would be \$4.38 per bushel as opposed to the 12 cents per bushel national average

increase contained in the committee bill.

Let me say for the purpose of emphasis that this represents no reduction in the national average target price. I ask the Senator if I am not correct in my understanding that it represents only a redistribution of benefits toward the smaller farmers.

Mr. PRESSLER. That is correct.

Mr. HELMS. As with wheat, the feedgrain formula gives the greatest benefit to the smaller farmer. Also, as in wheat, about 80 percent of program participants will find no effective reduction in their average target prices. So that means that about 20 percent of the largest participating producers will feel some slight reduction.

Again the weighted national average target price will remain at \$3.03 per bushel. This is the same as current law and the same as in the committee adopted farm bill. The amendment only redistributes payments from the largest to the smallest producers and does not do it with a meat ax.

Let me say, again, Mr. President, and then I will yield the floor, we have heard much about the family farmer and how we need all these farm programs in order to save the family farm, but I think now is the time to stop posturing. I think now is the time to demonstrate a genuine concern for the small family farmer and those in the middle-size bracket.

For the past 50 years, family farms have been swallowed up by other farms growing larger and larger. And much of this, I think, is due to technology and biases in State and Federal tax codes. But I am convinced that much of the structural change is due to Federal farm policies that have failed because they favor large farmers.

This Senator does not favor discrimination against large farms. They, in most cases, are most efficient and account for the reason America has such an enviable food and fiber system.

My only point is that the taxpayer should no longer be held responsible for the economic prosperity of these large agribusinesses. If farm policy is supposed to promote the small family farm, then I believe it is high time that we put some muscle behind the rhetoric.

I anticipate that the questions will be asked as to why cotton and rice was not included in this amendment. Quite frankly, it is because there are no small cotton and rice farms left except those that have been broken out of larger farms so that the large farms are not disqualified from Federal farm programs by the \$50,000 payment limit.

Mr. President, it is not too late for wheat and feed grain farms.

Mr. PRESSLER. Mr. President, at some point I would like to ask for the yeas and nays.

Mr. President, I am sending a technical modification to the desk. It does not change the meaning of the amendment.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 929), as modified, reads as follows:

On page 114, strike out lines 20 and 21 and insert in lieu thereof the following:

"(E) The established price for corn shall be not less than --

"(I) \$3.13 per bushel for any quantity of corn not in excess of 10,000 bushels,

"(II) \$2.98 per bushel for any quantity of corn in excess of 10,000 bushels, but not in excess of 20,000 bushels, and

"(III) \$2.83 per bushel for any quantity of corn in excess of 20,000 bushels.

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On page 88, strike out lines 18 through 23 and insert in lieu thereof the following:

"(I) \$4.48 per bushel for any quantity of wheat not in excess of 7,500 bushels.

"(II) \$4.33 per bushel for any quantity of wheat in excess of 7,500 bushels, but not in excess of 15,000 bushels and,

"(III) \$4.18 per bushel for any quantity of wheat in excess of 15,000 bushels.

The PRESIDING OFFICER. Does the Senator wish to request the yeas and nays?

Mr. PRESSLER. 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.

Mr. MELCHER. Mr. President, 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. BOREN. 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. BOREN. Mr. President, we have before us an amendment that has been offered under the guise of being an amendment to help the family farmer. In fact, I think we ought to examine this amendment very, very carefully before we jump to the conclusion that it helps the family farmer.

I have just run the figures on it and if we take the average yield, for example, for wheat on a wheat farm, if we take the 400-acre wheat farm that is in the range of a family farm by definition in terms of its gross sales and size, the Pressler amendment would reduce family farm income for that 400-acre wheat farm by 4 percent from the figure that is in the bill. On a 600-acre wheat farm, which also would be designated a family farm, it reduces the family farm income by 5 percent. And for an 800-acre farm, again in the range of the family farm, it means a 6-percent drop in income.

Now we fought hard in the committee to try to target more of the benefits in the case of wheat to the family-sized farm unit. It was a hard battle and one which we won. I think it is very important that with the few dollars, very scarce dollars, that we can allocate to the farm program, that we target them as effectively as possible to the family-sized farm unit.

Now what does this amendment do? I hope that my colleagues, who are in sympathy with the idea that we should primarily be helping the family farmer, will listen carefully and will examine the facts for themselves.

This targets the highest per bushel price on wheat, for example, to those who produce the first 7,500 bushels. They are to get \$4.48 per bushel for the first 7,500 bushels. Now that is the people who are really helped under this proposal.

How many acres does it take to raise 7,500 bushels? On the average in this country, it would take 193 acres to raise 7,500 bushels. So, in other words, those that are helped under this amendment the most are not the family-sized farmers. I just told you what would happen to the 400-acre wheat farm and the 600-acre wheat farm. It is flying under false colors.

This is not the family farm amendment. This is the hobby farm amendment. We have 680,000 hobby farmers in this country, 40,000 more than there are family farmers, by the way, according to USDA definitions based upon gross sales.

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We have 680,000 hobby farmers, those who just raise a little, those doctors and lawyers who live in towns who love to farm on the weekends or like to live on the country estate. There are 680,000 of them. They will love this amendment because they are going to get the primary benefit from the Pressler amendment -- those that are farming in the case of wheat, for example, of 193 acres or less -- but the family farm, the backbone of all the farmers, there are only 34 percent of farmers that are family farmers. The rest are either hobby farmers or the giant farming operations. Those 34 percent who have the 400-, and the 600-, and the 800-acre wheat farm are the backbone of agriculture.

They are only 34 percent of all the farmers but they raise 90 percent or more of all of the farm production. They are the people who depend upon the farm for their income.

If the Senator from South Dakota really wants to help the family farmer as opposed to the hobby farmer, the Senate would turn this thing on its head for the first couple of thousand bushels raised on 50 or 60 acres. The Senator would put that down at the lower price of maybe \$3.50 or \$4; then for the next 18,000 bushels or so, put it where we have it under the bill at \$4.55. Give the family farmers, those people who are depending on the income from the farm, a chance to make a living.

So I say if there is any amendment that I have seen in this Senate that is flying under false colors, it is this one. I hope all my colleagues will carefully examine it. If you want to help the hobby farmers, if you think those doctors, lawyers, who bought up that land, live in town, and love going out to their country retreat on the weekend need more help from the Farm Program, need more of the precious dollars that are needed for the survival of the family farm, then vote for this amendment.

Go home. I hope all the hobby farmers will have a parade in your honor and call out the brass bands and carry signs, "Friend of the Hobby Farmer" because that is exactly what this amendment does. It effectively targets the aid to the hobby farmers of America, and deprives the family farmers of America of a chance to make a fair income.

Look again at what we have in the bill. We have targeting there. We have \$4.55 per bushel up to 20,000 bushels which is a range that would encompass the family-sized farm unit. Even with that, even with that, we are only able to get farm incomes up 4 or 5 percent for that family wheat farmer -- I use the wheat farmer as an example -- over what we have at the current time, at a time when we are in desperate economic conditions. But the last thing we need to do -- the very last thing we need to do right now -- is take the precious dollars that we have to allocate to the Farm Program and target them to the hobby farmers instead of targeting them to the family farmers.

You can just do the figures for yourself. You can figure out exactly how much it takes to raise the levels of production. You can get that per bushel yield. If you doubt my figures, put the pencil to the page yourself, and you will find for the family-sized farmer the Pressler amendment will be an absolute disaster.

We had an effective targeting in the Senate agriculture bill that does help that family-sized farmer. We ought to stay with that. If we want to change anything, we ought to change it by exempting the first couple of thousand bushels from the incentive price.

I would be happy to yield for a question from my colleague from Idaho.

Mr. McCLURE. First, I want to associate myself with the remarks the Senator has made. The Senator is right on target. With just a couple of exceptions or additions I totally agree.

One is there are some small farmers that are not hobby farmers. They are people that are for one reason or another on small acreages, but the hobby farmer, the part-time farmer that is doing it as a hobby is also generally speaking the one who has bid up the price of land. That has made it harder for the ones who really wanted to be in full-time agriculture either to get there or to stay there. It is one of the things that has contributed to the tremendous financial crunch.

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This amendment, if passed, would encourage the continuation of that trend rather than stopping it.

Mr. PRESSLER. Will the Senator yield?

Mr. BOREN. I would like to let my colleague from Idaho finish his point first.

Mr. McCLURE. A second point I think needs to be made. The Senator just touched on it. It may be one of the most effective things we can do -- is to eliminate a subsidy completely for the part-time farmer. This amendment does not do it. Neither does the bill.

I think that is something we ought to look at very carefully, whether or not we really want to encourage the maintenance of submarginal part-time farming in competition with those who make their full livelihood out of farming. I do not want to squeeze the marginal farmer off, but I do not want to encourage the continuation of growth of hobby farming, and encourage people to move out from the city into the countryside by reducing their cost of operation and therefore increasing the numbers of people in the city moving to the countryside in part-time farming.

Mr. BOREN. I thank my colleague from Idaho. I think his statements are right on point. Certainly, I am not denigrating anyone who wants to live on a small tract of land. I am certainly not denigrating any marginal farmer. I think there are many of us who would like to live under those conditions, and have an opportunity to live in that fashion.

The Senator is certainly right when he said that those who are going out buying small tracts of land for a period of time will increase the cost of production for those who are really in the family farm, the backbone of agriculture. They have driven up those costs. Very often they do have other sources of income. They are unlikely to be dependent mainly on the farm for the family livelihood. Sometimes they can use those sources of income to pay much higher prices for land, equipment, and other items than the person in agriculture can afford to pay.

So by encouraging more and more people to go into hobby farming, we have hurt the family farmer really in two ways. We have increased the overall production and surpluses, we have also greatly increased the cost of production, and we have helped to put that family farmer into a cost/price squeeze that we are all familiar with.

I tried in the Agriculture Committee at the beginning to put in a threshold level so that we left out that incentive price for the first so many bushels of production. Then we targeted in that range that would encompass the family-sized farms, those with gross sales over \$50,000 a year, but less than \$500,000 a year which is the traditional definition of a family farm.

I was not successful in that. So the next best thing was to target it for the first 20,000 bushels, for example, in the case of wheat. That seemed to be the best we could do.

I am very, very alarmed at the effects of this amendment. I know the author may well not have intended those be the effects but it very substantially cuts the family farm income for that size operation.

I am happy to yield for a question.

Mr. PRESSLER. I thank the Senator very much for yielding.

I would like to ask him a question or two because I feel the amendment is being misrepresented. The purpose of this amendment is to help the family-sized farmer. My good friend suggested perhaps there would be a parade given by the people for me because I am helping hobby farmers.

I would suggest if there is such a parade my friend from Oklahoma would perhaps ride in the first car because what is in the bill now would treat the hobby farmer better than my amendment. Indeed, I will let the Senator ride in the front car if there is such a parade.

Mr. BOREN. I have to say to my good friend from South Dakota that I tried to follow the Senator's logic from down the path that the Senator was leading me. Somehow I am left in the middle of a maze because it becomes very unclear how the Senator comes to that conclusion.

We are providing \$4.55, for example, per bushel for that farmer that has 400 acres, 500, or 600 acres.

That would all fall into that level of production. Let us say we only have to harvest 193 acres before we drop down to \$4.33. Then we only have to harvest another 193 acres. We are still well under 400 acres before we dropped to \$4.18.

How in the world is the Senator helping a family-sized farmer under his amendment when the Senator is dropping the amount of that family-sized farmer? That farmer, let us say, has a 500-acre farm. When the Senator is dropping the amount we are going to pay him on all of that production over 386 acres, when the Senator is dropping that from \$4.55 to \$4.18, how can the Senator say he is helping a family farmer when on a 400-acre farm his amendment provides him with 4 percent less income than the bill presently does, and when on a 600-acre farm he is reducing his income by 5 percent?

I would like to hear my friend from South Dakota go before an audience of family farmers and say I have come to help you. If you have a 400-acre farm, I am lowering your income by 4 percent and on a 600-acre farm, I am lowering your income by 5 percent. I say with all due respect to my colleague from South Dakota, I think they would say, Senator, that is the kind of help we have been getting out of Washington for all too long. That is the reason so many of our farms are on the auction block.

I would just say that I think the mathematics will show that you are lowering the income for the very size farms we are wanting to help, I say to my colleague.

In the committee, I attempted to have a lower threshold price for the first 3,000 bushels, just to get rid of the special hobby farmer. I was not able to get the amendment exactly the way I wanted it. But certainly with this amendment you will give the hobby farmer the highest price of all, which is what the Senator from South Dakota is doing with his amendment.

Mr. PRESSLER. Wheat farmers with an average base of 460-acres or less would receive a higher target price than under current law. Those larger would have decreased benefits. The average wheat base today is 89 acres.

Mr. BOREN. Under the bill for a 400-acre wheat farm, they will get \$4.55 for all of the bushels they produce. Under your proposal, they will get \$4.48 for the first half of their production and \$4.33 on the next half of their production. I understand we are teaching the new math now, but this is really the new math.

How do you take \$4.48 and \$4.33 and turn out to average \$4.55? If you can explain that to me, I would appreciate it very much.

Mr. PRESSLER. My friend is talking about increasing under the target price. He is assuming there is not any kind of a freeze. He is making assumptions. Indeed, we will answer in detail for Oklahoma, but we do not have those figures here.

The fact is I think my friend is speaking for the large corporate farmers. There is nothing wrong with speaking for them. I speak for the family farm. Many farmers have some wheat and some corn. This is a fairly substantial farm I am talking about.

Mr. BOREN. What is the size farm the Senator would consider to be the average farm? According to the USDA, what is the average size farm? Is it not 543 acres? Is that not the average family farm? I believe it is.

Mr. PRESSLER. The average wheat base for people participating in the program is 89 acres. You can dispute other

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figures, but that is the true figure. The amendment benefits farmers with a wheat base of 460 acres. That is a large farm in my State since most farmers produce several crops. Maybe in your State the farms of which my friend is speaking of are much larger than that. But that is the point. This is to help the truly family size farmers.

Mr. BOREN. 20,000 bushels is about a 600-acre wheat farm. We are targeting to higher benefits.

In Oklahoma, we are increasing the average yield per acre. As we said a moment ago, it takes 193 acres to produce 7,500 bushels of wheat using the USDA average. I think the Senator can figure that. If that takes 193 acres to produce 7,500, you are talking about a 600-acre farm or a little less to produce 20,000 bushels.

Mr. PRESSLER. I am told the Senator is using a wheat farm defined on a census basis. We are talking about a wheat farm defined by the USDA on a payment basis. Indeed, there is quite a difference.

Mr. BOREN. We can figure that out. We will just take the average bushels per acre of yield on a wheat farm as defined by the USDA nationally. We can multiply that out and get the average bushels per acre. It is 38.8 bushels per acre. Just find out how many acres it takes to produce 20,000 bushels. I think you will find my figure is correct.

What you are doing here is you are targeting the benefit, which, by the way, is still low, at \$4.55. You are targeting that only to the first 7,500 bushels of production which is from 193 acres.

Mr. PRESSLER. The \$4.55 target price on the first 20,000 bushels will increase deficiency payments to 99 percent of those who now receive payments in Oklahoma and 98 percent nationally.

You are assuming that this body is going to substantially increase the target prices. It has been indicated that there would be a freeze. I do not necessarily disagree with higher target prices. But we are trying to work within the framework of a budget. I would hope it would be larger but I am very much afraid it will not be. Therefore, this amendment tries to target farm program benefits to family size farmers and ranchers. The levels established in the amendment are fairly substantial levels when compared to the average wheat and corn base.

If people want to raise more grain, they can do so, but they will not be provided with as great an incentive under these target prices. If we use the USDA figures, and we will have the figures shortly on Oklahoma, I believe my friend is speaking for the very few large farmers, in many cases corporate farmers who need program benefits the least.

When you consider the fact that in many parts of the Farm Belt more than one crop is grown, we are talking about very large farms, larger than average size family farms.

Mr. BOREN. I sympathize with what my friend from South Dakota has said. I know he has tried to assist the farmers of the Nation. I noticed how he voted on just the last rollcall. I appreciate his vote. I think he voted with the farmers on the last rollcall. I think he is talking about doing the right thing.

Unfortunately, I just do not think the amendment is drafted to do that. I did not mean to denigrate the motives of my colleague from South Dakota at all, but I think he really should want to help the family farmer as opposed to the hobby farmer.

Let me go back. As I said, the average wheat base for this country is something like 89 acres. Surely, he does not believe that is the average family size farm. In a 5-acre base, you have a lot of farmers where a typical farmer might farm 6 or 7 tracts, so he adds together a little from this one and a little from that one, and so on.

You see, these figures can be taken in a very misleading fashion.

I read an article in the newspaper last week, published in the Washington Post, which said that 72 percent of the farmers in the country were experiencing no economic distress at all.

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I looked at that and said to myself, "How could that be?" Then I looked at a USDA report that said 58 percent of all the family sized farms were experiencing severe stress. If 58 percent of the family farms are under severe stress because they have 78 percent of all the debt, how could 72 percent of the farmers be in no trouble at all? It is easy to see. Those 276,000 hobby farmers for the most part are not under financial stress because they do not depend on the family farm for their income.

Then you can add all those figures and say when you look at those 2.3 million and add those that are maybe corporately owned and not doing as badly as the family farms, you can say that. I am afraid that is the trap my friend is falling into.

Mr. PRESSLER. Would my colleague yield?

Mr. BOREN. I urge him to put a pencil on it for a 400- or 500-acre farm and see for himself.

Yes, I yield.

Mr. PRESSLER. I thank my colleague for yielding. He knows much more about Oklahoma than I do.

Mr. BOREN. Mr. President, I have been using the national average figures, not Oklahoma figures.

Mr. PRESSLER. My friend talks of a farm with a 900-acre wheat base. I am told that only 101 or 32/100 of 1 percent of the people in Oklahoma receive payments that would equate to those due a 900-acre operation, less than half of 1 percent nationally.

My friend is talking about very large farms and, in most cases, corporate farms. I do not criticize him for that. Somebody has to speak for the large farms. But this amendment speaks for the family sized farms of America. I think that is an important thing.

Mr. BOREN. What is the average family sized wheat farm in the Senator's State? Would a 400-acre farm be a large, huge, monolithic farm or would he call that a family farm?

Mr. PRESSLER. The average wheat base in the United States is 89 acres.

Mr. BOREN. Would the Senator, if he were driving in his car and saw a 400-acre wheat farm in South Dakota, would he say to himself, "My, there is a huge, gigantic farm operated by some corporate behemoth"? Or would he say, "I believe that is a family farm I see out there"?

What would he say?

Mr. PRESSLER. Not necessarily. Under my amendment, depending on how efficient and productive they were, the farmer would receive payments on a tiered basis. That farm very well would benefit from this amendment, very much so. We could debate here about census definitions and about personal definitions, but the fact of the matter is that the operator of that particular farm, if it were a South Dakota farm, would also have some corn, some alfalfa, and so forth. Such a farmer, with a 400-acre operation would benefit greatly from this amendment.

Mr. BOREN. Using the average bushel yield per acre nationally on a 400-acre wheat farm, the Senator is going to get an average of between \$4.33 -- I go back to this question. For half the production on the 400-acre farm, he is going to get \$4.33; for the other half, \$4.88. So you add them together and average them to get your price on that 400 acres. Under the bill, you are going to get \$4.55 for all of them. Will the Senator please explain to me how you can average \$4.33 and \$4.88 and come out with a higher figure per bushel for that 400-acre farm production than the \$4.55 under the bill?

Mr. PRESSLER. Again, the Senator is talking about a different target price. Some of my big ranchers and farmers

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are going to take me to task for offering this amendment. Some of the large acreages in my State are going to be upset. Next time I have a listening meeting, I shall be roasted gently by some of my friends who are blessed with large farms. I am sure my friend from Oklahoma has several such friends. Indeed, there are a few farms and ranches in South Dakota that would not benefit from this. But the family sized farms and ranches would benefit greatly.

Mr. BOREN. Mr. President, if I may make one other comment, then I shall relinquish the floor to all my colleagues who want to speak on this. I was just handed information from the USDA's report that was published in late July. According to that report, they list 650,000 hobby farmers. They say that on the average, those 650,000 hobby farmers rely for 3 percent of their income on their earnings from agriculture. They got 3 percent of their income from agriculture.

Mr. President, I am not against hobby farmers at all, but I do not think we should be writing the farm program for the hobby farmer.

Mr. PRESSLER. If my friend will yield, how much would he give the hobby farmers under his bill?

Mr. BOREN. As I told him, when I tried to write it in the committee, for the whole first 20,000 bushels, we would give \$4.55.

Mr. PRESSLER. So the hobby farmer gets more under his bill than he does under mine. When the hobby farmers have that parade for him at home he will be at the head of the parade.

Mr. BOREN. As my friend knows, he is only giving that higher price to the very first few acres of production. His benefits are targeted to those 650,000 or less who are hobby farmers. Those 650,000 get 3 percent of their income from agriculture.

The Senator said a while ago that in trying to target the benefits of the first 20,000 bushels, I was helping these huge farms. It drops off to \$4 after you reach the 20,000 bushel level under the bill as now written. That is about a 600-acre farm. I do not think that is a huge corporate farm. That is a family-sized farm, as my colleague from Idaho [Mr. McClure] well knows.

I am not using Oklahoma figures. I am shocked and surprised that the Senator from South Dakota would think that a 400- or 500-acre or 600-acre farm was not a family-sized farm. I go back to this: The Senator can just add it up for himself. If this is a family farm amendment, why is it reducing the average income of the average family-sized farm unit by 4, 5, 6 percent or more, depending on the size of that farm? There is just no way, if we are really interested in helping.

If I could write the ideal provision, I would write it maybe at \$4 for the first 2,000 bushels, then write it at \$4.60 for the next 18,000 bushels. That would get rid of the hobby farmer and target it all to the family farmer. That is the way I wanted to write it, the way I first offered it in the committee. The committee did not go along with it, so we got second best and targeted the first 20,000 bushels.

What the Senator from South Dakota suggests is the worst of all. He gives the highest level to the hobby farmer and reduces it when he gets up to the family-sized level.

I go back to this: When we have a pressing need, let us target the income to those who really depend on that farm for their financial survival. Let us target it to the full-time farmer. Let us not target it to the doctor who bought a little tract of land -- I think it is nice he bought a little tract of land -- and he drives out from the clinic in his Mercedes, or the lawyer does. I used to be a lawyer so I have nothing against lawyers. I am glad those professions are doing well. But let us help the family farmer; let us not open the Treasury to the hobby farmer and close it to others.

Mr. President, I think the aim may well be a good one, I say to the Senator from South Dakota, but I urge him to

use his pencil himself or his calculator and figure out how in the world he is helping the family farmer by reducing his average price of \$4.55 on the 600 acres or less that he can produce and lowering that to a much lower figure. There is no way it can be done.

I shall be happy to yield.

AMENDMENT NO. 931

Mr. HARKIN. Mr. President, I have an amendment which I send 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 Iowa [Mr. Harkin] proposes an amendment numbered 931 to amendment No. 929.

In the pending amendment, strike lines 12 through 20.

Mr. HARKINS. Mr. President, the amendment that I have offered to the pending amendment would basically strike that part of the amendment offered by the Senator from South Dakota that deals with wheat. I am much persuaded by the arguments of my distinguished colleague from Oklahoma [Mr. Boren] on this issue. We debated this at great length in the Agriculture Committee. We had a vote in the Agriculture Committee to adopt Senator Boren's amendment, which set up the tiering level for wheat at \$4.55 per bushel on the first 20,000 bushels and \$4 a bushel on everything over that.

I know that Senator Boren worked long and diligently in the committee to fashion an amendment that would go to help, as he said so eloquently on the floor, those family-sized wheat farmers, not only in Oklahoma but throughout the country, and to make sure that we targeted those benefits to those family farmers.

I understand the amendment offered by the distinguished Senator from South Dakota. What it seeks to do is to take what the Senator from Oklahoma did in the committee and reduce it down to a level that -- basically, what the Senator from Oklahoma pointed out I think is accurate -- decreases the income which would go to those average family-sized farmers who are raising wheat.

Now, I understand why the Senator from South Dakota is doing this. I assume it is to try to reduce associated costs. Again, I would point out that the costs here are minimal and that what Senator Boren very carefully fashioned on this bill in the Agriculture Committee was an amendment that would slightly increase the income of those family-sized farmers. If I am not mistaken it was around 5 percent.

It is not a great deal to ask to increase their income by 5 percent, but I tell you what that will do, Mr. President; that small increase in income to those wheat farmers means we will not be coming back here next month or early next year to try to bail out the Farm Credit System for \$5 billion or \$6 billion or \$10 billion or whatever it is that they are going to be asking. That 5 percent increase in income to those family-sized wheat farmers will mean they will be able to pay their debts, to pay their bills, and that we will not have to then come in and treat the symptoms by bailing out the Farm Credit System. Rather, we can treat the causes right here and now by assuring that there is a very slight increase, 5 percent, in the income of these family-sized farmers.

And so I offer the amendment to the amendment offered by the Senator from South Dakota which would basically maintain the position that came out of the Senate Agriculture Committee, that is, a tiering for the wheat farmers as authored by the distinguished Senator from Oklahoma and adopted by the Committee. I believe it is the best. I believe it provides that small 5-percent increase in income that is needed so desperately out there, and is the fairest we can do. I am hopeful that Senators will stick with the committee position and will strike that portion of the amendment offered by

the Senator from South Dakota which deals with wheat.

Now, I must in all fairness add that the Senator from Iowa will be offering an amendment after this that will bring the tiering of corn more in line with the tiering of wheat. But I am hopeful at least at this juncture that we will stay with the committee position and not vote for the wheat portion in the amendment offered by the Senator from South Dakota.

Mr. President, I yield the floor.

Mr. McCLURE. Mr. President, I rise in opposition to the amendment offered by Senator Pressler for the many reasons stated by the Senator from Oklahoma. And if I understand correctly, the amendment to the amendment offered by the Senator from Iowa would simply strike the language with respect to wheat. I support that amendment because I think there is misapprehension and that is the only reason I take the time of the Senate at this time to even speak on this subject, first a misapprehension of what a family farm is.

I do not know what it may be other places but I know that on average you may get acreages down because there are a lot of small acreages around our cities where people hung on to them over the years and did not leave but they got a job in town. That acreage may be 40 acres and they have 10 acres of wheat in the corner somewhere that gets into the averages and reduces them. But I know people living on the farm, depending upon the income from that farm to sustain their families, are cultivating hundreds of acres and they have to be cultivating hundreds of acres or they are not making it.

If you analyze it right now, the ones who are failing in agriculture are the ones who have stayed too small and those who have tried to grow too large. Both ends are having financial difficulties. This amendment, as I see it, would strike at the very basis of what is the stable and potentially successful area of farming at least in my State.

I do not know, I cannot tell you off the top of my head, Mr. President, what the average wheat allotment may be in my State of Idaho, but I do know some struggling farmers, family operations in which father and sons are together cultivating 2,500 to 3,000 acres of land and there are three families involved, and I suppose they can split it up and say, all right, we have 800 to 1,000 acres of land and on that they have 600 acres of wheat allotment. I think that would be ballpark for a number of family operations. So I think to deprive them of the opportunity to remain successful or to in another way say all right, we will penalize them for being successful, we will do our best to make them unsuccessful, is the wrong way for us to go.

Second, we do have, rightly or wrongly, imbedded in this bill a reduction of production. And if we really mean to reduce production by getting people to participate in the program, you cannot exclude the large farmer. We can all have a lot of fun demagoging about the massive farms, but if you put out all the farms, exclude them from the program, you might as well not have written in any reduction or limitation on production because you will get almost zero reduction. I think for both reasons, the theory of the bill that tries to limit production or reduce production and the real family farm, that middle group, not the very large and not the very small, this amendment ought to be defeated.

Mr. PRESSLER. Mr. President, I will conclude this debate by saying this amendment has been carefully crafted, I am honored to have the cosponsorship of the chairman of the Agriculture Committee. I am prepared to vote on it.

Mr. HARKIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. Tribble). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

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The assistant legislative clerk called the roll.

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

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

The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Arizona [Mr. Goldwater] is necessarily absent.

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

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 57, nays 41, as follows:

(See Rollcall Vote No. 267 Leg. in the ROLL segment.)

So the amendment (No. 931) was agreed to.

Mr. PRESSLER. Mr. President, since that was a killer amendment, I move to table my amendment at this point 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 to lay on the table the amendment of the Senator from South Dakota.

On this question, 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 Arizona [Mr. Goldwater] is necessarily absent.

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

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 96, nays 2, as follows:

(See Rollcall Vote No. 268 Leg. in the ROLL segment.)

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

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

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

The motion to lay on the table was agreed to.

Mr. DOLE addressed the Chair.

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The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I understand, and I have been advised by the distinguished minority leader that they would like to have a caucus which, as I also understand, would begin immediately. I suggest that we suggest the absence of a quorum. Perhaps Senator Dixon in a few minutes, after he has made his statement to the caucus, could come to the floor, and we could finish up the cargo preference matter.

Mr. BYRD. That would be fine.

Mr. HARKIN. Will the majority leader yield for a question? Do I understand he is referring to cargo preference and nothing else?

Mr. DOLE. It is my understanding we would like to finish that now. It depends on how long it takes. It depends on the managers of the bill. If they want to stay on it into the evening, we can do that.

Mr. HELMS. Surely you jest.

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

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

Mr. HELMS. I thank the Chair.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HELMS. Mr. President, I understand accommodation has been reached on the cargo preference. I do not know who will be the first spokesman. Whoever it is we will recognize him.

Mr. DIXON. Mr. President, may I say to my friend, the manager of the bill, that it would probably be inaccurate to say that accommodation has been reached.

We have considerable additional support and would hope that the membership would be inclined to support our attempt to pass what we believe to be a fair compromise for all concerned. There will be some opposition to it. But we are prepared to abandon our further discussion of this issue if this particular amendment is adopted.

There is a certain procedure that will have to be followed with reference to two of the amendments now on the tree and then, as I understand it, I will offer the amendment that is the so-called compromise amendment which we hope will receive sufficient support to silence this discussion on the cargo preference question.

Mr. HELMS. The ball is in the air. Proceed.

Mr. STEVENS. Mr. President, I wonder if I could inquire from my good friend from Hawaii if he would be willing at this point to seek unanimous consent to withdraw his amendment. It is the one side of the amendment tree so that we might see if there is support in the Senate for this compromise the Senator from Illinois is prepared to offer.

Mr. INOUE. Mr. President, If my friend will yield, I think the first step will have to be one where the Senator from Illinois will withdraw his pending amendment to my amendment.

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Mr. COCHRAN. There is no pending amendment.

Mr. DIXON. It is laid down but not yet considered.

Mr. INOUE. If that is the case, Mr. President, I ask unanimous consent that my amendment be withdrawn.

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

Mr. STEVENS. Mr. President, I will state that I modify my amendment to incorporate the Cochran amendment to my amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. STEVENS. Now I call on my good friend from Illinois to offer his amendment.

AMENDMENT NO. 932

(Purpose: To provide direction in the administration of the cargo preference program.)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. Dixon] for himself and Mr. Boschwitz, Mr. Inouye, Mr. Stevens, Mr. Proxmire, Mr. Simon, and Mr. Kasten propose an amendment numbered 932.

Mr. DIXON. 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:

After "ranges." on page 8, line 2 of the Cochran amendment as incorporated into the Stevens amendment, insert the following: "In addition, the Secretary of Transportation, in administering this subsection and section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)), and consistent with such subtitle and section, shall take such steps as may be necessary and practicable to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake Ports pursuant to Title II of the Agricultural Trade Development Act of 1954 (7 U.S.C. 1721 et seq.)."

Mr. DIXON. Mr. President, as I have told my friends on this side and as I think my colleague, Senator Boschwitz, has told his friends on the other side, this is a compromise amendment that the distinguished Senator from Alaska and the distinguished Senator from Hawaii have agreed to. The major interests involved in the subject matter here have acquiesced in it. It is not all that the Senator from Minnesota, myself, and others from the Great Lakes would want.

It is a compromise that would permit an allocation of cargo at the lowest level of the last 5 years over the next 4 years for that reason, and we are acquiescing in that. I ask consideration of the membership on this side so that if this amendment is adopted, we will not pursue any further amendments concerning the cargo preference question and we will support the product of the Senate discussions.

The PRESIDING OFFICER. Is there further debate?

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Mr. HEFLIN. Mr. President, I have to oppose this amendment. Basically, what it does, if I understand it, is for 5 years it would guarantee a specified percentage of the shipment of Public Law 480 commodities to the Great Lakes. I believe 18 percent would be specified as a minimum amount that would have to be shipped from that section.

There are other ports such as those along the gulf coast where they may have in the past had something in the neighborhood of 45 to 50 percent of Public Law 480 shipments, that would be 45 to 50 percent of 100 percent of Public Law 480. Now this amendment would mean that you would have 45 or 50 percent of 82 percent.

The same thing would be true of the east coast on what percentage they have had and it would certainly be true in regard to the west coast or any ports.

So in effect you are giving a guaranteed 18 percent to the Great Lakes for 5 years.

I realize that 5 years is a temporary matter. But, nevertheless, it goes back over those 5 years.

The port of Mobile hopefully will experience a surge of additional shipments and industry and business because of the development of the Tennessee-Tombigbee waterway. Mobile does not have a history for the last 5 years and I have some fears that this formula would have an ill effect upon it.

So under the circumstances I think this is giving a preferential treatment to a certain section of the country to the detriment of the east coast, the northeast coast, the central east coast, the southern east coast, the gulf coast, the west coast, northwest coast, and the southwest coast, all of these areas.

The proposed language in the amendment would be detrimental to many inland ports. Shipments of Public Law 480 commodities would have to in effect ship to the Great Lakes, rather than going down the Mississippi or going down the new Tenn-Tom waterway or some other places.

So I think this is rather preferential treatment and I feel that it should be opposed.

Mr. STEVENS. Mr. President, this amendment will ensure that for the calendar years 1986 through 1989 insofar as is practicable the ports within the Great Lakes port range will receive the same percentage share or metric tonnage, whichever is lower, of title II cargo as they received in the calendar year 1984.

All port ranges, including the Great Lakes, would compete for the remaining cargo which would move under the compromise.

I call particular attention of the Senate that this provides that the percentage share or metric tonnage of these commodities which are specified in Senator Dixon's amendment, whichever is lower, as was experienced in the calendar year 1984 as determined by the Secretary of Agriculture, will be the guaranteed level under this compromise.

I think it is a very fair approach. It assures the Great Lakes region that as we move into this new era they will not be harmed as far as the percentage or metric tonnage, whichever is lower.

I yield to my friend from Hawaii.

Mr. INOUE. Mr. President, I join my distinguished colleague from Alaska because although a compromise by its very nature is never fully satisfactory to all of us, we must come to grips on this issue. I think there is some equity in this compromise. The Cochran amendment, if it becomes law, will over the next 3 years increase the cargo preference from 50 to 75 percent for title II cargo.

It should be noted that this type of cargo is carried by liners. Most American liners of recent vintage are large, deep draft, and cannot be accommodated by the locks on the Great Lakes. Therefore, 99 percent of the title II cargo on the Great Lakes goes on foreign bottoms. If we increase the cargo preference from 50 to 75, there is some cause on the part

of those who live along the Great Lakes to fear that they might be denied or deprived of some of the cargo.

I believe that this arrangement is a reasonable one. We have deliberately selected the lowest percentage, and, depending on how you calculate, it could be as low as 11 percent or as high as 16 percent. This will assure the men and women who work in the docks at least some semblance of employment for the next 4 years. I hope my colleagues will go along with this fair and equitable compromise.

Mr. STEVENS. I ask for the yeas and nays on the Dixon amendment.

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

The yeas and nays were ordered.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, let me say to my colleagues that although the cosponsors of my original amendment, the Senators from Alaska and Hawaii, are now cosponsoring the Dixon amendment which was seeking to define the obligations of the administrator to allocate a certain percentage of the tonnage of the Great Lakes, I am not able to support this amendment.

I understand their support of it. And I continue to be impressed with the zeal and imagination of the Senator from Illinois, the Senator from Minnesota, and others who are urging that a special allocation of tonnage be made to the Great Lakes. But this is not a port preference bill. It is a cargo preference bill. We are seeing an effort made now to convert this legislation into a mandatory allocation of tonnage to one region of the United States -- the Great Lakes. There are four regions.

It was stated very clearly in the original compromise that the administrators should preserve to the greatest extent practicable the mean historic port range share of cargoes subject to U.S.-flag transportation requirements under this section, exported from the Atlantic, the gulf, Pacific, and Great Lakes port ranges.

Mr. President, that is a fair instruction. That is an equitable way to direct the administrator to try to protect the interests of all of these port ranges.

As it turns out, just recently, representatives from the Gulf States ports, the Gulf Ports Association, were in a meeting, and this issue was being discussed about whether or not it would be appropriate to allocate certain percentages of tonnage to port ranges. They went on record opposing any such allocation.

I want to read from a letter which I will put in the Record:

I respectfully urge you to reject --

This letter is addressed to me --

any efforts, to alter the current provisions of the law governing the allocation of P.L. 480 cargo. A guaranteed allocation of P.L. 480 cargo to the Great Lakes or any other coastal range is improper, and it would undoubtedly increase the cost of the entire program.

Senators should know that.

I ask unanimous consent, Mr. President, that a copy of this letter to me from William T. Duke, acting executive director of the Mississippi State Port Authority at Gulfport be included in the Record at this point.

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

Mississippi State

Port Authority at Gulfport,
Gulfport, MS, October 21, 1985.

Hon. Thad Cochran,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Dear Senator Cochran: It is our understanding that another attempt by Great Lakes interests to secure guaranteed monthly allocations of Public Law 480 is being made. On two previous occasions, Great Lakes interests have attempted to carve our specific allocations of PL-480 cargo through legislative proposals and revisions to Federal regulations governing the allocations of this cargo. Both previous attempts have been unsuccessful.

The current effort underway by Great Lakes interests involves an amendment to HR-2100 creating a study commission which would recommend means "of overcoming constraints on export commodities for Great Lakes ports". This current effort is perceived as a device for ensuring guaranteed allocations of PL-480 cargo to Great Lakes ports.

I respectfully urge you to reject any efforts by special interest groups to alter the current provisions of the law governing the allocation of PL-480 cargo. A guaranteed allocation of PL-480 cargo to the Great Lakes or any other coastal range is improper, and it would undoubtedly increase the cost of the entire program. The lowest-landed-cost criteria currently utilized to determine allocations of PL-480 cargo is appropriate and the least expensive method available.

Sincerely,
William T. Duke,
Acting Executive Director.

Mr. COCHRAN. Senators should also realize before they vote that the Great Lakes do not just handle Public Law 480 cargo. It comprises a very small percent, about 2 percent, of the total agriculture tonnage shipped out of the Great Lakes. The conversation of my friends about how this compromise, if it is not changed as they are seeking, is going to destroy the ports I think may be overstated.

In connection with that argument, Mr. President, I ask unanimous consent that a statement entitled "Cargo Preference Policies Do Not Harm Great Lakes Ports" by the Seafarers International Union, dated September 8, 1985, be printed in the Record at this point.

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

CARGO PREFERENCE POLICIES DO NOT HARM GREAT LAKES PORTS

The participation of Great Lakes ports in the export of cargo preference commodities is an issue of regional and national significance, but has also been one clouded by misleading and erroneous information. For example, throughout the course of Congressional consideration of both the 1985 agricultural programs and the relationship between agricultural exports and U.S. cargo preference laws, it has been alleged that the requirement that a certain percentage of government-impelled agricultural commodities be transported on U.S.-flag ships has harmed Great Lakes ports. That allegation is without merit.

U.S. cargo preference statutes require that 50 percent of government-impelled agricultural exports be transported aboard American ships, thereby leaving the remaining 50 percent of these cargoes freely available to foreign-flag vessels. Thus far in 1985, less than 20 percent of the cargoes under Title II of the P.L.-480 program have been exported

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via Great Lakes ports aboard foreign-flag vessels. For cargoes under Titles I and III of the P.L.-480 program, the percentage which move via Great Lakes ports aboard foreign-flag vessels is even less. Therefore, the contention that because American-flag ships are unable to serve the ports of Great Lakes for the carriage of these commodities, Great Lakes ports are denied cargoes which they would otherwise secure, is simply incorrect. Indeed, for each Title of the P.L.-480 program, there are still substantial foreign-flag cargoes available to Great Lakes ports which are not subject to the 50 percent U.S.-flag requirement of the cargo preference laws, and for which Great Lakes ports can freely compete.

It should also be noted that while government-impelled agricultural cargoes are an important part of the cargo and revenue base of Great Lakes ports, they comprise an extremely small portion of the total agricultural cargoes which are shipped from Great Lakes ports. For example, in 1984, 276,000 short tons of Title II cargoes were exported via ports in the Great Lakes; in that same year, 15,218,000 tons of commercial agricultural cargoes were shipped from U.S. Great Lakes ports. Consequently, P.L.-480 Title II cargoes constituted less than 2 percent of the total tonnage of commercial agricultural cargoes which were exported from the Great Lakes.

The rhetoric surrounding this issue has been recently heightened as a result of the decision of the U.S. Department of Agriculture to artificially divert to others coasts Title II cargoes which had been originally allocated to Great Lakes ports. While USDA contends that these diversions were made necessary by cargo preference requirements, that argument is totally fallacious. USDA finds itself in the position of diverting cargo legitimately awarded to Great Lakes ports because it failed to comply with the 50 percent cargo preference requirement earlier in the year; specifically, USDA fell behind in maintaining a 50 percent U.S.-flag share of Title II cargoes because it sought to take maximum advantage of foreign-flag vessels available on the three tidewater coasts. USDA has now elected to divert cargoes away from the Great Lakes, pitting Great Lakes ports against U.S.-flag carriers where no dispute should exist. The concern of Great Lakes ports with the artificial diversion of cargoes to which they are entitled is legitimate; however, it is USDA, and not U.S.-flag vessels, which has caused this inequity.

U.S. cargo preference laws are an important and integral part of the longstanding federal policy to sustain and encourage the American merchant marine, and must be maintained. Moreover, it is important for Great Lakes interests to recognize that these policies do not harm Great Lakes ports or hinder their development. There is no reason to amend U.S. cargo preference laws in an effort to promote Great Lakes ports. Indeed, there is more than enough latitude within the existing statutes for both U.S.-flag carriers and Great Lakes ports to be sustained and strengthened. Additionally, the longer range goal of further enhancing cargo movements through Great Lakes ports can also be achieved consistent with U.S. cargo preference laws. S. 1518, enlightened legislation introduced by Senators Glenn, Dixon, and Quayle, is evidence of that potential.

Seafarers International Union,
September 1985.

Mr. COCHRAN. Before I conclude, Mr. President, let me simply state that it is obvious you are going to want to support this amendment if you represent a State on the Great Lakes that uses the ports. If you represent the State of Minnesota, Wisconsin, Michigan, Illinois, Indiana, or Ohio, you will want to vote for this amendment. If you represent any other State, I suggest that you are going to be voting to increase the cost of the Public Law 480 Program, and you are voting for a mandatory allocation to one region, which has never before been done under cargo preference.

I urge Members to oppose the amendment.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I want to support the comments of the distinguished Senator from Mississippi. In fact, the Cochran compromise contained a direction to the administrator -- I ask the chairman of the committee if this is not correct -- to try to seek an allocation amongst the four regions based on the historical record. Is that not correct?

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Mr. COCHRAN. Mr. President, if the Senator will yield, the Senator is correct. The exact language is a direction that the administrator preserve to the greatest extent practicable the mean historical port range share of cargoes.

Mr. SARBANES. Mr. President, if an allocation is going to be made among the four ranges, then it ought to be done with respect to all four of the port ranges on some equitable basis.

What this proposal does, as I understand it, is in effect make a specific numerical allocation for one of the four ranges, and leaves the other three then to compete for the remainder of the traffic.

Is that correct? I ask the chairman of the committee.

Mr. COCHRAN. Mr. President, if the Senator will yield, the Senator is correct. There is no language in the amendment offered by the Senator from Illinois that relates to any region other than the Great Lakes.

Mr. SARBANES. It seems to me, Mr. President, it is neither fair nor logical to do this. If we are going to start down the allocation path, then we ought to fight out that issue of allocations, and determine them amongst the ranges.

Short of doing that, it seems to me that the only reason the one range is being given this treatment is because of the indication of a willingness to keep this issue before the Senate despite the fact that on repeated votes a very clear majority of this body has rejected that approach.

I agree with the distinguished Senator and intend to oppose this amendment.

Several Senator addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, let me just comment briefly, and then certainly I too want to turn to a vote. It is with interest that I listened to my friend and colleague, the Senator from Mississippi, note that there might be some increased costs to the Public Law 480 program.

Because of this particular amendment there should be some additional costs, and the entire process of increasing the share of American bottoms to 75 percent from 50 percent has enormously increased the costs of shipments of Public Law 480 commodities. I would also say to my friend from Maryland that there is not a specific allocation in this proposed amendment.

Furthermore, the historical allocations the Senator speaks about has suddenly been reduced by this underlying amendment that the Senator from Mississippi has very skillfully brought through the Senate thus far. You are now going to get 75 percent. We had a share of the 50 percent that was reduced by half, and is now only 25 percent.

Mr. SARBANES. Will the Senator yield on that point, Mr. President?

Mr. BOSCHWITZ. Yes.

Mr. SARBANES. The fact of the matter is that the Cochran compromise eliminates from the cargo preference under the court decision a significant amount of the grain trade on the blended credits, and other similar programs.

In the sense, it is an effort to compromise significantly for the agricultural interests. Those of us who have been supporting the Cochran amendment have been willing to do that.

The current situation under the law is that those shipments must also go under cargo preference. What this proposal does is eliminate them from that requirement at the same time that it raises the percentage on title II shipments from 50 to 75 percent. That is a reasonable compromise and has been supported here. But a significant number of potential

shipments have been freed up from the cargo preference under the compromise.

Mr. BOSCHWITZ. The Senator is correct. It is not only title II but the entire Public Law 480 shipments that are also included in this. The other ports will receive a very good increase from this. I think the amendment is a fair one.

Mr. DOLE. Mr. President, let me indicate to my colleagues if we can wrap this up it will be the last vote this evening, if that is an incentive. Then we would lay down the dairy amendment, if possible, and be on that tomorrow afternoon. Tomorrow morning we will be on Interior appropriations. There is a farm credit hearing in the Agriculture Committee.

As soon as we have this vote it will be the last vote.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, for 2 or 3 days, the entire time that we have been debating the cargo preference subject, the proponents attempted to occupy the high ground by stating that they want all of the money appropriated under the farm bill to go directly to farmers; that they want the lowest possible costs which will result through competition in the transportation of agricultural commodities from the United States to recipient nations.

Now that they have been unsuccessful in preventing the passage of such a compromise, they take exactly the opposite position where, for many, many years, it has been the policy of the United States that in order to preserve at least a reasonably modest merchant marine, to grant certain preferences to U.S.-flag carriers, to the United States of America's merchant marine.

They now wish to have preferences for certain ports.

The Senator from Mississippi was entirely accurate in saying what has been a debate over cargo preference for the United States on a competitive basis at least among American flag ships now becomes the preference for certain ports within the United States. It is a paradox that the very people who have asked for competition now seek to reduce such competition as there is in the program, to raise the cost of the carriage of these agricultural goods in such fashion as to have less purchased from American farmers than would be under the very amendment which they protested because they thought it had too much money involved in the carriage of those goods themselves.

We do not need a debate on an amendment which prefers one American port to another, one American interest to another. We can quite appropriately prefer American flag carriers. But to the maximum extent within that preference, we ought to allow competition to govern where it is those cargoes originate and where it is that they go. This is an amendment which I regret to say goes very much in the wrong direction.

Several Senators. Vote! Vote!

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Mr. President, I will not repeat the very cogent arguments made by the Senators from Maryland, Mississippi, and Washington. I will simply add this fact: What we are talking about here is port preference. As the Senator from Washington has indicated, the purpose of this debate seems to be to give preference to American workers. So be it. Let us do that. But on the Great Lakes there is but a single American flag carrier. What we will be doing by this so-called compromise amendment if it passes is to give preference to foreign flag carriers, not to American flag carriers.

That is a mistake, Mr. President. What we are trying to do here is to be equitable, to keep the cost of the program down and, in fact, to spread employment. That is obviously why the International Seafarers Union has written to the subcommittee chairman expressing their opposition to this amendment or anything like it.

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Several Senators. Vote! Vote!

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I have heard expressions which indicate that various organizations involved in this discussion are opposed to this amendment. That is not my understanding. This amendment is necessary in order to assure that the Great Lakes do not suffer further decline as we change the mix of this program; 1984 was the worst year they have had. This amendment says that in this new program their percentage in tonnage cannot be reduced further except as is equitable in terms of a percentage or tonnage, whichever is lower.

I think this is a reasonable compromise in terms of meeting the needs of the agricultural community and the Great Lakes and meeting the objectives of the Senate and the repeated votes we had here before. I want to urge the Senate to approve it. It is the one way out of this dilemma we are in right now. It is only a guarantee to the extent of a percentage of the worst year in history in terms of this area.

Does the Senator from Hawaii wish to comment?

Mr. INOUE. Mr. President, this is not a wild idea that was brought up by the Senators from Alaska, Hawaii, Illinois, or Wisconsin. It has been the product of many hours of work. We feel that this is equitable and fair.

Mr. PROXMIRE. Mr. President, I support this compromise. It preserves the percentage share or, alternatively, the tonnage exported from the Great Lakes ports in 1984, at least for the next 4 years.

While I would have preferred a longer time period, at least the amendment assures that there will be no abrupt disruption of business to Milwaukee, Green Bay, Kenosha, Superior, and other Great Lakes ports.

Public Law 480 cargo makes up the vast majority of the business of these ports -- in some cases over 90 percent.

We're not asking for a handout. Our ports are actually cheaper and compete quite well when competition is fair. All we're asking for is equity.

Don't deprive us of the cargo we need to survive. The small percentage of the total Public Law 480 program shipped by the lakes means very little to other port ranges, but it means life or death to us. I can't believe this body would want to close down our ports and put our people out of work just for the promise of a little bit more cargo, gained at our expense.

Mr. President, given these facts I believe all my colleagues should be able to support this amendment. It saves money, it saves jobs, and it saves Great Lakes ports.

The PRESIDING OFFICER. Is there further debate?

Mr. BYRD. Mr. President, I wish to ask the distinguished majority leader what the program is for the rest of the day and tomorrow, if he is able to tell us at this time.

Mr. DOLE. Mr. President, as I indicated, this would be the last vote this evening, whatever happens. Tomorrow morning, there is a very important hearing on the farm credit crisis in the Senate Agriculture Committee. We might at least start the Interior appropriations bill. We cannot get very far on that tomorrow. We are trying to see if we might proceed on that bill about 9:30 tomorrow and be back on the farm bill about 1 o'clock.

We will probably be on the farm bill until fairly late tomorrow night and most of Friday. We will not be in on Friday evening, but I would say at least until Friday at 4 o'clock.

Mr. BYRD. If the majority leader will permit me to ask another question, it is this: When this amendment is

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disposed of, would it be possible for Senator Melcher to lay down his amendment tonight so that we will have it before the Senate tomorrow when we go back on this measure?

Mr. DOLE. I think there is a Hawkins amendment which must be laid down, too. I believe we can discuss that. I could not agree to that.

Mr. MELCHER. Will the Senator yield?

Mr. BYRD. Yes.

Mr. MELCHER. I might point out that what I would like to do, if possible, is to offer the amendment to reduce the spending, a comprehensive amendment to reduce the spending in the package in this bill, so that we are within the budget resolution. In getting to that, I might say, it is rather important before we start piecemealing one thing at a time, whether it is on dairy tomorrow, peanuts the next day, cotton after that, or however these amendments are brought up.

I think it is a comprehensive, overall amendment that would ordinarily have been done in the Agriculture Committee if we had not thought it was so necessary to get the bill up promptly. We never did go over it after we adopted all of the amendments to the various titles. I am anxious to get the amendment up whenever it is possible.

Mr. BYRD. Mr. President, can we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. There are other comprehensive amendments being discussed. I would not be able to agree that the distinguished Senator from Montana would be recognized after the disposition of this amendment. I do not know how this amendment is going to come out. We may still be on cargo preference, unless the amendment carries. We will be right back to cargo preference. We cannot displace that. We will just have to see who is recognized.

Mr. BYRD. Is the Senator saying that it is up to the Chair to recognize the Senator who seeks recognition?

Mr. DOLE. I do not know of any other way to do it unless we reach some agreement. I doubt that will be reached. I will be glad to discuss it with the Senator from Montana.

Mr. BYRD. The distinguished majority leader is not saying, is he, that he would not agree to the recognition by the Chair of Senator Melcher?

Mr. DOLE. No. If I was the Chair and he was the first up, I would recognize him.

Mr. BYRD. I thank the majority leader.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to amendment No. 932. 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 Nevada [Mr. Laxalt] and the Senator from South Dakota [Mr. Pressler] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey [Mr. Bradley] and the Senator from Mississippi [Mr. Stennis] are necessarily absent.

The PRESIDING OFFICER (Mr. Hecht). Are there any other Senators in the Chamber who desire to vote?

The result was announced -- yeas 53, nays 43, as follows:

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(See Rollcall Vote No. 269 Leg. in the ROLL segment.)

So the amendment (No. 932) was agreed to.

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

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

The motion to lay on the table was agreed to.

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

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

Mr. DOLE. I yield without losing my right to the floor.

Mr. STEVENS. Mr. President, I wish to now bring about the adoption of the basic amendment by voice vote if that is agreeable.

We agreed there will be no more rollcall votes, but that is the basic amendment now. I know of no other amendment that is pending.

Mr. INOUE. Get it out of the way.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, as I understand, we can dispose of the underlying amendment by voice vote.

Mr. STEVENS. Yes.

Mr. DOLE. I also understand it would take unanimous consent to set that amendment aside, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG. Mr. President, it would be all right to have a voice vote if we have a rollcall vote on a motion to reconsider at some point, because I wish to be on record for the amendment. I think some of us wish to vote on the amendment as finally agreed to. It would be all right if we agree to it on a voice vote if we have a motion to lay on the table and a rollcall on the motion to lay on the table at some point tomorrow.

Mr. LEAHY. Mr. President, if the majority leader will yield for a question on that without losing his right to the floor, if Senators wish a rollcall vote on this amendment, would it be possible to set it aside for a time certain by unanimous consent, to have it come back at that time, not being subject to amendment, and take care of everyone's concern that way?

Mr. DOLE. Mr. President, I think we can take care of the concern by just acting on the amendment and not having a motion to reconsider.

Mr. LONG. That would satisfy me, Mr. President, if we could reconsider the vote on the motion to table. If Senators want to be on record they would then be recorded on the Record and those who would be against could do so also.

Mr. ABDNOR. Mr. President, there is one more thing in this instance. The amendment on this type of a cargo

preference I made it clear quite a few days ago that mine was a different type of cargo preference amendment that in no way includes this one, and I still intend to offer it.

I want those in the Chamber to understand that there is another cargo preference amendment of a completely different type that has no relationship to this amendment whatsoever.

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

Mr. DOLE. I am happy to yield.

Mr. STEVENS. Mr. President, if the majority leader wants to carry the vote on my pending amendment over to tomorrow and temporarily set aside for another amendment, I certainly would not object, if it will help him in the management of the Senate.

Mr. LONG. I do not think we have any objection to voting for it on a voice vote provided at some subsequent point those for it can go on record for it.

Mr. STEVENS. I understand that, and I am willing to accommodate the Senator in any way.

Mr. DOLE. I think we can dispose of the amendment and withhold any motion to reconsider.

The PRESIDING OFFICER. If there be no further debate, the question is on the amendment.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, the cargo preference amendment is open for amendment at this time and the opportunity to offer amendments to the bill seem to be shielded.

It is very significant when we consider this farm bill that we do consider the cost on every amendment that is going to be offered, every amendment that has been offered, and every amendment that is going to be offered until the bill is completed. The question is going to be raised is it within the budget or how much it add to the bill?

That is something that is important to all of us here in this body.

Mr. President, I have an amendment that deals with the reduction in expenditures in the bill. In other words, it cuts. It cuts \$7.6 billion out of the bill. The \$7.6 billion cut is a very important figure since the bill is \$7.4 billion over our budget resolution.

Many Members of the Senate will be interested in various features of the bill and are going to wonder how they could in good conscience vote for a bill that exceeds our own budget resolution.

Mr. President, I take this opportunity in order to explain what I propose to do when we come to vote on whether it is a dairy program, or a cotton program, or the peanut program. The question is naturally going to be: If we accept some amendment cutting the act on the program how much do we save, how does it help us in our budget posture?

Those of us who serve on the Agriculture Committee worked long and hard for months trying to get this bill to the Chamber. It took us until the end of September. When we arrived at the end of September two things coincided.

First, we got to the end of the bill and the majority leader and the chairman, anxious to get the bill out of committee, said, "Let's finish it up this night." It was on a Thursday night.

The following morning I had to leave for my son's wedding out in Montana, and the majority leader will recall that

he wished us good luck. I invited him to go along. The wedding was in Kalispell, MT.

Mr. DOLE. I got there a week late.

Mr. MELCHER. The majority leader got there a week late. He did not come to the wedding.

We had a great time, by the way, at the wedding.

The majority leader was not able to get to Kalispell, MT, until 1 week and 1 day later, and he did not get to the wedding. He got to address the regional convention of Republican women for a seven- or eight-State area, and he had a good time, also.

What I am getting back to is when we got through with the bill we did not meet again. We were voting on target prices. We were voting on the Cotton Program, the Peanut Program, and all the components of that. All of a sudden at the end of the bill we wanted the bill automatically approved then in one package and no time was taken to do the ordinary things, to go over the bill section by section and see how do we get this for sure within the budget resolution.

But we did not do that, and it has left us at a disadvantage now.

We have the chairman of the committee, my good friend from North Carolina, who is opposed to the bill. He is opposed to it. It costs too much money.

So my good friend, the chairman of the committee, the Senator from North Carolina, on every amendment that comes up that whacks something out of the bill automatically, he has a point. This bill is too high. It exceeds the budget.

So perhaps this amendment has a great deal of merit because it brings us back closer to get within the confines of the budget.

What I propose to do and what we propose to do on this side and some on the other side is to meet this head on, do what we should have done in the committee, go through it, take the cuts where they should be and add it all up so that we bring this bill back with that amount of cuts so it is within the budget resolution as it exceeds the budget resolution by \$7.4 billion, as I earlier said. So the fact that I have allowed us to reduce it by \$7.6 billion, I think almost everyone on the Senate floor will agree that these cuts are in order, that they are done with good, prudent judgment, and that we have left intact then the major workings of the bill and the basic programs, but we have done what must be done. We come back within the budget resolution.

Seeking recognition to offer this has been a little difficult but obviously it is a first step before we consider these other amendments. It is a first step.

The bill is now open for amendment, and I wish my amendment, when it is considered, to be considered en bloc because it takes part of the budget cuts here, part of it there, and as a matter of fact when I do offer my amendment, I ask unanimous consent that it be considered en bloc.

Mr. DOLE. I object.

Mr. MELCHER. Well, it is a proper time to face up to this and to get before us what is necessary.

AMENDMENT NO. 933

(Purpose: To limit cost-sharing payments under the conservation reserve program, to establish the time for payment of obligations under conservation reserve contracts, and to provide for the manner in which the payments under the program are to be made in cash and commodities, and for other purposes)

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Mr. MELCHER. 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 Montana [Mr. Melcher] proposes an amendment numbered 933.

[CONSERVATION RESERVE]

On page 328 --

- (1) line 1, strike out "10", and insert in lieu thereof "9";
- (2) line 4, strike out "20", and insert in lieu thereof "13";
- (3) line 5, strike out "and";
- (4) line 6, strike out "1989", and insert in lieu thereof "1988";
- (5) line 7, strike out "25", and insert in lieu thereof "17";
- (6) line 8, strike out the period, and insert in lieu thereof "; and"; and
- (7) after line 8, insert a new paragraph as follows:

"(4) during the 1986 through 1989 crop years, a total of not less than 25, nor more than 30, million acres."

On page 332 -- --

The PRESIDING OFFICER. The clerk will suspend. The amendment is not in order. It is not properly drafted, and is in the second degree.

Mr. DOLE. Mr. President, 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. Without objection, it is so ordered.

COCHRAN CARGO PREFERENCE AMENDMENT

Mr. EVANS. Mr. President, I will be brief. I rise in support of the amendment of the Senator from Mississippi and praise him for his leadership on this important matter. Congress, agriculture, and maritime have all debated cargo preference for several months now; indeed, for several years. The various positions on this controversial issue are all well known and understood. Differences of opinion flared again earlier this year following the district court decision on blended credit, and have diverted our attention from dealing with the pressing farm crisis, and behind that, our pressing budget crisis.

I firmly believe both agriculture and maritime are vital to our Nation's security and well-being, and wholeheartedly agree with my distinguished colleague that it is time to put this issue to rest in a manner fair to both sides. The

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compromise before us, while not perfect in everyone's eyes, represents just such an opportunity. It is an opportunity in that farmers and exporters will know when cargo preference does and does not apply to a given USDA program, lending consistency to our agricultural export programs. It is an opportunity for maritime in that it will be able to concentrate more on strengthening and readying our merchant marine for those events we hope will never happen. Equally important, this compromise will do away with Congress having to choose between agriculture and maritime and allow all three to address the real challenges at hand: Large Federal deficits, high interest rates, and intense foreign competition.

Mr. President, I would also add that failure to resolve this issue now may only stall the farm bill further and ultimately hurt those who must make some critical decisions in the next few months based on the direction of our 1985 farm policies. In instances where crops must be planted in the fall, farmers have already been required to make business decisions without knowing any of the new farm bill provisions.

Mr. President, what we need to be doing over the next few years is clear. We need to reduce the deficit and get interest rates and the dollar down. We need to get our farm exports moving again; we need to regain and expand our share of world markets. Removing the current unproductive relationship between agriculture and maritime is critical to this effort. And meaningful deficit reduction can produce the results that would ultimately lessen the need for subsidies to these industries. The compromise offered by Senator Cochran represents the most equitable way of turning this negative relationship in that direction. Failure to take this step would leave us no closer to that possibility, and would reduce the prospects for stronger, more competitive agriculture and maritime sectors that are less dependent on Federal assistance. Mr. President, I urge the adoption of this amendment.

FARM DEBT

Mr. DURENBERGER. Mr. President, today marks the fourth day of Senate debate on the 1985 farm bill and this is the fourth in a series of statements I will make on the condition of rural America. The legislation before us is not a bailout program for a handful of land barons but an economic master plan for a \$1 trillion industry. And, in the final analysis, how we treat that \$1 trillion industry in this farm bill will in large part determine whether the current economic recovery can be sustained.

One of the unrecognized facts about the economic recovery is the extent to which it has been financed by increased borrowing by both the private sector and the Federal Government. The revelation that the Federal deficit for the recently concluded fiscal year 1985 exceeded \$200 billion came as little surprise to a public that now appears conditioned to \$2 trillion national debts and \$180 billion interest payments on the Federal debt as par for the course in public finance.

The public's reaction is not surprising when you consider the fact that the private sector is just as bad as the Federal Government at living within its means. Private debt jumped an astonishing \$1 trillion in fiscal year 1985, pushing total debt held by the private sector to an unprecedented \$7.1 trillion. And those who fail to see the similarities between the cash flow problems of highly leveraged farmers, and the cash flow problems which a highly leveraged economy will encounter when the bubble of economic recovery bursts under the strain of this rapid accumulation of debt, are not being honest with themselves.

I think it is worth pointing out that the public and private sectors' insatiable appetite for credit has been met, in large part, by the willingness of foreign investors to channel their capital into our economy. And I will not hazard a guess as to how long and to what extent foreign investment in this country will continue. But, sooner, or later, the bills have to be paid. And, if America's farmers, who have compiled year after year of productivity gains, can't pay interest and principal on \$212 billion in farm debt, how will our overall economy, with a meager 2 or 3 percent a year increase in productivity, retire a \$7 trillion debt? It can't and it won't.

Mr. President, we can't continue to borrow the prosperity of future generations from foreign investors any more than American farmers could count on continued inflation in farm asset values to compensate them for cash shortfalls

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on farm sales. And we in Congress had better recognize that. There is a lesson to be learned from the suffering of America's farmers, and it is about time the country took notice. Because the old adage -- as goes agriculture, so goes the country -- rings true. If the agricultural economy goes down the tube, it will take not only a lot of good farmers, but our Nation's economy down with it.

On Monday, I discussed the farm credit problem afflicting our farmers. Today, it is time to discuss the problems facing agricultural lenders.

Earlier this year the President vetoed a farm credit assistance package that had passed the House and Senate by significant margins. And, when the Speaker of the House chose not to attempt to override the President's veto, many people assumed that congressional action on farm credit would be postponed until 1986. Well, as the unfolding story of the Farm Credit Systems financial problems clearly indicates, we have put off facing the facts of life of farm credit for too long. The authorizing committees of the House and Senate are now holding oversight hearings on the system's problems, and one can detect a sense of urgency as the committees strive to complete action before the onslaught of another winter of discontent for America's farmers and their lenders. And I hope they aren't too late.

Because, Mr. President, winter has come to the heartland. All of the signs are there -- harvest is nearly complete, the nights get colder, the days grow shorter, and the creditors creep closer. It is a time of reckoning for farmers and their lenders, and if Congress fails to act immediately on farm debt restructuring, I predict every Member will rue our inaction come spring.

The simple fact of the matter is that the farm income and credit problem has gotten so bad that we are now in a position where Congress must assist farmers and lenders to keep the agricultural economy functioning. The difficulties of our farmers don't need to be repeated at this point, but I do not think we can avoid facing up to the fact that agricultural lenders -- the Farmers Home Administration, the Farm Credit System, commercial lenders, and family members -- are on the verge of collapse.

Mr. President, I ask unanimous consent that a table indicating the distribution of farm debt by lender be inserted in the Record at this point.

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

DISTRIBUTION OF FARM DEBT BY LENDER, JANUARY 1, 1985 n1

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

Lender	Type of debt (percent):	
	Real estate	Nonreal estate
Commercial banks	4.8	19.1
Farm Credit System	22.8	9.0
Federal Land Banks	22.8	NA
Production Credit Associations	NA	8.6
Federal Intermediate Credit Banks n2	NA	.4
Farmers Home Administration	4.7	7.2
Life insurance companies	5.8	NA

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Individuals and others	14.1	8.6
n3		
Commodity Credit Corporation	NA	3.9
Total	52.3	47.7

Lender	Total (percent)
Commercial banks	23.9
Farm Credit System	31.8
Federal Land Banks	22.8
Production Credit Associations	8.6
Federal Intermediate Credit Banks n2	.4
Farmers Home Administration	11.9
Life insurance companies	5.8
Individuals and others n3	22.7
Commodity Credit Corporation	3.9
Total	100.0

Lender	Type of debt (million dollars)	
	Real estate	Nonreal estate
Commercial banks	10,179	40,551
Farm Credit System	48,444	19,006
Federal Land Banks	48,444	NA
Production Credit Associations	NA	18,129
Federal Intermediate Credit Banks n2	NA	877
Farmers Home Administration	9,956	15,206
Life insurance companies	12,375	NA
Individuals and others n3	29,900	18,200
Commodity Credit Corporation	NA	8,312
Total	110,854	101,275

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Lender	Total (millions dollars)
Commercial banks	50,730
Farm Credit System	67,450
Federal Land Banks	48,444
Production Credit Associations	18,129
Federal Intermediate Credit Banks n2	877
Farmers Home Administration	25,162
Life insurance companies	12,375
Individuals and others n3	48,100
Commodity Credit Corporation	8,312
Total	212,129

n1 Preliminary. Due to rounding, subcategories may not add to totals.

n2 Financial institutions other than PCA's that obtain funds from the FICB's.

n3 Includes Small Business Administration.

Mr. DURENBERGER. Mr. President, as the chart illustrates, farm debt is held by a group of lenders who have one major "fault" in common -- they were willing to invest the capital needed to keep farmers on their farms and the fields. And, as the major commercial lenders try to cut their losses by withholding agricultural loans and pulling out of rural areas, the pressure on the remaining lenders becomes greater still. And when you consider that the Farm Credit System posted a \$522 million loss in the third quarter of this year, it is hard to imagine how we will be able to fashion legislation that will get farmers out of this predicament without inflicting a great deal of personal hardship and pain on rural communities.

Mr. President, I ask unanimous consent that a Farm Credit Services news release outlining the system's 9 months financial results be inserted in the Record at this point.

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

FARM CREDIT SERVICES, ST. PAUL, ANNOUNCES 9 Months Financial Results

St. Paul, October 24. -- Farm Credit Services financial results for the period January 1-September 30, 1985, reflect the deepening depression in the farm economy.

Due to a major increase in allowance for Federal Land Bank loan losses, Farm Credit Services is reporting a net loss of \$41.6 million for the first three quarters of 1985. The Federal Land Bank is reporting a year-to-date loss of \$61.3 million; the Bank for Cooperatives is reporting net income of \$14.9 million, and the Federal Intermediate Credit Bank is reporting net income of \$4.8 million.

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FCS had reported net income of \$40.1 million for the first half of the year, but continued declines in land values and farm commodity prices have required the organization to increase provisions for loan losses, thereby reducing income.

Net loan volume outstanding for Farm Credit Services was \$10.9 billion, a decrease of \$459 million since June 30. Total capital on September 30 was \$1.4 billion, compared to \$1.5 billion on June 30.

Nonaccrual loans, those loans which are earning no interest, amounted to \$726.2 million as of September 30, an increase from \$353.2 million at the end of the second quarter. Property from loan foreclosures and other settlements amounted to \$94.5 million, compared to \$67.4 million at the end of the second quarter.

The primary reason for the overall net loss for the first nine months is a Federal Land Bank provision for losses expense of \$84 million during the third quarter. This results in a total Farm Credit Services allowance for losses of \$173.4 million as of September 30, of which \$150.8 million is for the Federal Land Bank.

The provision for loan losses during the third quarter resulted from a special credit review of the Federal Land Bank. This analysis of the Federal Land Bank loan portfolio shows that a significant number of the loans are undercollateralized, due to continued and rapid decline in farm income and land values. This does not mean that the undercollateralized portion of all the loans is uncollectible, because borrowers may have other assets to pledge against the loan or an adequate cash flow which will allow for repayment. Even though many of these loans are up to date in payment of principal and interest, USDA analysis of the agricultural economy indicates continuing deterioration of farm income and land values. Therefore, FCS expects some of these loans to generate significant losses in the future.

Other factors reducing FCS income for the first nine months are:

- Reduction in net interest income from increased non-earning assets,
- Financial assistance payments of \$12.5 million during the third quarter to the Spokane and Omaha districts under financial assistance agreements developed by the 37 banks of the Farm Credit System.
- -- Financial assistance of \$14 million from the Federal Intermediate Credit Bank of St. Paul to St. Paul district Production Credit Associations.

The Farm Credit System has analyzed agricultural economic conditions based upon economic studies conducted by USDA and the Farm Credit Administration. As a result of projected continuing deterioration in farm income and land values, the nationwide Farm Credit System may be exposed to loan losses aggregating \$3 billion or more during the 1985-1987 period, for which an allowance for loan losses of \$1.1 billion has been established as of September 30.

During the fourth quarter of 1985, Farm Credit Services, St. Paul will complete a detailed analysis of the loss exposure inherent in the portfolios of each of the three Farm Credit banks. Appropriate additions to the allowance for loan losses will be made in the fourth quarter of 1985 based on these analyses.

The extremely stressed financial position of Farm Credit Services, a four-state district of the national Farm Credit System, is a reflection of the prolonged depression in agriculture.

Because of this depression and projections for further deterioration in the farm economy, the Farm Credit System is seeking federal government assistance to ensure the system's continued viability and ability to continue serving agriculture competitively.

The boards of directors of the 37 Farm Credit Banks have formed a special legislative committee to develop proposals for system self-help and federal assistance. These proposals are now being discussed with the Administration and Congress.

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Three officials of Farm Credit Services have been working on this proposal in Washington. They are E. Charles Mieke, who is a farmer from Belmont, Wisconsin, and vice chairman of the FCS board of directors; Burgee Amdahl, chief executive officer and president, and Larry Williams, executive vice president for finance and administration.

October 23, the Federal Farm Credit Banks Funding Corporation reported that losses for the combined 37 banks of the Farm Credit System stood at \$426.3 million as of September 30.

Farm Credit Services provides credit and related financial services to farmers, ranchers, agricultural businesses and cooperatives in the Seventh Farm Credit District of Michigan, Minnesota, North Dakota and Wisconsin.

Mr. DURENBERGER. When you consider that the Farm Credit System holds 30 percent of farm debt and is reporting \$522 million in losses, when you consider that the Farmers Home Administration holds 12 percent of farm debt and will be operating under a \$4 billion cap on loan activities for fiscal year 1986, when you consider that commercial banks are closing their doors or pulling out of rural areas with increasing frequency, and when you consider that troubled borrowers have just about tapped out their relatives, you just can't help coming to the conclusion that the Federal Government has no choice but to come forward and provide the capital needed to restructure farm debt.

Earlier this spring I introduced legislation at the request of Communicating for Agriculture, a nonpartisan Minnesota-based farm advocacy group. The thrust of that proposal was to restructure the non-real-estate debt held by producers with a debt-to-asset ratio in the 40 to 70 percent range by stretching out the repayment period and financing it at much lower interest rates. I am convinced that, under my proposal, individual farmers with relatively high debt-to-asset ratios would be in a far better position to cash-flow their debt burden than they would in the absence of my legislation.

WHAT IS THE NATURE OF THE FARM DEBT?

Nationally, the total farm debt has increased dramatically. In 1971, total farm debt totaled around \$54 billion; in 1976, around \$91 billion; and in 1984, total farm debt stands at \$215 billion.

Farmers as a group have a much higher debt to income ratio now than in the past. In 1950, the overall debt-to-income ratio stood as less than 1; in 1960, it doubled to 2, changed to over 3 in the early 1970's, to 8 in 1980 and to 10 in 1984. Today the average farmer is trying to support \$10 of debt for every \$1 of income.

But even more important, the nature of the debt has changed dramatically. Debt today has a much shorter maturity.

Much of the debt is short term with interest rates tied to current loan rates. Even real estate debt is based on variable interest rates or is based on relatively short contract purchases. Maturities on a great deal of real estate debt has moved from 20 to 25 years in the 1960's and 1970's to 10 to 15 years or less today.

CAN FARMERS WITH HEAVY DEBT LOADS BE SAVED?

For a substantial segment of the 30 percent to 40 percent of farmers who have substantial debt and who are in various stages of financial difficulty, economic survival is a serious question. To help this group there must be a restructuring of farm debt. This group, mostly full-time family farmers, were caught with too much debt at the wrong time, debt that was manageable under the prevailing economic conditions when it was incurred but became a crushing burden when conditions changed.

In the group of farmers, there are many good farmers facing bankruptcy for lack of a way to make the transition from an economy of high inflation, raising land values and low interest rates to one of low inflation, sinking land values, and high interest rates.

Many of the farmers in this group can be helped and saved with the right debt restructuring programs.

DEBT RESTRUCTURING PROPOSAL

In order for farm debtors to pay debt obligations, a major restructuring of indebtedness will be necessary.

The No. 1 feature of any debt restructuring program is to stretch out principal payments into a manageable debt repayment schedule. The second major feature must provide for a lower rate of interest, and third, for farm lending to continue, the risks must be shared.

This proposal utilizes existing FmHA programs and expertise of commercial lenders to accomplish this.

These are the Approved Lenders Program, Insured Operating Loan Program, and Limited Resource Program. This debt restructuring plan modifies slightly these existing FmHA programs to create a program of modified recovery debt credit.

The heart of my debt restructuring proposal is the utilization of FmHA's Approved Lender Program, with some minor modifications.

FMHA APPROVED LENDER PROGRAM

Under FmHA's Approved Lenders Program, a qualified commercial lender is approved in advance to process FmHA guaranteed loans. The approved lender makes the loan, services the loan, and collects the loan, thereby reducing the paperwork and time required for FmHA approval of loan guarantees. The lender is responsible for seeing that proper and adequate security is obtained and maintained. FmHA makes the final decision on farmers' eligibility, use of funds, and creditworthiness.

WHO DOES THE APPROVED LENDERS PROGRAM HELP?

In today's farm economy, there are many farmers whose debt-to-assets ratio is between 40 percent and 70 percent who are caught in a credit availability gap. These farmers are not in serious enough financial difficulty for consideration by the lender of last resort, FmHA. Yet, they do not quite meet the credit standards of private commercial lenders.

This group is a relatively stronger class of farm borrowers than normal FmHA borrowers. The problem for this class of farm borrowers is that their cash-flow is inadequate under current high interest rates and low commodity prices, though their basic personal net worth and equity remains relatively strong. The security behind the loan is strong enough to satisfy the bank lender, yet the loan is classified by bank regulators as a classified loan. For the bank, every classified loan reduces the amount of available assets against which credit can be made available, resulting in less credit being available to farm borrowers.

THE FMHA LOAN GUARANTEE PROGRAM

FmHA loan guarantees are designed to provide the credit necessary for family farmers to conduct successful operations. The loans are to be used for the purchase of farm machinery and equipment, basic livestock, annual operating expenses, and refinancing for authorized operating loan purposes. Interest rates may be fixed or variable and cannot exceed the rate common in the area. The terms of the loan may be up to 7 years on basic security. Quality loans may be guaranteed up to 90 percent while high risk loans may receive less than a 50-percent guarantee.

HOW WILL THE APPROVED LENDERS PROGRAM HELP?

Utilizing FmHA's Loan Guarantee Program, the commercial lender will have the additional security to make a bankable loan to farmers who find themselves in a credit gap. The program is not a bailout for lenders. Unless the loan meets requirements, with a reasonable chance for success FmHA will not approve it.

The program will help, first, by making credit available. Second, the banker will use the banks own -- pre-FmHA

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approved -- loan forms familiar to both the borrower and the banker, reducing FmHA's paper-handling load. Third, credit will be available on a much quicker basis, assuring that available guarantee loan funds reach eligible farmers as quickly as possible. Fourth, the banker and borrower are familiar with each other, helping to insure that better loans will be made. Fifth, the borrower is most likely to stretch out the loan payback. A commercial lender will normally have a maximum of 5 years on the loan while under the FmHA Loan Guarantee Program, a maximum of 7 years is possible. This extra 2 years can assist the farm borrower in achieving an attainable cash-flow-payback program.

MODIFIED DEBT RECOVERY PROGRAM

I propose to utilize FmHA's Approved Lenders Program and operating loan programs to achieve a significant plan for farm debt restructuring. To achieve this will require some modification of each of these programs.

MODIFICATIONS TO THE APPROVED LENDERS AND DIRECT LOAN PROGRAMS

A basic modification to the Approved Lenders Program is to place a maximum rate to be charged on interest. Under the Approved Lenders Program, interest rates may not exceed the prevailing interest rate in the areas in which the loan is made.

Under the modified Approved Lenders Program, a maximum interest rate would be set at 2 1/2 percent above discount rate. This would yield an interest rate of 10 1/2 percent at December 31, 1984 rates.

Clearly, there is a need to lower interest rates in order to create a more achievable positive cash-flow debt repayment plan for many farm borrowers. In addition to the obvious advantage of lower interest rates, by lowering the maximum interest rate which a commercial lender may charge under the Approved Lenders Loan Program, the result will be to create opportunities for additional farm borrowers to take advantage of the Loan Guarantee Program. A lower maximum interest rate will encourage the lender to graduate the borrower to a regular commercial status.

The second basic change in the Approved Lenders Program would be to limit the approved lenders guarantee to a maximum of 50 percent whenever the direct lending authorities of the FmHA -- Insured Loan Program and Limited Resource Program -- are used by a lender to restructure a loan.

FMHA OPERATING LOAN PROGRAM

FmHA operating loans are made for both operating expenses and farm ownership. Ownership loans may carry an interest rate as low as 5 1/2 percent and may be written up to 40 years. Operating loans may carry an interest rate as low as 7 1/4 percent and may be written up to 7 years. Under the Direct Loan Program, appraisals are done by the FmHA and security in the loan is named and itemized per lender.

MODIFICATIONS TO THE DIRECT LOAN PROGRAM

In order to restructure farm debt, lower interest rates and longer pay-back terms will be required to attain a manageable, attainable cash-flow for many farm borrowers.

The Modified Debt Recovery Program would incorporate into the Approved Lenders Program the use of FmHA operating loans in the same manner as the FmHA guaranteed loans. The pre-FmHA approved commercial lender would process the paperwork for FmHA operating loans, using the commercial lender's forms. FmHA would still have the final say-so on the loan under a shortened turn-around approval or denial. Appraisals would be done by the pre-FmHA approved commercial lender or qualified appraiser. The main change in the present FmHA Direct Operating Loan Program would be to share security on a prorated dollar value basis. This last change is important to create an environment where the financial risk is shared and one which will create far fewer complications than the present system of named security.

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Mr. President, this debt restructuring proposal is no panacea. But, it would pull many farmers away from the brink of bankruptcy, and put them back in the business of supporting our Nation's economy and feeding the world.

ROLL:

[Rollcall Vote No. 263 Leg.]

YEAS -- 71

Andrews	Baucus	Bentsen
Bingaman	Bradley	Bumpers
Burdick	Byrd	Chiles
Cochran	Cohen	Cranston
D'Amato	DeConcini	Denton
Dodd	Dole	Domenici
Eagleton	East	Evans
Exon	Ford	Garn
Goldwater	Gore	Gorton
Gramm	Harkin	Hart
Hatch	Hatfield	Hawkins
Hecht	Heflin	Heinz
Hollings	Inouye	Johnston
Kennedy	Kerry	Lautenberg
Laxalt	Leahy	Long
Mathias	Matsunaga	Mattingly
McClure	Melcher	Mitchell
Moynihan	Murkowski	Packwood
Pell	Pryor	Rockefeller
Rudman	Sarbanes	Sasser
Specter	Stafford	Stennis
Stevens	Symms	Thurmond
Trible	Warner	Weicker
Wilson	Zorinsky	

NAYS -- 27

Abdnor	Armstrong	Boren
Boschwitz	Chafee	Danforth
Dixon	Durenberger	Glenn
Grassley	Helms	Humphrey

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Kassebaum	Kasten	Levin
Lugar	McConnell	Metzenbaum
Nickles	Pressler	Proxmire
Quayle	Riegle	Roth
Simon	Simpson	Wallop

NOT VOTING -- 2

Biden

Nunn

[Rollcall Vote No. 264 Leg.]

YEAS -- 70

Andrews	Baucus	Bentsen
Biden	Bingaman	Bradley
Bumpers	Burdick	Byrd
Chiles	Cochran	Cohen
Cranston	D'Amato	DeConcini
Denton	Dodd	Dole
Domenici	Evans	Exon
Ford	Garn	Goldwater
Gore	Gorton	Gramm
Grassley	Harkin	Hart
Hatch	Hatfield	Hawkins
Hecht	Heflin	Heinz
Hollings	Inouye	Johnston
Kennedy	Kerry	Lautenberg
Laxalt	Leahy	Long
Mathias	Matsunaga	Mattingly
McClure	Melcher	Mitchell
Murkowski	Nunn	Packwood
Pell	Pryor	Rockefeller
Rudman	Sarbanes	Sasser
Specter	Stafford	Stevens
Symms	Thurmond	Trible
Warner	Weicker	Wilson
Zorinsky		

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NAYS -- 29

Abdnor	Armstrong	Boren
Boschwitz	Chafee	Danforth
Dixon	Durenberger	Eagleton
East	Glenn	Helms
Humphrey	Kassebaum	Kasten
Levin	Lugar	McConnell
Metzenbaum	Moynihan	Nickles
Pressler	Proxmire	Quayle
Riegle	Roth	Simon
Simpson	Wallop	

NOT VOTING -- 1

Stennis

[Rollcall Vote No. 265 Leg.]

YEAS -- 73

Andrews	Baucus	Bentsen
Biden	Bingaman	Bradley
Bumpers	Burdick	Byrd
Chafee	Chiles	Cochran
Cohen	Cranston	D'Amato
DeConcini	Denton	Dodd
Dole	Domenici	Eagleton
Evans	Exon	Ford
Garn	Goldwater	Gore
Gorton	Gramm	Grassley
Harkin	Hart	Hatch
Hatfield	Hawkins	Hecht
Heflin	Heinz	Hollings
Humphrey	Inouye	Johnston
Kassebaum	Kennedy	Kerry
Lautenberg	Leahy	Long
Mathias	Matsunaga	Mattingly
McClure	Melcher	Metzenbaum

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Mitchell	Moynihan	Murkowski
Nunn	Packwood	Pell
Pryor	Rockefeller	Rudman
Sarbanes	Sasser	Specter
Stafford	Stevens	Symms
Warner	Weicker	Wilson
Zorinsky		

NAYS -- 23

Abdnor	Armstrong	Boren
Boschwitz	Danforth	Dixon
Durenberger	East	Glenn
Helms	Kasten	Levin
Lugar	McConnell	Nickles
Pressler	Proxmire	Quayle
Roth	Simon	Simpson
Thurmond	Wallop	

NOT VOTING -- 4

Laxalt	Riegle	Stennis
Trible		

[Rollcall Vote No. 266 Leg.]

YEAS -- 48

Armstrong	Bradley	Chafee
Cochran	Cohen	Cranston
D'Amato	Dodd	Dole
Domenici	East	Evans
Garn	Goldwater	Gramm
Hatch	Hatfield	Hawkins
Hecht	Heinz	Helms
Humphrey	Lautenberg	Laxalt
Lugar	Mattingly	McClure
McConnell	Mitchell	Moynihan
Murkowski	Packwood	Pell

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Proxmire	Quayle	Roth
Rudman	Simpson	Specter
Stafford	Stevens	Symms
Thurmond	Trible	Wallop
Warner	Weicker	Wilson

NAYS -- 51

Abdnor	Andrews	Baucus
Bentsen	Biden	Bingaman
Boren	Boschwitz	Bumpers
Burdick	Byrd	Chiles
Danforth	DeConcini	Denton
Dixon	Durenberger	Eagleton
Exon	Ford	Glenn
Gore	Gorton	Grassley
Harkin	Hart	Heflin
Hollings	Inouye	Johnston
Kassebaum	Kasten	Kennedy
Kerry	Leahy	Levin
Long	Matsunaga	Melcher
Metzenbaum	Nickles	Nunn
Pressler	Pryor	Riegle
Rockefeller	Sarbanes	Sasser
Simon	Stennis	Zorinsky

NOT VOTING -- 1

Mathias

[Rollcall Vote No. 267 Leg.]

YEAS -- 57

Andrews	Armstrong	Baucus
Bentsen	Biden	Bingaman
Boren	Boschwitz	Bradley
Bumpers	Burdick	Byrd
Chiles	Cranston	DeConcini

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Dixon	Dodd	Dole
Durenberger	Eagleton	Evans
Exon	Ford	Glenn
Gore	Gorton	Grassley
Harkin	Hart	Heflin
Hollings	Inouye	Johnston
Kassebaum	Kennedy	Kerry
Lautenberg	Leahy	Levin
Long	Matsunaga	McClure
Melcher	Metzenbaum	Moynihan
Nickles	Nunn	Pell
Pryor	Riegle	Rockefeller
Sarbanes	Sasser	Simon
Symms	Wilson	Zorinsky

NAYS -- 41

Abdnor	Chafee	Cochran
Cohen	D'Amato	Danforth
Denton	Domenici	East
Garn	Gramm	Hatch
Hatfield	Hawkins	Hecht
Heinz	Helms	Humphrey
Kasten	Laxalt	Lugar
Mathias	Mattingly	McConnell
Mitchell	Murkowski	Packwood
Pressler	Proxmire	Quayle
Roth	Rudman	Simpson
Specter	Stafford	Stevens
Thurmond	Trible	Wallop
Warner	Weicker	

NOT VOTING -- 2

Goldwater

Stennis

[Rollcall Vote No. 268 Leg.]

YEAS -- 96

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Abdnor	Andrews	Armstrong
Baucus	Bentsen	Biden
Bingaman	Boren	Boschwitz
Bradley	Bumpers	Burdick
Byrd	Chafee	Chiles
Cochran	Cohen	Cranston
D'Amato	Danforth	Denton
Dixon	Dodd	Dole
Domenici	Durenberger	Eagleton
East	Evans	Exon
Ford	Garn	Glenn
Gore	Gorton	Gramm
Grassley	Harkin	Hart
Hatch	Hatfield	Hawkins
Hecht	Heflin	Heinz
Helms	Hollings	Humphrey
Inouye	Johnston	Kassebaum
Kasten	Kennedy	Kerry
Lautenberg	Laxalt	Leahy
Levin	Long	Lugar
Mathias	Matsunaga	Mattingly
McClure	McConnell	Melcher
Metzenbaum	Mitchell	Moynihan
Murkowski	Nickles	Nunn
Packwood	Pell	Pressler
Proxmire	Pryor	Quayle
Riegle	Rockefeller	Roth
Rudman	Sarbanes	Sasser
Simpson	Specter	Stafford
Stevens	Symms	Thurmond
Trible	Wallop	Warner
Weicker	Wilson	Zorinsky

NAYS -- 2

DeConcini

Simon

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NOT VOTING -- 2

Goldwater

Stennis

[Rollcall Vote No. 269 Leg.]

YEAS -- 53

Abdnor	Andrews	Armstrong
Baucus	Bingaman	Boren
Boschwitz	Byrd	Chafee
Cranston	D'Amato	Danforth
DeConcini	Dixon	Dodd
Dole	Domenici	Durenberger
Eagleton	Ford	Garn
Glenn	Grassley	Harkin
Hatch	Heinz	Inouye
Kassebaum	Kasten	Levin
Lugar	Matsunaga	McConnell
Melcher	Metzenbaum	Mitchell
Moynihan	Murkowski	Nickles
Pell	Proxmire	Pryor
Quayle	Riegle	Rockefeller
Simon	Simpson	Specter
Stafford	Stevens	Thurmond
Wallop	Weicker	

NAYS -- 43

Bentsen	Biden	Bumpers
Burdick	Chiles	Cochran
Cohen	Denton	East
Evans	Exon	Goldwater
Gore	Gorton	Gramm
Hart	Hatfield	Hawkins
Hecht	Heflin	Helms
Hollings	Humphrey	Johnston
Kennedy	Kerry	Lautenberg
Leahy	Long	Mathias

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Mattingly	McClure	Nunn
Packwood	Roth	Rudman
Sarbanes	Sasser	Symms
Trible	Warner	Wilson
Zorinsky		

NOT VOTING -- 4

Bradley	Laxalt	Pressler
Stennis		

SUBJECT: LEGISLATIVE BODIES (79%); LAKES (79%); EXPORT TRADE (79%); FAMILY (59%); AGRICULTURAL INCOME (59%); EXPORT PRICES (59%); AGRICULTURAL PRICES (59%); PETITIONS (59%); HARBORS & PORTS (59%); AGRICULTURAL MARKETING (59%); FARMERS & RANCHERS (59%); AGRICULTURE (59%); MARINE SHIPPING (59%); GOVERNMENT GRANTS & SUBSIDIES (59%); ECONOMIC DEVELOPMENT (59%); FAMILY FARMS (59%); PUBLIC HEALTH & WELFARE LAW (59%); COMPANY EARNINGS (59%); COMMODITIES TRADING (59%);