HOUSE OF REPRESENTATIVES—*Tuesday, October 8, 1985*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious God, as we live with the difficulties of daily life—with all the tensions and distrust between peoples and nations—so we also live with Your spirit of love and peace. As we live with frustrations and pain, we live, too, with Your healing and grace. Enable us, eternal God, to open our hearts to Your goodness and truth that we will do justice and walk humbly with You and with each other. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair announces there will be no 1-minutes today.

COMMUNICATION FROM THE HONORABLE FRED J. ECKERT, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable FRED J. ECKERT of New York, a Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, October 8, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, The Capitol, Washington, DC.

DEAR MR. SPEAKER: I have previously notified you of the receipt of subpoenas by two members of my district office staff. After consultation with the General Counsel to the Clerk of the House, I have determined that these two subpoenas are consistent with the privileges and precedents of the House of Representatives.

Sincerely,

FRED J. ECKERT,
Member of Congress.

COMMUNICATION FROM THE HONORABLE LEON E. PANETTA, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable LEON E. PANETTA of California, a Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, October 7, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
H-202, The Capitol.

DEAR MR. SPEAKER: This is to notify you, pursuant to rule L (50) of the Rules of the House of Representatives, that I have received a subpoena from the United States District Court for the Northern District of California. After consultation with the General Counsel to the Clerk, I will notify you of my determination as required by the House rule.

Sincerely,

LEON E. PANETTA,
Member of Congress.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make an announcement.

The Chair announces that tomorrow, during the joint meeting to receive the Prime Minister of the Republic of Singapore, only the doors immediately opposite the Speaker and those on his left and right will be open.

The Chair would urge the Members to be present to hear the Prime Minister of the Republic of Singapore.

FOOD SECURITY ACT OF 1985

The SPEAKER. Pursuant to House Resolution 267 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2100.

□ 1206

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, with Mr. OBEY, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Monday, October 7, 1985, title XVIII was open for amendment at any point.

Are there any further amendments to title XVIII?

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the gentlewoman from Nebraska [Mrs. SMITH] is recognized for 5 minutes.

There was no objection.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the provisions in title XVIII of H.R. 2100 that provide for promotion and research programs for beef and pork that would be financed by national checkoffs for these commodities.

Mr. Chairman, these self-help provisions are offered at a very difficult time for our beef and pork producers. Our Nation's cattle herd has shrunk to a 23-year low, and yet, fed cattle prices are nearly 25 percent below year-earlier levels. Live hog prices have fallen as well, as heavy imports of hogs and pork from Canada have added supply pressure to the marketplace.

These factors indicate that our red meat industry is severely impacted on the demand side by such factors as changing consumer preferences and adverse publicity regarding the nutritional attributes of pork and beef. Per capita beef consumption has declined dramatically from the 1976 peak of 96 pounds—retail weight—to an estimated 76 pounds—retail weight—during 1985. Overall red meat consumption has fallen by a similar amount.

These industries are working hard to overcome the obstacles that block their economic prosperity. For example, the National Livestock and Meat Board, the American Meat Institute, and the Food Marketing Institute have already initiated a program entitled "Meat Nutri-Facts," to provide nutritional information regarding meat and meat products to consumers.

Mr. Chairman, beef and pork producers overwhelmingly support the adoption of these promotion and research programs. In separate surveys earlier this year, 77 percent of beef producers and 81 percent of pork producers supported provisions similar to those in this legislation.

I urge my colleagues to strongly support the Beef Promotion and Research Act and the Pork Promotion, Research, and Consumer Information Act, to help producers to help themselves.

The CHAIRMAN. Are there any further amendments to title XVIII?

AMENDMENT OFFERED BY MR. LEACH OF IOWA

Mr. LEACH of Iowa. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRES-

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

51-059 O-86-32 (Pt. 19)

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

SIONAL RECORD as of September 24, 1985?

Mr. LEACH of Iowa. It has been printed in the RECORD, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LEACH of Iowa: Page 509, after line 13, insert the following new section:

STRATEGIC ETHANOL RESERVE

SEC. 1029. (a) The Secretary of Agriculture shall establish, maintain, and utilize a Strategic Ethanol Reserve.

(b)(1) The Secretary shall, within 180 days after the date of the enactment of this section, prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which shall detail the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve.

(2) The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the country.

(3) The Plan shall include—

(A) a comprehensive environmental assessment;

(B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve;

(C) an estimate of the volumes of ethanol proposed to be stored in each such storage facility;

(D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels);

(E) an estimate of the direct cost of the Reserve, including—

(i) the cost of storage facilities;

(ii) the cost of the ethanol to be stored;

(iii) the cost of related facilities; and

(iv) management and operations costs; and

(F) a distribution plan setting forth the method and manner of drawdown and distribution to be utilized with respect to the Reserve.

(c)(1) To the extent necessary or appropriate to implement the Plan, the Secretary shall prescribe regulations and shall, subject to the availability of funding in the account established by subsection (f)—

(A) acquire by purchase, condemnation, or otherwise, land, interests in land, and improvements thereon for the location of storage and related facilities;

(B) construct, purchase, lease, or otherwise acquire storage and related facilities;

(C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this Act;

(E) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve;

(F) execute any contracts necessary to carry out the provisions of such Plan;

(G) maintain, operate, test, protect, and conserve the Reserve; and

(H) bring an action, whenever the Secretary deems it necessary to implement the Plan, in any court having jurisdiction of such proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located thereon or used therewith.

(2) Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation.

(3) The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

(d)(1) The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at a minimum required fill rate of 6,000,000 barrels in fiscal year 1986, 12,000,000 barrels in fiscal year 1987, 18,000,000 barrels in fiscal year 1988, and at least 20,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act.

(2) In fiscal year 1986, the Secretary shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. The implementation of the payment-in-kind program in fiscal year 1986 shall be conducted in such a manner as to require no additional appropriations to the Department of Agriculture for that fiscal year. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

(e)(1) Except as provided in paragraph (2), the Secretary may withdraw and distribute ethanol in the Reserve only as a result of a declaration made by the President to meet the energy needs of the United States.

(2) The Secretary may withdraw and distribute ethanol from the Reserve for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent test drawdown has been replaced.

(3) The Secretary may—

(A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve;

(B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and

(C) require the allocation of products refined from ethanol withdrawn from the Reserve.

(4) Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

(f)(1) There is hereby established in the Treasury of the United States an account designated as the "Strategic Ethanol Reserve Account".

(2) There shall be credited to such account—

(A) revenues from the sale or other disposal of ethanol from the Reserve; and

(B) such sums as may be appropriated to such account.

(3) Funds credited to such accounts shall, as provided for in appropriations issues, be utilized by the Secretary for—

(A) the procurement of ethanol for the Reserve;

(B) the construction and operation of facilities associated with the Reserve;

(C) the drawdown and distribution of the Reserve; and

(D) the maintenance and operation of the Reserve.

(g) The Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this section, including—

(1) the operation and maintenance of the system of the Reserve;

(2) the fill level of the Reserve;

(3) expenditures of funds from the account established by subsection (f);

(4) any changes made to the Plan established under subsection (b);

(5) a description of any legal actions involving the Reserve, which were initiated, pending, or concluded during the year for which the report is made;

(6) a description of all condemnation actions brought under subsection (c); and

(7) other activities which have been taken to implement such Plan.

(h) For purposes of this section—

(1) the term "Plan" means the Strategic Ethanol Reserve Plan established pursuant to subsection (b);

(2) the term "related facilities" means facilities associated with the storage, handling, processing, and use of liquid fuels, including pipelines, terminals, storage tanks, and refineries;

(3) the term "Reserve" means the Strategic Ethanol Reserve established pursuant to subsection (a); and

(4) the term "Secretary" means the Secretary of Agriculture.

Mr. LEACH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

□ 1210

Mr. LEACH of Iowa. Mr. Chairman, I also ask unanimous consent to adopt a technical amendment to my amendment which has the effect of halving the size of the program.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification offered by Mr. LEACH of Iowa: In section 1029(d)(1) of the matter proposed to be inserted, strike out "6,000,000" and insert in lieu thereof "3,000,000", strike out "12,000,000" and insert in lieu thereof "6,000,000", strike out "18,000,000" and insert in lieu thereof "9,000,000", and strike out "20,000,000" and insert in lieu thereof "10,000,000".

Mr. LEACH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the modification be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. Is there objection to the modification as offered by the gentleman from Iowa [Mr. LEACH]?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. LEACH of Iowa, as modified: Page 509, after line 13, insert the following new section:

STRATEGIC ETHANOL RESERVE

SEC. 1029. (a) The Secretary of Agriculture shall establish, maintain, and utilize a Strategic Ethanol Reserve.

(b)(1) The Secretary shall, within 180 days after the date of the enactment of this section, prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which shall detail the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve.

(2) The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the country.

(3) The Plan shall include—

(A) a comprehensive environmental assessment;

(B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve;

(C) an estimate of the volumes of ethanol proposed to be stored in each such storage facility;

(D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels);

(E) an estimate of the direct cost of the Reserve, including—

(i) the cost of storage facilities;

(ii) the cost of the ethanol to be stored;

(iii) the cost of related facilities; and

(iv) management and operations costs; and

(F) a distribution plan setting forth the method and manner of drawdown and distribution to be utilized with respect to the Reserve.

(c)(1) To the extent necessary or appropriate to implement the Plan, the Secretary shall prescribe regulations and shall, subject to the availability of funding in the account established by subsection (f)—

(A) acquire by purchase, condemnation, or otherwise, land, interests in land, and improvements thereon for the location of storage and related facilities;

(B) construct, purchase, lease, or otherwise acquire storage and related facilities;

(C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this Act;

(E) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve;

(F) execute any contracts necessary to carry out the provisions of such Plan;

(G) maintain, operate, test, protect, and conserve the Reserve; and

(H) bring an action, whenever the Secretary deems it necessary to implement the Plan, in any court having jurisdiction of such proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located thereon or used therewith.

(2) Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation.

(3) The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

(d)(1) The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at a minimum required fill rate of 3,000,000 barrels in fiscal year 1986, 6,000,000 barrels in fiscal year 1987, 9,000,000 barrels in fiscal year 1988, and at least 10,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act.

(2) In fiscal year 1986, the Secretary shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. The implementation of the payment-in-kind program in fiscal year 1986 shall be conducted in such a manner as to require no additional appropriations to the Department of Agriculture for that fiscal year. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

(e)(1) Except as provided in paragraph (2), the Secretary may withdraw and distribute ethanol in the Reserve only as a result of a declaration made by the President to meet the energy needs of the United States.

(2) The Secretary may withdraw and distribute ethanol from the Reserve for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent rest drawdown has been replaced.

(3) The Secretary may—

(A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve;

(B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and

(C) require the allocation of products refined from ethanol withdrawn from the Reserve.

(4) Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

(f)(1) There is hereby established in the Treasury of the United States an account designated as the "Strategic Ethanol Reserve Account".

(2) There shall be credited to such account—

(A) revenues from the sale or other disposal of ethanol from the Reserve; and

(B) such sums as may be appropriated to such account.

(3) Funds credited to such account shall as provided for in appropriations issue be utilized by the Secretary for—

(A) the procurement of ethanol for the Reserve;

(B) the construction and operation of facilities associated with the Reserve;

(C) the drawdown and distribution of the Reserve; and

(D) the maintenance and operation of the Reserve.

(g) The Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this section, including—

(1) the operation and maintenance of the system of the Reserve;

(2) the fill level of the Reserve;

(3) expenditures of funds from the account established by subsection (f);

(4) any changes made to the Plan established under subsection (b);

(5) a description of any legal actions involving the Reserve, which were initiated, pending, or concluded during the year for which the report is made;

(6) a description of all condemnation actions brought under subsection (c); and

(7) other activities which have been taken to implement such Plan.

(h) For purposes of this section—

(1) the term "Plan" means the Strategic Ethanol Reserve Plan established pursuant to subsection (b);

(2) the term "related facilities" means facilities associated with the storage, handling, processing, and use of liquid fuels, including pipelines, terminals, storage tanks, and refineries;

(3) the term "Reserve" means the Strategic Ethanol Reserve established pursuant to subsection (a); and

(4) the term "Secretary" means the Secretary of Agriculture.

Mr. LEACH of Iowa. Mr. Chairman, my amendment, which is introduced with the gentleman from Illinois [Mr. DURBIN], has the effect of establishing a strategic ethanol reserve. The amendment stipulates that 3 million barrels of ethanol, or the equivalent of 77½ million bushels of corn would be put into reserve in fiscal year 1986, with such volumes being gradually increased in each of the next 3 years.

The advantage of this approach is fourfold. Unlike the strategic petroleum reserve which holds foreign-produced crude oil, the stategic ethanol reserve would be made up entirely of domestically produced renewable energy sources.

Second, as we all know, grain, when stored, deterioriates over time. The advantage of transforming corn into ethanol is that deterioration virtually ceases.

Third, once the transformation takes place, the storage costs for ethanol are actually substantially less than that for corn, with some of the cost savings, therefore, inuring to the Federal Government.

Fourth, I would stress that this particular reserve is designed to be put in place without additional dollar costs to the Federal Treasury in fiscal year 1986, with Commodity Credit Corporation grain being used as a payment-in-kind incentive.

Mr. Chairman, the savings to the Government and to the farmer by in-

creasing demand for ethanol cannot be overestimated. The production of ethanol, for example, last year added approximately 8 to 9 cents to the value of corn grown in the United States. From my State of Iowa, that worked out to approximately a $135 million dividend to our farmers.

It is no wonder that the National Corngrowers Association has set a 1 billion bushel target for the production of corn for ethanol by the year 1990.

Mr. Chairman, there are few opportunities in which Congress is capable to vote for a proposal which on the one hand helps the American farmer and on the other strengthens our energy independence, lowers our trade deficit, and finally improves our environment.

I believe creation of a strategic ethanol reserve accomplishes these purposes, and I would, accordingly, urge adoption of this amendment.

Mr. ALEXANDER. Mr. Chairman, I want to commend the gentleman from Iowa for offering his amendment to the farm bill to provide for a strategic reserve for alcohol fuel.

This is an especially important and timely amendment given two realities. These realities are the recent decision by the Environmental Protection Agency to eliminate lead from gasoline which will create the need for 2 billion gallons of ethanol annually as a replacement, and the serious deficiency in the production of ethanol in this country. It is shocking when one realizes that only 500,000 gallons of ethanol are produced here each year when we will need 2 billion gallons annually to replace lead as an octane enhancer in gasoline.

The gentleman from Iowa is correct to recognize this deficiency.

His raising the alcohol fuel issue today is important for increasing the sensitivity in this body and in this country to what we can gain from shifting to alcohol fuel from petroleum fuel. Increased use of alcohol fuel will decrease our dependence on foreign oil, reduce our bloated trade deficit, and make our environment cleaner.

All we need to do to achieve these goals is follow the example of Brazil which has shifted a major portion of its fuel from petroleum to alcohol. Brazil has demonstrated that it can be done and that great savings can be achieved.

The establishment of an ethanol reserve as proposed by the gentleman from Iowa is an important step in achieving these goals for our Nation.

Mr. LEVINE of California. Mr. Chairman, I rise to commend my distinguished colleague from Iowa for his amendment to establish a strategic ethanol reserve, and I wish to associate myself with his remarks. Rarely does this body have the opportunity to address so many concerns in a single proposal. Establishing a strategic ethanol reserve, and encouraging ethanol use, not only helps the American farmer, but also will reduce air pollution, create jobs in the ethanol industry, reduce excess CCC stocks of deteriorating corn, lower the trade deficit, and reduce US dependence on imported oil.

Establishing a strategic ethanol reserve will be a boon to the American farmer through the reduction of the CCC stocks of corn. The large surplus of corn held by the CCC has the effect of depressing the price of the corn on the market. Reducing the CCC stocks will eventually translate into higher prices for the farmer, without substantially affecting the price the consumer pays for food.

Further, as my colleagues are aware, agricultural products, including the corn held by the CCC, deteriorate in quality over long periods of storage. In fact, some of the corn the CCC is currently holding will become worthless as feed grain if it is not used. Establishing a strategic ethanol reserve, initally using CCC stocks, will convert this corn into a form that can be stored for long periods, while retaining its value and usefulness. Additionally, converting the corn to ethanol yields valuable by-products.

The environmental importance of this initiative cannot be over estimated. The use of leaded fuels has been estimated to contribute approximately 80 percent of lead emissions into the air. Airborne lead is a major source of lead exposure in young children, resulting in brain damage, anemia, kidney disorders, impaired learning ability, and altered behavior. The danger of lead exposure is so grave that the allowable level of lead in gasoline has been reduced to 0.10 grams of lead per gallon as of January 1, 1986. Ethanol replaces the use of lead in gasoline as an octane enhancer which also results in engines running smoother and cleaner.

Finally, this amendment, as the gentleman from Iowa has so aptly noted, will reduce U.S. dependence on imported oil. Because ethanol can be mixed with gasoline to produce a high grade fuel, the gasoline supply can be extended, and the United States is less dependent on foreign oil supplies. Ethanol is a renewable resource, which we are constantly capable of producing.

Again, Mr. Chairman, I wish to commend the distinguished gentleman for his amendment. This provision preserves the environment, helps the farmer, reduces U.S. dependence on foreign oil, and contributes to a favorable balance of trade. I urge my colleagues to support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. LEACH], as modified.

The amendment, as modified, was agreed to.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADIGAN. Mr. Chairman, if I may have the attention of the gentleman from Texas [Mr. DE LA GARZA], the distinguished chairman of the committee, I would like to yield to him for the purpose of responding to me. I would like to explore the idea with him of perhaps getting something, if we can, as an overall time limit on this bill.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding. I think that would be wise. We already have a mandated 1 hour on the Petri amendment and we have two other amendments that I would figure would take maybe an hour each or an hour and one-half.

So I would think 5 o'clock probably would be a reasonable time.

Mr. MADIGAN. Would the gentleman care to make a unanimous-consent request?

Mr. DE LA GARZA. I will defer to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent that debate on this bill and all amendments thereto conclude at 5 o'clock this evening.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. PETRI. Mr. Chairman, I reserve the right to object.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield to me?

Mr. PETRI. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, that would assume that the gentleman's hour is protected.

Mr. PETRI. The problem is that I have two amendments and would only take the 5 minutes on the second amendment. But there could be a vote on it, and I do not know how that would affect your 5 o'clock.

Also, the gentleman from Arkansas [Mr. ALEXANDER] is concerned. I am worried that he would follow me and would want, I assume, an hour or something.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield to me?

Mr. PETRI. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, there is an hour of debate reserved for tobacco. So far as the Alexander amendment is concerned, it is 12:15 now, and we are talking about 5 o'clock. That is 4 hours and 45 minutes. That leaves 3 hours and 45 minutes for the debate on the Alexander proposal and the proposal by the gentleman from California [Mr. MILLER], which is almost 2 hours apiece. That surely would be enough time.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding. My question is of the

1 hour of debate on tobacco, the gentleman from Wisconsin has two amendments that are properly filed and in order. If the first amendment takes the full hour, how much time would be allotted, then, for his second amendment?

Mr. MADIGAN. Under the rule, 5 minutes.

Mr. HOPKINS. For the proponent and there would be 5 minutes for the opponent?

Mr. MADIGAN. That is correct.

The CHAIRMAN. The Chair will state that is correct. If the first amendment of the gentleman from Wisconsin [Mr. PETRI] takes an hour, the gentleman would be protected for at least 5 minutes notwithstanding the time limitation on the entire bill because his second amendment has been printed in the CONGRESSIONAL RECORD as of the 24th of September, and there will be 5 minutes for each side.

Mr. HOPKINS. Mr. Chairman, I thank the gentleman.

Mr. PETRI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. ALEXANDER. Mr. Chairman, reserving the right to object, I would just like in reserving the right to object to ask the chairman of the committee to clarify the position of my amendment in the nature of a substitute. I understand we would have approximately 2 hours on that amendment; is that correct?

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, once we dispose of the 1 hour on the Petri amendment, which would probably include the other amendment the gentleman has, the balance of the time would be either for the gentleman from California's amendment or the gentleman from Arkansas' amendment.

Mr. ALEXANDER. I would state to the committee that I do not expect to use that full amount of time. It is not my intention to prolong the debate. I was just trying to clarify the situation on the floor so that Members could plan for the balance of the afternoon.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there other amendments to title XVIII?

If not, the Clerk will designate title XIX.

The Clerk designated title XIX.

The CHAIRMAN. Are there amendments to title XIX?

If not, the Clerk will designate title XX.

The Clerk designated title XX.

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 516, after line 9, insert the following new title:

TITLE XX—TOBACCO

SHORT TITLE

SECTION 2001. This title may be cited as the "Tobacco Deregulation Act of 1985".

REPEAL OF PROVISIONS OF LAW CONCERNING PRICE SUPPORT FOR TOBACCO

SEC. 2002. (a)(1) Section 101(a) of the Agricultural Act of 1949 (7 U.S.C. 1441(a)) is amended by striking out "tobacco (except as otherwise provided herein), corn," and inserting in lieu thereof "corn".

(2) Section 101(c) of such Act (7 U.S.C. 1441(c)) is repealed.

(3) Section 101(d)(3) of such Act (7 U.S.C. 1441(d)(3)) is amended—

(A) by striking out ", except tobacco,", and

(B) by striking out "and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;".

(b) Sections 106, 106A, and 106B of the Agricultural Act of 1949 (7 U.S.C. 1445, 1445-1, 1445-2) are repealed.

(c) Section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)) is amended by striking out "tobacco,".

REPEAL OF PROVISIONS OF LAW CONCERNING TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS

SEC. 2003. (a) Section 2 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1282) is amended by striking out "tobacco,".

(b) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) in paragraph (3) by striking out subparagraph (C),

(2) in paragraph (6)(A) by striking out "tobacco,",

(3) in paragraph (7) by striking out

"Tobacco (flue-cured), July 1-June 30;

"Tobacco (other than flue-cured), October 1-September 30;",

(4) in paragraph (10) by striking out subparagraph (B),

(5) in paragraph (11)(B) by striking out "and tobacco",

(6) in paragraph (12) by striking out "tobacco,",

(7) in paragraph (14)—

(A) by striking out "(A)", and

(B) by striking out subparagraph (B),

(8) by striking out paragraph (15), and

(9) in paragraph (16) by striking out subparagraph (B).

(c) Section 303 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1303) is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice,".

(d) Part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.) is repealed.

(e) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking out "tobacco,".

(f)(1) Section 371(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(2) Section 371(b) of such Act (7 U.S.C. 1371(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(g)(1) Section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended—

(A) in the first sentence—

(i) by striking out "peanuts, or tobacco, and" and inserting in lieu thereof "or peanuts, and",

(ii) by striking out "peanuts, or tobacco from" and inserting in lieu thereof "or peanuts from", and

(iii) by striking out "all persons engaged in the business of redrying, prizing, or stemming tobacco for producers,", and

(B) in the last sentence by striking out "$500;" and all that follows through the end thereof and inserting in lieu thereof "$500.".

(2) Section 373(b) of such Act (7 U.S.C. 1373(b)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(h) Section 375(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1375(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(i) Section 378(f) of the Agricultural Adjustment Act of 1983 (7 U.S.C. 1378(f)) is repealed.

(j) The Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315), is repealed.

(k) Section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note), is repealed.

(l) Section 703 of the Food and Agriculture Act of 1965 (7 U.S.C. 1316) is repealed.

EXCLUSION OF TOBACCO FROM CONCESSIONAL EXPORT SALES PROVISIONS OF PUBLIC LAW 480

SEC. 2004. The proviso to the first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking out ", and for the purposes of title II of this Act," and inserting in lieu thereof "or".

PROHIBITION AGAINST COMMODITY CREDIT CORPORATION USING POWERS WITH RESPECT TO TOBACCO

SEC. 2005. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end the following new undesignated paragraph:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco.".

PROHIBITION AGAINST TOBACCO MARKETING ORDERS

SEC. 2006. Section 8c(2) of the Agricultural Adjustment Act (7 U.S.C. 608c(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) by striking out "tobacco,",

(2) by inserting "tobacco," after "(B) any agricultural commodity (except honey,", and

(3) by adding at the end the following new sentence: "Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act.".

WITHDRAWAL OF CONSENT RELATING TO COMPACTS AMONG STATES FOR REGULATING TOBACCO PRODUCTION AND COMMERCE

SEC. 2007. (a) The Act entitled "An Act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes", approved April 25, 1936 (7 U.S.C. 515 et seq.), commonly known as the Tobacco Control Act, is repealed.

(b) The Congress hereby withdraws its consent to any compact or agreement entered into under the Act referred to in subsection (a).

EFFECTIVE DATES

SEC. 2008. (a) The amendments made by sections 2002 through 2006 shall apply with respect to the 1986 and subsequent crops of tobacco.

(b) Section 2007 shall take effect January 1, 1986.

Amend the table of contents at the beginning of the bill accordingly.

Mr. PETRI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement previously entered into, the gentleman from Wisconsin [Mr. PETRI] will be recognized for 30 minutes, and an opponent will be recognized for 30 minutes.

The Chair would inquire as to who wishes to control the time in opposition?

Mr. ROSE. Mr. Chairman, the understanding I had with the gentleman from Kentucky [Mr. HOPKINS] the ranking member on my subcommittee, was that he would control 15 minutes and that I would control 15 minutes.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] will control 15 minutes in opposition and the gentleman from North Carolina [Mr. ROSE] will control 15 minutes in opposition. The gentleman from Wisconsin [Mr. PETRI] will control 30 minutes as proponent of the amendment.

The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment that is before us is a simple one. It would abolish the Federal Tobacco Program effective next year.

By so doing, it would save our Nation's taxpayers several hundred million dollars per year, contribute to economic growth in tobacco, and I will get to that in a minute, cause a positive swing in our trade balance, something we are very concerned about at this time in this Congress, of about $1.5 billion, make consistent Government policy on smoking and health, and at the same time help family tobacco farmers increase their income dramatically.

I would like to discuss each of these points briefly. Let us start with the issue of cost.

Supporters of the program like to point out that since 1982 their program has been operated as a no-net cost to the taxpayer program. Assessments on growers are supposed to pay for the program, but there are just two problems with this scheme.

The official costs are not all of the costs, and the assessments have, in fact, been woefully inadequate to cover even the official costs. The official costs are based on charging simple rather than compound interest on tobacco loans. Though the Treasury pays compound interest when it borrows from the public, the Commodity Credit Corporation pays compound interest when it borrows from the Treasury, the Commodity Credit Corporation does not charge compound interest when it then in turn loans money for buying and for storing surplus tobacco. Thus, the official interest costs charged to the Tobacco Program are understated by somewhere between $100 and $300 million, depending on whose estimates you accept.

But when you look at just the officially recognized costs and the assessments to cover them, the situation gets worse. The Department has underestimated costs consistently, and despite steeply rising assessments, the program is far in arrears, with no prospect of ever recovering the officially recognized costs.

Now what will happen if this program is abolished? The proponents of the existing or soon-to-be Tobacco Program as it changes in the legislative process make all kinds of assertions about what will happen if this program were to be abolished, and I am sure we are going to hear some of those assertions here this afternoon. For example, that production will skyrocket, prices plummet, farmers be bankrupted, and that the economy of tobacco-producing regions of our country will be devastated.

But what is the evidence to those assertions? I have not really heard any.

But we do not have to rely on wild speculation as to what will happen if the existing Tobacco Program is brought to an end. There have been several reputable economic analyses of that issue, mostly done, in fact, in tobacco regions of our country, in North Carolina where the interest is greatest and where you would least expect an antiprogram bias. The latest study was done by two economists at North Carolina State University, furnished last year, and its conclusions are typical of those reached in other studies of what will happen if the Tobacco Program is brought to an end. They concluded that production would not immediately skyrocket because in the short run, it is limited by the available tobacco-producing infrastructure. They concluded that prices would fall, but by less than the total current burden of assessments and allotments rents that would, with the abolition of the program, be lifted from the back of the tobacco farmer.

So farmers' profits, not having to pay assessments and allotments when the program comes to an end, farmers' profit per pound would increase. At the new lower prices, farmers would produce and sell as much as double the amount of tobacco that they produce today. In fact, the North Carolina study concluded tobacco growing would boom and tobacco States' economies would be boosted, not harmed.

None of this should be surprising. In the last 10 years, our tobacco production has been cut in half in the United States as high prices caused us to lose world market share. Deregulation and lower prices will help us to regain world market share.

The North Carolina State study estimates that deregulation will eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about $1.5 billion.

So anyone who is concerned about our trade deficit, and a lot of us are, please take note. You can start cutting that deficit by voting for this amendment.

There is, of course, a group that will be hurt by deregulation, and there is no point in trying to disguise that fact. The allotment owners, they will be hurt by deregulation, not the tobacco farmers, and I draw that line clearly, the allotment holders, those who under current law own the monopoly rights to market tobacco. Defenders of the program like to lump them all together with farmers as if they are all the same, and of course those classes do overlap. But it is a grave error to assume that they are the same.

□ 1225

There are more than five times as many allotment owners as commercial tobacco farmers. Let me repeat that: There are more than five times as many tobacco allotment owners as commercial farmers defined as growing an acre or more of tobacco. There are, according to Federal Government estimates, about 543,000 allotment holders and 95,000 commercial tobacco farmers.

Most allotment owners are not farmers, and most farmers, 84 percent in the case of flue-cured tobacco, have to rent allotments from someone else, surrendering the profits they would otherwise make from growing tobacco.

The two groups' interests are directly opposed. If we support the Tobacco Program, we are voting to keep farmers in bondage to a feudal class of largely absentee landlords, who are raking off all of the profits of the business and who are slowly strangling it at the same time.

I cannot stress this point enough. The Tobacco Program is for the allotment owners, not for the tobacco farmers.

Now it so happens that allotment owners are a large and a politically influential class. In fact, the most powerful group that is supporting smoking. If you remove their interests in tobacco, you make it easier to establish consistent Government policy of discouraging smoking, and that is why health groups are supporting this amendment so strongly.

Abolishing the Tobacco Subsidy Program will not only remove a gross inconsistency in policy itself; it will also make it easier down the road to establish sound policy in areas like excise taxes, warnings on packages of cigarettes, and cigarette advertising.

But what of the farmers? Will not discouraging smoking harm them? The answer is that if smoking gradually declines in this country, they will be hurt by that decline in their market. That is the fact; but they will have far more to gain by recapturing a large share of the world market and by getting out from under the crushing burden of allotment rent and assessments.

These two items have been costing them over 50 cents per pound, and that is about 30 percent of the total price that they receive for their tobacco. No wonder they are going bust. The Government that is supposed to be helping, Government policy is helping them to go bust.

Without the program, they will grow twice as much tobacco; sell it at a lower price; and get to keep all of their profits rather than having to pay assessments and allotment rent.

Mr. Chairman, it is ludicrous to spend hundreds of millions of dollars per year to subsidize tobacco while discouraging smoking. It is even more ludicrous when the program is counterproductive. It is actually strangling the industry, driving up our trade deficit, and harming the economies of tobacco States.

Most ludicrous of all is to spend that kind of money to keep hard-working farmers in bondage to a class of absentee landlords.

So I say to all of my colleagues, if we vote for the Tobacco Program, we are voting for waste, foreign jobs, cancer, and bondage. If we support my amendment, we are voting for economy, growth, health, and freedom for the American farmer.

So I urge my colleagues to support this amendment and I reserve the balance of my time.

The CHAIRMAN. The gentleman from Wisconsin [Mr. PETRI] has consumed 9 minutes.

Mr. ROSE. Mr. Chairman, I yield myself 1 minute.

I hope that my colleagues saw the Washington Post over the weekend and observed the feature story in the business section of the paper which talks about, "Tobacco Firms Step Up Efforts to Diversify."

In the article it says: Notwithstanding diversification the tobacco business stands out as a cash cow among other businesses controlled by the industry. The business is the source of 90 percent of the industry's operating income.

My friends, to vote for the Petri amendment would be to send the tobacco companies happily smiling all the way to the bank; they can get their tobacco cheaper this way.

Now I understand that people in my colleagues' persuasion like to get things from growers just as absolutely cheaply as they can. Do we want to control the production of tobacco? Help the American tobacco grower make a decent profit? We are running this program at no cost to the taxpayer; we are not receiving a subsidy; the farmer is subsidizing his own program. Listen to the comments of Members that we are going to hear this morning from areas that grow tobacco, see how they feel.

I urge the defeat of the Petri amendment.

Mr. HOPKINS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Wisconsin [Mr. PETRI] speaks of hurt today. My farmers, very frankly, are tired of sitting around wondering who up here is going to hurt them next.

Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Wisconsin has indicated that this amendment:

First, will save the Government money;

Second, will save the tobacco farmers; and

Finally, the author of this amendment has indicated that it will discourage smoking.

I submit that this amendment would fail miserably to accomplish any of those goals.

First, it would add billions to the deficit. Tobacco farmers are currently responsible for losses on tobacco. If this amendment passes, that burden will be transferred to the taxpayers who don't raise tobacco.

Second, it would spread the epidemic of farm depression from the grain farmers of the Midwest to the tobacco farm families of the Southeast who are already in trouble.

Mr. Chairman, we hear of the looming crisis of the farm credit system. Kentucky currently has the lowest delinquency rate in the Nation. Why? Because of the stable income from tobacco. This amendment jeopardizes the credit situation in Kentucky and 15 other Southeastern States.

Finally, for those who are genuinely concerned, this amendment will not stop one person from smoking.

All it will do is make sure that Americans smoke foreign-grown tobacco instead of American tobacco.

Look at the glaring inconsistency of this proposal.

With one hand, the author points a finger of condemnation at us for having a surplus of tobacco.

But with the other hand, he offers an amendment to abolish all production controls.

And that, Mr. Chairman, would give the major cigarette manufacturers absolute market control, because the tobacco farmer really only has two primary buyers when he sells his crop each year.

Mr. Chairman, this amendent does not save the Government money.

Mr. Chairman, it certainly doesn't save tobacco farmers.

Mr. Chairman, and it will not discourage smoking.

This amendment is not the answer.

It is the wrong approach at the wrong time.

It starts from the wrong premise and arrives at the wrong conclusion.

I urge my colleagues to defeat this amendment.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has consumed 3 minutes.

Mr. PETRI. I yield myself such time as I may consume.

Mr. Chairman, I would like to respond to a point that was made by my colleague from Kentucky, my friend [Mr. HOPKINS], and that is on the question of trade. The facts are just the opposite, Mr. Chairman.

The existing program, because we do not have trade barriers, we have an open market on tobacco, forces the American producer to market his crop at a higher price than the foreign producer. If someone is growing tobacco in Brazil or Central America or Rhodesia, they do not have to pay an assessment to that government, and they do not have to pay allotment rent to an absentee owner.

If someone is growing tobacco in North Carolina, they have got to pay an assessment per pound on the tobacco they grow and they have to pay allotment rent. So naturally they cannot come out; or American tobacco has to be marketed at a price higher than the world market price, driving purchasers

to purchase on the world market rather than in the United States.

The figures bear that out. Since 1975, under the current Tobacco Program or predecessors to it, America's share of the world trade in tobacco has slipped from 40 percent of tobacco shipped internationally to 12 percent of the world market. One-third of what it was 10 years ago.

Because of foreign subsidization? Because of foreign attacks on our market? No. Because of an American program that has raised the price of American producers above their foreign competitors. World production and consumption have steadily increased while in America, production has steadily fallen.

Since 1975, imports have tripled into the United States. Imports used to be slightly less than 10 percent of domestic consumption in the United States; now imports account for 30 percent of domestic consumption, and in fact they are rapidly rising; and the amount of tobacco in Government warehouses is skyrocketing.

In 1983, tobacco imports exceeded exports for the first time ever, yet production has been cut in half over the last 10 years in the United States under the allotment program.

The 1984 North Carolina State study estimated that deregulation, by eliminating these artificial costs of allotment rent and Government assessments, would result in a favorable swing in our balance of trade on tobacco of $1.5 billion.

People in the tobacco business would get less per pound, it is true, but they would make up by regaining foreign markets that they have lost and not have to pay for allotments and assessments, and they would come out in the end a lot better if they were in the business of growing tobacco rather than renting an allotment.

Mr. Chairman, I reserve the balance of my time.

□ 1235

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished majority whip, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I rise in opposition to the amendment. I have had over the years that I have served on the Agriculture Committee supported the Tobacco Program because I think it is probably one of the best programs we have ever developed in terms of actually aiding farmers. However, now there is growing opposition to the Tobacco Program, both inside the Congress and to some extent in the country, based on the false assumption that the Tobacco Program somehow subsidizes and encourages smoking. The fact is, it is exactly the opposite. People who want to dismantle the Tobacco Program will end up making tobacco cheaper, which in turn could make cigarettes cheaper, which in turn could make the profits of tobacco companies higher, but at the same time they would reduct the income of tobacco farmers.

Now if we are going to set some priorities here, aside from aiding farmers which I am for and which this program does, we ought to take the side that discourages smoking and discourages excess profits for the tobacco companies. Especially if that is what I understand most people say they want to do. If you are in favor of doing those things, you should vote against the amendment, not for it. You should vote to keep the Tobacco Program, not eliminate it. The Tobacco Program raises the price of tobacco for the benefit of the tobacco farmers and charges that cost to smokers. The program makes smokers pay more for tobacco than they would otherwise have to pay. When I was a smoker I thought it was all right that I pay more. So the last thing the Tobacco Program does is to encourage smoking because all the studies show that if the cost of tobacco goes up some people stop smoking. The other alternative would be that if tobacco was cheaper it might allow the tobacco companies to make larger profits, but this doesn't seem to me to be of any great interest to those who are in favor of nonsmoking.

It could be argued that the Tobacco Program, like tobacco taxes and like alcohol taxes, discourages people from using the product, rather than encouraging the use of the product. To the extent the Tobacco Program has any effect, it should discourage the use of tobacco. Its principal purpose is to help tobacco farmers, and by doing that you do not promote smoking.

So let us get the priorities straight. This program has been an antismoking program rather than a prosmoking program; it has been a profarmer program rather than a protobacco company program. I think we ought to keep the program and reject the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman has consumed 3 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to respond to the previous speaker by saying that we can well handle the decline in the cost of tobacco by raising the cigarette tax and using it for the General Treasury if we are worried about the fact that we would eliminate some cost for tobacco farmers and bring domestic prices in line with world market prices if we were to get rid of the Federal Tobacco Program. And well we should consider doing so because the Office of Technology Assessment of our Federal Government just recently, just last month, released a study that states that the health and social costs of smoking in our United States total about $64 billion a year, which is an astronomical figure. That works out to about $2 for every pack of cigarettes sold, the social cost of smoking. So if that estimate is correct, we spend 16 times as much money coping with smoking as we get from the cigarette tax that we now have on the books.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WHITLEY].

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. WHITLEY. I yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I think the point that the gentleman from Wisconsin makes we probably all would agree: There is a health hazard to smoking. We recognize that. There is a cost to smoking. But adopting the gentleman's amendment is not going to eliminate that cost; it is not going to eliminate that hazard.

We are going to be producing tobacco. The tobacco companies are going to be selling cigarettes, and it is going to be with us whether you pass the gentleman's amendment or not.

All you are going to do, as the gentleman from North Carolina and this gentleman will point out, I am sure, is to allow the tobacco companies to get their tobacco cheaper, and they are going to make higher profits, and the problem is going to be with us. What this amendment will do, it will hurt, it will cripple a lot of small tobacco farmers in this country.

Mr. WHITLEY. I thank the gentleman for his understanding and his contribution.

Mr. Chairman, I would just like to add that if the gentleman from Wisconsin were correct, if this program were so bad for the growers, if it were so bad for the economy of the area, if it was so bad for the economy of the country, if all of these things he is trying to prove with statistics came out of some university professor's head, if that were right, it would be rather curious when the growers vote, as they do every 3 years, in the Growers' Referendum, over 90 percent of them have voted in favor of the program every single time. If this program was as bad for the growers as he says it is, that would not happen.

Smoking and health, it does not address in the slightest.

If we ended the program and the gentleman's amendment were adopted, it would not stop one single cigarette from being manufactured, sold, or smoked. It does not touch that in any way. Should we subsidize tobacco? No. We have admitted that. We have gone

to a no-net-cost program—we are still in the process of implementing it. And if we get any losses, they are not going to come from the tobacco that was grown and sold since that program went into effect; it is going to be in the stock before that.

So the argument that the gentleman makes might have been applicable to some earlier time, but they are not applicable now.

Mr. HOPKINS. Might I inquire of the Chair about the time remaining?

The CHAIRMAN. The Chair will advise the gentleman there are 12 minutes remaining for the gentleman from Kentucky [Mr. HOPKINS], 9 minutes for the gentleman from North Carolina [Mr. ROSE], and 17½ for the gentleman from Wisconsin [Mr. PETRI].

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding.

Mr. Chairman, I just wanted in the very little time allotted to me to refer to remarks made yesterday on this floor by the gentleman from Michigan [Mr. CONYERS]. He was referring at that time to other farm programs, but he was posing the question as to what would be the result if we made such drastic changes in these programs that it would result in mass migration of people off the farm into the cities and the enormous cost that would result as a result of that. I think he hit the point that I want to make. Thirty thousand tobacco farmers just in North Carolina alone. When you talk about through the whole growing area, there are many, many thousands, at least over 100,000 farm-related jobs alone. The amendment that the gentleman from Wisconsin is advocating would have a devastating effect on that farm economy. They are having a hard enough time as it is up there.

Mr. Chairman, I urge a "no" vote.

Mr. PETRI. Mr. Chairman, I yield 5 minutes to my colleague from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Chairman, I would like to thank the gentleman from Wisconsin for yielding time to me. I would also like to thank him for preparing this amendment.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we do not always have such a good reputation in this body with respect to the people that I talk to outside of this body. I am sure other Members have run into it.

I remember one day myself having watched this body for many years. I fell into the habit of referring to the folks that reside in this town and work here as "those danged fools in Washington." I remember the other day I was watching C-SPAN, and I referred to my wife and said, "Well, now, look at what those danged fools are doing."

She looked at me and said, "Honey, you are one."

That was a little discouraging. But this program is a perfect example of where we go wrong, and perhaps the public at large looks at us and thinks that perhaps we do not know what we are doing up here.

Let us take a world that is free from policy-regulated tobacco. If indeed we have no Government policy, we would look to areas such as North Carolina and we would find that there is a natural climatic circumstance where we could raise tobacco and really quite good quality tobacco. And in those circumstances, anybody who chose to raise their tobacco would be free to do so, not forced but free to do so if they so choose. Then of course they could take that baled tobacco and they could sell it on the market. On the other hand, there are many people across the Nation and indeed abroad who find uses for the tobacco, enjoy the product.

They are free within a free market to buy that from whatever processor or manufacturer of final product can give them the product that has the greatest appeal to them, whether it be a domestic or international producer.

It seems to me that we have a wonderful circumstance here. Everybody does what they choose to do, pursuing their own self-interest whether they like it as a consumer or not.

Now enter the Government. The Government says with this program, "We like people who produce tobacco." That is to say, "We like some people who produce tobacco. We think some people ought not be allowed to produce tobacco."

What is the difference? Are some people who produce tobacco inherently good and others inherently evil? I do not know. But we will give an allotment to some people. And if indeed you choose to produce tobacco without an allotment, a license from the Government, an exclusive right, then you might be able to make a deal with somebody who has been given that privilege by the Government. Is it not wonderful how the Government gives us privileges by taking privileges away? Then we could negotiate then the purchase of that right from somebody else. That limits the amount that is produced, and the price goes up.

Then as the price goes up, we find our domestic producer who is less able to compete with foreign nations who might want to export to our consumers. But we muddle through. Now comes the consumer. He has made a decision, he or she, that, "I like to enjoy this product in a variety of forms." And they go to the manufacturer, and they say, "I would like to enjoy purchasing and consuming this product." But the Government says, "No. Even though we like to see that tobacco produced and for those favored people to whom we gave the permanent right to do it at a profit. We do not think it is good for you to consume it. Why then would we want to encourage people to produce it if we do not want people to consume it?" So we impose a tax on it, trying to encourage them to consume less. We impose all kinds of Government regulations such as the stamp on the package that warns us that it is bad for you, the consumer. And it goes on, and on, and on. We now have to fund research into the harmful effects of it and warn the consumer.

Mr. Chairman, it is no wonder that the public thinks we are out of hand, we are out of line. I oppose a continuation of this program, not with respect to what is best for the producer, or for the grower, or for the consumer, I believe they are capable of making these decisions for themselves. I oppose it because it stands as a paramount illustration of how absolutely silly Government can be when it determines that it must meddle in an area where the market would operate fine without its meddlesomeness, and as it turns out in the process, to do nothing other than redistribute wealth from the less favored to the more favored.

Mr. Chairman, I think it is time that this body get a hold of itself and use this example as the place to stop this kind of bad policy.

Mr. HOPKINS. Mr. Chairman, I yield 2½ minutes to the dean of the Kentucky delegation, the gentleman from Kentucky [Mr. NATCHER].

Mr. HEFNER. Mr. Chairman, will the gentleman from Kentucky yield to me?

Mr. NATCHER. I yield to the gentleman from North Carolina.

Mr. HEFNER. Mr. Chairman, I rise in strong opposition to this amendment.

Mr. NATCHER. Mr. Chairman, I rise in opposition to this amendment. The Second Congressional District that I represent contains 18 counties, Mr. Chairman. Every one of the counties in my district produces tobacco.

□ 1250

In Kentucky we have 120 counties. They all produce tobacco with the exception of three or four.

I want all of the members of the Committee to know that adoption of this amendment does not prevent the production of tobacco. It will not stop the production of tobacco.

As most of you know, tobacco is a controlled program controlled by an allotment program under the operation of the Department of Agriculture and under the farmers who produce tobacco. Adoption of the amendment that is now before this Committee, Mr. Chairman, would

simply mean that tobacco would be produced in every backyard and on every hillside. Instead of 532,320 allotments on 891,000 acres, we would have several million acres of tobacco produced. Approximately 72 percent of Kentucky tobacco farmers depend on tobacco for at least 50 percent of their gross sales. Seventy-six percent of Kentucky tobacco farmers have a net annual income of less than $10,000. Forty-seven percent of Kentucky tobacco farmers have an annual total family income of less than $20,000. Farmers in the 25 States that produce tobacco and farmers throughout this country are suffering serious financial losses and problems, as the Members know, at this time.

Mr. Chairman, for a period of 30 years I have served on the Agriculture Appropriations Subcommittee with the dean of the Congress, my friend, JAMIE WHITTEN, of Mississippi. All down through the years, we have tried to make this program a reasonable program and one that would operate. This has been a successful program in operation now for a period of 30 years that I know about, and it started in 1933.

Mr. Chairman, in addition to serving on the Subcommittee on Agriculture of Appropriations, I serve on the subcommittee that appropriates the money for the Department of Labor, Health, Human Services and Education, and I know, Mr. Chairman, that all matters that come before that committee, smoking and health, the National Cancer Institute, all of the matters that come before the committee pertaining to health that I am chairman of, not 1 penny reduction have we made, Mr. Chairman, the National Institutes of Health when I started was $82 million. Now it is $5,230 million.

Mr. Chairman, we have States and cities at times that need help. We need help at this time. We ask every member of this subcommittee to help us.

I sat in the chair that the distinguished gentleman from Michigan sits in today when we had two resolutions up for the city of New York. They do not produce tobacco in New York City, but this is one of the greatest cities in the world, Mr. Chairman. They needed help at that time. I presided over this Committee and this House on two occasions when they were before us. Those resolutions were only to help the city of New York temporarily get their finances in order, which they did, and it never cost this Government 1 dime.

Mr. Chairman, in the State of Washington they do not produce any tobacco. That State was before this Committee asking for help when Mount St. Helens erupted with the amount of $784 million requested. I, at that time, was chairman of another subcommittee where we had a bill before this Congress. We put the amount requested in the bill. It was an emergency and certainly we did not turn our backs on this great State.

Mr. Chairman, in addition to that, the great State of Michigan, the State that the chairman who presides today lives in, and I remember the day when they came before the House. The present Governor of the State who was a Member at that time said. "We need help. Chrysler needs help."

Down where I come from, Mr. Chairman, it would have been right easy to have turned my back and walked away. We do not live in that kind of a country. And I say that to you, frankly. My vote on the city of New York, in the State of Washington, in the State of Michigan, are votes that I am proud of and this is the way I would vote today. That is the kind of country we live in, Mr. Chairman. We need your help. We ask you to defeat this amendment.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Wisconsin submits an amendment that is laced with deception if its intent is to eliminate tobacco from the face of the Earth. Removing production quotas would simply accelerate the path to increased production, affording greater supplies, that would mean cheaper tobacco for manufacturers and consumers. No other price support program known to me is designed by law to be no cost to the taxpayer, as is the case that we are discussing now. The growers foot the bill, not the taxpayers.

The gentleman from Wisconsin alluded earlier to the matter of absentee farming. This matter is already being addressed under current law and in a gradual and orderly manner is being terminated.

Mr. Chairman, this is not the time or place to tamper with tobacco. If it needs to be done, let the Agriculture Committee do it, but it does not need to be done in a matter of 60 minutes.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume, and I would like to enthusiastically agree with the previous speaker's last comment. If something is to be done with the Tobacco Program, let the Agriculture Committee, not the Finance Committee or the Appropriations Committee or some rider bill or the Ways and Means Committee do it. But, unfortunately, while no one is really defending the existing Tobacco Program we have on the books, the Agriculture Committee has not come forward with a program in this bill to get us out of the pickle that the tobacco producers and that whole industry is currently in. They are hoping, I think, to do it in a different forum and in a different way.

Mr. ROSE. Mr. Chairman, will the gentleman yield on that point?

Mr. PETRI. I yield to the gentleman from North Carolina.

Mr. ROSE. As the gentleman knows, the Tobacco Program is not part of the farm bill because it was permanently authorized legislation. But the gentleman does know that in the other body there is moving a bill that would make drastic changes in the——

Mr. PETRI. Excuse me. This is in the Agriculture Committee in the other body?

Mr. ROSE. The Agriculture Committee has jurisdiction over tobacco.

Mr. PETRI. But it is not moving in the Agriculture Committee, as I understand it.

Mr. ROSE. It has not moved in the Agriculture Committee, but I have moved a 1-cent tax piece of legislation through the Ways and Means Committee, with their good help, and hope to bring it to the floor and have a conference in the very near future, where we hope that some further streamlining of the Tobacco Program will take place, including some reductions in the price support level.

So while we are not addressing it here today—and I thank the gentleman for yielding—I would say to him that we are planning to address the kinds of problems the gentleman is discussing.

Mr. PETRI. I appreciate the gentleman's contribution. I would only say that I hope, when all is said and done, that the 1 cent an effort is being made to reserve from the cigarette tax for the Tobacco Program and the growers and the industry generally ends up being used to pay for the cost that is left over after the existing program is abolished rather than for perpetuating and making even worse the imbalances that gradually have developed over the years, particularly in Flue-cured tobacco.

I would just like to take a minute here to point out what those imbalances are. In fact, in Flue-cured tobacco, a young farmer talked to me about his cost of production. He was up here lobbying for this amendment to get rid of the program that he feels is shackling him. Under the Federal Tobacco Program, the average support price he is getting is $1.65 per pound. His cost of production averages about $1 per pound. Sounds pretty good. His profits before the Federal Government cost, 65 cents a pound. But in 1984, his average allotment rent was 35 cents a pound he was paying to someone else because of the Federal Government saying, "You can't just grow tobacco, you have got to have a permit." And then he had a no-net-cost assessment. He had to pay into the coffers of the Federal Government an additional 25

cents plus warehouse charges of 6 cents. His profit? Sorry, no profit. He lost a cent a pound growing tobacco.

Mr. Chairman, I reserve the balance of my time.

Mr. HOPKINS. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Chairman, like the others, I rise in strong opposition to this amendment today, for these reasons: We hear every day, "What about this subsidy for the Tobacco Program?" Mr. Chairman, there is no subsidy for the Tobacco Program. The farmers pay for it themselves. It is the only commodity program where the farmers pay for it. The taxpayers do not pay any subsidy for the Tobacco Program.

We hear that we should encourage people not to smoke. Go ahead and do that. The Tobacco Program does the same. By limiting the amount of tobacco grown, you encourage people not to smoke because you raise the prices of cigarettes on the market. If you want to encourage people to smoke, I would say to the gentleman from Texas and the gentleman from Wisconsin, then do away with this program, let all of the tobacco be grown that wants to be grown, and you will find people smoking for 15 cents a pack, if that is what you want.

We hear that these farmers can grow something else, these small 1-acre tobacco-patch farmers in Kentucky and in southern Appalachia of this country. I say to you that these are tiny farms. The average allotment is under 5 acres. Twenty percent are below 1 acre. In my district there are 40,000 allotments, more than anywhere else, an acre or less. What shall these farmers do? Go on welfare? Draw food stamps? Or what?

Now they are attempting to find other crops to grow, cabbage, lettuce, tomatoes, and others, and we are encouraging that. It is happening, but it is going to take time.

Do not cut their heads off before they have a chance to diversify. I urge that we defeat this amendment overwhelmingly today. The opponents of the program say there would be a minimal impact if the program were eliminated.

Mr. Chairman, the opponents of the Tobacco Program have made many allegations about the Tobacco Program, and I would like to take this opportunity to set the record straight.

They have argued that the Tobacco Program is a subsidy.

This argument is absolutely false, since the no-net-cost law was implemented in 1982. Under that law, tobacco growers pay fees to cover any losses which the Government might otherwise incur under the loan programs. So the Government is not paying for any losses under this program.

I would like to point out that tobacco is the only program where the growers pay for their program in such a manner.

Second, our opponents argue that the Tobacco Program is in some way related to the health issues about smoking.

Again, this argument is absolutely false. The Tobacco Program does not encourage a single person to smoke. Nor does the program encourage tobacco production. On the contrary, it limits how much tobacco is produced. Under the program, just since 1982, domestic production has been reduced by 20 percent because of changed market conditions.

The issue of the Tobacco Program is not a health issue. It is an economic issue. Because the fact remains, that for as long as people choose to smoke, some one is going to grow that tobacco. The question then arises of who will grow that tobacco. Will it be grown by the 200,000 farmers, mostly family farmers, across 21 States of our country? Or will it be grown by the large, corporate farms?

On that issue, the facts are clear. If we were to end the production controls under the Tobacco Program, the large, corporate farms would be able to grow as much tobacco as they wanted. They would use economies of scale that would quickly drive our smaller farmers out of business.

And the end result wouldn't be any less tobacco smoked. It would just mean that it would be grown by large farms instead of small, family farms.

Third, our opponents argue that if the tobacco program were eliminated, these small farms could grow other crops.

Mr. Chairman, I wish this were true. Unfortunately, these tobacco farms are very small. In my area, most of them are only about one acre. There simply aren't many other crops which can replace this tobacco income on such small acreage. Adding to the problem is the fact that much of our tobacco is now grown on steep, mountainous land which is not suited to other crops.

We are actively searching for new crops in our area. Recent appropriation bills have included programs to conduct market research and cropping activities in the tobacco belt. In addition, this bill includes a provision requiring USDA to support new crop development. These efforts to identify new and suitable crops are promising. But if our Tobacco Program is eliminated, our smaller farmers will be run out of business before we have a chance to develop additional crops for the Tobacco Belt.

The opponents of the tobacco program argue that there would only be a minimal impact if the program were eliminated. Nothing could be further from the truth.

First, we would face increased tobacco production and probably somewhat lower cigarette prices. It is important to point out that this is exactly the opposite of what many of the antismoking groups might actually intend.

We would find increased concentration of tobacco production among large, corporate farms.

We would have increased unemployment, as these smaller farmers are run out of business and confront limited off-farm employment in some of these rural areas.

We would have increased welfare costs, as these hard-working tobacco farmers lose this important source of income.

We would have serious effects on the farm credit system. Farm Credit Administration officials have told me that they estimate Kentucky land values would likely fall 30 to 35 percent if the program were eliminated and tobacco allotments were lost.

Farm Credit officials appearing before the Appropriations Committee earlier this year affirmed that such a decline in land values would increase the risk to PCA's, lead to greater PCA losses, and expose the farm credit system to quite a bit of danger. This could affect all taxpayers, putting the troubled farm credit system under even greater difficulty.

And there would be a similar impact on the commercial banking sector throughout the Tobacco Belt. We could expect to see increased foreclosures and a serious loss in many banks' deposit base.

In short, ending the tobacco program would cause cruel hardship for many farm families and would cause financial upheaval and chaos throughout the Tobacco Belt of our Nation.

Finally, Mr. Chairman, many of our opponents have pointed to problems in the current Tobacco Program. We do have some problems that need to be ironed out. But the fact remains that the Federal Tobacco Program has a 50-year record of good, strong success. The losses have been miniscule and it has succeeded in meeting the goals of stabilizing farm income and production. And despite our opponents' contentions, the growers continue to support the Tobacco Program as they have consistently in the referendum, approving its continuation by overwhelming majorities.

You don't solve a head cold by cutting off your head. You shouldn't solve relatively minor problems in an important and successful Tobacco Program by killing the program. Mr. Chairman, as long as people smoke, the Tobacco Program is the best way to stabilize production and save our small, family farms. I urge my colleagues to oppose the Petri amendment.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Chairman, I rise in strong opposition to the amendment before us. It is not the first time it has been here. It was here 2 years ago, 3 years ago, 4 years ago. And the House in its wisdom rejected the amendment, which I have every hope that they will today.

Let us see what happened. In 1947 or 1948, the farmers themselves voted out the so-called controlled program. That year, they received less than 50 percent of the average of the year before. Obviously, farmers immediately, as soon as possible, voted the program back in.

I would like to emphasize that. That is exactly what would happen if this amendment should prevail. The southern farmers, many of whom are deeply in debt at the present time, could expect to receive next year 50 percent more or less than they receive at the present time.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. COBEY].

Mr. COBEY. Mr. Chairman, I rise in strong opposition to this amendment, also. This is an economic matter for small farmers we are talking about, not a health issue. There are many people in my district who are concerned about the health consequences of smoking. But this does not have anything to do with the health consequences of smoking. In fact, if you are concerned about that, I say that it argues for a controlled program like our tobacco program rather than against it. If we throw out this tobacco program, we are going to see tobacco grown in everybody's backyard. So I simply want to urge the Members to vote no and help our small farmers survive a difficult crisis that they are in and continue to diversify their crops.

Mr. Chairman, there are two points I wish to make in this debate. First, abolishing the Federal No Net Cost Tobacco Program will not cause anyone to stop smoking. In fact, such a move could reduce cigarette prices and cause more people to start smoking. The Tobacco Program may therefore be keeping Americans healthier. I believe the Surgeon General has made this point before.

Second, the Tobacco Program allows small family farmers to diversify and plant food crops. Thus, the Tobacco Program helps us provide needed food while also preserving the small family farm.

Consider this: There are 6 million acres of tillable land in North Carolina. Tobacco is grown on only 265,000 acres of that land—less than 4.5 percent of the total. Yet, tobacco, according to the North Carolina Department of Agriculture, brings in about one-third of the State's agricultural income.

Tobacco can give a farmer a $2,000 per-acre return. No other crop can do that.

The former head of the economics department of North Carolina State University, Dr. W.D. Toussaint, examined what this means to the average farmer. His analysis shows how the Tobacco Program allows farmers to diversify and grow plant crops.

Dr. Toussaint took three optimum farm plans for a 100-acre farm in North Carolina.

His first plan is a 100-acre farm with 20 acres of tobacco and 80 acres of wheat and soybeans. That farm produces a net revenue of $50,000.

Under the second plan, the farm grows no tobacco, just 100 acres of wheat and soybeans. The net revenue drops all the way down to $17,000.

The third plan is to grow vegetables—18 acres of broccoli, 13 acres of peppers, and 12 acres of sweet potatoes—along with 55 acres of wheat and soybeans. The farm's net revenue is $35,000. That is far less than what the farm could make by producing a few acres of tobacco.

Tobacco allows farmers to diversify. And the Federal Tobacco Program allows American tobacco farmers to operate in a much more stable and predictable environment than they would otherwise.

Yes, the No Net Cost Tobacco Program is experiencing difficulties now. But I am confident that we will be able to work out those problems.

I should remind my colleagues that the tobacco program, supported by the producers themselves, helps bring in $22 billion each year in Federal, State, and local taxes.

I believe Mr. PETRI's amendment would rip the rug out from thousands of small family farmers. It would not cause anyone to stop smoking, and it would deprive farmers of a valuable cash crop that allows them to diversify.

For the sake of the small family farmers who grow tobacco and the businesses that depend on this crop, I urge my colleagues to reject this amendment.

□ 1305

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND of Georgia. Mr. Chairman, I rise in strong opposition to the gentleman from Wisconsin's amendment to terminate the Tobacco Price Support Program.

As a physician who is a Member of Congress representing a tobacco-producing district, I believe the issue before us today is an economic issue involving our small family farmers and rural communities, not a health issue. We have heard this debate over and over again. It is my belief that total termination of the present tobacco program would not stop one single cigarette from being manufactured, sold, or smoked. Our purpose in considering the farm bill before us today is to help our farmers, but this amendment offered by the gentleman from Wisconsin would not increase the profits to our farmers. And for our smokers, this approach is not going to deter them from smoking.

I am certainly not going to stand before you today and say that we have no problems in the tobacco program because we do. Mr. Speaker, our tobacco markets recently closed in Georgia, and the results are not good. This year's marketing season yielded very little profit, in fact, many have stated that they can't remember when there was so little profit in tobacco. With this in mind, let me say that I look forward to working with my colleagues on the Subcommittee on Tobacco and Peanuts to address these concerns legislatively in order to make it profitable for a tobacco producer to continue to produce tobacco.

Mr. Chairman, let me reiterate my opposition to this amendment primarily because of the devastating impact that it would have on my tobacco farmers back home. This is not the time to stop helping them now. My farmers who produce tobacco, a commodity which is under constant attack, deserve a break and the right to continue producing this crop which is so vitally important to their livelihood and to the Eighth Congressional District of Georgia.

Mr. ROSE. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. THOMAS].

Mr. THOMAS of Georgia. I thank the gentleman for yielding me this time.

Mr. Chairman, I think if the Members of this House were to think for a moment, and perhaps even all of those gathered in this room here, we would realize that we are not about to pass a law in this country that will make it illegal to consume tobacco products or smoke. Certainly if we did it here, we are not going to do it around the world. That says that for some time to come, there is going to be a need, a demand for tobacco produced.

Certainly I think it follows then that it would be in the best interests not only of consumers here in this country but abroad, that that tobacco be produced in this country where we do have certain regulations as to chemical usage and set standards of production in this country.

That is done through this program and that is what we need to realize, what the tobacco program is. It is something that gives a little continuity and regularity to farmers producing a very high-risk, very complex, very high-cost crop, and that is all that it does. Even working at its best, it has its problems. We are addressing those issues, those of the nongrowing allotment holder are being addressed. That is being phased out.

I ask the Members of this body, give very careful consideration, before, at this time, a very pressing time in the agricultural community, that we add uncertainty to a program that has given certainty and stability and provided the farmer with only about a nickel out of that dollar pack of cigarettes.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. CAMPBELL].

Mr. CAMPBELL. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in opposition to the Petri amendment. The arguments have been made about the economic problems in the farm community. If you want to exacerbate those problems, then pass this amendment. I think that that is the first thing.

What about the people that bought the land? What about the people that have paid higher property taxes because of the allotment that is on the land? You are taking away their wealth. What about the farm credit

system itself that has to depend on the quotas because of the loans that they have made? You are going to destabilize that even further. Are you willing to take that kind of risk? I hope not.

As a matter of fact, the argument has been made if we destabilize it and we eliminate all of this program, then in fact we do exactly what the gentleman is hoping we do not do; that is, that we make smoking cheaper and we probably get more to smoke in the process. This amendment should be defeated.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just remind the preceding speaker that we have dealt with the subject of deregulation or eliminating these sort of economic licenses in the past, for example, when we passed legislation allowing for trucking deregulation. There are many companies around the United States that carried these cartage licenses on their books at millions of dollars of asset value. Those were wiped out overnight. They were not compensated for that. They have never paid for those licenses to the Federal Government. Sometimes they did purchasing them from other trucking firms.

The result has been an improvement in the economics of shipping for a lot of people. I would also like to mention that this amendment is supported by a whole range of organizations, health organizations, taxpayer groups, and farmer organizations. For example, the United Tobacco Growers of the State of Georgia have endorsed this amendment as have the United Tobacco Growers of North Carolina. The American Medical Association, an organization made up of health specialists. The American Lung Association, one of our leading organizations made up with voluntary contributions to try to fight lung cancer. Action on Smoking and Health, known as ASH. The American Medical Students Association have endorsed it as have the American School Health Association. An organization called Congress Watch. The National Taxpayers Union. Consumers for World Trade. Citizens for a Sound Economy. The Council for a Competitive Economy, and the American Public Health Association.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY].

Mr. SISISKY. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong opposition to the amendment. I plead with my colleagues: Please do not pull the rug from under the small family farms.

Mr. Chairman, I rise in opposition to amendments that would eliminate the Tobacco Program. I'll make no secret of the fact that this program has been important to farmers in my district and throughout Virginia.

Not only is the Tobacco Program important to tobacco farmers, it is critical to our State's economy: Tobacco production and processing is one of the largest employers in Virginia. Ending the Tobacco Program would put thousands of people in Virginia out of work.

But I'm not here to talk about tobacco production in terms of jobs. I want to point out how critical this program is to thousands of small, family farmers throughout Virginia, North Carolina, Kentucky, and other States in the South.

This is the cash crop that provides the profit margin, in many cases, that allows thousands of family farmers to stay in business year after year. I don't think we should pull the rug out from under these people. And frankly, I'm disappointed that we have to fight this battle over and over again.

We've worked out a Tobacco Program that works at "no-net-cost" to the Government. I know that the General Accounting Office has challenged that claim, but I submit that we have more appropriate forums for debating that issue. We should not add a new title to the 1985 farm bill to delete the program.

I think most of us are aware that both Houses have already reported legislation to solve problems associated with the Tobacco Program. These bills await consideration in both Houses. Let's give ourselves that opportunity to decide what we want to do about tobacco.

I know that many of the same arguments will continue to be made about the merits and demerits of using tobacco. But every poll I've seen shows that a phenomenal number of Americans already understand the issue. They already know the facts about smoking and health.

So we're not faced with the opportunity to change the smoking habits of Americans, we're simply talking about whether we're going to drive a huge American industry into the ground—along with thousands of small, family farmers throughout the South.

We're not even talking about cutting off imports of foreign tobacco. Cigarettes are still going to be available on every shop counter in the country. The volume of cigarette purchases will not decline—even if we should take that step. They might be Chinese cigarettes, but Americans will continue to smoke.

In eliminating the Tobacco Program, all we would accomplish would be to destroy an American industry and ruin American farms. The reason for that is there are so many small farmers who grow a diversity of crops; they can't predict where profit margins are going to be in any given year. Some years your money crop will be one thing; some years it will be something else.

Southern farmers have consistently found that tobacco is a cash crop that will allow them to take risks in other areas. They are a little more willing to diversify group production because they can be sure that tobacco will provide a little extra income. I say that we should not take this certainty away.

I ask my colleagues to support the Tobacco Program. I ask them to help us look for ways to make it better. But I plead: please don't pull the rug out from under small, family farmers througout the South.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from South Carolina [Mr. TALLON].

Mr. TALLON. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in strong opposition to the Petri amendment. Mr. Chairman, tobacco is the primary crop in my congressional district in South Carolina. Cash receipts from tobacco sales bring in over $200 million a year. This, of course, is multiplied many times over as its circulates through the local communities. There are over 25,000 eligible producers in my district alone whose livelihoods depend on the continuation of the Tobacco Program.

The Tobacco Program is unique as it is financed at no net cost to the Federal Government through assessments paid by the growers. Therefore, it would be terribly unfair and unjust to have this voluntary program of supply management arbitrarily taken away from them.

Any amendments to change the Tobacco Program will first disrupt the orderly marketing process for this commodity. But a far greater disruption and tragedy will be in the small town economies and on the family tobacco farms that dominate my district.

Mr. PETRI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. I thank the gentleman for yielding me this time, and for yielding to me again. I know it seems irregular for somebody to speak twice on the same amendment. I guess the only reason I am doing that is I feel like the gentleman from Wisconsin, so badly outnumbered.

Let me just make a few observations. I have here a list of people, organizations that support this amendment. The United Tobacco Growers of Georgia, the United Tobacco Growers of North Carolina, the American Medical Association, Congress Watch, the National Taxpayers Union, Consumers for World Trade, Citizens for a Sound

Economy, Council for a Competitive Economy, and others.

Now, if we examine the process, because the question I asked earlier is if indeed the public who so often perceive this as being the paramount example of schizophrenic Government policy, this program itself, if they have any accuracy at all, if Milton Friedman was right when he used it as his prime example of the Government being on both sides of every issue, then how is it we come to this, and we see the scenario being played out here today. One man rises with an amendment, an amendment to even tobacco growers, as opposed to perhaps people who own the allotments. The farmers that we have heard talked about here. People who have a larger concern with respect to the health of the Nation, and people who have a larger concern with respect to the taxpayers of the Nation, and people who have a larger concern with respect to the consumers of the Nation.

He represents them, but what do we find? He runs into then that large number of people who represent the particular interests represented by the bill.

This, I believe, is where we end up all too often. The general interest being underrepresented on this floor as compared to the public interest. Certainly I do not mean to criticize. Every member here who has spoken on behalf of defeating the amendment has been a responsible Representative of his district and that is indeed what we are sent here for.

I think we ought to examine the process, and understand how these laws can be passed.

The CHAIRMAN. The gentleman from Wisconsin [Mr. PETRI] has 6 minutes remaining, the gentleman from North Carolina [Mr. ROSE] has 4 minutes remaining, and the gentleman from Kentucky [Mr. HOPKINS] has 3½ minutes remaining.

□ 1315

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the gentleman from Kentucky [Mr. HUBBARD].

Mr. HOPKINS. Mr. Chairman, I yield 30 additional seconds to the distinguished gentleman from Kentucky [Mr. HUBBARD].

The CHAIRMAN. The gentleman from Kentucky [Mr. HUBBARD] is recognized for a minute and 15 seconds.

Mr. HUBBARD. Mr. Chairman, during debate on the gentleman from Wisconsin [Mr. PETRI's] amendment, I wish to submit for the record some pertinent numbers which highlight the importance of tobacco to our Nation.

There are 710,000 people directly employed in the United States through the tobacco industry in growing, processing, auctioning, marketing, distribution, and supplying. The level of compensation and salaries for these employees amounts to $7.52 billion. This figure represents a taxable income which generates revenue for our Federal Treasury.

The issue of revenue, meaning taxes, is a subject on all our minds as we look for answers to our budgetary woes. Thirteen billion dollars was collected in the year 1983 in total taxes involving tobacco products. This can be broken down into $4.8 billion collected by the Federal Government, $4.2 billion in State and local taxes, and $4.0 billion collected in corporate taxes.

Another important issue we are hearing about is the burgeoning trade deficit. I wish to point out that tobacco has a positive balance of trade payment (plus $1.8 billion) on the world trading market. The United States is currently the leading exporter/importer of tobacco in the world.

I close with the fact that 23 States grow tobacco, while all 50 States benefit from its sales, marketing, distribution, and tax revenues of the product.

Please vote "no" on the Petri amendment.

Mr. MARLENEE. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, my producers do not raise tobacco, nor do they want the opportunity to raise tobacco. Some of my constituents smoke, and some of them do not. I happen to be one that does not.

I think the basic issue here for most of the Members of this body is, does it cost any money, and does it lend stability to a certain group of producers? I would like to address the ranking member of the subcommittee, my colleague, the gentleman from Kentucky [Mr. HOPKINS], and ask him a question.

Are the costs of this program self-liquidating?

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I am happy to yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, it is the best commodity program, very frankly, that we have in Washington these days.

As an example, if the sponsor of this amendment is really interested in economics, perhaps he should devote his attention instead to dairy in his State where there is approximately $2.5 billion worth of dairy products in Government storage. What has this product contributed to the Government?

Federal, State, and local tax revenues amount to $9 billion a year. Tobacco and tobacco products add $60 billion to the gross national product and provide 2 million jobs.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MARLENEE] has expired.

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to reiterate some facts about the $64 billion in health costs, according to recent Government estimates, and point out that in fact the no-net-cost program certainly is not a no-net-cost program. I would like to expand on a few figures I mentioned at the beginning of this particular debate.

The no-net-cost legislation, so-called, was passed in 1982, and under that program growing assessments were supposed to cover the cost of the Tobacco Program except for $15 million in annual administrative costs. But understated interest is not included in the cost. The Government lends money, as I said earlier, to farmers at simple interest but borrows at compound interest, and the U.S. Department of Agriculture inspector general has figured that understated interest costs are over $164 million per year on the 1982 Flue-cured tobacco crop alone, and that similar amounts of understated interest are involved in the burley crop.

The Tobacco and Peanut Division of the Agriculture Department estimates that there are about $50 million of unstated costs in Flue-cured and a similar amount in burley. So we have somewhere between $100 and $300 million plus of unrecovered interest costs the Government has to pay but cannot recover from the growers under the assessments.

In addition, I would like to point out that there is another cost to the Government. The Government has an enormous and rapidly growing amount of tobacco in Government warehouses which everybody in the industry is painfully aware of, because there is a cloud hanging over today's producers because if that tobacco is ever released into the market, it could destroy their markets for several years.

How much tobacco is in Federal Government warehouses today? Three-and-one-half billion dollars' worth at what the Government paid for it. But there is no question that there is no way the Government could recover $3.5 billion for that tobacco by selling it into the market. That figure includes 1976 through 1981 leftovers which we have not been able to sell for what we paid, as well as crops taken under loans since the no-net-cost program went into effect.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield briefly to the gentleman from Texas, yes.

Mr. ARMEY. Mr. Chairman, again I rise to state my support of the amendment, and I know that I may be casting myself a bit in the role as a villain here.

I do appreciate the good job the gentlemen from the tobacco-growing States have done in defending their States. There are a couple of points I

would like to address. Yes, it is true that there are many people who are employed by the tobacco industry and who benefit from the tobacco industry, and there are many who enjoy the consumption. I do not dispute that.

What I am suggesting is that this legislation that is on the books that we are trying with this amendment to remove does differentiate and does isolate and freeze some people out of participation on the growing side and does create some monopoly advantage for others, and the market indeed would work if we were not involved in this, and it might very well work to provide greater earnings and greater advantage to a larger number of people, indeed greater enjoyment in the consumption of the commodity by a larger number of people at a lower price.

Mr. PETRI. Mr. Chairman, I thank the gentleman for his contribution.

Mr. ARMEY. Mr. Chairman, if the gentleman will yield further, I might address my second point, because somebody did indeed mention milk. My point is very simple. If we cannot start with this bill, we will never be able to move on to the milk and to the eggs and to everything else that we get into in these kinds of programs, and eventually we have got to return the American economy to the control of the marketplace as opposed to the Government.

Mr. PETRI. Mr. Chairman, I reserve the balance of my time.

Mr. ROSE. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Virginia [Mr. DANIEL].

Mr. DANIEL. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Wisconsin [Mr. PETRI].

It is well to remind ourselves that the debate on this subject cannot achieve what many of its proponents contend are the principal reasons for instigating it:

It will not significantly reduce the number of smokers.

It will not cut off supplies to companies which produce cigarettes.

It will not solve the so-called health issue.

But, if this amendment were adopted, it would create many problems with which we would have to deal.

The tobacco program was created to stabilize the supply and demand of tobacco and assure producers a decent return for their production costs and labor. In large measure, it has accomplished this for nearly a half century. That the program is now beset by problems is as much attributable to the uncertainty, caused by these persistent attacks, as any other single factor.

Tobacco growers need to know where they stand.

They need to know how much it is going to cost to produce their product and how much they can expect to receive for it.

The need to know how much to produce and how much they will have to pay in assessments next year on unsold tobacco that goes under loan as a result of this year's sales.

Finally, they need assurance that what the Government decides the tobacco program will be will not come immediately under attack tomorrow.

In reality, what growers are seeking is the same objective they sought in the 1930's—stability.

If this amendment were to succeed—and there were no more tobacco program—there would be no allotments, no regulations, no price support mechanism and no adjustment procedures to determine supply and demand. In all probability, more tobacco would be grown, at least at first. Doubtless, there would be mass dislocations, among those who actually grow the tobacco but who do not have the wherewithal to produce it on their own.

Because land values on farms which have tobacco allotments would be drastically hit, no one knows what would happen among the growers who owe large amounts of money and the lending institutions which hold the loans.

If every element of Government involvement were to be abolished—and this would be the only commodity for which that would be true—we would be devoid of statistical data that is essential in determining imports. Unless American growers substantially reduced the price of their tobacco, imports would likely rise—and one more domestic industry would go the way of shoes, textiles, steel, and others which have given way to foreign production. In a time when we are concerned about our trade imbalance, it is well to remember that tobacco has consistently been a plus, now amounting to nearly $2 billion a year.

Already, tobacco has been singled out for special treatment. Under the No Net Cost Program adopted in 1982, growers are paying the cost of their program. They pay for their grading service. Tobacco has accepted restrictions and second-rate status which politically would not have been foisted upon any other commodity. And still the opponents are not satisfied.

Arguments in favor of this amendment sound as though the time is 1980 or 1970. They overlook the changes that have been imposed by congressional action. Laws already enacted will bring further changes in 1986 and subsequent years. Why not let these take effect? Why not consider corrective legislation now pending in the House and Senate which would deal forthrightly with conditions which the industry itself acknowledges exist?

A vote for this amendment would be a vindictive act—an ill-advised action. No one knows, nor has any informed assessment been made, what would be the result of immediate abandonment of the tobacco program.

Those who would be worst hurt are those who could least adjust to the impact. Before voting, we should consider the social and economic consequences. To do otherwise would only create additional problems with which we must be prepared to deal.

Because we do not know these answers, I urge defeat of the amendment.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, today I rise in strong opposition to the amendment offered by our distinguished colleague from Wisconsin. The gentleman's amendment assumes that ending the subsidies for price support and production adjustment programs would save the Federal Government tens of millions of dollars per year. The gentleman calls his amendment a tobacco deregulation program.

The gentleman has made several other statements regarding the tobacco program that need to be corrected as well.

First, Mr. Chairman, to claim that this amendment will eliminate subsidies is mistaken. I submit to you, what subsidies? Subsidies for the tobacco program ended with the enactment of the No Net Cost Tobacco Program in 1983. The American taxpayer no longer picks up the tab for losses on price support loans. The farmers themselves pay an assessment on each pound of tobacco they sell to cover any losses.

The amendment also proposes to end so-called inconsistencies relating to health warning labels on cigarettes. The proponents of this amendment argue that requiring such labels while subsidizing tobacco is inconsistent. But again, there is no subsidy. So where is the inconsistency? This amendment might be inconsistent, but Federal tobacco policy is not.

While critics of tobacco itself might claim that there is a direct relationship between this program and smoking, Government health officials have been quick to point out that there is absolutely no relationship between the Tobacco Price Support Program and smoking. For example, Surgeon General Everett Koop has said, "I have always thought that having price support program for tobacco is not a health issue. I do not think that having price supports on tobacco encourages people to keep on smoking or encourages young people to smoke."

The Surgeon General is correct. And those concerned about health ques-

tions should face the fact that without the program the supply of tobacco will undoubtedly increase and the price of cigarettes will decrease. Is that the intent of this amendment?

Mr. Chairman, ending the tobacco program would not produce a major cost savings. The only costs associated with the tobacco program are the costs of operating the program—the administrative expenses for salaries, office space, telephone service, mailings and related matters. These are the same costs associated with the operation of any commodity program, a fact acknowledged in the Foley amendment to the 1981 farm bill. This legislation expressed the intent of Congress that the tobacco program operate at no loss to the Government, excluding administrative expenses.

The current tobacco program is not hurting the family tobacco farmer as the gentleman asserts, but without the program, these farmers certainly would be hurt. Without the program that allows the small farmer to stay in business, without production controls, we would soon see the proliferation of tobacco "super farms" that would drive the small farmers out of business, off the land their families have farmed for generations, and onto the welfare rolls and unemployment lines.

Mr. Chairman, tobacco production requires a stabilizing force to prevent destructive boom and bust cycles. The Federal Tobacco Program provides this stability.

The individual farmer can only try to influence the level of production on the farm. To improve farm income, the farmer tries to increase production. But with all farmers trying to increase production the aggregate impact is likely to be one of excess tobacco supplies. The demand for tobacco is not very responsive to price, so it takes a sharp drop in price to clear the market of excess supplies. Conversely, a shortage of tobacco will lead to a sharp increase in price as buyers compete for available scarce supplies. So tobacco farming is a boom and bust industry in the absence of some external supply stabilization. Small family farms cannot survive such price and income instability.

Without the tobacco program the structure of tobacco farming would change, leaving only large, highly mechanized farms. They would likely be corporate farms, supplying tobacco directly to the tobacco processors rather than for sale at auction markets.

Tobacco is a crop that can be grown on relatively small parcels of land, and most farmers in my area grow tobacco in addition to other crops. There are approximately 40,000 Flue-cured farmers, 150,000 burley farmers, and 15,000 other types of tobacco farmers in tobacco-producing States.

This figure does not include the farm families that are not assigned allotments and quotas but work on tobacco farms—harvesting, curing, preparing for the market, and tending the fields. If this group is included, there are 600,000 farm families in this country that receive the major portion of their annual income from tobacco production.

The tobacco program enables a large number of small farms, utilizing large amounts of labor, to stay in business. Many of the farm operators and most of the family labor would have great difficulty finding any other paid employment.

The Federal Tobacco Program has been highly effective in stabilizing prices and providing employment for both hired and family farm labor. This has been accomplished at very little cost to the Government. In the 40-year history of the program, over $5 billion has been loaned to tobacco producers. Ninety-nine percent of this amount has been repaid. The relatively modest losses on tobacco loans are less than in any other commodity program.

To take 1 year, fiscal year 1980, for example, losses for other commodity programs were: Feed grain, $670 million; wheat, $238,000; and dairy products, $315 million. For tobacco, the figure was only $136,000.

Since 1933, the Commodity Credit Corporation has incurred losses of $58 billion in its commodity loan operations, commodity acquisitions and disposal, grain reserves, producer payments, and export payments. Tobacco's share of this loss is less than one-half of 1 percent.

The issue here, Mr. Chairman, is not whether or not tobacco will be grown. Tobacco will continue to be grown regardless of whether this amendment passes.

The issue here is whether tobacco will continue to be grown by small family farmers or on large corporate farms.

The issue here is whether tobacco will continue to be grown by American farmers or by overseas growers.

The issue here is whether small farms will be shut down, whether farmworkers will be displaced, and whether State and local revenues will be reduced—all for an amendment that will not produce significant savings or decrease tobacco production.

Mr. Chairman, farmers across the country are experiencing unprecedented foreclosures and economic hardships. The gentleman's amendment would create even more difficult circumstances for farmers. It would repeal the one Federal commodity program geared to small family farms. The choice here is whether you will join those who would close down family farms or those who would allow these farms to continue as a vital part of American life. I urge my colleagues to join me in defeating this extremely harmful amendment.

Mr. HOPKINS. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has 2 minutes remaining, the gentleman from Wisconsin [Mr. PETRI] has 2 minutes remaining, and the gentleman from North Carolina [Mr. ROSE], who by tradition will be recognized to close debate, has 2½ minutes remaining.

Mr. HOPKINS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from North Carolina [Mr. HENDON].

Mr. HENDON. Mr. Chairman, the Federal Government, most of us here agree, is here to help the people—to create an environment in which our citizens can prosper. We are not here to dole out handouts; we are not here to soak the taxpayers. We are here to write laws that encourage prosperity and provide jobs and security for the American people.

My people in the Great Smoky Mountains of North Carolina need this tobacco program, not to prosper, but in most cases just to make it through the winter. Our mountains are just like this—steep in many places. There are no big combines running up and down them. In many places it is too steep and too rocky and too rugged for anything other than tobacco. My people need that income. They need the program that is now in place.

So I say to my colleagues, do not take away the security, small as it might be, that this program offers many American farmers. With the greatest respect for my friends, the gentleman from Wisconsin, the gentleman from Texas, and others who oppose this program and who are in favor of this amendment, I urge a no vote.

Mr. ROSE. Mr. Chairman, I yield 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

Mr. HOPKINS. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Kentucky [Mr. PERKINS].

The CHAIRMAN. The gentleman from Kentucky [Mr. PERKINS] is recognized for 1 minute.

Mr. PERKINS. Mr. Chairman, I rise today in serious opposition to this amendment and hope that other Members will listen carefully to the various speeches concerning the tobacco program that will be given on this floor.

In my State of Kentucky, the tobacco industry is vitally important to the State's economy and to the future of all the people. The industry cuts across and touches practically every other industrial base in my State.

I am not here to argue for the preservation of the tobacco program because of the historic value or because it is the way we have run the program in years past. Those of us related to the tobacco industry are continually trying to improve the program and to make it a better program for the farmer and the taxpayer. I think that we need to support the tobacco program because it is the best vehicle for dealing with the unique problems of tobacco.

Any unfair changes in the tobacco program would mean disaster for a majority of the farmers in Kentucky. Almost 72 percent of the farmers in Kentucky depend on tobacco for over half of their gross sales each year. And we are not talking about a bunch of rich farmers sitting back and collecting money off of these quotas either. About 76 percent of Kentucky's tobacco farmers have a net annual farm income of less than $10,000 dollars. These are farmers that grew up on the farm and had the dream to continue in their parents footsteps in the honorable tradition of farming. These people are entrenched in agriculture and want to continue the work. But with the destruction of the program this dream will be taken away from them.

Getting back to the economic impact that this amendment would have on the State of Kentucky we only need to look at the number of jobs that are directly related to the industry. The number of full-time employees in tobacco production amounts to about 31,000. But in addition, the number rises to about 84,000 in the peak months. At its peak tobacco is Kentucky's fourth largest industry.

From the tobacco industry the total value of the production to Kentucky, in 1984, was approximately $1 billion.

The loss would affect the State and local revenues and would cause drastic cuts to take place in needed services to the people. The loss of jobs would be devastating especially in a job poor district like mine. For every 1-percent loss in Kentucky's tobacco output there would be a corresponding loss of 1,183 jobs across the State. This amendment would cause a much higher loss than just 1 percent. The number of people that would be forced onto the unemployment lines would simply swamp the system.

The farmers have been paying for the program since 1981, through the no-net-cost system and are willing to carry their load in the effort to preserve the program. Those opposing the program claim that the farmers are being hurt by the system. Well they have chosen to keep the program in place. The farmers always have the ability to vote out the program at any time if they want to. Obviously there are problems but the farmers have stayed with the system and are working with us to preserve and improve it.

The loss of the program would cause the sacrifice of a decent standard of living for these farmers and would mean that most Kentucky farmers would fall by the wayside and be forced into poverty. I can't see how we can argue for the preservation of the farming community and then turn on one sector and take away his crops.

I urge you to vote no and to reject this amendment for the sake of the farmers.

Mr. ROSE. Mr. Chairman, I yield 45 seconds to the distinguished chairman of the Committee on Science and Technology, the gentleman from Florida [Mr. FUQUA].

Mr. FUQUA. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin [Mr. PETRI]. We have a tobacco program in place which is working and working well. We do not need this amendment.

Those who believe that this amendment would stop people from smoking are misguided. As a matter of fact, it may increase smoking by increasing the importation of cheap foreign tobacco.

One reason put forth for keeping the cigarette tax at 16 cents a pack is that, to reduce it, would encourage people to smoke. Just wait. If this amendment is adopted tobacco farmers in my area of Florida would suffer tremendously and many would be forced out of business. The tobacco companies, however, would not suffer. They would have the ability to force down the price of tobacco and bring in additional imports. The price of a package of cigarettes would probably go down, not up, as the supporters of this amendment believe.

Allotments for nongrowers will end in 1986. This amendment is not needed to achieve that objective. The ones who will suffer will be individual farmers and I do not believe it should be the policy of the House of Representatives to put farmers out of business.

This amendment is wrong. I urge my colleagues to reject this amendment and let the farmers in my district continue to earn a living.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. Mr. Chairman, I propose to conclude between the other two gentlemen, if that is all right with the Chair. I believe the gentleman from North Carolina [Mr. ROSE] has the right to close the debate.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Chairman, I yield 45 seconds to our distinguished colleague, the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. Mr. Chairman, the author of this proposal has made several points which require correction.

First, the Tobacco Program has nothing to do, whatsoever, with the question of smoking and health.

The Tobacco Program limits the amount of tobacco grown. Without it, more would be grown, not less. It would just be grown by different people—the tobacco companies or big corporate farmers—not the small family farmers who, by and large, grow it now.

Second, regarding cost, there well may be some cost associated with the program before 1982. But we have changed the law and the program should cost very little for the years since 1982, or in the future.

Mr. Chairman, the fact is that the Tobacco Program has been in operation for over 50 years and hundreds of thousands of small farmers depend on it. In North Carolina alone, I'm told there are over 119,000 allotments, and the average size allotment is only 2.2 acres.

Local land values, property taxes, and whole local economies depend on the Tobacco Program. Tobacco farming is a way of life for many people and a major source of what often is a meager income for many thousands of families.

For most of our history, Mr. Chairman, we have recognized that we are one great country comprising many diverse strengths and needs.

Most of us from the South are considerate of the needs of the people from the other regions of the country, and we try to help whenever possible. The Tobacco Program is vital to hundreds of thousands of our farm families, has nothing to do with the question of smoking and health, should cost very little for its further operation and it now needs your help to save it.

□ 1330

Mr. HOPKINS. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, the author of this amendment would have you believe that farmers in Kentucky sit back on the back porch with their feet up on the rail looking at thousands of acres of tobacco growing. The fact of the matter is the average size tobacco allotment in Kentucky is less than an acre, and it takes 227 man-hours to grow 1 acre of tobacco compared to 3 man-hours to grow 1 acre of wheat.

These people do not ask for anything. They pay their taxes. They would like to be left alone. It is the best program in this country today, as far as commodities are concerned.

I ask my colleagues to help defeat this mischievous amendment.

Mr. PETRI. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Chairman, I thank the gentleman from Wisconsin for yielding time to me.

Mr. Chairman, I rise in support of Congressman PETRI's amendment to discontinue the Federal Tobacco Program. This amendment will go a long way toward eliminating a contradiction in Federal policy that, on the one hand discourages the use of tobacco and on the other hand promotes its use through price supports and other favorable Federal programs.

It is estimated by the National Center on Health Statistics that the annual cost associated with cigarette smoking is about $41 billion in medical expenses and lost productivity. The Surgeon General reports that over 350,000 Americans each year, or almost 1,000 every day, die of cigarette smoking. Smoking causes 80 to 90 percent of all emphysema and chronic bronchitis deaths in this country. The irony is that smoking related health problems are the most easily prevented. Nevertheless, the Federal Government continues to support tobacco by ensuring an artificially high price and buying billions of pounds of surplus tobacco with a potential cost to the taxpayer of $1 billion in losses on stored tobacco.

In 1982 tobacco legislation was passed that was billed as a "no net cost" program. This has proved to be a bitter pill. This legislation assessed a per pound fee on tobacco farmers to cover the losses the Government incurs when it sells tobacco from its own stocks. The program needed adjustment in 1983 and again this year, resulting in the skyrocketing of the assessment from less than a nickel to a quarter per pound because the Government has purchased so much tobacco. Assessments have not been able to keep up with the cost of Government-stored surpluses and are proving to be an additional source of economic hardship on the already hardhit tobacco farmers.

The Federal Tobacco Program is its own worst enemy in its effort to help tobacco growers. The average price support level for tobacco is about $1.65 per pound, well above the world market price, causing cigarette manufacturers to buy increasing amounts of imported tobacco and pricing American grown tobacco out of the world market.

According to a North Carolina State University Agricultural Research Service study, deregulation will virtually eliminate our tobacco imports and double our exports, producing a positive swing in our trade balance of about $1.5 billion.

The Federal Tobacco Program has not worked, despite claims to the contrary by its supporters. The tobacco farmer is growing less and making less money, while the Government is buying more and losing more money. Mr. Chairman, the time has come to end this unnecessary and counterproductive program. Mr. PETRI's amendment offers Congress a chance to help tobacco farmers, save the Government millions of dollars, and finally remove the contradiction in competing Federal policy.

Mr. MCEWEN. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Ohio.

Mr. MCEWEN. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Wisconsin.

This amendment, seeking to deregulate the tobacco industry, is not in the best interest of tobacco farmers. Likewise, it is not in the best interest of this body to address such a complicated and important program in one fell swoop.

Tobacco is a principal crop on 276,000 farms in 22 States. In Ohio, over 11,300 farm families harvest tobacco. Without an acceptable Tobacco Program, the small family farmer loses. This amendment will not assure those farmers that we have adequately addressed the unique nature of the tobacco programs.

I urge my colleagues to join me in defeating this amendment.

Mr. PETRI. Mr. Chairman, I yield myself the remainder of my time.

I would just like to conclude, Mr. Chairman, by asking what does the AMA know about tobacco? They know a lot about smoking I think, as doctors, and they may know something about tobacco, too, because I understand the president of the AMA owns a tobacco allotment though he is a doctor. That is symptomatic of what I am trying to get rid of in this program.

Someone said, "Well, we ought to limit the growth of tobacco, who can grow tobacco in the United States." Perhaps some day we should. But why turn that over to private people to then assess someone else for the right to grow tobacco? There is no need to do it that way. Most times if you want to limit something, the Government comes in and limits it. It does not surrender that Government power to private individuals and let them collect the tax money and put it in their pocket, in effect, through the allotment system as we do right now.

Third, I just wanted to make the point that I think there is confusion that is being sown here about the increase in production of tobacco that would occur if we got rid of the tobacco program. There is no question there would be a big increase in tobacco produced in the United States and it would be a fine thing for farmers. There is no question there would be a big increase in tobacco being produced in the United States, but it would go overseas. If more is consumed in the United States, we could raise the tobacco tax to keep consumption down, and I think we should.

Mr. ROSE. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I urge my colleagues to vote "no" on this amendment. The Tobacco Program is not perfect, but it is designed to keep farm families in rural areas making a living on a crop that is a good crop for people to grow.

We do not have a program that is subsidized by the taxpayer. The program works. Help us keep the family farmer growing tobacco in America.

Do not help the large cigarette companies get cheaper tobacco. Help us keep the price of tobacco up. Vote "no" on the Petri amendment.

Mr. CROCKETT. Mr. Chairman, we have before us today a way of resolving not only a moral dilemma, but also a financial one. And the way is very simple: Pass the Petri amendment to eliminate the Tobacco Price Support Program.

For many years now, the Federal Government has sponsored any number of different drives to warn smokers, especially cigarette smokers, that they are almost certainly cutting short their lives and productivity by smoking. We enact laws that require warnings on cigarette packages and on tobacco advertisements; we send out brochures on the hazards of smoking; we sponsor or encourage advertising campaigns to get people to stop or never begin smoking, et cetera, et cetera. And then we turn around, like the alcoholic's family members who buy the alcoholic liquor, and subsidize the very producers of smoking materials. This makes absolutely no moral sense. Even worse in these days of historically unequalled deficits, this program makes no economic sense. Not only does it cost the amount we directly appropriate for it, but it costs us in higher appropriations for Medicare and Medicaid, for Social Security disability, for veterans' benefits, and for any number of other programs that must pick up the health and welfare costs of the victims of cigarette-related cases of lung cancer and heart disease, and the families that they leave behind.

Representative PETRI's amendment is a well-crafted one that seeks to alleviate many of the possible adverse effects that elimination of this program may have on tobacco growers. As such, it gives us a rare opportunity to vote for something that hurts no one and does contribute to the physical and financial health of all of us. I urge a resounding "yes" on this amendment.

Mr. HATCHER. Mr. Chairman, I would like to voice my opposition to Mr. PETRI'S amendment. The Tobacco Program has been under heavy fire—especially this year—by the administration and various other critics. But I would like to remind my colleagues that during the last several years we have reduced the costs of the program substantially through the No Net Cost Tobacco Program, and these reductions have made the program cost-efficient and fair.

In my home State of Georgia, tobacco is a leading cash crop, and thousands of family farmers depend on tobacco as their main source of income. This amendment would effectively pull the rug out from under those farmers. The Tobacco Program is operating cheaply to the Government; it has established a fair price in the marketplace; and it has stabilized production.

Removing production controls would result in large-scale corporate farming or would force growers to contract directly with multinational corporations.

Elimination of allotments or quotas would surely have a severe effect on the States whose economies depend on tobacco for a substantial source of income. In tobacco-growing regions of the Nation, the bank credit system—which is already in deep trouble—would suffer, because it relies on allotments or quotas as collateral for loans. In addition, those individuals holding allotments or quotas would suffer great economic loss, since there would be no compensation for them. The Department of Agriculture reports that:

Most persons still living, who were granted historical allotments with the inception of the program, are retired or widowed. for this latter group, the potential impact on retirement income will be of obvious concern.

I stand in support of fine-tuning our commodity support programs, and that is exactly what the No Net Cost Tobacco Program accomplished. The effects of completely wiping out the tobacco program would hurt thousands of people and small communities in our Nation. I urge my colleagues to vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. PETRI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 195, noes 230, not voting 9, as follows:

[Roll No. 342]

AYES—195

Anderson	Callahan	Dreier
Annunzio	Carper	Durbin
Applegate	Chandler	Dwyer
Archer	Cheney	Early
Armey	Clinger	Eckart (OH)
Atkins	Coats	Eckert (NY)
AuCoin	Collins	Edgar
Badham	Conte	Edwards (CA)
Barnes	Conyers	Edwards (OK)
Bartlett	Coughlin	Erdreich
Barton	Courter	Evans (IL)
Bates	Coyne	Fawell
Bellenson	Craig	Feighan
Bereuter	Crane	Fiedler
Berman	Crockett	Fields
Boehlert	Dannemeyer	Fish
Boland	Daub	Florio
Bonker	Davis	Foglietta
Boulter	DeLay	Ford (TN)
Boxer	Dellums	Frank
Breaux	DeWine	Frenzel
Broomfield	DioGuardi	Garcia
Brown (CA)	Donnelly	Gejdenson
Brown (CO)	Dornan (CA)	Gekas
Bryant	Downey	Gibbons
Gilman	McDade	Selberling
Goodling	McHugh	Sensenbrenner
Green	McKernan	Sharp
Gregg	Meyers	Shaw
Guarini	Michel	Shumway
Hall (OH)	Miller (CA)	Shuster
Hansen	Miller (WA)	Siljander
Henry	Mineta	Slattery
Hertel	Moakley	Smith (FL)
Hiler	Molinari	Smith (NJ)
Hillis	Monson	Smith, Denny (OR)
Hughes	Moody	Smith, Robert (NH)
Hunter	Moorhead	Snowe
Hyde	Morrison (CT)	Solarz
Ireland	Morrison (WA)	Solomon
Jacobs	Mrazek	St Germain
Johnson	Nelson	Stallings
Kanjorski	Nielson	Stark
Kaptur	Nowak	Stratton
Kasich	Owens	Studds
Kolbe	Packard	Sweeney
Kostmayer	Pease	Tauke
Kramer	Petri	Torricelli
LaFalce	Porter	Vento
Lagomarsino	Pursell	Visclosky
Lantos	Regula	Vucanovich
Leach (IA)	Reid	Walgren
Lehman (FL)	Ridge	Waxman
Levine (CA)	Rinaldo	Weiss
Lightfoot	Ritter	Whitehurst
Livingston	Rodino	Whittaker
Lowery (CA)	Roemer	Wirth
Luken	Roukema	Wolpe
Lundine	Rowland (CT)	Wyden
Lungren	Savage	Wylie
Mack	Saxton	Yates
MacKay	Schaefer	Young (FL)
Markey	Scheuer	Zschau
Martin (IL)	Schneider	
Mavroules	Schroeder	
McCollum	Schumer	

NOES—230

Akaka	Dymally	Kleczka
Alexander	Dyson	Kolter
Andrews	Emerson	Latta
Anthony	English	Leath (TX)
Aspin	Evans (IA)	Lehman (CA)
Barnard	Fascell	Leland
Bateman	Fazio	Lent
Bedell	Flippo	Levin (MI)
Bennett	Foley	Lewis (FL)
Bentley	Ford (MI)	Lipinski
Bevill	Fowler	Lloyd
Biaggi	Franklin	Loeffler
Bilirakis	Frost	Long
Billey	Fuqua	Lott
Boggs	Gallo	Lowry (WA)
Boner (TN)	Gaydos	Lujan
Bonior (MI)	Gephardt	Madigan
Borski	Gingrich	Manton
Bosco	Glickman	Marlenee
Boucher	Gonzalez	Martin (NY)
Brooks	Gordon	Martinez
Broyhill	Gradison	Matsui
Bruce	Gray (IL)	Mazzoli
Burton (CA)	Gray (PA)	McCain
Bustamante	Grotberg	McCloskey
Byron	Gunderson	McCurdy
Campbell	Hall, Ralph	McEwen
Carney	Hamilton	McGrath
Carr	Hammerschmidt	McMillan
Chapman	Hartnett	Mica
Chappell	Hatcher	Mikulski
Chapple	Hawkins	Miller (OH)
Clay	Hayes	Mitchell
Cobey	Hefner	Mollohan
Coble	Heftel	Montgomery
Coelho	Hendon	Moore
Coleman (MO)	Holt	Murphy
Coleman (TX)	Hopkins	Murtha
Combest	Horton	Myers
Cooper	Howard	Natcher
Daniel	Hoyer	Neal
Darden	Hubbard	Nichols
Daschle	Huckaby	O'Brien
de la Garza	Hutto	Oakar
Derrick	Jeffords	Obey
Dickinson	Jenkins	Olin
Dicks	Jones (NC)	Ortiz
Dingell	Jones (OK)	Oxley
Dixon	Jones (TN)	Panetta
Dorgan (ND)	Kastenmeier	Parris
Dowdy	Kennelly	Pashayan
Duncan	Kindness	Penny
Pepper	Sisisky	Thomas (GA)
Perkins	Skeen	Torres
Pickle	Skelton	Towns
Price	Slaughter	Traficant
Quillen	Smith (IA)	Traxler
Rahall	Smith (NE)	Udall
Rangel	Smith, Robert (OR)	Valentine
Ray	Snyder	Vander Jagt
Richardson	Spence	Volkmer
Roberts	Spratt	Walker
Robinson	Staggers	Watkins
Roe	Stangeland	Weaver
Rogers	Stenholm	Weber
Rose	Stokes	Wheat
Rostenkowski	Strang	Whitley
Roth	Stump	Whitten
Rowland (GA)	Sundquist	Williams
Roybal	Swift	Wilson
Rudd	Swindall	Wise
Russo	Synar	Wolf
Sabo	Tallon	Wortley
Schuette	Tauzin	Wright
Schulze	Taylor	Yatron
Shelby	Thomas (CA)	Young (AK)
Sikorski		Young (MO)

NOT VOTING—9

Ackerman	Kemp	McCandless
Addabbo	Kildee	McKinney
Burton (IN)	Lewis (CA)	Oberstar

□ 1345

Mr. RANGEL changed his vote from "aye" to "no."

Messrs. SAXTON, DWYER of New Jersey, SAVAGE, STALLINGS, MACKAY, HUGHES, BREAUX, and MAVROULES changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1355

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of the 24th of September?

Mr. PETRI. It has, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: Page 525, after line 2, insert the following new title:

TITLE XXI—TOBACCO

RESTRICTION OF TOBACCO PROGRAM TO ACTUAL GROWERS

SEC. 2101. Section 312(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1312(c)) is amended by inserting after the first sentence the following: "A farmer shall not be considered as engaged in the production of the crop of tobacco for the purposes of this subsection unless such farmer actually operates the farm on which such production takes place.".

Mr. PETRI. Mr. Chairman, one of the arguments that we heard in opposition to the previous amendment was the fact that there is a referendum every 3 years—I think the next scheduled one will occur early next year—to determine the fate of the tobacco program that is voted on by people involved in that program.

In recent years, the program has received the necessary number of votes,

but that is not surprising because there are 543,000 allotment holders and only 95,000 commercial tobacco growers. And both the allotment holders, those 543,000 people with the license to sell tobacco, and the producers, can vote in the periodic referendum on the Federal tobacco program.

This amendment will restrict the eligibility of those who vote to those who are actually engaged in the production of tobacco, working farmers, rather than investors who happen to have or own a Government allotment and then license it to an actual man or woman who works out in the field. Current law has been interpreted to allow anyone with a connection to tobacco growing, including absentee allotment holders and their spouses, by the way, to vote on the referenda which are held approximately every 3 years.

As a result, actual growers have no control over the program because allotment holders outnumber growers by 4 to 1 in States like North Carolina and Georgia. Absentee allotment holders are the biggest beneficiaries of the program, and it seems to me it is the producers who should have the sole right to vote or to eliminate the program which, after all, directly affects their livelihood as producers.

This amendment does not prohibit voting by growers who own allotments and who also grow tobacco. It simply prohibits voting by absentee landlords or allotment holders who receive income from the allotment but pay none of the costs and do none of the work involved to produce the tobacco.

A Georgia tobacco producer who stopped by my office recently said that he does not blame nongrowing allotment holders for not wanting a change. He added, for them to vote against the program would be like them telling Santa Claus not to come.

So I ask my colleagues who say that it is they and not I who truly care about the small tobacco grower to vote for this amendment so that a large class of absentee landlords, many of whom are professionals in nonagricultural fields, not be allowed to vote on the future of a program that is supposedly helping the small tobacco producers stay in business. It is just plain wrong.

This amendment will allow the small producers to regain control of their own destiny, and I urge my colleagues to vote for this amendment.

Mr. ROSE. Mr. Chairman, I rise in opposition to the amendment.

Mr. HOPKINS. Mr. Chairman, will will the gentleman yield?

Mr. ROSE. I yield briefly to the gentleman from Kentucky.

Mr. HOPKINS. I thank my colleague for yielding.

We are opposed to the amendment offered by the gentleman from Wisconsin [Mr. PETRI] on this side. The gentleman is not without principle, but it seems he continues to be without direction.

I yield back to the gentleman.

Mr. ROSE. Mr Chairman, I urge my colleagues in the House to vote against this amendment. This is not only a mischievious amendment, but it is improperly drafted. I submit that the gentleman has missed his mark in what he obviously was attempting to do. His amendment would prohibit sharecroppers from voting in the referendum. His amendment would oppose anybody voting in the final referendum on the Tobacco Program with the exception of the so-called farm operator, and that is because he used the term in the amendment "actually operates the farm."

The USDA tells us that means a farm operator, and a farm operator does not include the sharecropper. It does not include the widows or the children who may have their rights protected by a guardianship.

Mr. Chairman, today everybody who shares in the financial risks of producing a crop of tobacco may vote in the referendum that is held once every 3 years. The only ones today who cannot vote are those that do not share in the financial risk of producing tobacco, and that is something that we did in the 1982 and 1983 amendments to the tobacco program.

I submit that this amendment goes in reverse. It takes away the right of people such as sharecroppers who should be not disenfranchised by this amendment, but who share directly in the risk of what they do. They should be allowed to vote. This is a backward step, and I think it was improperly drafted.

I would urge my colleages in the House to please vote against this mischievous amendment.

□ 1405

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. PETRI].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PETRI. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and twelve Members are present, a quorum.

The pending business is the demand of the gentleman from Wisconsin [Mr. PETRI] for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF CALIFORNIA

Mr. MILLER of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the CONGRESSIONAL RECORD as of September 24?

Mr. MILLER of California. Yes, it has, Mr. Chairman.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of California: At the end of the bill add a new Title XXI:

LIMITATION ON PARTICIPATION IN CERTAIN COMMODITY PRICE SUPPORT AND PAYMENT PROGRAMS

SEC. 21. (a) Any person who violates subsection (b), (c), or (d) shall be ineligible, as to any commodity produced by that person during the crop year which follows the crop year in which such violation occurs, for any type of price support, payment or any other program or activity described in any of paragraphs 1 through 5 of section 1202(a).

(b) Any agricultural employer shall provide the following to agricultural employees engaged in hand-labor operations in the field, without cost to such employees:

(1) Potable drinking water—

(A) provided and placed in locations readily accessible to the employees;

(B) suitably cool and in sufficient amounts to meet employees' needs, taking into account air temperature, humidity, and the nature of the work performed; and

(C) dispensed in single use drinking cups or by fountains, but not in common drinking cups or in dippers.

(2) With respect to toilets and handwashing facilities—

(A) one toilet and one handwashing facility provided for each group of 20 employees, or any fraction thereof;

(B) toilet facilties with doors which can be closed and latched from the inside and constructed to ensure privacy;

(C) toilet facilities supplied with toilet paper adequate to meet employee needs; and

(D) toilet and handwashing facilities accessibly located in close proximity to each other and within one quarter mile (0.4 kilometers) from each employee's workplace in the field, except that where it is not feasible to locate facilities so accessible and within the required distance due to the terrain, the toilet and handwashing facilities shall be located at the point of closest vehicular access;

except that, notwithstanding subparagraph (A), toilet and handwashing facilities are not required for employees who perform field work for a period of 3 hours or less (including transportation time to and from the field) during any given day.

(c) Any agricultural employer shall provide potable drinking water, and toilet and handwashing facilities maintained in accordance with appropriate public health sanitation practices, including—

(1) drinking water containers which are covered, cleaned, and refilled daily;

(2) toilet facilities which are operational and maintained in clean and sanitary condition;

(3) handwashing facilities which are operational and maintained in clean and sanitary condition; and

(4) waste disposal in a manner which does not cause unsanitary conditions.

(d) Any agricultural employer shall allow employees reasonable opportunities to use the facilities during the workday.

(e) The Secretary of Agriculture shall delegate the making of rules to carry out this section and the investigation of allegations of violations of this section to the Secretary

of Labor. The Secretary of Labor shall issue rules to carry out this section not later than 90 days after the date of the enactment of this section.

(f) For purposes of this section—

(1) the term "agricultural employer" means—

(A) any person, corporation, association, or other legal entity which owns or operates an agricultural establishment or on whose premises or in whose interest an agricultural establishment is operated; and

(B) any person, corporation, association, or other legal entity which is responsible for the management and condition of an agricultural establishment or which acts with direct or indirect involvement in the interest of an employer in relation to any employee;

(2) the term "agricultural establishment" means any business operation which uses paid employees in the production of food, fiber, or other materials such as seed, seedlings, plants, or parts of plants;

(3) the term "hand-labor operations"—

(A) means agricultural activities or operations performed by hand or with hand tools, including (i) the hand harvesting of vegetables, nuts, and fruit, and (ii) the hand planting of seedlings; and

(B) does not include (i) logging operations, (ii) the care or feeding of livestock, or (iii) hand-labor operations in permanent structures, including canning facilities and packing houses;

(4) the term "hand-washing" facility means any facility providing either a basin, a container, or an outlet with an adequate supply of potable water, soap, and single-use towels;

(5) the term "potable water" means water which meets the standards for drinking purposes by the state or local authority having jurisdiction or water which meets the quality standards prescribed by the United States Environmental Protection Agency's National Interim Primary Drinking Water Regulations (published in 40 C.F.R. 141); and

(6) the term "toilet facility" means any fixed or portable facility designed for the purpose of defecation and urination, including biological or chemical toilets, combustion toilets, and sanitary privies.

Mr. MILLER of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

POINTS OF ORDER

Mr. STANGELAND. Mr. Chairman, I have a point of order on the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. STANGELAND. Mr. Chairman, I make the point of order that the Miller amendment is not germane to H.R. 2100, and that it violates the rules of the House and Congressional Budget Act of 1974.

One underlying rationale for the rule of germaneness is to preclude the consideration of subjects that were not considered by the appropriate committee when the bill was being considered by the Agricultural Committee; this is H.R. 2100. No such hearings were held by the Committee on Agriculture.

The primary jurisdiction over the subject matter of the Miller amendment is with the Committee on Education and Labor. A bill similar to the Miller amendment, H.R. 3295, was cosponsored by my colleague from California on September 12, 1985, and was only referred to the Committee on Education and Labor.

This amendment is an attempt to circumvent the rules of the House in the consideration of legislation by a major committee and to introduce a new subject, labor standards, into the agricultural legislation.

The question of Federal preemption of State law is not addressed in the Miller amendment, yet that is a question that in fact exists because several States, 13 in all, have legislated in this area and such States are major farm-labor-using States.

There is evidence that such State legislation covers 70 to 80 percent of all U.S. farmworkers. These facts would have been elicited had there been full hearings on this bill and could have resulted in a jurisdictional claim by the Committee on the Judiciary inasmuch as this amendment relates to local courts in the territories and the possessions, the Federal courts generally where the Secretary of Labor and the Secretary of Agriculture will have to go to enforce the provisions of the amendment if enacted into law. Also, inasmuch as the amendment would apply to alien workers, the Judiciary Committee may have jurisdiction as well.

As submitted, the Miller amendment needs but does not have, a waiver of the provisions of sections 303(a) and 401(a) of the Congressional Budget Act of 1974. The Secretary of Labor is directed—by delegation of authority directed to be made by the Secretary of Agriculture—to investigate allegations of violations of the provisions of the proposed amendment.

There are roughly 2.3 million farms in the United States and the Miller amendment applies to all farms. The cost of a compliance division to implement this labor standards program will be substantial and entail additional employees in the future years.

It introduces a new program into H.R. 2100. It authorizes new spending authority for this new program. It is an entitlement in its effect because it applies investigation to all who make allegations of violations. Enforcement and compliance costs, both administrative and court related, could be extensive.

It will also, it is submitted, increase the public debt inasmuch as huge deficits are projected for future years. If previously appropriated funds are to be used for this new program, it is submitted that the amendment will violate paragraph 5(a) of the House rules.

It is submitted the amendment does not comply with section 402(a) of the Congressional Budget Act requiring legislation, requiring new budget authority to be reported by May 15 of the prior fiscal year.

The fundamental purpose of H.R. 2100 is not labor standards oriented; the subject matter of H.R. 2100 is not labor standards related. The jurisdiction of H.R. 3295 would indicate the Speaker considered this subject to be primarily a matter for the Committee on Education and Labor. No hearings have been held in the Committee on Agriculture.

The method of using denial of farm program benefits to achieve labor standards; these are OSHA standards, violates germaneness. No other labor standards provisions exist in this bill, so the amendment is not germane.

H.R. 2100 addresses farm owners, farm tenants, and does not address farm workers on their conditions of work.

Therefore, the amendment introduces a new subject and the qualification and limitation of farm program benefits in the Miller amendment relates to compliance with labor standard laws only with denial of benefits to farm program laws.

The CHAIRMAN. Does the gentleman from California [Mr. MILLER] wish to be heard on the point of order?

Mr. MILLER of California. Mr. chairman, wishing and desiring to be heard on the point of order raised by the gentleman, first let me say while his argument is lengthy, I am afraid that it is inaccurate and it also fails to sustain the point of order.

Clearly, the amendment is germane, because the amendment provides the conditions upon which the benefits under this program shall be derived by farm owners throughout this country. It is the conditions upon which the agricultural benefits that are put together, the billions of dollars in this program, shall be distributed.

It is also germane because it does not expand the jurisdiction of American labor law; it does not expand any existing law; it is clearly stated and it is a well-ordered point of law that the OSHA Act, under which the Secretary of Labor, has the ability to extend the protection for health and safety benefits is well settled that it already applies to the agricultural field.

There are a number of provisions of OSHA which are already settled in the law as provided to them, and this is one of them. This is one of them. So clearly we have the ability to take already existing law, with no extension of authority, and condition the distribution of agricultural benefits and participations in this program on that already-existing law.

I think clearly we have already seen that recognized by the Secretary of Labor, who has promulgated regulations under which, are the exact same regulations that are contained in this amendment that he has promulgated those regulations and he has done so under court order.

So the law is well settled as to its ability to do so; yet under court order he proposes standards and those standards, those regulations, are now in the public domain.

This amendment simply says that those standards, which have already been promulgated, which have already been settled, which have already been published, shall be one of the conditioning of the reasons for which there will be distribution of the benefits of this program.

We see in this legislation that we already have conditioning in terms of swamp busters, which is in the public domain of the Public Works Committee. The decision was made that certain benefits will be conditioned upon that.

So we already have that issue well settled in this legislation. We see conditioned upon swamp busters, upon sod busters, upon American bottoms which were the jurisdiction of other committees. That has been settled already, and clearly what we have here is the nexus, the beginning of this amendment which clearly states that the condition for the distribution under the benefits of this legislation, when it is enacted, are predicated upon compliance with existing law.

Therefore, I believe the amendment is germane.

The CHAIRMAN. Does the gentleman from Texas [Mr. ARMEY] wish to be heard on the point of order?

Mr. ARMEY. Mr. Chairman, I too, have a point of order that I would like to rise against this amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ARMEY. Mr. Chairman, the gentleman's amendment imposes field sanitation regulations on certain agricultural employers; mandates that the head of the Federal Department, Secretary of Agriculture, delegate the making of further rules and the investigation of violations to the head of another Federal Department, the Secretary of Labor, and renders violations of the regulations ineligible for the commodity price support.

First, the amendment does not meet the fundamental purpose of germaneness. The general rule is that the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill.

The basic purpose of this bill is to reauthorize the commodity and Farm Credit Programs and the Food Stamp Programs. Regarding the commodity price supports, the bill's objective is to bring crop price supports closer to market prices in order to make U.S. crops more competitive in the world market and additionally, as a result, to continue to protect farm income in certain ways.

There is no logical connection between the fundamental purpose of this bill and the basic purpose behind the gentleman's amendment. On the contrary, the gentleman's amendment seeks, through the vehicle of this bill, to impose substantive regulations dealing with the agricultural field sanitation standards which could now be properly issued by the Secretary of Labor under the authority of existing statutory law without directly amending the existing statutory law.

In effect, his amendment's real purpose is to establish a new, special occupational health and safety statute applicable to a limited class of agricultural workplaces. His amendment does not seek to further the legislative end of the matter sought to be amended but, rather, he is using the vehicle of the Commodity Price Support Program to simply enact his new agricultural field sanitation law and to create a penalty device to enforce it.

□ 1415

Second, his amendment does not satisfy the committee jurisdiction test of germaneness. I believe Mr. STANGELAND has explained this objection. I would concur in the remarks made by the gentleman from Minnesota.

Mr. MILLER of California. Mr. Chairman, I desire to be heard further.

The CHAIRMAN. Has the gentleman from Texas finished?

Mr. ARMEY. I have, Mr. Chairman.

Mr. MILLER of California. Mr. Chairman, on the point of order raised, let us talk about whether or not this amendment is fundamental to this legislation that was raised by the gentleman from Texas. The fact of the matter is, this is absolutely fundamental to this legislation. The purposes of this legislation are to determine the conditions and the basis on which the benefits under this program, whether it is an allotment program that we just determined here or whether it is the Commodity Program, whether it is support crisis, crop insurance, loans that are made to the agricultural community, the terms and conditions upon which these benefits will be made. This amendment says that one of the conditions upon which you will be able to participate in this program is if you provide sanitation facilities for those individuals that work for you in the harvest of those crops and enable you the ability to harvest the crops and the Federal benefits. That is a fundamental condition that this amendment seeks to address.

It is a condition that is to be placed upon the distribution of the benefits of this program. This amendment is as fundamental as are the bases for the distribution of those benefits. This bill is riddled with conditions upon which those benefits will be addressed or which those benefits will be distributed. So this adds nothing new in terms of new law. It simply provides an additional benefit. If you read through this legislation, throughout the legislation there are conditions placed upon the size of the farm, the wealth of the farmers, the kind of land they till, the kind of land they set aside, whether or not they participate, whether or not they ship their crops overseas on American bottoms or not. All of those are conditions because we do not allow billions and billions of dollars to be distributed without some say-so. So I suggest to you that is absolutely germane, Mr. Chairman, to have this condition be made a part of this legislation and a condition under the existing programs on which the benefits are distributed.

Mr. FRANK. Mr. Chairman, I desire to be heard on the points of order.

The CHAIRMAN. The gentleman from Massachusetts is recognized.

Mr. FRANK. Mr. Chairman, I hope that the several points of order that have been raised are rejected. The gentleman from California has quite clearly articulated the point at issue. What the points of order say is that the House may not condition multibillion-dollar benefits in Federal funds in voluntary programs in various ways. If the committee jurisdiction point that has been pressed is held, a very dangerous precedent is set. It would mean that if a multibillion-dollar subsidy program is brought forward and Members feel that the recipients of that particular program subsidy ought to have to abide by certain environmental regulations, if the committee bringing forth the subsidy program does not have jurisdiction over environmental programs, the House would be unable to impose environmental conditions on the participants.

The point that is being argued would say that if a committee brings forward a subsidy program to give money, no conditions outside the jurisdiction of that committee can be imposed by the House. It is a very severe limitation that is being argued on the ability of the Whole House to work its will. If this amendment were ruled in order and passed, there would still be the need for legislation dealing with this question of standards. I am a sponsor of that legislation because you would have to reach those who do not voluntarily participate. But what we are saying is, may the House say as a condition for this participation, "We are going to require you to follow those standards." And the point of order would say that one committee can give away the money, and if people want conditions which are under the juris-

diction of another committee, the issue cannot even be raised. It is a very serious assault on the ability of the House to condition various programs with various accompanying conditions because you will not always have the case, you will not often have the case where the program subsidy is under the jurisdiction of the same committee as all of the conditions to be imposed.

So I hope that the points of order are dismissed and we may proceed with this legislation on the merits.

The CHAIRMAN (Mr. BONIOR of Michigan). The Chair is prepared to rule on the points of order raised by the gentleman from Minnesota, and the gentleman from Texas with regard to germaneness, and the Budget Act.

The gentlemen from Minnesota and Texas make a point of order that the amendment offered by the gentleman from California [Mr. MILLER] is not germane to the bill. Since the amendment is in the form of a new title to be inserted at the end of the bill, the Chair must consider the relationship of the amendment to the bill as a whole and as modified by the Committee of the Whole. The amendment would condition the availability of price support and payment programs authorized by the bill upon the furnishing by certain agricultural employers of specified labor protections. While it is true that jurisdiction over labor standards for agricultural employees is a matter within the purview of the Committee on Education and Labor and while the bill contains subject matter primarily within the jurisdiction of the Committee on Agriculture, the bill, as amended, also includes provisions within the jurisdiction of other committees including the Committee on Energy and Commerce, on ethanol, the amendment of Mr. LEACH, the Committee on Merchant Marine and Fisheries which had the question of cargo preference and also the Committees on Ways and Means and Foreign Affairs. As indicated in Deschler's Procedure, chapter 28, section 4.1, committee jurisdiction over the subject of an amendment is not the exclusive test of germaneness where the proposition being amended contains provisions so comprehensive as to overlap several committees' jurisdictions.

The Chair is also aware that regulations have been ordered to be promulgated by the Secretary of Labor pursuant to existing law to accomplish the purpose of the amendment. This situation is similar to the precedent cited in Deschler's chapter 28, section 23.6, where, to an omnibus agricultural bill, an amendment prohibiting any price support payments under the bill unless such producers are certified by the Secretary of Labor to be in compliance with applicable health and safety laws was held to be germane. For these reasons the question that was raised by the gentlemen from Minnesota and Texas on germaneness will not be sustained. As far as the Budget Act point of order is concerned, the amendment involves discretionary, regulatory, and investigatory matters and does not require or provide any new direct spending or entitlement authority or payments. While the amendment may indirectly authorize the enactment of subsequent appropriations to fund the program, section 402(a) of the Budget Act, does not apply to the amendment itself.

So on those issues the Chair overrules the points of order.

The Chair recognizes the gentleman from California for 5 minutes.

Mr. MILLER of California. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we are here today considering this amendment because of an egregious situation that exists in our society. We are the beneficiaries of a farm program that historically has brought to the American consumer the cheapest food in the entire world and the greatest array of food in the entire world.

But it is not just the Farm Program that brings that food to the American table. It is not just the Safeway stores or the A&P or your corner grocer that brings that food to the American table. There is an army of agricultural workers which roams this country to provide the back-breaking labor necessary to harvest those crops. They work in conditions that none of us would accept for ourselves or for our families. They work long hours that most of us would not be prepared to work at that kind of labor. They work in temperatures which would force most of us to flee to air-conditioned buildings. They travel great distances and impose burdens upon their children that none of us would accept for our children. In some instances their children are engaged in that labor, too.

The question that we must decide here today is whether or not these people who are American citizens, who are guests of this country, who have been invited to this country, to help us with the harvest of the bounty of this Nation, whether or not we will treat them with the dignity that we would want for ourselves, our constituents, our families.

Whether or not, and this is the question, whether or not these individuals will have available to them in the fields a private toilet so that they can go to the bathroom out of the sight of their coworkers, so that they can have the dignity of relieving themselves in privacy, so that they will have clean water to wash their hands so they can continue with their labor. And should they so struggle in the hot Sun in temperatures in excess of 100 degrees, should they have, as my amendment calls for and as the labor regulations call for, reasonably cool water to drink? That is the issue. They have been promised this standard and promised this right for 13 years. But we have never ever delivered upon it as a government. We have always had a reason why it could not be done. We promised it in 1972, we promised it in 1980, we promised it in 1984, but it has never come to fruition.

Now we have an opportunity in this bill, which distributes billions of dollars, much of it the tax dollars of the very people who harvest our crops. This bill is a big enough engine to say, "If you want the benefits of this bill, you have got to provide the people who harvest those crops the dignity that we ask for ourselves."

Now let me say that we have gone through the rulemaking process, we have gone through the courts of law, we have gone through administrative hearings, and the finding by this administration is that there is a health problem that extends to this community unlike any other in the United States of America. The only place that we find comparable levels of parasitic infestation, the only place we find this kind of communicable disease, is in the Third World. But, ladies and gentleman, the San Fernando Valley, the Cochella Valley, the Imperial Valley, the Great Plain of Texas are not the Third World; they are the United States of America. These are our citizens, these are our guests.

We have stood here for weeks and patted ourselves on the back about how the American farmer and the Congress got together and provided benefits unlike anything we have seen. Well, let me tell you, come with me to the Central Valley where our guest-workers live in caves; come with me where they sleep in cars. These are not illegal aliens. I am talking about our guests, and I am talking about our citizens.

Come with me where their children spend 2 days in this school and 1 month in this school and 2 weeks in this school. They do not have anybody to take their children, they are so dedicated to the work ethic that the children end up in an automobile while the mother and father work, or the children end up in the field. Now there is a great joke that runs through this Congress that these people can go behind a tree. That is what we are telling people that provide these benefits to us, "Go behind a tree"? I do not think so. I do not think so.

Now I did not make up my mind that this was a good regulation to have. The Secretary of Labor, Mr. Brock, appointed by Mr. Reagan, made up his mind, and when he made up his mind he said not only is it a terrible problem but he said the cost of complying with this regulation will be economically insignificant to the people who

would have to provide one toilet facility within a reasonable distance, a quarter of a mile or thereabouts, for every 20 workers; reasonably cool water, water to wash the pesticides and dirt off their hands. There are 500,000 people who struggle in those fields and who do not have that benefit today. I do not believe that this Congress is so jaded that it will ignore their right to that dignity.

□ 1430

I do not believe that we will fail to follow the pattern of 13 States already that have tried to comply and move forward in extending this simple dignity.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 4 additional minutes.)

Mr. MILLER of California. This is fundamental. This is absolutely fundamental. For us to suggest now that they should wait another 18 months, which gets you through another harvest, which gets you into all of the delays that have historically riddled this problem, we cannot do that once again.

I have problems far beyond people's right to sanitation facilities. But that is not to be addressed here.

Let me just complete my remarks, to allay the fears of people here. This does nothing to extend existing OSHA law. The Congress made a decision, a decision that OSHA could not promulgate regulations or extend its authority to farming operations of 10 or less. And that is the decision that we have made. This amendment simply takes the existing authority, the existing regulations absolutely as written by the Secretary as now in the public domain, regulations that are to go into effect 18 months from now. It simply says that they will be one of the conditions upon which the benefits of this program shall be distributed. I think it is very important that we understand, because I do not want you to run and hide behind some kind of bureaucratic fumbling, because it is not there; I do not want you to run and hide because of some rationalization. I am telling you, we are talking about the fundamental rights and dignities of people we rely on, to a tremendous extent, to harvest the crops of this Nation.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. May I commend the gentleman from California [Mr. MILLER]. First of all, I applaud the ability and skill with which he has brought this matter to this present piece of legislation. But, more importantly, the time has come. I remember on other pieces of legislation through the years we have argued about this. I think the gentleman has convinced most people in Congress that today is the day in the House we resolve this problem.

Mr. MILLER of California. I appreciate the remarks of the gentleman.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Louisiana.

Mr. HUCKABY. It is my understanding that if the gentleman's amendment is adopted, it will only apply to situations where there are 10 employees or more, is that correct?

Mr. MILLER of California. That is correct.

Mr. HUCKABY. The thrust of the gentleman's amendment seems to be aimed primarily at migrant workers, and you talk about hand laborers. So surely you are not talking about tractor drivers or combine drivers?

Mr. MILLER of California. That is correct. At this point, the amendment as promulgated by Secretary Block extends purposely to hand laborers. Those are the people we are discussing.

Mr. HUCKABY. We would be excluding from this combine operators who follows the harvest,

Mr. MILLER of California. That is my understanding.

Mr. HUCKABY. And, finally, does it reach to access to subsidized water for those farmers who do not comply with this?

Mr. MILLER of California. That would be the intent of the gentleman in the well. But that is a benefit that is derived under the reclamation program and not under the Department of Agriculture. That may be another way to assure compliance should we fail here today, to get a handle.

Mr. HUCKABY. I thank the gentlemen.

Mr. DOWNEY of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from New York.

Mr. DOWNEY of New York. I want to congratulate the gentleman. I strongly support his effort.

I guess it was about 25 years ago that the CBS documentary called The Harvest of Shame brought to the attention of the American public the incredible conditions that farm workers lived in, and I felt a certain sense of poignancy because on Long Island, in Suffolk County, we had a number of farm workers who were depicted living in squalor. The sad thing was that when CBS did their followup to their documentary some 25 years later, the end result was that things had not changed for these people and that there had always been excuses offered that the States would take care of it and the localities would take care of it, that there would be somebody else that would take care of this problem.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(On request of Mr. DOWNEY of New York and by unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. DOWNEY of New York. If only we had the patience, to wait, they would be handled. Now, that, clearly, has not happened. What I would like to hear from the gentleman is, what is offered as an argument against this amendment? Is it too expensive? Will it reduce the productivity of the people who work in the fields that they would have the facilities to take care of their health? Is it the sort of thing that the States are rushing to fill the vacuum? What is the argument against this amendment?

Mr. MILLER of California. I would say to the gentleman that at one time there were those arguments, but in recent hearings those arguments have failed to carry weight. As I said, the Secretary found out there was a very substantial health problem experienced by the farm workers, that the cost was insignificant, that in fact the States had failed to fill the void they hadbeen offered the chance to fill since 1972.

I would say to the gentleman that we have not moved far from "The Harvest of Shame." Not too far from this Capitol on the Delmarva Peninsula, we find that 48 percent of the farm workers experience parasitic diseases. The American population generally experiences a rate of 2 or 3 percent. There are no real public arguments against this amendment. There are private arguments, because people would prefer not to do this. They would prefer to farm however they farm and that is convenient. But now we have so dramatically infringed upon the people's rights and dignity that we cannot as the Chamber go forward with this legislation without this kind of an amendment to it.

Mr. DOWNEY of New York. If the gentleman will further yield, I agree with him completely. This has been a blight on the American consciousness and needs to be changed. We have the opportunity to do it and we should do so in an overwhelming manner. I congratulate the gentleman.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I also want to join in congratulating the gentleman from California. In Colorado we have exactly the same problem. I think it is nationwide. There have been all sorts of documentaries exposing these horrible inhumane conditions but nothing is done. The gentleman is exactly right.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has again expired.

(On request of Mrs. SCHROEDER and by unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mrs. SCHROEDER. We have made no progress. People tend to make fun of those pushing sanitation concerns. There was an awful, awful TV ad run in our area of a cowboy pulling a portable Sanolet, making fun of the government being concerned about health standards of agricultural workers. Few mention the consumer's view point, the public health aspect, which is also important. The human dignity of the people who are working in the fields, the health standards of the people dealing with and handling food that we are all going to eat certainly make passage imperative. I do not understand why everybody is not totally for this, why it has taken so long, and I truly compliment the gentleman from California for making this amendment and putting it on the bill. Let's pass it and put our shame behind us.

Mr. MILLER of California. I thank the gentlewoman.

Mr. ROYBAL. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from California.

Mr. ROYBAL. I would like to compliment the gentleman in the well for an excellent description of the situation the way it really is.

I happen to have worked as a social worker in the field, of course a long time ago, in the 1940's, and I saw the situation that the gentleman has described. Just last year, I went back to the same territory and saw that conditions had not changed one iota. This is a public health matter that we have to address ourselves to, and this is something that should be of great consideration to every Member of this House, because let us not forget that these people are working with food that ultimately gets to the market, that we ultimately consume, and that in many instances we do not take care of washing an apple or a pear or fruit or vegetables. I believe it is a public health menace, and I compliment the gentleman from California for bringing this to the attention of the House.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has again expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 5 additional minutes.)

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Washington.

Mr. CHANDLER. The gentleman from California states that this amendment would only apply to those operations with 10 or more employees. I have carefully read the gentleman's amendment. I cannot find that citation. On what basis does the gentleman make that statement?

Mr. MILLER of California. Because the basis of which this Congress has already acted in the underlying OSHA appropriation law, which prevents OSHA from extending those regulations. Had the Secretary sought to make those regulations apply, he would have exceeded his authority under the directions of the law already passed by the Congress of the United States. I am not trying to slide one by the Members. I disagree with that decision. I voted against it. But I was on the losing end. That is the policy under which OSHA can provide its authority to agricultural entities in this country.

Mr. CHANDLER. The gentleman's amendment, if the gentleman will yield further, does not address that 10 members.

Mr. MILLER of California. It does not address it because the amendment has to be drawn exactly along the lines of the draft regulations that were written by the Secretary of Labor. It was not my business to fool around with underlying labor law. But I can asure the gentleman that that is the current law of the land, and there seems to be little likelihood that that will change. That is the current law under which OSHA derives its authority.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield on that issue?

Mr. MILLER of California. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I am concerned about this issue also. If my memory serves me correctly, that amendment affects only OSHA funds and states that no moneys appropriated to OSHA shall be used to enforce regulations on business with 10 or fewer employees. I am a little bit confused as to who would administer the regulations proposed by this amendment. Is it not the Department of Agriculture that would administer the program, rather than the Department of Labor?

Mr. MILLER of California. Under the regulations as promulgated and the language of my amendment, it is provided for the Department of Labor to be responsible for enforcement, and it is clear that we understand the nature of the limiting amendment.

Mr. JEFFORDS. If the gentleman will yield again, I would like to read it the way that the gentleman in the well does, but I cannot read it any way other than you cover one and more and not 10 or fewer. But we can have a disagreement on that.

Mr. MILLER of California. Mr. Chairman, if I can just conclude, and I will, to allow other Members to speak. The gentleman from California [Mr. ROYBAL] raised the issue of public health. Let me say that throughout these documents and the publication of these amendments in the Federal Register, the Secretary constantly goes to the issue of disease and the spread of communicable diseases throughout not only the farm worker community but also throughout American society generally. The Secretary has said that the decision to issue regulations covering all farmworkers is an essential way to stop the ability of these diseases which we find so prevalent in the farming community from spreading throughout that community. It is, quite correctly, a public health argument with respect to sanitation of these workers.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I reluctantly rise in opposition to this amendment. I certainly agree with the intent of the amendment offered by the gentleman from California, but I think that we need to have adequate sanitation for fieldworkers. As the gentleman knows, I joined him and some three dozen other Members in writing to Secretary of Labor Donovan urging adoption of field sanitation standards. However, I am not convinced that we need a single Federal standard. This is especially so in the case of the standard being proposed which is, to my mind, a deficient one.

In addition, the nature of these deficiencies and their remedies are not entirely clear. The gentleman has chosen to bypass the normal committee process, so we are really not sure who is going to administer provisions.

I would also point out that the Secretary of Labor has let it be known—and I have talked to him personally about this because of my concern—that he intends to hold the proposed regulations in abeyance for 18 months while he examines the operations of the field sanitation rules that 12 States have enacted. I would point out that a lot has happened since the time of the horror stories which prompted efforts to take care of these problems.

The Secretary has given his word that he will monitor what is happening with respect to the enforcement of those State programs and if, at the end of 18 months, satisfactory compliance with our own standards is not evident or if the standards appear to be inadequate, he will then impose uniform regulations.

Now, there are reasons not to have uniform standards. We have migrant workers in my State, but only for 2 months each year to pick apples. Such a circumstance might lead to a whole different way to handle sanitary problems than, say, in the State of California, which has lots of different types of crops.

Therefore, I think that it would be better to have, as the Secretary of

Labor wants, flexibility for the States to do what they each need.

I would also point out that I do not believe that there are any sanctions in this bill that mean anything at all. The sanctions upon which the amendment relies do not appear to make clear who would enforce the law. If you read the amendment, it points to the use of cross-compliance, as we do in the conservation programs. But if you look at the crops for which you could have cross-compliance, they are mainly machine-harvested. The only one that might possibly be affected by this would be the cotton program.

□ 1445

Certainly you do not harvest soybeans or wheat by hand. Since the amendment applies to fieldworkers who hand-harvest crops, most crops would not be affected by this amendment.

In addition, it appears that families could be affected by this proposal. For all these reasons, I think that it would be better to allow the normal committee process to work, or to allow the Secretary of Labor, who is committed to ensuring that we have good sanitation available to our fieldworkers, proceed on course.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I think the gentleman's argument is sincere. Let me just say on the issue of 10 or under, the regulations specifically delegate the enforcement of this to the Secretary of Labor, and that goes directly to the issue which the gentleman has raised.

On the question of the Secretary of Labor, and I cast no aspersions upon the Secretary of Labor; none whatsoever. But I have to be a little jaded, and I would have to believe that farmworkers are a little jaded, because 22 years ago we started hearings on this subject. Thirteen years ago we awaited the issuance of these standards.

In 1978, we issued an 18-month delay. In 1980, they asked for another 40 months. In 1981, they said it would take 34 to 39 months. In 1982, we are asked to wait an additional time. In 1984, there was going to be a good faith effort within 15 or 18 months.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. JEFFORDS] has expired.

(On request of Mr. MILLER of California and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 1 additional minute.)

Mr. JEFFORDS. I continue to yield to the gentleman.

Mr. MILLER of California. We have the assurances of the Secretary of Labor that he will go forward with issuing the regulations, and yet we now find that we have another 18-month delay. I just suggest to the gentleman that we cannot treat these individuals like that. I know how the gentleman has voted on similar-type programs; he has been an ardent supporter. I just suggest we can deal with this subject through this legislation and deal with it now on a fair and equitable basis. These regulations have been subject to 13 years of hearings and suits and what have you, and there now has been a court-enforced agreement to arrive at these regulations.

I just think that the concerns which have been raised legitimately during this debate have been addressed already in this process.

The CHAIRMAN. The time of the gentleman from Vermont [Mr. JEFFORDS] has again expired.

(By unanimous consent, Mr. JEFFORDS was allowed to proceed for 1 additional minute.)

Mr. JEFFORDS. I would respond by saying that, during that period of time, a member of States have come forward—many of them with the greatest problems—and have enacted their own regulations which, hopefully, will take care of these tremendous problems.

Lastly, I would say that Secretary Brock has convinced me that he is absolutely committed to doing what he says on this matter and that he is not delaying implementation of these regulations.

Mr. MARTINEZ. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California [Mr. MILLER].

Mr. Chairman, in one respect I am amazed that this is necessary at all. But then I have come to learn over these many years what to expect and what not to expect with regard to regulations and protections for our Nation's farmworkers.

Very recent history has it that the Federal Occupational Safety and Health Administration refused to enact a rule requiring employers of 10 or more farmworkers to provide water and sanitary facilities. Rational thought might insist that there are reasonable explanations for such an action, that there are logical reasons why, according to the New York Times, fewer than one-half of the Nation's farmworkers have access to potable water to quench their thirst, that up to one-fifth have no place to rinse off their hands of poisonous pesticides, and that more than a third of America's farmworkers use a ditch for a toilet. And I wonder if changes would occur more quickly if it were our families, our husbands or wives, sons or daughters who were subjected to this kind of indignity.

Maybe it's that this is so shocking to our sensibilities that we disbelieve these realities and search for reasons why this one segment of America's work force has not yet been brought in to the 20th century in regard to health and safety standards in the workplace.

I submit to you today that these reasons are nonexistent. There are no acceptable explanations for this lack of respect. Sanitation in the workplace is a requirement for all other places of employment both public and private. We, in Congress, have seen fit to supply drinking water and sinks for washing, and I am confident that Secretary Brock, working in the Frances Perkins Building, has provided toilet facilities for the employees over there. There is no valid excuse for not enacting these regulations. There is no valid excuse to continue to deny these basic rights to farm laborers just as there is no excuse for not now passing this amendment.

The hazards of poor sanitary regulations are well documented. A recent Johns Hopkins University study has shown that due to the primitive working conditions, workers suffer high rates of infectious, parasitic and toxic diseases. Compared to other Americans, farmworkers are 7 to 26 times more likely to fall prey to parasitic diseases, 9 to 85 times more likely to experience diarrhea. The chances of developing skin rashes are five times greater and illness due to chemical exposure is three times greater.

So what is it that stands in the way of this glaring abuse of human life? Surely not the farmworkers, and not even the organized farmers groups stand strongly opposed to Federal imposed sanitation regulations. It is the administration, with its penchant for removing Federal regulations from the workplace, that continues to insist that labor and management settle this among themselves.

But I am here to tell you, in case you didn't know, only 2 percent of America's farmworkers are organized, 40 percent of them are living below the poverty level. This is no equal match for negotiation. I urge my colleagues on both sides of the aisle to vote in favor of this amendment and thereby vote in favor of the Nation's farm laborer, in favor of sanitary working conditions, and in favor of human dignity.

Mr. ROBERTS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to simply make the statement that my colleague from California is a recognized champion in behalf of farmworker rights and I associate myself with the remarks made by my various colleagues who have very clearly stated that it is a given that we must progress in this field. That is not why I am rising to comment on this particular amendment.

I am still confused over the 10-or-less business. It has been my experience in the past at least that in repeated annual riders to the various spend-

ing bills we have around here, the appropriations bills, that Congress has prohibited the coverage of OSHA to farming operations with 10 or less. The reason was very clear, I would say to my colleague from New York, Mr. DOWNEY, and the gentlewoman from Colorado.

Back in the 1970's OSHA and the folks who were associated with that whole agency effort became a synonym for big Government. I can remember very well a field inspector from OSHA coming out to farm country and telling us that we would have to have the infamous "potty toilet" every fourth of a mile. I know one rancher just asking if he could get him a Holiday Inn franchise instead. I do not mean that to just poke fun at this, but that is how far some of their efforts went.

I remember a personal case of a canvas webbing plant up in Colby, KS, in my district, where a field inspector thought he was in one town; he was not in that town, obviously, so he stopped there. He inspected a stamping machine. The stamping machine was built for a person who worked for the canvas webbing plant with one leg, and he fined him for having the stamping machine on the wrong side, and he said, "You know your employee could lose a leg," he said, "He already has, that is why we built it that way."

All up and down the pike we had that kind of a situation where OSHA became a synonym of big Government. We do not want to go down that road again. Is the gentleman telling me that with 10 or less, is that dealing with a normal kind of amendment that we used to make around here in regards to the appropriations process, or is it specifically 10 or less?

I yield to the gentleman for his response.

Mr. MILLER of California. If the question is, where does the limitation on the OSHA authority derive itself from, it is a limitation on OSHA's appropriation that they shall not expend any money for that purpose.

□ 1455

The gentleman quite properly and, I think, correctly and accurately outlines the history of what took place in those events. I happened to be out in Iowa one time campaigning for a former Member of Congress who supported those efforts, and it became very clear that the original efforts in this area were not only controversial but unacceptable. I think that is the pattern that has led us to this point where we are now under basically a court decision or regulations agreed to by all parties. I respect what the gentleman has said. I heard much about it at one time.

Mr. ROBERTS. Mr. Chairman, if I might reclaim my time, I am going to associate myself with the remarks made by the gentleman preceding me, the gentleman from Vermont [Mr. JEFFORDS], who is very much worried about under whose authority this is, simply because in the history of this legislation that we tack on various riders to the appropriation bills, I do not think is that much of a protection.

If I could ask the gentleman, the amendment uses the threat of making agriculture employees ineligible for commodity program benefits if these regulations are not followed. That is the stick that you use in your amendment. But the great majority of the hand-labor-intensive farming operations—I am talking about nuts and fruits and vegetables—are not covered by these program crops. Where do we get the enforcement?

Mr. MILLER of California. Mr. Chairman, I would say to the gentleman that under section 21(A), which is the nexus that got me to the agricultural bill, there is 21(B), which says: "Any agricultural employer shall provide the following agricultural employees engaged in hand labor," and then it goes through the regulation. Over in the second column, under (E): "The Secretary of Agriculture shall delegate the making of rules to carry out this section in the investigation of allegations to the Secretary of Labor."

So the Secretary of Labor has the ability to provide enforcement procedures, and, by the same token, does not have the ability to provide for enforcement for farms of 10 or under. So that is the reason we have done that, so that they still have the ability to provide for civil penalties.

I notice the gentleman is shaking his head. Let me say that after 22 years, you have to do the best you can, but I am trying to assure the gentleman in his concerns that we are playing straight football here. I am not trying to run one by. I am not trying to get past the 10 or fewer, and I appreciate his concerns. I also appreciate his concerns about whether or not we are really able to address the hand labor of fruits and vegetables.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

(By unanimous consent, Mr. ROBERTS was allowed to proceed for 2 additional minutes.)

Mr. ROBERTS. Mr. Chairman, I want the gentleman to make a first and 10, and the play he has called might be an end-around, and my main concern is who gets clipped in the process. If we could all make an agreement in regard to farmworker safety without getting the dreaded OSHA—hydraheaded, whatever he was—reared again, that is what I am for.

Mr. MILLER of California. Mr. Chairman, if the gentleman will yield, I would say that he has been sitting next to the gentleman from Massachusetts [Mr. CONTE] too long with that kind of speech. But that is fine.

Mr. ROBERTS. Mr. Chairman, let me just say that the Secretary of Labor had required that States establish within 18 months suitable guidelines to provide for these very kind of things the gentleman is working for, adequate sanitation and the drinking facilities. Now, it is my understanding at least that there has been some progress made, that 13 States have already done so, and that these same 13 States cover approximately 70 to 80 percent of the migrant or seasonal work force.

Am I in error in that?

Mr. MILLER of California. The gentleman is factually correct. Since 1972, 13 States have moved in this. I would have to say to the gentleman that one of the reasons we now are faced with Federal regulations is that most of those regulations have been less than adequate, and certainly the lack of enforcement is well documented. That is why we are here today. That has continuously again been used as an argument, so that today is never the right time.

But some States, including my own State of California, have made that effort. However, again, after all the testimony and all the lawsuits, there is an agreement that that has been less than adequate.

Mr. ROBERTS. All right. Hand labor operations: Are we talking about custom-cutting operations here now?

Mr. MILLER of California. Not in the neck of the woods the gentleman comes from, but in my area you would custom-cut broccoli and asparagus.

Mr. ROBERTS. But if you gave that authority to the Secretary of Agriculture and then, in terms of civil penalties, to the Secretary of Labor, could they not, by some executive decision by one of the folks over there at OSHA, certainly deem that the custom-cutter would be involved in this?

Mr. MILLER of California. That is the problem they got into the last time with their attempts to extend it.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. ROBERTS] has expired.

Mr. MORRISON of Washington. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I respect the gentleman from California and his arguments on behalf of this amendment, but I do have to express some concern. At least in the Agriculture Committee, we have had no hearings at all with respect to this particular proposal, and this is an amendment to the farm bill.

When we look at those people who have been discussing this and have been holding hearings for a number of years—they referred to at least 13

years, perhaps more—and go through three administrations of both political parties, we find that the decision has been made through those years that this area does not require Federal intervention. That is a decision that has been made by both political parties.

I think now we should give credit to Secretary Brock. I have met with him, and many other Members have as well. He is new in his job, and he has a commitment. He has made a very positive decision to give the States 18 months to demonstrate progress in field sanitation or the Department of Labor will use existing authority to issue regulations. So there is no emergency situation to require money for their involvement during these next 18 months, and there is a very positive commitment there.

I would like to ask the gentleman from California if he would listen to some words shared with us by the Department of Labor. I would ask the gentleman from California [Mr. MILLER] if he would listen to these words from the Department of Labor itself:

Because the Labor Secretary would be promulgating health and sanitation standards in conducting investigation solely under authority of the farm act—

As proposed in your amendment—

any appropriation needed by the Secretary to carry out such activity would have to be provided from funds available to carry out that farm act. This being the case, the Department would not be bound by any Labor Department appropriation and regulations which may otherwise apply and limit OSHA's standard-setting or other OSHA activity in this subject area.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, that just simply is not true. We clearly know that this Congress has the ability to give them money to enforce it, if we want to, and it is within the enforcement area. We delegate that enforcement to the Secretary of Labor. It is not if he should desire.

I understand what is going on here. The gentleman has a letter from the Secretary of Labor. The Secretary of Labor is jumping up and down downtown about this effort, but I suggest that that letter has no credibility in light of the amendment as currently drawn and before the Members of this Congress.

Mr. MORRISON of Washington. Mr. Chairman, reclaiming my time, I believe the letter does have some credibility.

Mr. MILLER of California. It does not.

Mr. MORRISON of Washington. The gentleman is making the point that this automatically excludes these farms of 10 employees or less, and I think the point has to be made that it does not automatically exclude those. I do not see that written anywhere. Some of us have that concern, and I bring this out only because I think it is a valid argument that the gentleman's amendment does not clearly apply OSHA enforcement standards to this particular provision.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. MORRISON of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, if an amendment were adopted that made it clear that this did not apply to employees of less than 10, would that make the gentleman in support of such an amendment? I ask the question because I have such an amendment. I would caution the gentleman not to condition his opposition on something that is about to be cured if he intends his opposition to outlast that condition.

Mr. MORRISON of Washington. I think my comments in this case are based on the fact that one of the points of contention is what people are covered. As to some of the Representatives here, if you exclude the small farms, then perhaps you would get support for the amendment. In the case of many of us, we, of course, feel that the penalty would apply to crops that do not relate to the hand-harvested crops. That is our concern.

Mr. FRANK. If this covered less than 2 or covered less than 100, or if it were less than 10, that would not affect the gentleman's oppostion?

Mr. MORRISON of Washington. I think we need to clarify the point that OSHA's standards do directly apply just as a result of the wording of the gentleman's amendment. I am concerned that this amendment would basically have two or three effects.

First of all, it embarrasses the Secretary of Labor, who has demonstrated political courage on field sanitation, and I think he deserves our support. Also I believe it harasses the small family farmer who usually employs his wife and family and neighbor to help gather the crop, and I think that is unnecessary.

I have one other point that I think has not been made at all, and I think it is significant. The Secretary of Labor has allowed 18 months for these States to get their acts together, and by passing this amendment we take away the pressure that Secretary Block wants to apply to the States to deal appropriately with this issue. Thirteen States, as we have heard, have acted, and I think the Department of Labor has appropriately started the clock to force the States to act responsibly.

Mr. Chairman, I oppose this amendment and urge my colleagues not to burden this farm bill with this questionable provision, even though its motives are probably in the best interests of all Americans.

Mr. Chairman, I yield back the balance of my time.

□ 1505

Mr. GAYDOS. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

On the point, Mr. Chairman, of Secretary Brock, about his embarrassment and what he is going to do in this very highly complicated and controversial field, let me say this. He has been a Member of Congress. He has been around for quite some time. I would not worry about his embarrassment. He is a big man.

I do want to commend him on the floor in the RECORD, that he had the courtesy to call me. I had a meeting with him and with the gentleman from Washington [Mr. CHANDLER] and both of us were told aforesaid what his position was going to be as far as the standard was concerned, that he was going to postpone it for 1½ years, hopefully for the States to enact proper legislation. For that I am thankful.

Others in the House and some of my colleagues have not seen fit to inform me of their actions and they might have been surprised because I might have been in full cooperation with them; but I have gone through the Secretaries and most of the time alone, gone through all the Secretaries. I have gone through all the Secretaries from Morton Corn, Eula Bingham, Robert Rowland lately, Thorne Auchter, and all along and now we have Brock. We always brought the subject up and we did have misleading commitments made.

At this time I find it in good conscience, yes, I am in accord with the amendment. Yes, I think it should be passed and, yes, it has been far too long to cure a very, very evil situation; but on the other hand, I have some great concern and reservation, because every committee chairman in particular, and the committee in general, has an obligation to defend and support its committee jurisdiction. For that particular element, I have much reservation.

The desperate and demonstrated need for this Nation's nearly 4 million workers to have fundamental work place sanitary facilities, which most of the work force does enjoy, which under the Occupational Safety and Health Act of 1970 was guaranteed to roughly 80 or 100 million workers and all other American workers, and these workers do not have them. These things force me in good conscience, even under the circumstances which I

alluded to, to rise to offer my support for this amendment.

Now, must our country's farmers continue to face the indignity, and as pointed out by other speakers, the inconvenience, and yes, at times the pain of doing without basic facilities, toilets, hand washing provisions, even drinking water, as distinguished from a cup and from a common drinking source, and at the same time suffer from higher incidence of disease.

The facts are very, very clear. I do not like to admit to the facts, but they are clear and the facts were alluded to, that 3.5 times more as far as farm workers are concerned are more likely to suffer from urinary tract infections than the general population in this country and other workers generally, and 3.8 times a higher percentage rate for skin infections, as was pointed out by one of the prior speakers, and over four times greater for heat-related illnesses.

Everybody knows that the gastrointestinal and parasitic infections are 25 times plus, and it is all because they do not have simple drinking facilities and toilet facilities.

I can tell you, the problem was discussed in depth many, many times, by all the Secretaries and all of them, without exception, admitted to the facts, wanted to do something about it and they did not do anything about it.

I am just talking about adopting a simple standard.

The committee has been frustrated, so I have split emotions with the maker of this amendment. I am in great sympathy with him; but on the other side, the jurisdiction keeps bothering me.

Now, here are my concerns. First, I am concerned that we are subverting the committee and the subcommitte system, and for that I hope we have some assurance.

In fact, a bill that provides for these same standards which we are considering today was introduced on September 9 and was referred to the Subcommittee on Health and Safety September 24, and it is quite obvious that I and the committee just do not have the time to consider that bill as of this time.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from Massachusetts.

Mr. FRANK. Well, I want to thank the distinguished chairman of the Subcommittee on Labor Standards. He has been dedicated.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAYDOS] has expired.

(At the request of Mr. FRANK, and by unanimous consent, Mr. GAYDOS was allowed to proceed for 1 additonal minute.)

Mr. FRANK. Mr. Chairman, will the gentleman continue to yield?

Mr. GAYDOS. I yield to my colleague.

Mr. FRANK. The gentleman has been a model in this area. I am the sponsor of the bill to which the gentleman alludes. I have no criticism and certainly nothing here is intended as any criticism. The gentleman has been moving expeditiously. He has been gracious with his time with me. We have talked about how to proceed with this.

Even if this amendment is adopted, as I hope it will be, that will not obviate the need for action by the legislative committee under the gentleman's amendment.

As has been made clear, this is conditional. This covers people who are in certain programs and it covers people who are not in the program. We have other problems with it. It is a first step. It is not comprehensive in the way that we would like it to be.

So I would hope that we would get this through and we would then have that need for the underlying legislation that the gentleman is talking about.

I do not regard this in any way as competitive or as a substitute. It is a first step.

The gentleman's subcommittee has the jurisdiction. The gentleman is knowledgeable about this and we will still very much need that work; so I know it is the intention of the author of this amendment, it is my own intention as the author of the bill, to continue to benefit from the leadership of the gentleman from Pennsylvania on this issue.

Mr. GAYDOS. Well, I thank my colleague for his statements.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAYDOS] has again expired.

(By unanimous consent, Mr. GAYDOS was allowed to proceed for 2 additional minutes.)

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from Washington.

Mr. CHANDLER. Mr. Chairman, I thank the gentleman for yielding.

I would like to say that the chairman of the committee on which I serve as ranking member did exactly as he reported to all of us today in my presence with the Secretary of the Department of Labor.

I think in large part the reason we have made the progress we have is because of the leadership of this gentleman.

I would like to ask the gentleman if this amendment were to be set aside today, does the gentleman commit to hearings, expeditious consideration of the matter, and perhaps in some form or another passage of this measure from his committee?

Mr. GAYDOS. I want to respond that I am in support of the amendment, but to respond specifically to the question propounded by my colleague on the subcommittee, yes. I have no reservation. I am glad that the legislation has been introduced and we would have introduced it, but there had been some extenuating circumstances in the past.

We kept getting these formal and informal promises from each succeeding Secretary and none of them acted.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. Yes; I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman for yielding.

None of us have any question of the gentleman's intent to move expeditiously and really to do something.

Part of the problem has been that OSHA has had a vacancy and the Labor Department has had vacancies, so that has been part of the problem.

The point I simply would like to make is this, that while I am not surprised to have the reaffirmation by the gentleman from Pennsylvania that he wants to move with this bill, we have the other body to deal with. I am afraid that what would happen is that we would have this bill come out of the subcommittee, come out of the committee, would pass this House, and it would disappear somewhere as it moves a little bit further north.

What we have with this agriculture bill is a piece of legislation that has some multibillion-dollar appeal to a few people in the other body; so by attaching it here, I think we get more assurance from the other body that it will go.

It will then be, once it is part of the law, the jurisdiction of this committee to do it in the comprehensive way that the committee of full jurisdiction can. This is a two-step process.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GAYDOS] has again expired.

(By unanimous consent, Mr. GAYDOS was allowed to proceed for 3 additional minutes.)

Mr. GAYDOS. Mr. Chairman, it is reluctantly that I have asked for 3 additional minutes.

Let me respond before I yield that I think the gentleman accurately states the situation and that is what the reservations were that I alluded to just a second ago.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I just would like to say again on the question of the gentleman's attention to this matter, I have

been in the Congress for 11 years and have served on the gentleman's subcommittee up until the time I joined the Budget Committee. The gentleman has been most diligent on this subject. That is not where the problem comes from and there is no intent by this gentleman to erode the jurisdiction of that committee or that subcommittee, to which I plan to return after the Budget Committee. That is not where the problem has come.

I think what is clear is that we cannot cure the problem that exists in this country today with another hearing. What we need is a change in the law. We need the rights extended to these people, as the gentleman has tried to do year after year without support from the administration.

I think we are at a point now where we can do that and we need to come back and make sure that it does not in any way jeopardize the farm community.

Mr. GAYDOS. I thank my colleague for his statements.

I do want to put this on record. I am a little concerned about splitting the jurisdictions here between the Department of Agriculture and the Department of Labor; but I think that can be cured. It is not a serious schism. I just do not want to find myself and this committee in a position as we did when we had the Mine Act, where we had a difference between the Department of Labor and then the Department of the Interior and we had a difficult time amalgamating that act. That is what bothers me, but I am assured that is not going to be the situation, so I continue to have very strong support for the amendment.

Mr. Chairman, let me conclude by saying this. I want to be quite specific to my colleagues. This is based upon years of dealing with the act. The problem is not with the design and structure of the act. It is with the administration of the act. We have experienced that time and time again. We have been getting insincere commitments from our various Secretaries. That is what has necessitated this amendment. That is why I am supporting the amendment. I ask my colleagues to support the amendment.

Mr. NIELSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my former colleague on the subcommittee.

Mr. NIELSON of Utah. Mr. Chairman, as a former member of the Health and Safety Committee and also a member with the gentleman from Massachusetts, Mr. BARNEY FRANK, of the Government and Housing Subcommittee of the Government Operations Committee, I would like to say that there is more than one jurisdictional problem. The Health and Environment Subcommittee of the Energy and Commerce Committee has considered such a bill twice in the last 2 years, so you may have another committee to deal with, not just one, probably all three committees.

Mr. GAYDOS. Well, I hope that the committee experience will be sufficient to handle the problem. We just have had commitments here for a lot of assistance that I think will take care of it.

Mr. NIELSON of Utah. Well, if the gentleman will yield further, I cannot speak for the gentleman from California [Mr. WAXMAN], but I am sure the gentleman will cooperate.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with great reluctance that I rise in opposition to the amendment, reluctance because this issue is so ridiculous that it does not deserve comment.

First, we had "sodbuster," which was based on the denial of program benefits to farmers who broke out additional land. Then we had "swampbuster," and now we have "crapbuster." This will deny program benefits to farmers who do not comply with having enough outhouses on their properties.

This kind of self-righteous, ridiculous, new regulation will only end up hurting the small family farms by requiring facilities placed throughout the landscape of America, rural America, that will not even be used. WPA days all over again only this time the farmer pays.

And who is affected by this amendment? Well, I do not think that we can really say who will be affected by this amendment, because there were no hearings. No studies have been done, either in the Agriculture Committee or in the Education and Labor Committee to determine who is affected.

Now, how would it be enforced? Are we going to send OSHA agents scampering through the fields to spy on every farmer to see if he has enough toilet paper for every Porta-John, or maybe we will send out a typical bureaucratic 15-page questionnaire to every farm and ranch to find out how many one-seaters they have.

Let me be the first to say, Mr. Chairman, that I do not want Big Brother looking over my shoulder while I or my employees use the outhouse.

I will tell you how it will be enforced. Some Legal Services lawyer, and this is again another make-work project for attorneys, who has never been on a farm in his life, will file a suit against some poor farmer who cannot meet the 150 pages of regulations that will no doubt be written as a result of this amendment. This farmer hires additional laborers for 3 weeks out of the year that he harvests these crops and for that 3 weeks each year he is supposed to spend thousands of dollars to dot the landscape with outhouses.

Now, never mind that local ordinances may in fact prevent the placement of outhouses in some of these areas; never mind that some of the ordinances that we have prevent using facilities, having outhouses, that do not have plumbing, and I am talking about drain fields and septic tanks, and so forth.

We have the question, of course, how wide, how high, what color, and how costly each of these outhouses should be. This is probably covered by local ordinances; but we do not know how costly this will be, because we have never had a hearing in the Agriculture Committee to determine that or how it would affect local ordinances.

Some of my colleagues say, well, this would not impact the smaller operation, the one- and two-man operation. I want to say that is not so.

I wonder if the authors of this amendment have ever been on a farm. Do they actually think that farmworkers will walk a quarter of a mile just to use the facilities? As a producer who has been in the farming and ranching business for over 32 years, let me tell you that this just is not going to happen.

□ 1520

The old adage of you can lead a horse to water but you cannot make him drink applies in this case. You can put all the outhouses in the world out there and they are not going to use them if they are more than a quarter of a mile away, or even if they are right next to them in the field.

The gentleman's amendment says that the toilet and hand-washing facilities must be within a quarter of a mile of the employee's workplace or the closest point of vehicular access. In other words, I have to provide a Porta-John when I send a man out to mend fence. Yes, I have to have that guy out there mending fence and I have to have that Porta-John out there somewhere within the proximity of where he is working. That means that I am going to have to have a pickup truck go out there to the nearest vehicular access or else I am going to have to have a horse pulling this outhouse, or have it placed on this horse and have it somewhere near where this fellow can have access to that sanitary facility. Pretty soon it becomes not me and my horse mending the fence; instead, it becomes me and my horse and my outhouse, and those who are involved in providing the sanitary facilities mending the fence. It will soon look like a Lawrence of Arabia production.

The CHAIRMAN. The time of the gentleman from Montana [Mr. MARLENEE] has expired.

(By unanimous consent, Mr. MARLENEE was allowed to proceed for 2 additional minutes.)

Mr. MARLENEE. Mr. Chairman, these are ridiculous regulations. They are not in touch with reality.

Let us go to the reason that the amendment is being offered. Let us get down to the facts. Is it because nobody is doing anything about the national farmworker toilet shortage? No, that is not the case. Thirteen States already have laws on the books dealing with this very question. Many of these States have been working on this matter for as many as 15 years.

According to the Farm Bureau, 80 percent of the workers have been targeted. In other words, they have addressed this problem on a State basis and it is a States' rights problem, a local ordinance problem, if you want my opinion.

What is going to happen if we do not pass this amendment? Will this great national debate over farm crappers rage on, causing economic and political and sanitary chaos? Of course not, because the Department of Labor has already acted on this, and rejected their own proposed regulation.

Let us remember what happened when OSHA addressed the safety-with-beef-cattle problem. Here are the little gems of wisdom that came out:

The best way not to have an accident is to prevent it.

A hazard is anything that can be dangerous.

Hazards are sometimes hard to find.

Slippery floors: When floors are wet and slippery with manure, you could have a bad fall.

These are the kinds of things that OSHA is prone to come up with:

Be careful that you do not fall into manure pits.

Are these the gems of wisdom that should be commended and endorsed? We would have this same kind of activity in the crapper debate if you support this amendment.

AMENDMENT OFFERED BY MR. FRANK TO THE AMENDMENT OFFERED BY MR. MILLER OF CALIFORNIA

Mr. FRANK. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. FRANK to the amendment offered by Mr. MILLER of California: To title XXI, as proposed to be added by the amendment, in subsection (f)(2), insert "more than ten" before "paid employee".

Mr. FRANK. Mr. Chairman, I have talked to several Members on both sides of the aisle. This makes explicit what was debated before. This would make the amendment offered by the gentleman from California clearly in its terms and without exception apply only to people who employ more than 10, so that we do not have this dispute about whether or not it covers people who employ less than 10.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from California.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I agree with the remarks of the gentleman, and if this will cure people's fears, I support the amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, I rise to advise the gentleman that we think his amendment is a good amendment and hope that it will be adopted.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

Mr. Chairman, would the author of the amendment and the gentleman who offers this amendment also accept an amendment that says anybody who reaps the benefit of using the public lands, the national forests, the BLM lands, also provide the same kind of facilities within the wilderness areas, within the areas that packers and guides use, to the point where we will have outhouse facilities in all those areas? Thousands of people use the public lands.

Mr. FRANK. Mr. Chairman, I will take back my time now. The gentleman had 7 minutes.

First, I think we ought to be clear that those who objected on the ground that this might conceivably cover small farm employers have had their fears alleviated. This is now clearly not going to touch small family farmers unless the small family farmer has a rather large number of employees on his or her small family farm, so we have dealt with that.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. FRANK. No. I have yielded to the gentleman. He had his 7 minutes. I want to respond to the gentleman in general.

No, I would not accept it. In the first place, such an amendment would not be in order because we do not have the national trails before us now and we have been held to strict parliamentary standards.

Second, the gentleman's argument as he made it before seemed to me to be wholly contradictory, almost perfectly contradictory; perfect in no other form, but perfectly contradictory. On the one hand he argued that it would make no sense whatever to require toilets in the field. On the other hand, he argued that we do not need the amendment because OSHA and some of these States are already requiring them. In other words, he says 13 States are already doing this and, therefore, we do not need to do it; but second, it is impossible to do.

The fact is very straightforward. Thirteen States have done this, a large number of employees are covered, which proves that the impossible obstacles the gentleman was talking about really are not there. I understand that people think that some things are difficult. The notion that it is beyond the technological capacity of American agriculture today to put a toilet within reach of someone who needs to use one seems to me to be reaching even further than I would have expected people to reach.

What we are talking about is very simple. Should hardworking men and women, where their employers of 10 or more have within a reasonable walking distance, while they are picking food, a place to use a toilet? The gentleman said those toilets will be unsanitary in some cases. I suppose it is more sanitary to have no toilet at all and have the people simply use the field directly. He said, "What about the people who are only working for a few weeks?" Maybe there are yogas who can go out and pick for 3 weeks and 4 weeks and not have to use any facilities. I do not think we can count on those being the average agricultural employee.

I think the gentleman's arguments, as I said, were contradictory. He does not like this standard. The fact is that Secretary Brock has admitted that such a standard is a good idea. He has admitted that there ought to be such rules. What he has said is, "Yes, I think all the States ought to have it. It is practical. It is very cheap; it will not cost very much, but I am going to wait 18 months." Maybe Secretary Brock can wait 18 months but people out in the field with full bladders cannot wait 18 months.

All we are saying is, if you are hiring more than 10 people and you are getting substantial amounts of Federal assistance, have a few toilets in the field. I think that ought to be something we could easily accept.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. FRANK] to the amendment offered by the gentleman from California [Mr. MILLER].

The amendment to the amendment was agreed to.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. COELHO. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to my distinguished colleague, the gentleman from California.

Mr. COELHO. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment, as amended, and say that as someone who is from the largest agriculture State in the Union and has the most productive agriculture region in the United States, and someone who was born and raised on a farm, I think this amendment is justified and something that those of us from agriculture areas should be strongly encouraging as opposed to opposing it.

Mr. KLECZKA. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to my colleague, the gentleman from Wisconsin.

Mr. KLECZKA. I thank the gentleman for yielding.

Mr. Chairman, I also stand in strong support of the amendment. I am pleased to join with the distinguished gentleman from California in support of his amendment.

The debate regarding the issuance of field sanitation standards for farmworkers has continued for 13 years. In refusing to issue sanitation standards, the Department of Labor is turning its back on volumes of testimony which illustrate that poor sanitation among farmworkers leads to poor health. The testimony also shows that the absence of such standards has created health concerns for consumers. This inaction is unjust, callous, and indefensible.

Secretary Brock has recently announced that the Department of Labor will give States 18 months to develop and implement adequate field sanitation laws. A Federal standard will be issued only if the States fail to act on their own. This decision is unprecedented. In fact, when the Congress was debating the Occupational Safety and Health Act in 1970, the question was raised whether this act was needed, given the fact that many States had their own standards. It was decided then that the State standards were inconsistent and often ineffective. I maintain that the same is true in this debate.

A study compiled for OSHA in April 1984 shows that even though 13 States have law protecting the health of field workers, more than half of the workers have no drinking water available during the day. More than one-third of the farmworkers do not have access to toilet facilities, and 1 in 5 do not have handwashing facilities. These are not frills; they are basic human necessities.

The efforts of States should not be minimized. Given the failure of the Department of Labor to issue sanitation standards the establishment of such standards, on a State level is crucial. I commend these States, such as my own State of Wisconsin, which have been pioneers in working diligently to require employers to provide water and sanitary facilities for farmworkers.

It should also be noted that reasonable sanitation facilities for workers could be provided at a minimal cost to employers. It is estimated that handwashing facilities, drinking water, and toilets could be offered for less than 75 cents per worker day.

At the heart of debate on this amendment is the issue of simple justice and if this is burdening the farm bill, so be it. The Miller amendment seeks to protect the health and dignity of our Nation's farmworkers. There is no way to justify 13 years of history which have denied basic human dignity to these workers, and I urge my colleagues to join me in support of the Miller amendment.

Mr. DE LA GARZA. Mr. Chairman, I rise in support of this amendment. This is but a very small first step, but yet it is a moral obligation. It deals with human dignity. Perhaps the largest concentration of the so-called migrant or seasonal workers live in my congressional district. They are my friends, they are my neighbors, and I know most of them.

What we do here, in all honesty, really does not address the issue in its entirety because what we do here will not encompass the great labor-intensive fruit and vegetable area, but it is a first step. It is a first step, and we should not send the word out that "We have done it for you." We still have a ways to go.

For the past several days we have spoken about the plight of the farmer, yet you cannot separate the farmworker from the farmer. They both have problems, for in the many instances such as in the area of grains, cotton, feedgrains, and wheat, the inability of the farmer to get a price makes a problem for his worker. Although we have minimum wage standards and we have sanitation standards, the latter does present a problem in agriculture.

I wish there were a day when the farmer would get a decent price for his crop and had the resources to provide all of the health and sanitation facilities that the workers need. This, however, is a first step, and I would hope that all our colleagues will support this amendment and continue supporting the committee.

□ 1530

The dignity of the farmhand equals the dignity of the farmer, and together, hand in hand, they feed us. More often than not, now the owner of the farm is out there working with the farmhand or the farmhands in the area.

So I would hope that we would accept this amendment and then continue with the rest of the bill that we are obliged now to finish by 5 o'clock, and then give a resounding vote of support to the final legislation so that we can send out the word to farm workers and farmers that this House stands behind them. That we try and do what we can within the art of the possible. That is all we can do, and that is to try to get a consensus.

So I would hope that we would attach this amendment and then continue working toward the final passage of this legislation.

I yield back the balance of my time.

Mr. CHANDLER. Mr. Chairman, I move to strike the requisite number of words.

I will be very brief. But there is a point that has not been made.

The gentleman from Massachusetts [Mr. FRANK] said we need to do it today because it has not been done yet, so because we are in a rush, and because the gentleman from Pennsylvania [Mr. GAYDOS] has not had time to have the hearings, to pass the bill, we are going to do it wrong in the hopes that something good is going to come out of this. I cannot imagine what.

Let me point out as a member of that committee that does have jurisdiction over this issue, we have had hearings on the Occupational Safety and Health Act. We learned in those hearings that there are 11,000 chemical plants in the United States, like the one out here in West Virginia that sprung a leak and created a health hazard for thousands of people in that community.

Do you know that we have about 2,200 total inspectors, including the State programs across the United States, to inspect not just the 11,000 chemical plants, but 5 million workplaces. Now we are going to add to that the task of going out and checking to see if the farmers in MARLENEE's district have a portapottie in their fields, and that is just utterly absurd, when the very amendment that would require that has only a penalty for the people who do not even hire the kind of worker that would use the cussed things.

Please, ladies and gentlemen, let us not do it wrong. Let us allow the gentleman from Pennsylvania [Mr. GAYDOS], and this gentleman on the committee to do what we have committed to do, to hold hearings, consider this in a rational way.

I would just like to say one final thing. If the gentleman from Massachusetts [Mr. FRANK] were to go out to the fields of eastern Oregon where I grew up and announce to those kids, to those men and women all that you are doing for them, you would get a laugh like you cannot believe, for greater than anything you got here today, I assure you. There are far more farm boys standing here than city slickers.

Mr. TOWNS. Mr. Chairman, I rise in support of the gentleman from California's amendment. I don't want to take up too

much of my colleagues' time on this issue because I believe that the fundamental amenities associated with toilets in the fields for farmworkers is an issue that we shouldn't even be debating. With only 13 States with field sanitation regulations, it's obvious that the Federal Government has to act. The public health officials have found that the lack of sanitation contributes to poor health conditions for farmworkers, health conditions which are common only to the poor in Third World countries.

The Congress is forced to address this issue through the farm bill because of the inaction by the executive branch. Let's not quarrel over a basic issue of human dignity and public health. I hope my colleagues will adopt the gentleman's amendment to require farmers receiving Federal funds to provide sanitation facilities for their workers.

Mr. LOWERY of California. Mr. Chairman, I take this opportunity to discuss my vote on the Miller amendment to H.R. 2100. The amendment would implement national field sanitation standards for thousands of agricultural workers. While agreeing that sanitation measures are needed desperately in some parts of the country, I am compelled to oppose this amendment for several reasons.

Secretary of Labor William E. Brock III has given the States an ultimatum on this matter. He has given States 18 months to promulgate their own adequate sanitation standards before the Federal Government imposes a uniform set of regulations. Some States have already acted responsibly, including California, and designed their own sanitation standards. I would like to believe the Secretary and trust he will act on this matter in good faith. Accordingly, it is appropriate for Congress to yield to the Secretary's judgment.

In addition, I am hesitant to mandate a single health policy for all farm lands across the country. Different crops, contrasting field sizes, and varying labor pools all may require different standards. Therefore, I believe the States are in the best position to formulate appropriate sanitation standards depending on the farm size and composition. Indeed, as alluded to earlier, 13 States have already acted and hopefully the others will follow suit.

Finally, the chairmen of the various committees of jurisdiction have signalled their intention to give this issue complete scrutiny in an effort to fully address field sanitation facility requirements. I believe this avenue is the proper legislative course this body should follow.

For these reasons, I reluctantly opposed the Miller amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MILLER], as amended.

The amendment, as amended, was agreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. Is the amendment printed in the RECORD under the rule?

Mr. ALEXANDER. Yes, it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. ALEXANDER: Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act, with the following table of contents, may be cited as the "Farm Policy Reform Act of 1985".

TABLE OF CONTENTS

TITLE I—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT
Sec. 101. Agricultural commodity supply management.
Sec. 102. Extension of wool and mohair program.
Sec. 103. Suspension of permanent program.

TITLE II—AGRICULTURAL CREDIT
Sec. 201. Guaranteed loans.
Sec. 202. Limited resource real estate loans.
Sec. 203. Farm record keeping training for limited resource borrowers.
Sec. 204. Limitations on total indebtedness for operating loans.
Sec. 205. Limited resource operating loans.
Sec. 206. Eligibility for emergency loans.
Sec. 207. Written credit declinations for emergency loans.
Sec. 208. Purpose and extent of emergency loans.
Sec. 209. Emergency loan limitations and repayment.
Sec. 210. Subsequent emergency loans.
Sec. 211. Loan moratorium.
Sec. 212. Loan defaults.
Sec. 213. County committees.
Sec. 214. Prompt approval of loans and loan guarantees.
Sec. 215. Farm program appeals.
Sec. 216. Disposition and leasing of farmland.
Sec. 217. Release of normal income security.
Sec. 218. Loan summary statements.
Sec. 219. Family farm definition.
Sec. 220. Authorization of limited resource loan amounts.
Sec. 221. Farm and home plan study.

TITLE III—AGRICULTURAL EXPORTS AND IMPORTS
SUBTITLE A—AGRICULTURAL EXPORTS
Sec. 301. Sales to developing countries for foreign currencies.
Sec. 302. Use of foreign currency receipts for development assistance programs.
Sec. 303. Use of private trade entities to expand private economic enterprise.
Sec. 304. Intermediate credit.
Sec. 305. Minimum quantity of agricultural commodities distributed for famine relief.
Sec. 306. Multiyear agreements with nonprofit voluntary agencies and cooperatives.
Sec. 307. Disaster reserve.
Sec. 308. Processed product and fortified grain reserve.
Sec. 309. Authorization of appropriations to reimburse Commodity Credit Corporation for famine relief.
Sec. 310. Authorization of appropriations to purchase foreign currencies for famine relief.
Sec. 311. Multilateral agreements for famine relief.
SUBTITLE B—AGRICULTURAL IMPORTS
Sec. 320. Agricultural imports.
Sec. 321. Labeling imported meat.
Sec. 322. Serving imported meat.

TITLE IV—SOIL AND WATER CONSERVATION
SUBTITLE A—SOIL AND WATER CONSERVATION
Sec. 401. Training of soil conservation service personnel.
Sec. 402. Dry land farming.
Sec. 403. Local and State committees.
Sec. 404. Agricultural conservation program.
Sec. 405. Conservation reserve program.
Sec. 406. Water conservation program.
SUBTITLE B—CONSERVATION OF HIGHLY ERODIBLE LAND AND WETLANDS
Sec. 410. Definitions.
Sec. 411. Program ineligibility for production on highly erodible land or converted wetland.
Sec. 412. Exemptions.
Sec. 413. Completion of soil surveys.
Sec. 414. Conservation Reserve Program.
Sec. 415. Administrative provisions.
Sec. 416. Satisfying requirement with highly erodible cropland.

TITLE V—FOOD ASSISTANCE PROGRAMS
SUBTITLE A—FOOD STAMP PROGRAM
Sec. 501. Adjustment of thrifty food plan.
Sec. 502. Earned income deduction.
Sec. 503. Dependent care and excess shelter deductions.
Sec. 504. Calculation of income.
Sec. 505. Supplementation of allotments.
Sec. 506. Resource limitations.
Sec. 507. Personal property limitations.
Sec. 508. Food stamp information.
Sec. 509. Authorization for appropriations.
SUBTITLE B—CHILD NUTRITION PROGRAMS
Sec. 520. Summer food service program for children.
Sec. 521. School breakfasts.
SUBTITLE C—FOOD DISTRIBUTION PROGRAMS
Sec. 530. Commodity supplemental food program.
Sec. 531. Temporary emergency food assistance program.
SUBTITLE D—EFFECTIVE DATE
Sec. 540. Effective date.

TITLE VI—EFFECTIVE DATE
Sec. 601. Effective date.

TITLE I—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

SEC. 101. Effective only for the 1986 through 1999 crops, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

"DEFINITIONS

"SEC. 501. As used in this title:

"(1) The term 'acreage allotment percentage' means a percentage obtained by dividing $200,000 by the projected annual income of a producer during a calendar year in which a commodity will be harvested,

except that such percentage may not exceed 100 per centum.

"(2) The term 'commodity' means wheat, corn, grain sorghums, barley, oats, rye, upland cotton, rice, and soybeans.

"(3) The term 'eligible crop acres' means the number of acres a producer may cultivate for the production of a commodity during a crop year determined under section 506(b)(2).

"(4) The term 'normal crop acres' means the number of acres cultivated for the production of a commodity, or reduced, set-aside, or diverted under a program administered by the Secretary, during any of the four preceding crop years.

"(5) The term 'program period' means the—

"(A) 1986 through 1989 crop years;

"(B) 1990 through 1993 crop years;

"(C) 1994 through 1997 crop years; and

"(D) 1998 and 1999 crop years.

"(6) The term 'reserve' means the farmers disaster reserve established under section 510.

"REFERENDUM

"SEC. 502. (a) No later than August 1, 1985 (or as soon as practicable after the date of enactment of the Farm Policy Reform Act of 1985), August 1, 1989, August 1, 1993, and August 1, 1997, in order to determine whether the program established by this title shall be implemented during the succeeding program period, the Secretary shall conduct a referendum among producers who, during a representative period (as determined by the Secretary), have been engaged in the production of a commodity for commercial use.

"(b) If the program established by this title is approved by at least one-half of the eligible producers voting in a referendum, the Secretary shall implement such program during the succeeding program period.

"(c) If such program is not approved by at least one-half of the eligible producers voting in a referendum, during the succeeding program period, in lieu of such program, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of commodities as the Secretary considers appropriate.

"LOAN RATES

"SEC. 503. (a) The Secretary shall make available to producers loans and purchases for each crop of a commodity produced during a program period at such level, not less than the minimum support level for a commodity established under subsection (b), as the Secretary determines taking into consideration the actual cost of production of the commodity throughout the United States.

"(b) The minimum support level for a commodity during a crop year established under this subsection shall equal a specified per centum of the parity price of the commodity as provided in the following table:

"The minimum support level for a commodity during the:	Shall equal the following per centum of the parity price of the commodity:
1986 crop year	70
1987 crop year	72
1988 crop year	74
1989 crop year	76
1990 crop year	78
1991 crop year	80
1992 crop year	82
1993 crop year	84
"The minimum support level for a commodity during the:	Shall equal the following per centum of the parity price of the commodity:
1994 crop year	86
1995 crop year	88
1996 through 1999 crop year	90.

"(c) The term of a loan made under this section shall be thirty-six months.

"NATIONAL MARKETING QUOTAS

"SEC. 504. (a) The Secretary shall proclaim a national marketing quota for each commodity for each marketing year of the 1986 through 1999 crops of commodities. The proclamation shall be made as soon as practicable during each calendar year preceding the year in which the marketing year for the crop begins.

"(b) The amount of the national marketing quota for a commodity for a marketing year shall be an amount of the commodity (less imports) that the Secretary estimates will be utilized during the marketing year to meet (1) domestic demand, (2) export demand, (3) food aid requirements, and (4) carryover requirements.

"(c) The Secretary may revise the national marketing quota first proclaimed for any marketing year for the purpose of determining national acreage allotments under section 505 if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national production requirement as soon as it is made.

"(d) If the Secretary determines that domestic carryover stocks of a commodity are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national marketing quota by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"NATIONAL ACREAGE ALLOTMENTS

"SEC. 505. (a) The Secretary shall proclaim a national acreage allotment for each commodity for each of the 1986 through 1999 crop years.

"(b) The amount of the national acreage allotment for any crop of a commodity shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of farm acreage allotments will produce an amount of the commodity equal to the national marketing quota for the commodity for the marketing year for such crop.

"FARM ACREAGE ALLOTMENTS

"SEC. 506. (a) The national acreage allotment for a commodity shall be apportioned by the Secretary among farms, through local committees, in accordance with this section.

"(b)(1) To be eligible to receive a farm acreage allotment for a commodity for any crop year, a producer must complete and submit to the Secretary an application which contains—

"(A) the eligible crop acres of the producer, as determined under paragraph (2);

"(B) the projected annual income of the producer during the calendar year in which such commodity will be harvested, as determined under paragraph (3); and

"(C) the number of any bonus acres the producer requests to be awarded under subsection (f) for the production of each commodity during the crop year.

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), the eligible crop acres of a producer shall equal the number of acres a producer requests to cultivate for the production of commodities during a crop year.

"(B) The total number of eligible crop acres of a producer during a crop year may not exceed the product obtained by multiplying—

"(i) the normal crop acres of the producer; by

"(ii) 85 per centum.

"(C) If a producer earns less than 50 per centum of the taxable income of the producer from farming operations, the total number of eligible crop acres of the producer during a crop year shall, after application of subparagraph (B), be reduced by an additional 10 per centum of the total number of acres determined under subparagraph (B).

"(D) For purposes of subparagraph (B)(i), if a producer places acreage in the conservation reserve program established under section 16B of the Soil Conservation and Domestic Allotment Act, such acreage shall be added to the normal crop acres of the producer.

"(3) For purposes of this title, income shall—

"(A) include all farm and nonfarm income from whatever source;

"(B) be determined jointly for married couples; and

"(C) be determined separately for unmarried individuals living on a farm who—

"(i) are related by blood or marriage;

"(ii) are actively involved in the farming operation; and

"(iii) earn more than 50 per centum of their taxable income from farming operations.

"(c) The total farm acreage allotment of a producer for all commodities produced during a crop year under this section shall consist of the sum of—

"(1) the base acreage allotment for each commodity determined under subsection (d);

"(2) any supplemental acreage allotment for each commodity determined under subsection (e); and

"(3) any bonus acres for each commodity awarded under subsection (f).

"(d) The base acreage allotment of a producer for a commodity for a crop year shall equal the number of acres obtained by multiplying—

"(1) eligible crop acres of the producer; by

"(2) acreage allotment percentage of the producer.

"(e)(1) The Secretary shall determine the amount of any national supplemental acreage allotment for each commodity for each of the 1986 through 1999 crop years.

"(2) The amount of the national supplemental acreage allotment for a commodity for each crop year shall equal the difference between—

"(A) the amount of the national acreage allotment for such commodity for the crop year determined under section 505; less

"(B) the sum of the base acreage allotments of all producers for such commodity determined under subsection (d).

"(3) The supplemental acreage allotment of a producer for a commodity produced during a crop year shall equal the number of acres obtained by multiplying—

"(A) the difference between the eligible crop acres of the producer for such commodity and the base acreage allotment of the producer for such commodity; and

"(B) the percentage obtained by dividing—

"(i) the amount of the national supplemental acreage allotment for such commodity determined under paragraph (2); by

"(ii) the total of all supplemental acreage requests for such commodity determined under clause (A).

"(f) If the Secretary determines that the total amount of base and supplemental acreage allotments for a commodity for a crop year determined under subsections (d) and (e) would not produce an amount of the commodity equal to the national marketing quota for the commodity for the crop year determined under section 505, the Secretary shall award to each producer who requested bonus acres under subsection (b)(1)(C), in equal amounts, bonus acres for the production of such commodity which, in the aggregate and in conjunction with such allotments, would result in the production of an amount of such commodity equal to such national marketing quota.

"(g)(1) Except as provided in paragraph (2), a producer may plant one or more commodities (in the producer's discretion) on acreage permitted to be cultivated under a farm acreage allotment issued under this section for a crop year.

"(2) A producer may not increase the amount of acreage used for the production of a commodity during a crop year by more than 20 per centum over the amount of acreage used for the production of such commodity during the preceding crop year.

"(3) In order to permit the Secretary to issue marketing certificates under section 507, a producer shall inform the Secretary of the number of acres the producer will use for the production of each commodity during each crop year.

"(h) If the normal crop acres of a producer becomes available for any reason, such normal crop acres shall revert to the Secretary and be reapportioned by the Secretary to the next operator of the farm.

"MARKETING CERTIFICATES

"SEC. 507. (a) At the time a producer is assigned a farm acreage allotment under section 506 for any crop year, the Secretary shall issue marketing certificates to such producer for each commodity to be produced during such crop year.

"(b) Except as provided in subsections (c) and (d), a marketing certificate issued to a producer for any commodity for any crop year shall authorize such producer to market, barter, or donate an amount of such commodity determined by multiplying—

"(1) the number of acres the producer informed the Secretary the producer will use for the production of such commodity during such crop year under section 506(g)(3); by

"(2) the higher of—

"(A) the county average yield per acre for such commodity; or

"(B) the farm program yield of the producer for such commodity (as provided in section 508).

"(c) The Secretary may adjust the amount of a commodity which may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity which may be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If the amount of a commodity produced in a crop year exceeds the amount of the commodity which may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be—

"(1) used for feed, human consumption, or other purposes on the farm of the producer;

"(2) stored during the current marketing year and marketed under a marketing certificate issued for the subsequent marketing year;

"(3) donated to the Commodity Credit Corporation in order to be made available to provide famine relief and assistance to other foreign countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(4) sold to the Commodity Credit Corporation, at no more than 50 per centum of the loan level for such commodity determined under section 503, in order to be made available to provide such famine relief and assistance.

"(e) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate.

"FARM PROGRAM YIELDS

"SEC. 508. (a)(1) The farm program yield for each crop of a commodity shall be equal to the sum of—

"(A) the average yield established for the farm for the five most recent crop years, excluding the year in which the yield was the highest and the year in which the yield was the lowest, adjusted by the Secretary to provide a fair and equitable yield; and

"(B) the average amount of such commodity received from the farmers disaster reserve established under section 510 during the three crop years used to determine the average yield for the farm under clause (A).

"(2) If no payment yield for such commodity was established for the farm in the five most recent crop years, the Secretary may determine such yield as the Secretary determines fair and reasonable.

"(b) Notwithstanding subsection (a):

"(1) In the determination of yields, the Secretary shall take into account the actual yields demonstrated by the producer to the satisfaction of the Secretary.

"(2) Neither such yields established for a commodity nor the farm program yield established on the basis of such yields shall be reduced under other provisions of this section.

"(c) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the base period, or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year concerned.

"(d) If national, State, or county program payment yields are established, the total farm program yields shall balance to the national, State or county program payment yields, respectively.

"CONSERVATION OF SET-ASIDE ACREAGE

"SEC. 509. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the producer which the producer is required to set-aside under section 506.

"(b) The Secretary may make such adjustments in the amount of acreage the producer is required to set-aside under section 506 as the Secretary determines necessary to correct for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c)(1) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(2) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to hay and grazing if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(d)(1) Any set-aside acreage may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of practices designed to carry out the purposes of paragraph (1).

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary which describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"FARMERS DISASTER RESERVE

"SEC. 510. (a) The Secretary shall establish a farmers disaster reserve for each commodity for the 1986 through 1999 crop years.

"(b)(1) Each producer of a commodity shall contribute to the reserve each crop year a portion of the total amount of each commodity produced in the United States during the crop year.

"(2) The portion of commodities required to be contributed by a producer under paragraph (1) shall be determined by the Secretary on an actuarially sound basis at a level which will enable the Secretary to compensate producers with commodities from the reserve in accordance with this section in the event producers suffer crop losses as the result of natural disasters or other conditions beyond the control of producers.

"(3) To the extent practicable, the Secretary shall store commodities received from a producer under paragraph (1) in warehouses located in the area in which the producer is located.

"(c) The Secretary shall compensate a producer with commodities from the reserve if the Secretary determines that as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producer, the total quantity of a commodity the producer is able to harvest on any farm is less than the quantity determined by multiplying 90 per centum of the quantity of the commodity the producer is authorized

to market, barter, or donate under a marketing certificate issued under section 507.

"(d)(1) Except as provided in paragraph (2), the quantity of a commodity a producer is entitled to receive as compensation for a loss sustained during a crop year under subsection (c) shall equal the difference between—

"(A) 90 per centum of the quantity of the commodity the producer is authorized to market, barter, or donate under a marketing certificate issued under section 507; and

"(B) the actual amount of such commodity produced during such crop year.

"(2) The total value of commodities a producer may receive as compensation for any loss under subsection (c) may not exceed $360,000.

"(e) If the quantity of commodities contained in the reserve is not sufficient to compensate producers with commodities in accordance with this section, the Secretary may use stocks of commodities owned by the Commodity Credit Corporation to maintain the reserve at a level which is sufficient to compensate producers with such commodities in accordance with this section.

"SOIL CONSERVATION

"SEC. 511. (a) Notwithstanding any other provision of law, the Secretary shall require that producers on a farm in any area follow the conservation practices prescribed by the appropriate local soil conservation district for the area.

"(b) In areas in which no soil conservation district exists, the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall determine appropriate conservation practices.

"PENALTIES

"SEC. 512. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of the program conducted under this title, the producer shall be ineligible for any farm acreage allotment, loan, purchase, or payment authorized under this title.

"(2) Except as provided in subsection (c), if a producer markets, barters, or donates a commodity without a marketing certificate required under section 507 or markets, barters, or donates an amount of a commodity for commercial use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a fine against such producer in an amount equal to three times the value of the commodities so marketed; or

"(B) increase the number of acres such producer is required to set-aside under section 506 during the succeeding crop year by a number of acres which, if planted, would result in the production of a quantity sufficient to satisfy the fine referred to in clause (A).

"(3) If a person purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 507, the Secretary shall assess a fine against such person in an amount equal to three times the value of the commodities so purchased or acquired.

"(b)(1) If a producer fails to comply fully with the terms and conditions of the program conducted under this section and the Secretary believes the failure should not preclude the making of a farm acreage allotment, or loans, purchases, or payments to the producer, the Secretary may make an allotment or loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure of the producer.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"REGULATIONS

"SEC. 513. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

"COMMODITY CREDIT CORPORATION

"SEC. 514. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

"PAYMENTS

"SEC. 515. (a) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this title.

"(b) The Secretary shall provide for the sharing of payments made under this title for any farm among the producers on the farm on a fair and equitable basis.".

EXTENSION OF WOOL AND MOHAIR PROGRAM

SEC. 102. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by striking out "1985" each place it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

SUSPENSION OF PERMANENT PROGRAM

SEC. 103. (a)(1) Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 2000.

(2) Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1999 crops of wheat.

(3) The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1999.

(4) Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1999 crops of wheat.

(b) Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1999 crops of feed grains.

(c)(1) Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to upland cotton of the 1986 through 1999 crops.

(2) Effective only with respect to the period beginning August 1, 1987, and ending July 31, 2000, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all through "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

(3) Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1999 crops.

(4) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379) shall be the preliminary allotments for the 2000 crop.

TITLE II—AGRICULTURAL CREDIT

GUARANTEED LOANS

SEC. 201. Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended by inserting before the period at the end thereof the following: ", except that the total amount of loans guaranteed under this title may not exceed 10 per centum of the total amount of loans made or insured under this title".

LIMITED RESOURCE REAL ESTATE LOANS

SEC. 202. (a) Section 310D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934) is amended—

(1) by redesignating subsection (b) as subsection (c);

(2) by designating the first and second sentences of subsection (a) as subsections (a) and (b), respectively; and

(3) by amending subsection (a) (as designated by clause (2) of this subsection) to read as follows:

"(a) The Secretary is authorized to make and insure a limited resource loan for any of the purposes referred to in clauses (1) through (5) of section 303(a) to a farmer or rancher in the United States who, as determined by the county committee—

"(1) is a citizen of the United States;

"(2) meets the requirements of clauses (2) through (4) of section 302;

"(3) is unable to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(4) needs such limited resource loan—

"(A) in the case of a beginning farmer or rancher, to commence farming or ranching operations;

"(B) in the case of a tenant farmer or rancher, to purchase the first farm or ranch property of the farmer or rancher; or

"(C) in the case of an established farmer or rancher, to maintain an adequate minimum standard of living for the area of the farmer or rancher;

"(5) has demonstrated an ability to maintain adequate records of farming and ranching operations or is willing to participate in an approved record keeping training program; and

"(6)(A) does not have family support (including any inheritance benefits and other future interests) which would enable the farmer or rancher to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(B) does not need such limited resource loan as the result of excessive payments on nonessential farm or household items (including any homes, buildings, and vehicles of the farmer or rancher); and

"(C) does not have total credit needs from all sources in excess of $400,000.".

(b) Section 310D(c) of such Act (as redesignated by subsection (a)(1) of this section) is amended by striking out "the preceding sentence" and inserting in lieu thereof "subsection (a)".

FARM RECORD KEEPING TRAINING FOR LIMITED RESOURCE BORROWERS

SEC. 203. The first sentence of section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by striking out "and" at the end of clause (10); and

(2) by inserting before the period at the end thereof the following new clause: ", and (12) providing training to limited resource borrowers receiving loans under section 310D or 318 in maintaining records of farming and ranching operations".

LIMITATIONS ON TOTAL INDEBTEDNESS FOR OPERATING LOANS

SEC. 204. Section 313 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943) is amended to read as follows:

"SEC. 313. The Secretary shall make or insure no loan under this subtitle—

"(1) that would cause the total principal indebtedness outstanding at any one time for loans under this subtitle to exceed—

"(A) in the case of a loan other than a loan guaranteed by the Secretary, $200,000, except that no more than 25 per centum of the funds made available to make or insure loans under this subtitle may be used to make or insure loans that would cause the insured indebtedness of a borrower to exceed $100,000;

"(B) in the case of a loan guaranteed by the Secretary, $400,000, except that no more than 25 per centum of the funds made available to guarantee loans under this subtitle may be used to guarantee loans that would cause the combined insured and guaranteed indebtedness of a borrower to exceed $200,000; and

"(C) in the case of a loan made, insured, or guaranteed, $500,000.

"(2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program.".

LIMITED RESOURCE OPERATING LOANS

SEC. 205. Subtitle B of the Consolidated Farm and Rural Development Act is amended by inserting after section 317 (7 U.S.C. 1947) the following new section:

"SEC. 318. (a) The Secretary is authorized to make and insure a limited resource loan for any of the purposes referred to in section 312 to a farmer or rancher in the United States who, as determined by the county committee—

"(1) is a citizen of the United States;

"(2) meets the requirements of clauses (2) through (4) of section 311;

"(3) is unable to repay loans under this subtitle at the interest rates prescribed under section 316(a)(1);

"(4) needs such limited resource loan—

"(A) in the case of a beginning farmer or rancher, to commence farming or ranching operations;

"(B) in the case of a tenant farmer or rancher, to purchase the first farm or ranch property of the farmer or rancher; or

"(C) in the case of an established farmer or rancher, to maintain an adequate minimum standard of living for the area of the farmer or rancher;

"(5) has demonstrated an ability to maintain adequate records of farming and ranching operations or is willing to participate in an approved record keeping training program; and

"(6)(A) does not have family support (including any inheritance benefits and other future interests) which would enable the farmer or rancher to repay loans under this subtitle at the interest rates prescribed under section 307(a)(2);

"(B) does not need such limited resource loan as the result of excessive payments on nonessential farm or household items (including any homes, buildings, and vehicles of the farmer or rancher); and

"(C) does not have total credit needs from all sources in excess of $400,000.

"(b) The Secretary is also authorized to make such limited resource loans to any farm cooperative or private domestic corporation or partnership that is controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States if all of its members, stockholders, or partners, as applicable, are citizens of the United States and the entity and all such members, stockholders, or partners meet the requirements of clauses (2) through (6) of subsection (a).".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 206. (a) The first sentence of section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) by striking out "established farmers, ranchers, or persons engaged in aquaculture, who are citizens of the United States" in clause (1) and inserting in lieu thereof "farmers, ranchers, or persons engaged in aquaculture, who meet the eligibility requirements prescribed in section 302 or 311(a)"; and

(2) by striking out "are citizens of the United States" in clause (2) and inserting in lieu thereof "meet the eligibility requirements prescribed in section 302 or 311(a)".

(b)(1) Section 321 of such Act is amended—

(A) by striking out subsection (b); and

(B) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(2) Subsection (c) of section 321 of such Act (as redesignated by paragraph (1)(B) of this subsection) is amended to read as follows:

"(c) For purposes of this subtitle, the term 'aquaculture' means the husbandry of aquatic organisms under a controlled or selected environment.".

WRITTEN CREDIT DECLINATIONS FOR EMERGENCY LOANS

SEC. 207. Section 322(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1962(b)) is amended by striking out ": *Provided,*" and all that follows through the period at the end thereof and inserting in lieu thereof a period.

PURPOSE AND EXTENT OF EMERGENCY LOANS

SEC. 208. Section 323 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1963) is amended to read as follows:

"SEC. 323. Loans may be made or insured to farmers, ranchers, or persons engaged in aquaculture under this subtitle only to compensate such farmers, ranchers, or persons for the actual amount of losses in farming, ranching, or aquaculture operations caused by the disaster.".

EMERGENCY LOAN LIMITATIONS AND REPAYMENT

SEC. 209. (a) Subsections (a) and (b) of section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964 (a) and (b)) are amended to read as follows:

"(a)(1) No loan made or insured under this subtitle may exceed the amount of the actual loss caused by the disaster or $200,000, whichever is less, for each disaster.

"(2) The total principal indebtedness outstanding at any one time for loans made or insured to a borrower under this subtitle may not exceed $400,000.

"(b) The interest rates on loans under this subtitle shall be such rates as are prescribed by the Secretary.".

(b) Section 324 of such Act is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(c) The first sentence of section 324(c) of such Act (as redesignated by subsection (b)(2) of this section) is amended by striking out ": *Provided further,* That for any direct" and all that follows through the period at the end thereof and inserting in lieu thereof a period.

SUBSEQUENT EMERGENCY LOANS

SEC. 210. Section 330 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1971) is repealed.

LOAN MORATORIUM

SEC. 211. (a) Effective only for the 1986 through 1999 crops, section 331A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981a) is amended to read as follows:

"SEC. 331A. (a) For purposes of this section, the term 'circumstances beyond the control of the borrower' includes, but is not limited to—

"(1) a reduction of the income of a borrower occurring after August 4, 1978, as a result of—

"(A) the unemployment, illness, or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the occurrence of a natural disaster, crop or livestock disease, insect damage, or adverse conditions in the farm economy (such as high interest rates, declining farm equity, or high cost of production relative to the market price for farm products); and

"(2) the occurrence of unplanned, essential farm and home operating expenses as a result of—

"(A) the illness or injury of the borrower;

"(B) the death of a member of the family of the borrower; or

"(C) the cost of repair, or uninsured loss, of property used to secure a loan made under this title.".

"(b) In addition to any other authority that the Secretary may have to defer principal and forego foreclosure, the Secretary shall, at the request of an eligible borrower described in subsection (c), defer principal and interest (in an amount determined under subsection (d)) on any outstanding loan made, insured, or held by the Secretary under this Act, or under any other law administered by the Farmers Home Administration, and shall forego foreclosure of any such loan, for the period described in subsection (e).

"(c) To be eligible to receive assistance under this section, a borrower of a loan must demonstrate that—

"(1) due to circumstances beyond the control of the borrower, the borrower is temporarily unable to continue making payments

of principal and interest due on such loan without unduly impairing the standard of living of the borrower; and

"(2) the borrower is able to project a positive cash flow in accordance with the loan rate schedule established under section 503(b) of the Agricultural Act of 1949 within the five year period beginning on the date of deferral.

"(d) The Secretary shall defer principal and interest on a loan under this section in an amount which the Secretary determines will permit the borrower of the loan to maintain an adequate minimum standard of living for the area of the borrower.

"(e) The Secretary shall continue to defer principal and interest, and forego foreclosure, in accordance with subsection (b) on a loan made to a borrower until the date on which a positive cash flow can be projected for the borrower in accordance with the loan rate schedule established under section 503(b) of the Agricultural Act of 1949.

"(f) The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period, except that if the security instrument securing such loan is foreclosed such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

"(g) If a borrower conveys property to the Secretary in connection with a loan made under this title, the Secretary shall permit the borrower to redeem the rights of the borrower in the property at any time during the five year period beginnning on the date of such conveyance.".

(b) To the extent practicable, the Secretary of Agriculture shall implement the amendment made by subsection (a) of this section no later than sixty days after the date of enactment of this Act.

LOAN DEFAULTS

SEC. 212. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 331B (7 U.S.C. 1981b) the following new section:

"SEC. 331C. (a) If a borrower defaults on a loan made or insured under this title, at least one hundred and twenty days before the commencement of any judicial or regulatory action or proceeding to accelerate indebtedness, foreclose, repossess, or otherwise execute upon such loan, the Secretary shall provide to the borrower of such loan by certified mail a written statement described in subsection (b).

"(b) The statement of default on a loan required under subsection (a) shall include a description of—

"(1) each default on such loan committed by the borrower;

"(2) in the case of a monetary default—

"(A) the delinquent amount of principal and interest due on such loan; and

"(B) the amount the Secretary would accept to make such loan current;

"(3) in the case of a nonmonetary default, actions which the borrower may take to remove such default; and

"(4) in the case of acceleration, a statement of the financial implications of acceleration and the right of the borrower under this section to remove the default and prevent acceleration.

"(c) If a borrower believes an error exists in the statement provided under subsection (a), the borrower may appeal the accuracy of such statement to the Secretary.

"(d) If within one hundred and twenty days of the date of issuance of a statement required by subsection (a) a borrower submits the full amount referred to in subsection (b)(2)(B) to remove any monetary default and performs the actions referred to in subsection (b)(3) to remove any nonmonetary default, the Secretary—

"(1) may not initiate any action or proceeding described in subsection (a) with respect to such default; and

"(2) shall reinstate the status the borrower held before such default occurred.".

COUNTY COMMITTEES

SEC. 213. Subsection (a) of section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a)(1) A county committee is established in each county or area in which activities are carried out under this title.

"(2) A committee shall consist of—

"(A) three members elected by farm operators residing in the county or area;

"(B) one member who represents the financial community in the county or area, appointed by the three elected members of the committee; and

"(C) one elected official in the county or area, appointed by the three elected members of the committee.

"(3) The term of office of a member of a committee shall be five years, except that the terms of office of the first members of a committee shall be for one-, two-, three-, four-, and five-year periods, respectively, as determined by the Secretary.

"(4) Vacancies on a committee shall be filled in the same manner as original appointment to the committee.

"(5) Members of the committee are removable by the Secretary only for cause.".

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 214. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount calculated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Secretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection (a) shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

FARM PROGRAM APPEALS

SEC. 215. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 214(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsec-

tion (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish procedures for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvment in the informal meeting of the official who originally made the decision and, if such official is a county supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefor.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary within twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration office located in—

"(i) the State in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in a proceeding brought under this subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) The decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review.".

DISPOSITION AND LEASING OF FARMLAND

SEC. 216. (a) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) by inserting ", other than farmland," after "title" each place it appears in subsection (b) and the first sentence of subsection (c); and

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

"(e)(1) The Secretary shall to the extent practicable dispose or lease farmland administered under this title in the following order of priority:

"(A) Disposal of such farmland to limited resource borrowers who meet the eligibility criteria prescribed in section 310D(a).

"(B) Lease with an option to buy such farmland to such limited resource borrowers.

"(C) Disposal of such farmland to regular borrowers who meet the eligibility criteria prescribed in section 302.

"(D) Lease of such farmland to such limited resource borrowers.

"(E) Lease of such farmland to such regular borrowers.

"(F) Disposal of such farmland to owners or operators of family farms who do not meet the eligibility criteria prescribed in section 302.

"(2)(A) In carrying out paragraph (1)(A), the Secretary shall sell farmland to a qualified limited resource borrower at a price which reflects the average expected income of the borrower from the farmland.

"(B) If two or more qualified limited resouce borrowers desire to purchase such farmland, the county committee shall by record vote select the borrower who may obtain such farmland.

"(C) For each of the fiscal years 1985, 1986, and 1987, in addition to any funds required to be expended under section 346(c)(1), not less than 20 per centum of the funds provided to carry out subtitle (A) shall be used to dispose of such farmland to qualified limited resource borrowers in accordance with this subsection.

"(3) In carrying out paragraph (1)(B), the Secretary may not charge an interest rate on a lease or option provided under such paragraph which exceeds the interest rate charged on a similiar loan made or insured to a limited resource borrower under this title.

"(4)(A) In carrying out paragraph (1)(C), the Secretary may not dispose of farmland to a regular borrower who meets the eligiblity criteria requirements prescribed in section 302 unless the Secretary—

"(i) has leased such farmland to a limited resource borrower under paragraph (1)(B) for a period of at least five years and is not able to dispose of such farmland to a qualified limited resource borrower under paragraph (1)(A);

"(ii) has provided a lease with an option to buy such farmland to a limited resource borrower under paragraph (1)(B) and the borrower has declined to exercise such option; or

"(iii) is unable to otherwise dispose or lease such property to a qualified limited resource borrower.

"(B) If a borrower cannot obtain sufficient credit elsewhere to finance the purchase of farmland under subparagraph (A), the Secretary shall make or insure a loan to the borrower to finance such purchase.

"(C) The interest rate on a loan made or insured under subparagraph (B) may not exceed the interest rate charged on a similiar loan made or insured under this title, plus 1 per centum per annum.

"(5) In selecting tenants for leases of farmland under paragraph (1), the Secretary shall give special consideration to any previous owner or operator of such farmland who meets the eligibility criteria prescribed in section 302.".

"(6) If the Secretary determines that a tract of farmland administered under this title is not suitable for disposition or lease to eligible farm borrowers under subtitle A or B because such tract is larger than is necessary for family farm operations, the Secretary shall subdivide such tract into tracts suitable for family farm operations and dispose or lease such subdivided tracts in accordance with this subsection.

"(7)(A) If a borrower defaults on a loan made or insured under this title and secured with farmland and conveys the farmland to a purchaser who the county committee determines does not meet the eligibility requirements for a loan under this title, such purchaser may not assume any of the terms and conditions of the original loan.

"(B) If a borrower defaults on a loan made or insured under this title and secured with farmland and conveys the farmland to a purchaser who the county committee determines meets the eligibility requirements for a loan under this title, such purchaser may assume any of the terms and conditions of the original loan.

"(C) The Secretary shall take all reasonable steps to assure that borrowers who meet the eligibility requirements for a loan under this title are given the maximum opportunity to purchase farmland described in sub-

paragraph (B), including the refinancing of the original loan.

"(8) The Secretary shall—

"(A) conduct an ongoing search to identify limited resource borrowers and other borrowers who are eligible for the disposition of farmland administered under this title; and

"(B) sell or otherwise transfer such farmland to such borrowers as expeditiously as possible.

"(9) The Secretary shall—

"(A) publicize the availability of suitable farmland available under this title in local newspapers widely circulated in the county in which such farmland is located and in a prominent location at the local office of the Farmers Home Administration which serves such county; and

"(B) notify qualified limited resource borrowers and other borrowers under this title who might be interested in purchasing such farmland of the availability of such farmland.".

(b) The Secretary of Agriculture shall adopt—

(1) interim regulations to implement the amendment made by subsection (a) of this section no later than sixty days after the date of enactment of this Act; and

(2) final regulations to implement such amendment as soon as practicable thereafter.

RELEASE OF NORMAL INCOME SECURITY

SEC. 217. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) (as amended by section 216(a)(2) of this Act) is amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection:

"(A) The term 'normal income security' has the same meaning given such term in section 1962.17(b) of title 7, Code of Federal Regulations (as of January 1, 1984).

"(B) The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(2) The Secretary shall release from normal income security provided for a loan made or insured under this title amounts sufficient—

"(A) to assure that the income of the household of the borrower of such loan exceeds the poverty line by at least 50 per centum; and

"(B) to permit such borrower to pay necessary farm operating expenses incurred in the production, harvesting, or marketing of crops, livestock, poultry, or products, as determined by the Secretary.

"(3) To assist in the determination of necessary farm operating expenses under paragraph (2)(B), the Secretary shall publish a schedule of necessary annual production costs for each State or region.".

LOAN SUMMARY STATEMENTS

SEC. 218. Section 337 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1987) is amended—

(1) by inserting "(a)" after the section designation; and

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

"(b)(1) As used in this subsection, the term 'summary period' means—

"(A) the period beginning on the date of enactment of the Farm Policy Reform Act of 1985 and ending on the date on which the first loan summary statement is issued after such date of enactment; or

"(B) the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(2) The Secretary shall issue at least annually to each borrower of a loan made or insured under this title a loan summary statement which describes the status during the summary period of each such loan made or insured under this title to such borrower, including a description of—

"(A) the outstanding amount of principal due on each such loan at the beginning of the summary period;

"(B) the interest rate charged on each such loan;

"(C) the amount of payments made on each such loan during the summary period;

"(D) the amount of principal and interest due on each such loan at the end of the summary period;

"(E) the allocation of the total amount of payments made on all such loans by the Secretary between each such loan and between principal and interest due on such loans, including a description of the system used by the Secretary to make such allocation;

"(F) the total outstanding amount of principal and interest due on all such loans at the end of the summary period;

"(G) any delinquency in the repayment of any such loan;

"(H) a schedule of the amount and date of payments due on each such loan; and

"(I) the procedure the borrower may use to obtain more information concerning the status of such loans.".

FAMILY FARM DEFINITION

SEC. 219. Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended—

(1) by striking out "and" at the end of clause (5); and

(2) by inserting before the period at the end thereof the following new clause: ", and (7) the term 'family farm' means a farm or ranch which is owned or operated by individuals (or in the case of cooperatives, corporations, and partnerships, by a majority of members, stockholders, or partners) who as determined by the county committee (A) manage such farm, (B) provide the majority of labor on such farm or ranch, and (C) meet such other criteria as are prescribed by the Secretary".

AUTHORIZATION OF LIMITED RESOURCE LOAN AMOUNTS

SEC. 220. (a) Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) by striking out subsections (b) and (d); and

(2) by redesignating subsections (c) and (e) and subsections (b) and (c), respectively.

(b) Section 346(c)(1) of such Act (as redesignated by subsection (a)(2) of this section) is amended—

(1) by striking out "20" each place it appears and inserting in lieu thereof "25"; and

(2) by striking out "fiscal year 1984" and inserting in lieu thereof "each fiscal year".

FARM AND HOME PLAN STUDY

SEC. 221. (a) The Secretary of Agriculture shall conduct a study of the appropriateness of the Farm and Home Plan (Form FmHA 431-2) used by the Farmers Home Administration in connection with loans made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) In carrying out such study, if the Secretary finds the plan to be inappropriate, the Secretary shall—

(1) evaluate other available alternative farm plan forms for use in connection with such loans;

(2) evaluate the need to develop a new farm plan form for such use; and

(3) examine the steps which should be taken to improve or replace the current form.

(c) No later than one hundred and twenty days after the date of enactment of this Act, the Secretary shall report the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

TITLE III—AGRICULTURAL EXPORTS AND IMPORTS

SUBTITLE A—AGRICULTURAL EXPORTS

SALES TO DEVELOPING COUNTRIES FOR FOREIGN CURRENCIES

SEC. 301. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) in the case of developing countries with a per capita gross national product of $500 or less, for foreign currencies on credit terms at an annual level which, to the extent practicable, is at least the higher of—

"(A) the level of such sales for foreign currencies provided during fiscal year 1985; or

"(B) 500,000 metric tons; or

"(3) in the case of other countries, to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by striking out "in dollars or in the types or kinds of currencies which can be converted into dollars" in subsection (k);

(2) by striking out subsection (m);

(3) by redesignating subsections (n) through (q) as subsections (m) through (p) respectively; and

(4) by inserting "pursuant to paragraph (3) of section 101" after "agreement" in subsection (o) (as redesignated by clause (3) of this subsection)).

(c) Section 104 of such Act (7 U.S.C. 1704) is amended by inserting "or entered into pursuant to paragraph (2) of section 101," after "January 1, 1972," in the matter preceding subsection (a).

(d) Section 106(a)(2) of such Act (7 U.S.C. 1706(a)(2)) is amended by striking out "and on terms which permit conversion to dollars" and inserting in lieu thereof "pursuant to paragraph (2) or (3) of section 101".

USE OF FOREIGN CURRENCY RECEIPTS FOR DEVELOPMENT ASSISTANCE PROGRAMS

SEC. 302. Section 104(h) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(h)) is amended by striking out ", at the request of such country," and inserting in lieu thereof "development assistance programs under chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2251 et seq.), including".

USE OF PRIVATE TRADE ENTITIES TO EXPAND PRIVATE ECONOMIC ENTERPRISE

SEC. 303. (a) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704) is amended—

(1) by striking out "and" at the end of subsection (j);

(2) by inserting "and" after the semicolon at the end of subsection (k); and

(3) by adding at the end thereof the following new subsection:

"(l) For grants to private trade entities for use in the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities or which will otherwise stimulate and expand private economic enterprise in a friendly country;".

(b) Section 103(b) of such Act (7 U.S.C. 1703(b)) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (l)".

INTERMEDIATE CREDIT

SEC. 304. (a) Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "In addition, the Corporation may guarantee credits made to finance such sales.";

(2) by inserting ", and no credit may be guaranteed," after "financed" in paragraph (2);

(3) in paragraph (3)—

(A) by striking out "and" at the end of subparagraph (C);

(B) by striking out the period at the end of such paragraph and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new subparagraph:

"(E) otherwise to promote the export sales of agricultural commodities.";

(4) by striking out paragraphs (5), (6), and (7); and

(5) by redesignating paragraphs (8) and (9) as paragraphs (5) and (6), respectively.

(b) To the extent practicable, the Secretary shall carry out section 4(b) of such Act using not less than $500,000,000 for each of the fiscal years 1985 through 1988.

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED FOR FAMINE RELIEF

SEC. 305. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended by striking out clauses (1) through (3) and inserting in lieu thereof the following new clauses:

"(1) for fiscal year 1985 shall be 2,000,000 metric tons, of which not less than 1,400,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(2) for fiscal year 1986 shall be 2,250,000 metric tons, of which not less than 1,575,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(3) for fiscal year 1987 shall be 2,500,000 metric tons, of which not less than 1,750,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(4) for fiscal year 1988 shall be 2,750,000 metric tons, of which not less than 1,925,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

"(5) for fiscal year 1989 shall be 3,000,000 metric tons, of which not less than 2,100,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

"(6) for fiscal year 1990 and each fiscal year thereafter shall be 3,250,000 metric tons, of which not less than 2,275,000 metric tons shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;".

(b) Section 201 of such Act is amended by adding at the end thereof the following new subsection:

"(c) No less than 60 percent of the minimum tonnage required under subsection (b) shall be in the form of processed and fortified foods.".

MULTIYEAR AGREEMENTS WITH NONPROFIT VOLUNTARY AGENCIES AND COOPERATIVES

SEC. 306. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended by adding at the end thereof the following new subsection:

"(c)(1) Except as provided in paragraph (2) and subject to the availability of appropriated funds and agricultural commodities, the President shall, to the extent practicable, enter into multiyear agreements with nonprofit voluntary agencies, cooperatives, and international organizations to make agricultural commodities available for distribution on a nonemergency basis under this section.

"(2) Paragraph (1) shall not apply to an agreement which the President determines should be limited to a single year because the agreement involves a new program of assistance.

"(3) In carrying out a multiyear agreement entered into under this subsection, a nonprofit voluntary agency, cooperative, and international organization shall not be required to obtain periodic approval from the United States Government in order to continue to conduct an assistance program under such agreement.".

DISASTER RESERVE

SEC. 307. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (as amended by section 306 of this Act) is amended by adding at the end thereof the following new subsection:

"(d) A nonprofit voluntary agency which enters into an agreement under this title shall maintain an operating reserve of at least 15 percent in order to provide assistance to areas which suffer from chronic drought or other natural disasters.".

PROCESSED PRODUCT AND FORTIFIED GRAIN RESERVE

SEC. 308. Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (as amended by section 307 of this Act) is amended by adding at the end thereof the following new subsection:

"(e) The Secretary of Agriculture shall maintain a reserve containing processed products and fortified grain in order to provide urgent relief to people in other countries in the event of an emergency.".

AUTHORIZATION OF APPROPRIATIONS TO REIMBURSE COMMODITY CREDIT CORPORATION FOR FAMINE RELIEF

SEC. 309. The first sentence of section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by striking out "$1,000,000,000" and inserting in lieu thereof "$1,900,000,000".

AUTHORIZATION OF APPROPRIATIONS TO PURCHASE FOREIGN CURRENCIES FOR FAMINE RELIEF

SEC. 310. (a) The second sentence of section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by striking out "$7,500,000" and inserting in lieu thereof "$95,000,000".

(b) Section 103(b) of such Act (7 U.S.C. 1703(b)) is amended by inserting ", the second sentence of section 204," after "section 104".

MULTILATERAL AGREEMENTS FOR FAMINE RELIEF

SEC. 311. Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 207. (a) To the maximum extent practicable, the President shall enter into multilateral agreements with other food exporting nations in order to fulfill the food aid requirements of needy nations.

"(b) To the maximum extent practicable, the President shall include such provisions in such agreements as are necessary to assure that recipient nations become self-sufficient in meeting their food requirements, including a requirement that food exporting nations provide cash and other resources to recipient nations for such purpose.

"(c) The Commodity Credit Corporation may use any surplus stocks of the Corporation to carry out this section and title I of this Act.".

SUBTITLE B—AGRICULTURAL IMPORTS

AGRICULTURAL IMPORTS

SEC. 320. The Secretary of Agriculture shall, to the maximum extent practicable, exercise the authority provided to the Secretary under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) to examine and report to the President with respect to any imported articles which interfere with any program or operation undertaken by the Department of Agriculture or reduce the amount of products processed from agricultural commodities in the United States.

LABELING IMPORTED MEAT

SEC. 321. Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(1) by striking out "or" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof a semicolon and " or"; and

(3) by adding at the end the following new paragraph:

"(13) If it is or was imported and if its labeling fails to bear the words 'imported', 'may have been imported', 'this product contains imported meat', 'this product may contain imported meat', 'this container contains imported meat', or 'this container may contain imported meat', as the case may be, or words to indicate its country of origin.".

(b) The amendments made by this section shall become effective one year after the date of enactment of this Act.

SERVING IMPORTED MEAT

SEC. 322. (a) For purposes of this section:

(1) The term "eating establishment" means any restaurant, cafeteria, lunch counter, lunchroom, soda fountain, food stand, saloon, tavern, bar, lounge, vending machine, or other similar facility (including any such facility located on the premises of any retail or recreational establishment), operated as a commercial enterprise en-

gaged in the business of selling food to the public.

(2) The term "meat food product" shall have the meaning given to such term by section 1(j) of the Federal Meat Inspection Act (21 U.S.C. 601(j)).

(3) The term "Secretary" means the Secretary of Agriculture.

(b) Whoever—

(1) owns or operates an eating establishment;

(2) sells in such eating establishment a significant amount of meat or meat food products imported into the United States, or meat food products that, in the aggregate, contain a significant amount of meat imported into the United States; and

(3) knowingly fails, or knowingly permits any employee or agent to fail, to inform individuals purchasing food from such eating establishment of the fact that such meat or meat food products are sold therein—

(A) by displaying, in a conspicuous place in or on such eating establishment, a sign indicating such fact; or

(B) by indicating such fact on menus offered, posted, or otherwise made available to such individuals,

shall be issued a warning on the first occasion on which it is discovered that any such failure may have occurred and shall be fined an amount not to exceed $500 for each day on which any such failure occurs after receipt of such warning.

(c) No later than thirty days after the date of enactment of this Act, the Secretary shall issue regulations defining the term "signficant amount", as used in subsection (b)(2).

(d) Except as provided in subsection (c), this section shall become effective one year after the date of enactment of this Act.

TITLE IV—SOIL AND WATER CONSERVATION

Subtitle A—Soil and Water Conservation

TRAINING OF SOIL CONSERVATION SERVICE PERSONNEL

SEC. 401. Section 5 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590e) is amended—

(1) by inserting "(a)" after the section designation; and

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

"(b) The Secretary of Agriculture shall establish and carry out a program to improve, to the maximum extent practicable, the training of officers and employees of the service in carrying out the duties of the service.".

DRY LAND FARMING

SEC. 402. The first sentence of section 7(a) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g(b)) is amended—

(1) by striking out "and" at the end of clause (5); and

(2) by inserting before the period the following: ", and (7) the promotion of energy and water conservation through dry land farming".

LOCAL AND STATE COMMITTEES

SEC. 403. The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by adding at the end thereof the following new sentence: "To the maximum extent practicable, the Secretary of Agriculture shall take such actions as are necessary to strengthen the role of local and State committees in carrying out this Act.".

AGRICULTURAL CONSERVATION PROGRAM

SEC. 404. Section 8(d) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(d)) is amended by adding at the end thereof the following new paragraph:

"In order to be eligible to receive a payment or grant of aid made under the agricultural conservation program authorized by sections 7 through 15, 16(a), 16(f), and 17 of this Act and sections 1001 through 1008 and 1010 of the Agricultural Act of 1970 (16 U.S.C. 1501 through 1508 and 1510), a producer must use such payment or grant in accordance with a conservation plan approved by (1) the soil and water conservation district or districts in which the land described in the plan is situated, or (2) in areas where such district or districts does not exist or fails to act on the approval of such plan, the Secretary of Agriculture. In order to receive such approval, such plan must assure that soil loss levels on lands subject to such plan do not exceed the soil loss tolerance levels determined by the Secretary of Agriculture. The Secretary of Agriculture shall provide technical assistance to producers to assist producers in preparing such plans.".

CONSERVATION RESERVE PROGRAM

SEC. 405. The Soil Conservation and Domestic Allotment Act is amended by inserting after section 16A of such Act (16 U.S.C. 590p–1) the following new section:

"CONSERVATION RESERVE PROGRAM

"SEC. 16B. (a) In order to promote soil and water conservation practices on up to thirty million acres of erosion-prone land, the Secretary of Agriculture shall enter into contracts, subject to amounts provided in advance in appropriation Acts, for a term of ten years with producers determined by the Secretary to have control for the contract period of the farms covered by the contract.

"(b) Under the terms of such contract, the producer must agree—

"(1) to establish and maintain for the contract period protective vegetative cover, or other soil-, water-, wildlife-, or forest-conserving uses, on a specifically designated acreage on erosion-prone land on the farm regularly used in the production of crops;

"(2) not to devote such acreage to the production of agricultural commodities; and

"(3) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this section and to facilitate the practical administration of the conservation reserve program.

"(c)(1) In return for such agreement by the producer, the Secretary shall agree—

"(A) to bear such part of the cost of establishing and maintaining vegetative cover, water storage facilities, or other soil-, water-, wildlife-, or forest-conserving uses, on the designated acreage as the Secretary determines to be necessary to effectuate the purposes of this section, but not to exceed a maximum amount per acre or facility prescribed by the Secretary for the county or area in which the farm is situated; and

"(B) to make an annual payment to the producer for the term of the contract (in an amount determined by the Secretary in accordance with paragraph (2)) upon a determination that the producer has fulfilled the provisions of the contract entitling the producer to such payment.

"(2) The Secretary shall determine the amount of annual payments under paragraph (1)(B) on such basis as the Secretary determines will provide producers with a fair and reasonable return on the land diverted to conservation purposes, taking into consideration—

"(A) the productivity of the diverted land, as determined on the basis of farm program yields established by the Secretary;

"(B) the prevailing rates for cash rentals for similiar land in the same county or area;

"(C) the incentive necessary to obtain contracts covering sufficient acreage for the substantial accomplishment of the purposes of the conservation reserve program;

"(D) the erosiveness of the diverted land;

"(E) the extent to which the diverted land contributes to off-farm pollution of the environment; and

"(F) such other factors as the Secretary considers appropriate.

"(d) The Secretary shall permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage designated under an agreement entered into under this section to be devoted to hay and grazing.

"(e) The total amount of payments made to a producer under this section during a year may not exceed $50,000.

"(f) The Secretary shall limit the total acreage placed under contracts under this section in any State, county, or local community, so as not to affect adversely the economy of such State, county, or local community.

"(g) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.".

WATER CONSERVATION PROGRAM

SEC. 406. The Soil Conservation and Domestic Allotment Act (as amended by section 405 of this Act) is further amended by inserting after section 16B of such Act the following new section:

"WATER CONSERVATION PROGRAM

"SEC. 16C. (a) In order to reduce the use of water from underground aquifers to irrigate land, the Secretary of Agriculture may enter into contracts, subject to amounts provided in advance in appropriation Acts, for a term of five years with producers determined by the Secretary to have control for the contract period (and the additional period referred to in subsection (b)(1)) of the farms covered by the contract.

"(b) Under the terms of such contract, the producer must agree—

"(1) during the contract period and an additional period specified in the contract of not less than five years, to not use water from underground aquifers under the farm to irrigate specifically designated acreage on land on the farm regularly used in the production of crops; and

"(2) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of this section and to facilitate the practical administration of the water conservation program.

"(c)(1) In return for such agreement by the producer, the Secretary shall agree to make an annual payment to the producer for the term of the contract (in an amount determined by the Secretary in accordance with paragraph (2)) upon a determination that the producer has fulfilled the provisions of the contract entitling the producer to such payment.

"(2) The amount of an annual payment made under paragraph (2) shall be an amount equal to the product obtained by multiplying 50 per centum by the difference between—

"(A) the productivity of the land under contract without the use of water from underground aquifers under the farm; and

"(B) the productivity of such land with the use of such water.

"(3) The determination of the productivity of land under paragraph (2) shall be based on farm program yields established by the Secretary.

"(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.".

SUBTITLE B—HIGHLY ERODIBLE LAND CONSERVATION AND WETLANDS

DEFINITIONS

SEC. 410. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 411. (a) Except as provided in section 412 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 412. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 411, as the result of the production of a crop of an agricultural commodity—

(1) except as otherwise provided in section 414(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 411 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 413. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 414. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners

and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed

in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 411, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 411.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 415. (a) In addition to the appropriations authorized under section 414(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

SATISFYING REQUIREMENT WITH HIGHLY ERODIBLE CROPLAND

SEC. 416. If any land is required to be set aside, diverted, or otherwise not cultivated under the provisions of a program under this title, the producer shall satisfy such requirement to the extent possible with highly erodible cropland (as defined in section 1201 of the Food Security Act of 1985). Any such highly erodible land so set aside, diverted, or not cultivated, during a period of four succeeding crop years shall be excluded from any crop acreage base for any program crop (as computed under section 604 of the Agricultural Act of 1949).

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

TITLE V—FOOD ASSISTANCE PROGRAMS

SUBTITLE A—FOOD STAMP PROGRAM

ADJUSTMENT OF THRIFTY FOOD PLAN

SEC. 501. Clause (8) of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)(8)) is amended to read as follows: "(8) on October 1, 1985, and each October 1 thereafter, adjust the cost of such diet to reflect the average cost of the thrifty food plan for the fiscal year beginning on such date, as projected by the Secretary on the basis of the best data available, and round the result to the nearest lower increment for each household size;".

EARNED INCOME DEDUCTION

SEC. 502. The third sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking out "18 per centum" and inserting in lieu thereof "20 per centum".

DEPENDENT CARE AND EXCESS SHELTER DEDUCTIONS

SEC. 503. The fourth sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) by striking out "the same as that for the excess shelter expense deduction contained in clause (2) of this subsection," in clause (1) and inserting in lieu thereof "$160";

(2) by striking out ", or (2)" and inserting in lieu thereof "and (2)";

(3) in the proviso of clause (2)—

(A) by striking out "$115" and inserting in lieu thereof "$175"; and

(B) by striking out "$200, $165, $140, and $85" and inserting in lieu thereof "$260, $225, $200, and $145"; and

(4) by striking out ", or (3)" and all that follows through the period and inserting in lieu thereof a period.

CALCULATION OF INCOME

SEC. 504. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended—

(1) by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraph:

"(B) Household income for all other households shall be calculated either on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B), as elected by the State agency under regulations prescribed by the Secretary."; and

(2) by striking out subparagraph (C).

(b) The first sentence of section 6(c)(1) such Act (7 U.S.C. 2015(c)(1)) is amended by inserting "that elect to use a system of retrospective accounting in accordance with section 5(f) of this Act" after "State agencies".

SUPPLEMENTATION OF ALLOTMENTS

SEC. 505. The third sentence of section 5(f)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(3)(B)) is amended by inserting "and for supplementing the allotments of households that experience during a month sudden and significant losses of income of more than $100" before the period at the end thereof.

RESOURCE LIMITATIONS

SEC. 506. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended—

(1) by striking out "$1,500" and "$3,000" in the first sentence and inserting in lieu thereof "$2,250" and "$3,500", respectively; and

(2) by striking out "$4,500" in the second sentence and inserting in lieu thereof "$5,500".

PERSONAL PROPERTY LIMITATIONS

SEC. 507. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following new subsection:

"(k)(1) For the purposes of this subsection:

"(A) The term 'civil jurisdiction' means—

"(i) a city with a population of fifty thousand or more people, based on the most recently available estimates of the Bureau of the Census;

"(ii) a town or township in the State of New Jersey, New York, Michigan, or Pennsylvania with a population of fifty thousand or more people, based on the most recently available estimates of the Bureau of the Census, that possesses powers and functions similar to those of cities;

"(iii) a county or parish, except those counties or parishes that contain any civil jurisdiction included in clause (i) or (ii);

"(iv) the balance of a county or parish consisting of a county or parish less any component civil jurisdiction included in clause (i) or (ii); or

"(v) a county equivalent that is a town in the State of Massachusetts, Rhode Island, or Connecticut.

"(B) The term 'high unemployment area' means—

"(i) an area classified as a surplus labor area by the Secretary of Labor; or

"(ii) a civil jurisdiction in which the unadjusted unemployment rate, as determined monthly by the Bureau of Labor Statistics of the Department of Labor, has not been less than 10 per centum during the most recent six-month period for which information is available.

"(2) Notwithstanding subsection (g), if a household is located in a high unemploy-

ment area or an area experiencing a high rate of farm foreclosures (as determined by the Secretary), the personal property held by such household that is excluded from the resource limitations imposed for nonliquid assets under subsection (g) shall be included in the resources of such household for purposes of determining the eligibility of the household for participation in the food stamp program unless the household disposes of such property in the manner, and within the period of time (not to exceed four months), prescribed by the Secretary.

"(3) Any coupons issued to a household during the period for which disposal of property is required under paragraph (2) shall be—

"(A) conditioned on the disposal of the property; and

"(B) considered an overissuance of coupons if—

"(i) at the time of the disposal, the Secretary determines that the coupons would not have been issued if the disposal had occurred at the beginning of the period for which such coupons were issued; or

"(ii) at the end of the authorized disposal period, the property is not disposed of by the household.

"(4) To carry out this subsection, the Secretary shall—

"(A) obtain from the Secretary of Labor information necessary to determine which areas and civil jurisdictions in each State are high unemployment areas;

"(B) determine which areas and civil jurisdictions in each State are experiencing a high rate of farm foreclosures; and

"(C) supply relevant information referred to in clause (A) and (B) to State agencies.".

FOOD STAMP INFORMATION

SEC. 508. Clause (A) of section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)(A)) is amended to read as follows: "(A) conduct public information activities reasonably designed to inform low-income households about the availability, eligibility requirements, and benefits of the food stamp program; and".

AUTHORIZATION FOR APPROPRIATIONS

SEC. 509. The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended to read as follows: "To carry out this Act, there are authorized to be appropriated such sums as may be necessary for the fiscal year ending September 30, 1986, and each fiscal year thereafter through the fiscal year ending September 30, 1989.".

SUBTITLE B—CHILD NUTRITION PROGRAMS

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 520. (a) The second sentence of section 13(a)(1) of the National School Lunch Act (42 U.S.C. 1761(a)(1)) is amended—

(1) by inserting ", private nonprofit organizations," after "governments" in clause (B);

(2) by striking out "50 percent" in clause (C) and inserting in lieu thereof "33⅓ percent";

(3) by striking out "and" at the end of clause (D); and

(4) by inserting before the period at the end thereof the following: ", and (F) 'private nonprofit organizations' means organizations (including summer camps) that (i) operate at not more than fifteen sites (or, if a waiver under subsection (i)(2) is granted, at not more than twenty sites); (ii) use self-preparation facilities to prepare meals or obtain meals from a public facility (such as a school district, public hospital, or State university); and (iii) meet the requirements of subsection (i)".

(b) Section 13 of such Act is amended by inserting after subsection (h) the following new subsection:

"(i)(1) A private nonprofit organization shall be eligible to provide services under a program authorized by this section during a year only if the organization—

"(A) operates in an area where a school food authority or the local, municipal, or county government has not indicated by March 1 of such year that such authority or such unit of government will operate such program in such year;

"(B) exercises full control and authority over the operation of such program at all sites under its sponsorship;

"(C) provides ongoing year-round activities for children;

"(D) demonstrates adequate management and fiscal capacity to operate such program; and

"(E) meets applicable State and local health, safety, and sanitation standards.

"(2) The Secretary may waive the limitation of fifteen sites imposed under subsection (a)(1)(F) for participation in the program authorized by this section, and permit a private nonprofit organization to operate up to twenty sites and maintain eligibility to participate in such program, if such organization demonstrates to the satisfaction of the Secretary that a need for such additional sites exists and that such organization has the capability to serve such additional sites.".

SCHOOL BREAKFASTS

SEC. 521. (a) Section 4(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)) is amended by adding at the end thereof the following new paragraph:

"(3)(A) To the extent practicable, the Secretary shall increase by 6 cents the annually adjusted level of payments authorized for each breakfast served under this Act and section 17 of the National School Lunch Act (42 U.S.C. 1766) in order to assist States in improving the nutritional quality of such breakfasts.

"(B) A State or local source may not diminish the amount of funds expended to provide such breakfasts as a result of funds received under this paragraph.".

(b)(1) The Secretary of Agriculture shall review and revise the nutrition requirements for meals served under the school breakfast program established under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) in order to improve the nutritional quality of such meals, taking into consideration—

(A) the findings of the National Evaluation of School Nutrition Programs; and

(B) the need to provide increased flexibility in meal planning to local school food authorities.

(2) No later than one hundred and eighty days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement the revisions referred to in paragraph (1).

SUBTITLE C—FOOD DISTRIBUTION PROGRAMS

COMMODITY SUPPLEMENTAL FOOD PROGRAM

SEC. 530. Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking out "during fiscal years 1982, 1983, 1984, and 1985" and inserting in lieu thereof "during the period beginning October 1, 1985, and ending September 30, 1989".

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

SEC. 531. (a) Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) The first sentence of section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by inserting "to eligible recipient agencies for distribution under the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note)," after "food service,".

SUBTITLE D—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 540. This title and the amendments made by this title shall become effective on October 1, 1985.

TITLE VI—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 601. Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

Mr. ALEXANDER (during the reading). Mr. Chairman, inasmuch as the gentleman from Minnesota [Mr. STANGELAND] will offer an amendment in the nature of a substitute to my amendment in the nature of a substitute, I ask unanimous consent that my amendment in the nature of a substitute be considered as read and printed in the RECORD in order that the amendment offered by the gentleman from Minnesota [Mr. STANGELAND] can be read.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas to dispensing with the reading?

Mr. MADIGAN. Mr. Chairman, reserving the right to object, I want to make sure that I have understood the request of the gentleman from Arkansas.

The gentleman is requesting that the amendment he has printed in the RECORD be considered as read and that the reading now proceed on the substitute to the gentleman's amendment offered by the gentleman from Minnesota [Mr. STANGELAND] and the gentleman from Arkansas?

Mr. ALEXANDER. That is correct.

Mr. MADIGAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. First the Chair would say that the amendment now is considered as read. The gentleman from Arkansas [Mr. ALEXANDER] is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Chairman, I would ask unanimous consent that after reading of the amendment that I be permitted to proceed for 15 additional minutes.

The CHAIRMAN. The Chair would state that the amendment has already been considered as read by unanimous consent. Is the gentleman requesting

that he have 15 minutes on his amendment, because the gentleman from Minnesota has to actually seek recognition to offer his amendment. He has not done so as yet. Does the gentleman seek 15 minuts on his amendment?

Mr. ALEXANDER. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas for 15 additional minutes on his substitute?

PARLIAMENTARY INQUIRY

Mr. DE LA GARZA. Reserving the right to object, Mr. Chairman, I do so to ask a parliamentary inquiry. Have we waived the reading of the gentleman's amendment that is printed in the RECORD?

The CHAIRMAN. We already have, yes.

Mr. DE LA GARZA. And there is no other amendment pending?

The CHAIRMAN. That is correct.

Mr. DE LA GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that after the reading of the amendment offered by the gentleman from Minnesota [Mr. STANGELAND] I be permitted to proceed for 15 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. MADIGAN. Mr. Chairman, reserving the right to object, I would ask the gentleman from Arkansas where the amendment is. Is the amendment at the desk?

Mr. ALEXANDER. The amendment is at the desk, is it not?

The CHAIRMAN. The Chair would state that the amendment of the gentleman from Minnesota [Mr. STANGELAND] has not arrived at the desk as yet.

Mr. ALEXANDER. Mr. Chairman, it is on the way to the desk.

Mr. Chairman, I would ask unanimous consent that I may proceed pending arrival of the amendment of the gentleman from Minnesota, after I proceed with my opening remarks, at that point, which would take approximately 10 minutes and the amendment should have arrived, at which time I would be pleased to yield to the gentleman from Minnesota for the purpose of being recognized so that his amendment could be read.

The CHAIRMAN. Is there objection to giving the gentleman from Arkansas [Mr. ALEXANDER] 5 additional minutes at this point?

There was no objection.

The CHAIRMAN. The gentleman from Arkansas [Mr. ALEXANDER] is recognized for 10 minutes on his amendment.

Mr. ALEXANDER. Mr. Chairman, the farm bill we have been debating for several weeks is the product of a consensus fashioned after months of hard work by the Agriculture Committee. I commend the committee for its efforts to grapple with the most urgent and difficult problem of the Ameridan farm crisis which we are addressing here today, and I especially compliment the gentleman from Texas [Mr. DE LA GARZA] the chairman of the committee, and the gentleman from Illinois [Mr. MADIGAN] the ranking member, together with the other chairman and ranking members of the various subcommittees.

But what is needed here, Mr. Chairman, is not a consensus. What is needed to solve the American farm crisis is a dramatic departure from the present policy that has reaped a bitter harvest for the American farmer.

What we see on our Nation's farm is grim. As Members of this body travel out across this great land and visit their congressional districts where farms are located, they see for themselves that farmers are failing in record numbers, hundreds of thousands of farmers are losing not only their livelihoods, but heir family farms. Just last week in Trumann, AR, a farmer came up to me and said that he was a fourth-generation farmer and that he was barely making it because his yield was high, above the State average. He is one of our better farmers in the State, yielding the highest, producing the highest yield, and he is barely, barely making it, hardly a profit.

Thousands of farmers are being forced off of their lands to find work in the cities, compounding the unemployment problems that many of us have in our congressional districts. Unemployment is not high in Massachusetts at 3.5 percent, but it is high in Arkansas at more than 10 percent. And it is high in other cities across our land.

It is a heartrending problem that we all face. They are producing crops at levels never before achieved in the history of our Nation, yet they are literally suffocating in the chaotic record surpluses that they cannot sell, surpluses which are stored in the warehouses at a cost of $1 million per day, the bill for which is paid by the American taxpayer.

The reason is that U.S. farm policy is based upon a presumption of export. Back in the 1970's when the current policy was fashioned, it was based upon a fence-row to fence-row concept of production on the theory of the economic conditions at that time. These prevailing economic conditions, which had an undervalued dollar, made our products cheap for foreigners to buy. So Congress enacted that plan, and I was one who voted for it, and, in fact, contributed to it as I offered amendments to the rice program which opened up production for rice for any American to produce.

But now we find in 1985 an overvalued dollar caused from financing our $2 trillion debt by foreign capital which bids up the value of the dollar when traded against foreign currency, and makes our products, both farm and factory, too expensive for foreigners to buy.

So the economic conditions which prevailed that justified the policies of the 1970's have changed, have reversed and, in fact, have so dramatically reversed that the overvalued dollar now prevents our farmers from selling ou8r products to foreign buyers. And as a result, the surpluses have gone up and the prices have come down. In record numbers, the surpluses exist, and the profit to the American farmer today, as is reflected by farm prices, is the lowest that it has been since the Great Depression.

The Federal Reserve Board estimated that in 1984, the American farmer had a net loss of $111 billion, and that same Federal REserve forecasts and estimates the Federal farm debt at a total of $213 billion, $214 billion, almost as much as the deficit of the Federal Government is the collective debt of our farmers.

□ 1545

Mr. Chairman, our farmers are in state of despair. They feel disilussion and let down. And if you do not believe it, talk to the first farmer you find; and when you go home this weekend to visit your district you will find a spirit of dejection and despondency and despair because they feel let down by their Government.

Last winter they came to Washington and visited the Congress. They walked the hall carrying their little caps in their hands, and many of them wearing them, seking relief, petitioning their Goverment for help, asking us for a helping hand, not another handout; but instead they were greeted with scorn, by Presidential jokes: "Save the wheat and export the farmers," was the President's response to the plea from the American farmers who came to Washington.

This disaster on our Nation's farms has pushed the entire farm credit system to the brink of collapse. Next weekl we begin hearings on a farm credit system bill which has the prospects of bailing out that system which discovers today that $25 billion of the $213 billion cannot be repaid. That is not bad management; that is hard times for the American Farmer.

This amount is muschrooming, and threatens catastrophe not only for the farm credit, system but for our Nation's financial system as well. Three years before the crash of 1929, farmers did not make a profit. Three years

before 1985, the farmers have not made a profit, and there are those who forecast that if the farmer fails, so goes the Nation, and so goes the economy and the financial system of our country.

Last week Gov. Terry Branstad's declaration of a state of economic emergency in Iowa I think dramatizes the gravity of the farm debt crisis in America today. It is not only the famrers who are afflicted; the American taxpayer is being ripped off with hundreds of millions of dollars in increasing costs each year to store the crops that the farmers cannot sell.

Since 1980, the cost of the farm program has increased from $10.7 to $25.1 billion just in that short 4-year period of time, and that only includes the cost of the farm program itself; nothing else in the Department of Agriculture.

Our national debt we are told this week is $2 trillion and it is growing at a rate of $200 billiion each year, and will reach the staggering figure of $3 trillion by the end of the decade at the rate that it is presently growing. The farm crisis is worsening the debt crisis.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ALEXANDER was allowed to preceed for 10 addition minutes.)

Mr. ALEXANDER. Mr. Chairman, I recite this litany of woe not to numb but to arouse the Congress to action in response to this state of national emergency. Congress should be shocked and so concerned by the despair of our farmers and the crisis that threatens our entire ecnonomy that it is the only way that you and I will have the incentive to take positive rather than passive action.

We can do something today instead of nothing. We can take action in a dramatic way to change the direction of our policy and therefore the plight of the American farmer if we have the courage to do so.

The farmers of America are victims of our current policies, not the beneficiaries of them. They are hostages of a selfish insensitive system that is managed by interests less concerned about the plight of the farmers than by their own special interest which they represent.

Our farmers can save themselves only if we give them the oppurtunity to make a dramatic break with the past farm policies. Given prevailing conditions, nothing short of that will work.

In hundreds of meeting held over the lat 2 years, farmers have told Congress, and I quote:

> Let us cut back production to bring it in line with demand. Let us vote on this new direction in farm policy. Give us a chance to harness the efficiency which we have so we can make a profit.

The amendment which I propose, to be amended by the gentleman from Minnesota [Mr. STANGELAND] to the farm bill was devised by farmers as a solution for the farm crisis. It calls for a national referendum so that farmers can vote to determine their own fate and their own future.

This referendum, which would be held in February 1986 would give farmers the opportunity to adopt a new farm program that would bring production of the American farm commodities into balance with domestic and foreign demand.

It would invoke the law of supply and demand adopted by all American businesses, to analyze each year the demand for their product and adopt a policy that meets production with that demand.

The farmers would democratically make the choice for or against a new program of production controls and Washington would of course not impose this upon them. It would only be impose if 60 percent of the farmers voted to impose it upom themselves. Production controls would even out the boom and bust cycles that have plunged our farmers; they would give farmers a more dependable cash flow and let them plan ahead with some certainty.

This amendment is designed to achieve two goals: To help the farmer and to save the taxpayer money.

Farmers would receive a fair price for their products and taxpayers would no longer have to shell out billions of dollars for costly, endless crop subsidies under the present policy and under the plan which the committee is proceeding to adopt.

Farmers would have money in their pockets and loans to be repaid. Desperately needed money would be injected into the farm sector; the only real solution to the farm credit crisis is to permit farmers to make this profit which they deserve.

An independent research institute associated with the University of Missouri and Iowa State University calls the crop reduction embodied in this amendment "a moneysaver."

I quote:

> Passage of the referendum would ensure that the farm bill remains under budget while raising farm income by 52 percent. The savings could run as high as $12.5 billion annually, and would be achieved through ending the costly direct Federal subsidies.

There is nothing magical or mysterious about what I propose; it is not a reincarnation of any discredited theory or get-rich-quick scheme. It is predicated on one simple fact: That farmers can start making money again if they produce only what they can sell, like American business, like McDonald's produces hambergers that it can sell.

□ 1555

By managing their production to meet market demand farmers will see their prices rise and the market, not the taxpayer, will provide farmers with a decent income. This is not a new idea. As I said before, industry uses it each year. I have talked to farmers all across my district, they are unanimous on one point, that they must have higher prices if they are to survive. This amendment is a dramatic way of achieving that goal.

Today farmers are in desperate need of a general increase in income. The Food and Agriculture Policy Research Institute has estimated that the one-time impact of a crop production policy on consumer prices would raise the cost of food in this country, as measured by the Consumer Price Index, only 1 percent. That would bring the food dollars value back to the place it stood in 1981 when this erosion of income began to take place in the American farm community.

You have got to admit that that is a small price to pay for putting America on the road to solving the severe farm debt crisis, ending wasteful, endless, uncontrolled farm subsidies, and beginning to reduce the bloated Federal budget.

I know how hard it is to break with the past for me as well as for you. But today you and I have this choice. Our farmers are suffering grievously, our economy is jeopardized, the policies we have been pursuing have failed. It is obvious to one and all that the current policies have not and will not boost farm income, they have not and will not mitigate the disastrous farm crisis, they have not and will not stop self-defeating overproduction and unchecked Federal farm subsidies that have been growing at the rate of billions each year since the beginning of this decade.

Mr. Chairman, we must have the courage to change. This amendment gives you and the American farmer that opportunity.

I yield to the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I have an amendment in the form of a substitute at the desk.

The CHAIRMAN. The gentleman from Arkansas has the time.

Mr. ALEXANDER. I yielded to the gentleman for the purpose of offering his substitute, Mr. Chairman.

The CHAIRMAN. The gentleman may yield for debate only, not for the offering of a substitute.

Mr. ALEXANDER. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair would state to the gentleman from Arkansas that he has to consume his time at this point.

Does the gentleman yield back his time?

Mr. ALEXANDER. Mr. Chairman, do I have any time left?

The CHAIRMAN. Yes. The gentleman has 1 minute left.

Mr. ALEXANDER. Mr. Chairman, I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to thank the gentleman for yielding to me, and I want to commend him on an important statement he has made and an important attempt to remedy the problem with which we are faced.

You know, every year I come to the debate on agriculture, and I get more confused as I learn more things about it. So what I did is, I just sent a telegram to Willie Nelson, OK? And I said, "Dear Willie: Although we have the best intentions, as usual some problems have arisen in crafting a farm bill for the farmers of America. Corporate farmers are making out like bandits, and family farmers are being eliminated. Consumers are being told that if they need help from the small family farmer, then there will be higher prices at the supermarket."

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. ALEXANDER] has expired.

Mr. CONYERS. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. ALEXANDER] be given 1 more minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. MADIGAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Chairman, I do so at this time to ask the distinguished colleague, the gentleman from Minnesota, if he has copies of his proposed amendment available.

Mr. STANGELAND. If the gentleman will yield, I would respond to the gentleman that the copies are being made, and if the debate could continue while the copies are being made, copies will be furnished.

Mr. DE LA GARZA. Will they be available before we vote?

Mr. STANGELAND. Yes, they will.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman from yielding.

Mr. Chairman, I had intended to make that point of order. I understand that amendment at the desk is 500 pages long, that neither the majority nor the minority have been provided with a copy of the amendment, in violation of the House rule. I would just say to the gentleman from Arkansas and the gentleman from Minnesota that unless we get copies of this amendment we are going to have a very bitter debate for the next hour.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that I be permitted 1 minute to respond to the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I have the time.

Mr. ALEXANDER. Would the gentleman yield?

Mr. DE LA GARZA. Mr. Chairman, I do not want to get involved in any kind of debate or in any other thing that would incite the passions beyond the norm, but let me say that this is a very unusual procedure, to say the least, and this is very serious business. The gentleman has just made a brilliant statement, with some inaccuracies, but nonetheless an impassioned plea. And yet if we are going to address the issue of the plight of the American farmer with an amendment that is not finished yet, what message are we sending them? I ask, what message are we sending them?

Now let me continue, Mr. Chairman: Mention has been made about the bloated Federal budget. The farm support programs entail about 1 percent of the total budget for the past 5 years, 1 percent of the total budget. The issue of interest, which has been of concern to the farmer, the high interest rates, came about because of deficits in the budget, but not made by the agricultural sector. We are but 1 percent of the total budget. So something else made the interest go astray, not the farm programs. That was very disastrous, that was almost at the heart of the problem of agriculture.

Then we started losing sales because of the value of the dollar. Nothing we do in agriculture involves the value of the dollar. There are a lot of other things: The deficit, selling securities by the Government, trust by investors and speculators that we are the country that would survive the most and where they would put their hard currency in. That sent the value of the dollar up.

Embargoes, the farmers do not like embargoes. We do not like embargoes. Embargoes are bad. Yet President after President goes off and imposes an embargo.

Why are not we selling our crops abroad? Other people are raising crops, subsidized by their governments beyond what we are able to match. Other countries are growing and selling crops that were not affected by embargoes. So what the gentleman from Arkansas has stated was a valid argument, but he is pointing the finger at the wrong people. He is pointing the finger at the wrong place. It does not lie with the American farmer, it does not lie with the farm bill. The farm programs, imperfect as they may be, had nothing to do with raising interest rates; had nothing to do with the bloated Federal deficit; had nothing to do with embargoes; they had nothing to do with anything he touched on.

I want to correct the record as far as that is concerned.

We have to send a message to the American farmer that we care.

Saturday I was in Winnie, TX, at their Rice Festival. A young man named Steve Fitzgerald told me: "Mr. Chairman, your being here means more to me, I know that someone cares. You work out the best program you can." And this we have tried to do. But he said: "You work out the best program. But knowing that in Washington there is someone or somebody who cares is more important to me." And this is the message that we have to send out, not that we are trying to do something here with an amendment that is not finished, that we do not know what is in it, that we do not know if points of order may be raised. The American farmer should not be treated that way.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to think that we are now coming to the most important part of the farm bill. Some Members tell me it is going to engender bitter debate. Well, I hope not. I think this is where we ought to be as calm as we possibly can, that we should be as reasonable with one another as we can. This is a very important circumstance that we are in. The family farmer is getting wiped out at the official rate of 250 farmers a day, every day in the year. It is projected that that number will increase. That is 250 family farms per day.

In Michigan they are coming to the Member of the First Congressional District of Michigan to ask him to intervene for some help.

So as a member of the Farm/Urban Coalition I rise to endorse the substitute that has been brought forward by the gentleman from Arkansas and perhaps even an amendment that Mr. STANGELAND may in the course of the intricate parliamentary procedure be able to bring to the floor. Maybe he will, maybe he will not. But, I was desperate this morning, and so I did not know what to do. I talked to all the experts on the Agriculture Committee, I talked with my chairman on the floor in colloquy.

So I sent a telegram to a man that I know is concerned as we are, maybe even more so, about farmers. His name is Willie Nelson. So I said,

DEAR WILLIE: Although we have the best intentions, as usual some problems have arisen in crafting a farm bill for the farmers

of America. Corporate farmers are making out like bandits, and family farmers are being eliminated. Consumers are being told that if they help the small family farmer there will be higher prices at the supermarket. We need your help. Thirty-five million Americans are in poverty, some of whom are starving. Senior citizens are eating cat food. That is not an agricultural production. Nearly one-third of the world population is suffering to some degree from food shortages. And the best we can do is continue to pay farmers not to grow. You and your friends focused attention on the plight of farmers last month when you went to Champaign, IL. We need you now to focus attention on what is happening in Washington, DC. Come quick! Tomorrow may be too late! We are on a fast track.

Sincerely,

JOHN CONYERS.
Member of the Urban Coalition.

Mr. Chairman, I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I move to strike the requisite number of words.

□ 1610

Mr. Chairman, while we are waiting for the printing of this amendment, which I understand will be offered by the gentleman from Minnesota [Mr. STANGELAND] and the gentleman from Arkansas [Mr. ALEXANDER], I would like to advise the House that my understanding is that this amendment is roughly 500 pages long and that it purports to include all of the action taken thus far by the House of Representatives on the farm bill and that, in addition to that, would include a marketing loan provision similar to or perhaps the same as the one previously defeated on the floor of the House, and that in addition to that, it will also include some variation of the mandatory referendum provision previously advocated by the gentleman from Arkansas [Mr. ALEXANDER] and the gentleman in the other body from Iowa.

I would ask at this point my distinguished colleague from Minnesota if I have correctly described what is going to be in this 500-page amendment that we are waiting to have copied, and I would yield to the gentleman for his response.

Mr. STANGELAND. The gentleman has made a fair analysis of what is going to be in the copy. We are preserving what this body has done in dairy, in sugar, in peanuts, in tobacco. All action that has been taken on this floor and in this Committee of the Whole on the farm bill is incorporated, and that is the reason for the 500 pages, plus the marketing loan, with a minor modification, and I can explain what that is. The original marketing loan said that it would apply to anyone with 10 acres or more, and we just put that up to 15 or more, as it was in the original market loan until it was amended by Volkmer, as you recall, the day that that took place.

The balance of those pages are the Alexander amendment revised. One of the problems we have had is that the staff of the gentleman from Arkansas has been working with legislative counsel and the parliamentarian to craft and correct his amendment so that it is more appropriate to the problems that we are trying to solve.

Mr. MADIGAN. So we will have some kind of mandatory referendum, which the gentleman from Minnesota has previously voted against both in committee and on the floor of the House. Now the gentleman from Minnesota is going to offer a mandatory referendum, do I understand that correctly?

Mr. STANGELAND. That is correct. I have not voted against this mandatory referendum, however. I voted against mandatory referendums on lesser points.

Mr. MADIGAN. Can the gentleman give us his word as a Member of this assembly that in the printing of this amendment as it relates to the actions that have thus far been taken by the House that it will be exactly the same as what has been done by the House?

Mr. STANGELAND. That is my understanding.

Mr. MADIGAN. Has the gentleman read the amendment?

Mr. STANGELAND. Not the whole 509 pages, no.

Mr. MADIGAN. Has the gentleman seen the amendment?

Mr. STANGELAND. Yes.

Mr. MADIGAN. You have seen the amendment?

Mr. STANGELAND. I have seen it but I have not read the whole amendment.

Mr. MADIGAN. Is there a change made in the credit title, I would ask the gentleman, and I would yield to the gentleman for purposes of his answering that.

Mr. STANGELAND. I would have to yield to the gentleman from Arkansas for that question.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Under the amendment to be offered by the gentleman from Minnesota, there is no change in title I. Would the gentleman like me to go down the whole matter on credit?

Mr. MADIGAN. My question, and I will repeat it to the gentleman from Arkansas——

Mr. ALEXANDER. There is no amendment to the credit provisions under title XIII. There is no change in the action taken by the House under title XIII.

Mr. MADIGAN. If I can pursue that for just a minute, there is nothing about a moratorium in this that has been made different?

Mr. ALEXANDER. That is correct. The provisions which I initially intended to offer concerning a moratorium were deleted by the gentleman from Minnesota because we wanted no change, and all the titles, with the exception of the titles dealing with wheat, feed grains, and the referendum on commodities.

Mr. MADIGAN. So if I may reclaim my time, the summary that has been circulated here in the House as to what is contained in the alterations that have been made to the gentleman's previously printed-in-the-RECORD provision, the summary does not represent correctly what is being offered here; is that correct?

The CHAIRMAN. The time of the gentleman from Illinois [Mr. MADIGAN] has expired.

Mr. MADIGAN. Mr. Chairman, I ask unanimous consent to proceed for 30 additional seconds.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. CONYERS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HUCKABY. Mr. Chairman, I move to strike the word.

Mr. Chairman, there have been members of this Agriculture Committee, and others, during this past year and even last year who have worked hundreds if not thousands of hours getting this farm bill to this point on the floor. Certainly this is no way to legislate, to come in with a totally new substitute within the last hour that we have not seen, we do not know what is in the amendment and what is not in the amendment.

But I want to address myself to the portions of the Alexander substitute, just to point out the fallacies in that, if I might. It is not the solution. I wish it were the solution. But it is not. The Agriculture Committee would have been out with that proposal long ago if it would have been.

If I might use a couple of commodities for example: Cotton. The Alexander proposal says that the price of cotton will be supported at 86 cents. This will be the loan rate for cotton. Today the loan rate is 57 cents. We have ourselves priced out of the world markets today. And not only that, our domestic use, domestic consumption, of cotton is falling. It has been falling each of the last 3 years.

Under the Alexander proposal, our cotton mills will no longer buy cotton from the farmers because they could no longer sell their products in the market because of the competition from the imports; and, in addition to that, the alternative of synthetics is there.

So if the Alexander substitute were passed, I think it would devastate the

cotton industry. I know of no cotton organization in the United States that supports this approach.

In the area of rice, Mr. Chairman, in the last 6 months alone, rice imports into the United States have doubled. The Alexander proposal says we will support the price of rice at $13.58 a hundredweight. Current legislation supports rice at $8 a hundredweight. Yet world market price is $6.

I wish there were some way we could figure out to give our rice farmers $13.58 a hundredweight and let them produce on 80 percent of their land, which the Alexander amendment substitute proposes to do. It just will not work. At our support price of $8, we are still having to have 30 percent and 40 percent cutbacks. Mr. Chairman, this is certainly no way to legislate. The Alexander proposal, as such, is just not workable in these two commodities. I do not think it is workable in wheat and corn also. And then to come along with another alternative, which we do not know what it is, in the last 45 minutes, I would urge my colleagues that we have done an awful lot of work in the last few weeks, let us defeat these proposals and let us go to conference with legislation that we can move forward with to help the American farmer.

Mr. ROBERT F. SMITH. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute.

Mr. Chairman, I think correctly last week the House extracted the Bedell amendment from the farm bill and it, of course, emcompassed much of what we are discussing today, including the proposed amendment, I understand, that is coming later.

But I have many of the same concerns about this substitute as I had about the Bedell referendum. This provides total Government control of farming. It is unfair, and it brings about a ghost town syndrome in rural America. This substitute ignores the realities of economics. It is a hobby farmer's dream and the full-time farmer's nightmare.

Although the blame for the demise of commercial agriculture should be with those who set up the program, I am sure, like the Bedell amendment, that everyone will blame the Secretary of Agriculture, since he is given the responsibility to reduce acreages dramatically in the future.

This substitute allows those who farm only as a hobby to vote for a program that will bankrupt commercial agriculture in this country.

Through a sliding scale of acreage reduction requirements, weekend and hobby farmers would be required to set aside not more than 20 percent of their acreage to qualify for loans at 70 percent-plus of parity. Larger commercial operations could be required to idle as much as 90 percent of their acreage. There is, as the Members should know, an arbitrary limit of $200,000 gross income in this to comply with the 20 percent set-aside. Above that, you must set aside more and more acres.

Unlike Bedell, this is a Government-compulsory program. Let us call it what it is. I call it agricultural socialism.

The Members of this body seem to want to target benefits to the family farmer. Well, I guess the small family farmer might be a 5-foot-2-inch person from Arkansas, a corn grower raising 300 acres of corn, while a larger farmer might be a 6-foot-3-inch eastern Oregonian wheat rancher, who farms 1,000 acres. It would appear to this person that they are both family farmers.

The point is, no one has identified who is a family farmer.

I can cite examples in my district of people farming over 10,000 acres, families, the grandfather, father, four sons, and they have combined their operations, not because they want to operate a Dallas-style operation but because of the laws of economics. In this era of intensive farming, where a combine costs $125,000 and a tractor costs $50,000, it makes good sense to combine the operations, to utilize these expensive pieces of equipment to the maximum.

Now, Congress can defy the laws of economics. We usually do when we pass a budget that spends more than we take in and try to reorder the fact of economies of scale. But I think this body should be aware of what we are doing. The amendments here target to the inefficient. Government meddling, like this, in farm economies only spells a disaster for American agriculture.

In the same vote procedure, farmers with 15 to 20 acres already have a job in town. They are going to get marketing certificates, and a 20 percent set-aside for them is not very important. The referendum would be controlled by this group who receives a majority of their income off the farm, and they will be controlling the people who are full-time farmers. And that is not proper for the future of agriculture.

The measure would export jobs, just like Bedell. Those who process mill wheat and corn will turn either to imports or just move to Canada or Mexico. Livestock feeders would follow. Poultry feeders would follow. And all red-meat feeders would follow. Seed, fertilizer and equipment manufacturers and salesmen would all be out of business.

Under this provision, feed costs to domestic producers and feeders would rise dramatically, compared to no referendum. Livestock liquidation would follow, causing lower meat prices and substantial losses for livestock producers. Shrinkage would occur in the market for feed, and thus reduce the demand for grain even further, completing the circle of farm demise.

Mr. Chairman, the wheat growers of America oppose the Alexander substitute. The corn growers of America oppose the Alexander substitute.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. ROBERT F. SMITH] has expired.

(By unanimous consent, Mr. ROBERT F. SMITH was allowed to proceed for 30 additional seconds.)

Mr. ROBERT F. SMITH. The soybean national organization opposes this amendment and the cotton national organization opposes this amendment. If this amendment, like Bedell, is for the farmers, why does every national organization oppose it? Because it is bad for them, it is bad for America, it is bad policy.

Vote it down.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I must admit that it is little difficult to discuss the amendment that is before us, since we have not seen the amendment. Now, we have seen a variety of versions of the amendment. Last Thursday we had a somewhat version of this amendment printed in the RECORD. It went on for about 59 pages in the RECORD and cost the taxpayers $30,000 to print in the RECORD. We are not going to get that offered on the House floor today; we are going to get some other version offered on the House floor today. But, nevertheless, we are in fact going to have something before us.

All we have heard described so far is in general details, but we have heard it is a dramatic break with past farm policies. Well, boy, it sure is. It is not only a dramatic break with past farm policies, it is a dramatic break with past policies of representative government, because what you have here is a policy aimed at saying to one special interest or one small group of special interests, "What you can do is, you can determine national policy as it relates to everyone," and then we have to sign onto it, and not only that, we are going to use Government power to enforce that which that special interest has decided.

And not only that, we are going to say to the people who do not vote for the policy, the people who do vote for it, even though it is almost a 50-to-50 split in the vote, or I understand when we get this amendment it may well be a 60-to-40, but let us say we have a 60-to-40 split, the 40 percent who do not vote for it are going to have their entire program, their entire farming operation dictated by the 60 percent who did vote for it, even though it may be the ruination of their farm.

□ 1625

You know, not all farms across this Nation are the same. Not all farming areas of this Nation are the same, but this is going to be a national referendum that will say to the farmers in my area that grow grain, that you have got to farm exactly the same way as the farmers in the Midwest who grow grain. Because the policies that are mandated are going to be mandated that way. That is just not right. That is not good policy. That does not have anything to do at all with representative government.

I would hope, regardless of the form this amendment comes out here in, that we will look at it very carefully and that we will not be stampeded into something that makes no sense. This is a case of good intentions and bad judgment run amok.

If you vote for this amendment, I would say to my colleagues, you are voting for a total change in agricultural policies. It is true, that is exactly what you are doing. You are voting for a rough equivalent. Maybe not even a rough equivalent, but the real equivalent of agricultural socialism.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I will be glad to yield to the gentleman from Oregon.

Mr. WEAVER. I wonder if the gentleman will make the same criticism of an amendment to the debt ceiling bill; that it is a revolutionary change and we have not had hearings on it, and it is something we have not really been able to consider. Will the gentleman make the same criticism.

Mr. WALKER. I would say to the gentleman that we have been discussing the need for a balanced budget around here for a long time.

Mr. WEAVER. We have been discussing the need for a good farm bill for a long time, too.

Mr. WALKER. If the gentleman will allow me to answer, this is not a farm bill that was developed in committee. What you are talking about is bringing a 500-page amendment. We at least have had a few days to discuss the balanced budget approach brought up by Mr. GRAMM and Mr. MACK. In this case, we have not even seen the bill yet. Here we are, we are discussing it. We are out on the floor right now discussing the whole thing; 500 pages long and I understand it is going to be dumped on us. I wonder if this one is going to have Rita's phone number in it over at the Library of Congress.

It seems to me that I heard a number of people on that side who were enthusiastically for this particular amendment criticising the Gramm-Latta bill of a few years ago where we had overnight to consider it. But now you are going to dump a brandnew farm program on us out here, 500 pages long, with no discussion, with no knowledge of what is really down in the bill, and you are going to say take it or leave it, we have got until 5 o'clock to consider it.

I would just say to the gentleman that that is bad policy and I would far prefer coming to the floor arguing for a balanced budget than arguing for that kind of an approach.

Mr. WEAVER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are three myths today about our agriculture. If Members of this body, the American farmer and the American public understood the truth about these three myths, we would pass farm legislation that would resove the problems of agriculture, give the farmer a profit, and get the Government out of the farm subsidy business.

Now, that is exactly what the Alexander-Stangeland substitute does. So if we understand the truth of these three myths, we will pass the Alexander-Stangeland substitute. Those three myths are this: First of all, the problem with agriculture today is only one thing and that is oversupply. Our agriculture is marvelously efficient. It does a superb job. It just simply produces too much and the price is driven down.

Former Secretary of Agriculture Earl Butz used to pray for drought to control supply. Can you imagine the ridiculousness of that? Of a Secretary of Agriculture asking the Dear Lord to burn up our crops so the farmer could make a living? That is asinine and ridiculous; let us do it rationally with the Alexander-Stangeland approach that allows us to control supply. Allows the farmer himself to set limits. That is what Alexander-Stangeland does. It gets the Government out. We save $31 billion of taxpayers' money. That is the first myth.

The second myth is somehow or other that we have to reduce our price to sell in the world market. I will never forget in the early 1970's when oil was $1.50 a barrel, and the Arab sheiks wanted to raise the price of oil 10 cents to a $1.60, and they were scared to death; they thought they would lose their market. This is no joke. They were scared to death. They met with the Aramco oil companies and timidly said can we get another dime, $1.60. They knew that was a lot of money, and the oil companies said sure. So they went another dime and another dime and they got up to $2 and they found out that they could get more and sell more.

Now, we will wake up some day in our agriculture and find out that we set the price; we are OPEC; we have not lost market share. Everybody says we have lost market share. We are now 70 percent of the world market of corn. We are now 70 percent of the world market of soybeans. We have not lost share; we still sell as much as we ever did, even with the high dollar. We have lost a little in wheat, but we still are the largest single producer of wheat for the world market.

Rice is the exception, but the gentleman from Louisiana told me that we still sell rice in the world market. Now, that is the second myth. We can raise the price $2 a bushel, frankly, we could raise it more, and we will still have the same market share. The other countries will simply raise their price up with ours and make a living for themselves as well.

The third myth is who opposes this Alexander-Stangeland substitute? The corn farmers, the soybean association? Nonsense. A few right-wing reactionaries who control those associations oppose the Alexander-Stangeland substitute, and why do they oppose it? Because they have for 30 years wanted to break the small farmer, get him off the land so they can take over with agribusiness or agriculture.

That is the reason they want to do it; they still want to do it. They are going to do it unless we pass the Alexander-Stangeland substitute.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman.

Mr. HUCKABY. I would just like to point out to the gentleman that as far as rice is concerned, in 1980, we exported 91 million hundredweight. In 1985, it will be 59 million hundredweight. For cotton, it was 9.2 bales. In 1985, 3.9 million bales. We have lost significant exports of these two commodities.

Mr. WEAVER. We have lost some share there but not anything to do with the price.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

□ 1635

Mr. GUNDERSON. Mr. Chairman, I appreciate the gentleman's comments, because I think we are talking about the whole deliberative process. I hope we have more respect for the Congress as an institution, I hope we have more respect for the House Agriculture Committee, and I have to tell you as a member of that committee I am a little offended that Members think they can walk in here at 25 to 5 and throw something like this on top of us which destroys 10 months of work by the House Agriculture Committee, deliberative, agonizing work, trying to come up with some kind of a calculation.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. Mr. Chairman, I need to ask some questions first. I will yield later.

I would like to know, for exmaple, in the proposal that is in front of us, what is the final resolution? Does the

referendum pass with 50 percent of the vote, or does it pass with 60 percent? I have seen summaries that suggest both.

Do we or do we not have a moratorium on Farmers Home Loan foreclosures in this particular bill? I have seen summaries that suggest both.

Do we or do we not have an exemption, if a referendum and a mandatory supply program goes into effect, an exemption for livestock producers who grow their own feed? The best I can get out of a summary is that their certificate may be adjusted by the Secretary to reflect on-farm use. I must tell you that would destroy my dairy farmers, my family dairy farmers in Wisconsin, if that would happen. And secondly, I would note that it is rather interesting that they have given referenda to every commodity except dairy. Very interesting. We had a referendum when we debated the dairy title; that is not included.

Now we talk about a $200,000 level—and I think we ought to have caps on payments. I have always advocated caps; I supported the marketing loan concept. But I think it is wrong to empower in the Secretary of Agriculture, whoever he might be, the authority to tell anyone who has total gross revenues on that farm from sale of milk, sale of cattle, sale of all commodities, that we are going to impose the total burden of supply management on those people, but anybody else has no restrictions at all. And as best as I can tell, that is what this amendment calls for.

Another change, the best I can tell is that in terms of the loan we now have approximately 9-month crop loans. You get the loan, you put the crop in, you harvest the crop, you have a nonrecourse loan, the Government takes it. They are talking about 36-month loans. That means that there will be three different crop years in effect that the farmer will hold loans all at the same time before he defaults or has to pay back or make a decision on even that first year's loan.

And then we look at the provision that finally the Secretary will determine the national marketing quota, and all land must be under conservation plans by 1990. Now I supported the Glickman amendment. But that even did not go into effect till 1994. We did that because we recognized that there is no way the Government has the money, and there is no way the farmers have the money under the present economic circumstances to implement conservation plans nationwide at the present time.

Mr. Chairman, there are a heck of a lot of questions in this substitute. There are some good things in it, but I do not know how we can destroy the work of the House Agriculture Committee at this point in time by simply voting for something that not one Member of this Congress, not one member of the staff of the House Agriculture Committee has had the chance to read.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to my colleague, the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding.

I, too, wanted to show what we have here, and I wonder if the gentleman would agree to yield to any Member of this body who has read this amendment.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield to answer that question?

Mr. GUNDERSON. I think we have one Member here who has read it.

Mr. WALKER. I mean somebody who has read the entire 500 pages.

Mr. GUNDERSON. I am happy to yield to the gentleman from Arkansas.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

(On request of Mr. ALEXANDER, and by unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the amendment which the gentleman from Pennsylvania holds in his hand and which is approximately 500 pages was printed in the RECORD last Thursday following debate on the committee bill. With the exception of three provisions, all of the amendment has been printed in the RECORD. Those three provisions have to do with the marketing loan provisions in titles IV and V, the referendum provisions in title VA, and the action taken by the House on other titles concerning the amendments to the committee bill.

What the gentleman from Minnesota and I have attempted to do was to present an amendment which would offer to the House all of the actions heretofore taken by the committee, with the exception of titles IV, V, and VA.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has again expired.

(By unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. GUNDERSON. Mr. Chairman, I have asked for more time to ask the gentleman from Arkansas a question, and I respect his intent on this and, frankly, would like to support it if it were not for all these questions and problems.

Does this or does this not include a moratorium on Farmers Home loans?

Mr. ALEXANDER. Mr. Chairman, if the gentleman will yield, it does not. The provision which was offered in my amendment in the nature of a substitute which was printed in the RECORD was deleted from this amendment.

Mr. GUNDERSON. That is change No. 4, then, from the one that is in the RECORD?

Mr. ALEXANDER. Yes.

Mr. GUNDERSON. Because the summary in the RECORD indicates that there is a moratorium.

Mr. ALEXANDER. No. The gentleman from Minnesota offers a substitute amendment to my amendment, all of which was printed in the RECORD, with the exception of the three provisions which I offered.

Mr. GUNDERSON. So his substitute includes a moratorium?

Mr. ALEXANDER. It does not.

Mr. GUNDERSON. But yours did?

Mr. ALEXANDER. No, mine does not. My original amendment included a moratorium. There is no such provision before the House today.

Mr. GUNDERSON. All right.

Mr. ALEXANDER. I will offer that to the credit bill which will be considered by the gentleman from Tennessee [Mr. JONES] next week.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

AMENDMENT OFFERED BY MR. STANGELAND AS A SUBSTITUTE FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ALEXANDER

Mr. STANGELAND. Mr. Chairman, I offer an amendment as a substitute for the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. STANGELAND as a substitute for the amendment in the nature of a substitute offered by Mr. ALEXANDER: Strike all after the enacting clause and insert:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Food Security Act of 1985".

TABLE OF CONTENTS

SEC. 2. The following is the table of contents for this Act:

TABLE OF CONTENTS

TITLE I—SUGAR

Sec. 1. Sugar price support.

Division A—Commodity Programs

TITLE II—DAIRY

Sec. 201. Short title.

Subtitle A—Milk Price Support and Producer-Supported Dairy Diversion and Research

Sec. 211. Level of milk price support for fiscal years 1986 through 1990; reductions in the price of milk.

Sec. 212. Extension of milk diversion program.

Sec. 213. Application of amendments.

Sec. 214. Avoidance of adverse effect of dairy diversion program on beef, pork, and lamb producers.

Sec. 215. Study relating to casein.

Sec. 216. Congressional evaluation of the cost of production schedule.

Subtitle B—Dairy Research and Promotion

Sec. 221. National Dairy Research Endow-

ment Institute.
Sec. 222. Dairy promotion program.
Subtitle C—Milk Marketing Orders
Sec. 231. Minimum adjustments to prices for fluid milk under marketing orders.
Sec. 232. Adjustments for seasonal production; hearings on amendments; determination of milk prices.
Sec. 233. Cooperative association representation.
Sec. 234. Marketwide service payments.
Sec. 235. Status of producer handlers.
Subtitle D—National Commission on Dairy Policy
Sec. 241. Findings and declaration of policy.
Sec. 242. Establishment of Commission.
Sec. 243. Study and recommendations.
Sec. 244. Administration.
Sec. 245. Financial support.
Sec. 246. Termination of Commission.
Subtitle E—Miscellaneous
Sec. 251. Transfer of dairy products to the military and veterans hospitals.
Sec. 252. Extension of the dairy indemnity program.
TITLE III—WOOL AND MOHAIR
Sec. 301. Extension of Price Support Program.
Sec. 302. Foreign promotion programs.
TITLE IV—WHEAT
Sec. 401. Loan rates, target prices, disaster payments, acreage limitation and set-aside programs, and land diversion for the 1986 through 1989 crops of wheat.
Sec. 402. Nonapplicability of section 107 of the Agricultural Act of 1949.
TITLE V—FEED GRAINS
Sec. 501. Loan rates, target prices, disaster payments, acreage limitation and set-aside programs, and land diversion payments for the 1986 through 1989 crops of feed grains.
Sec. 502. Nonapplicability of section 105 of the Agricultural Act of 1949.
TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT
Sec. 501. Agricultural commodity supply management.
Sec. 502. Suspension of permanent program.
TITLE VI—COTTON
Sec. 601. Loan rates, target prices, and acreage limitation and land diversion programs for the 1986 through 1989 crops of upland cotton.
Sec. 602. Commodity Credit Corporation sales price restrictions.
Sec. 603. Miscellaneous cotton provisions.
Sec. 604. Skiprow practices.
Sec. 605. Marketing certificates.
TITLE VII—RICE
Sec. 701. Loan rates, target prices, and acreage limitation and land diversion programs for the 1986 through 1989 crops of rice.
Sec. 702. Nonapplicability of section 101 of the Agricultural Act of 1949.
Sec. 703. Export marketing certificates.
TITLE VIII—PEANUTS
Sec. 801. Suspension of marketing quotas and acreage allotments.
Sec. 802. Poundage quotas.
Sec. 803. Sale, lease, or transfer of farm poundage quota.
Sec. 804. Marketing penalties; disposition of additional peanuts.
Sec. 805. Price support program.
Sec. 806. Reports and records.
Sec. 807. Suspension of certain price support provisions.
TITLE IX—SOYBEANS
Sec. 901. Soybean price support.
TITLE X—GENERAL COMMODITY PROVISIONS
Subtitle A—The Agricultural Efficiency and Equity Act of 1985
Sec. 1001. Short title.
Sec. 1002. Acreage base and program yield system for the wheat, feed grains, upland cotton, and rice programs.
Sec. 1003. Repeal of outdated program provisions.
Sec. 1004. Price support levels for cooperators under permanent law.
Sec. 1005. Conforming changes.
Subtitle B—Miscellaneous Commodity Provisions
Sec. 1011. Payment limitations for wheat, feed grains, cotton, and rice.
Sec. 1012. Nonrecourse loan limit.
Sec. 1013. Extension of the National Agricultural Cost of Production Standards Review Board.
Sec. 1014. Commodity Credit Corporation sales price restrictions for wheat and feed grains.
Sec. 1015. Application of terms in the Agricultural Act of 1949.
Sec. 1016. Normally planted acreage and target prices.
Sec. 1017. Haying and grazing.
Sec. 1018. Supplemental set-aside and acreage limitation authority.
Sec. 1019. Normal supply.
Sec. 1020. Multiyear set-asides.
Sec. 1021. Cost reduction options.
Sec. 1022. Producer Reserve Program for wheat and feed grains.
Sec. 1023. Advance deficiency payments.
Sec. 1024. Discretionary wheat and feed grain export certificate programs.
Sec. 1025. Required disposition of surplus commodities.
Sec. 1026. Noncompliance based on excess idled acres.
Sec. 1027. Advance recourse commodity loans.
Sec. 1028. Liquid fuels.
Division B—Trade, Conservation, and Credit
TITLE XI—TRADE
Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs
Sec. 1101. Title II of Public Law 480—Funding levels.
Sec. 1102. Title II of Public Law 480—Minimum for fortified or processed food and nonprofit agency proposals.
Sec. 1103. Extension of the Public Law 480 authorities.
Sec. 1104. Facilitation of exports.
Sec. 1105. Farmer-to-farmer program under Public Law 480.
Sec. 1106. Use of surplus commodities in international programs.
Subtitle B—Food Security Wheat Reserve
Sec. 1111. Extension of the reserve.
Subtitle C—Maintenance and Development of Export Markets
Sec. 1121. Trade policy declaration.
Sec. 1122. Agricultural trade consultations.
Sec. 1123. Department of Agriculture export development programs.
Sec. 1124. Cooperator market development program.
Sec. 1125. Development and expansion of markets for United States agricultural commodities.
Sec. 1126. Export Advisory Council.
Sec. 1127. Agricultural export credit revolving fund.
Sec. 1128. Intermediate credit for agricultural exports.
Sec. 1129. Market expansion research.
Sec. 1130. Export subsidy reports.
Sec. 1131. Contract sanctity.
Subtitle D—Transportation Charges for Waterborne Cargoes of Donated Commodities
Sec. 1141. Limitation on requirements.
Subtitle E—Agricultural Imports
Sec. 1151. Consultations on import restrictions.
Sec. 1152. Study.
Sec. 1153. Findings.
Sec. 1154. Special Assistant for Agricultural Exports and Food Aid.
TITLE XII—RESOURCE CONSERVATION
Subtitle A—Conservation of Highly Erodible Land and Wetlands
Sec. 1201. Definitions.
Sec. 1202. Program ineligibility for production on highly erodible land or converted wetland.
Sec. 1203. Exemptions.
Sec. 1204. Completion of soil surveys.
Sec. 1205. Conservation Reserve Program.
Sec. 1206. Administrative provisions.
Subtitle B—Water Resource Conservation
Sec. 1211. Technical assistance for water resources; reports.
Subtitle C—Soil and Water Resources Conservation Act of 1977
Sec. 1221. Short title.
Sec. 1222. Extension of the Act.
TITLE XIII—CREDIT
Sec. 1301. Joint operations.
Sec. 1302. Water and waste disposal facilities.
Sec. 1303. Interest rates—water and waste disposal facility and community facility loans.
Sec. 1304. Effective date of sections 1302 and 1303.
Sec. 1305. Mineral rights as collateral.
Sec. 1306. Rural industrial assistance.
Sec. 1307. Eligibility for emergency loans.
Sec. 1308. County committees.
Sec. 1309. Use of proceeds from mineral sales or leases.
Sec. 1310. Administration of farm real estate acquired by the Secretary.
Sec. 1311. Farm debt restructure and conservation set-aside.
Sec. 1312. Reauthorization.
Sec. 1313. Administration of guaranteed farm loan programs; use of talents of older Americans.
Sec. 1314. Protection for purchasers of farm products.
Sec. 1315. Prohibiting coordinated financial statement.
Sec. 1316. Regulatory restraint.
Division C—Research, Extension, and Teaching
TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985
Sec. 1401. Short title.

Sec. 1402. Findings.
Sec. 1403. Definitions.
Sec. 1404. Coordination of efforts for effective transfer of new technologies.
Sec. 1405. Joint Council on Food and Agricultural Sciences.
Sec. 1406. National Agricultural Research and Extension Users Advisory Board.
Sec. 1407. Project termination.
Sec. 1408. Federal-State partnership and coordination.
Sec. 1409. Secretary's report.
Sec. 1410. Competitive, special, and facilities research grants.
Sec. 1411. Research Facilities Act.
Sec. 1412. Grants and fellowships for food and agricultural sciences education.
Sec. 1413. Study.
Sec. 1414. Human nutrition research and information management system.
Sec. 1415. Animal Health Science Research Advisory Board.
Sec. 1416. Appropriations for continuing animal heath and disease research programs.
Sec. 1417. Appropriations for research on national or regional problems.
Sec. 1418. Extension at 1890 land-grant colleges, including Tuskegee Institute.
Sec. 1419. Authority to award grants to upgrade 1890 land-grant college extension facilities.
Sec. 1420. Agricultural research at 1890 land-grant colleges, including Tuskegee Institute.
Sec. 1421. International agricultural research and extension.
Sec. 1422. International trade development centers.
Sec. 1423. Agricultural information exchange with Ireland.
Sec. 1424. Evaluation of the Extension Service and the Cooperative Extension Services.
Sec. 1425. Weather and water allocation study.
Sec. 1426. Organic farming study.
Sec. 1427. Agricultural research facilities study.
Sec. 1428. Authorization of appropriations for agricultural research programs.
Sec. 1429. Authorization of appropriations for extension education.
Sec. 1430. General authority to enter into contracts, grants, and cooperative agreements.
Sec. 1431. Restriction on treatment of indirect costs and tuition remission.
Sec. 1432. Direction of technology development.
Sec. 1433. Supplemental and alternative crops.
Sec. 1434. Aquaculture assistance programs.
Sec. 1435. Aquaculture Advisory Board.
Sec. 1436. Authorization of appropriations—aquaculture research.
Sec. 1437. Rangeland Research Advisory Board.
Sec. 1438. Authorization of appropriations—rangeland research.
Sec. 1439. Authorization of appropriations for Federal agricultural research facilities.
Sec. 1440. Agricultural research at 1890 land-grant colleges, including Tuskegee Institute.
Sec. 1441. Authority to award grants to upgrade 1890 land-grant college research facilities, including Tuskegee Institute.
Sec. 1442. Soybean Research Advisory Institute.
Sec. 1443. Smith-Lever Act.
Sec. 1444. Pesticide resistance study.
Sec. 1445. Dietary assessment and studies.
Sec. 1446. Nutrition research.
Sec. 1447. Special grants for financially stressed farmers and dislocated farmers.
Sec. 1448. Annual report on family farms.

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

Sec. 1501. Eligibility of the homeless.
Sec. 1502. Determination of food sales volume.
Sec. 1503. Thrifty food plan.
Sec. 1504. Definitions of the disabled.
Sec. 1505. State and local taxes.
Sec. 1506. Relation of food stamps and commodity distribution programs.
Sec. 1507. Categorical eligibility.
Sec. 1508. Excluded income.
Sec. 1509. Deductions from income.
Sec. 1510. Retrospective budgeting and monthly reporting simplification.
Sec. 1511. Resources limitation.
Sec. 1512. Disaster task force.
Sec. 1513. Eligibility disqualifications.
Sec. 1514. Employment and training programs.
Sec. 1515. Staggering of coupon issuance.
Sec. 1516. Disclosure of information submitted by retail stores.
Sec. 1517. Credit unions.
Sec. 1518. Charges for redemption of coupons.
Sec. 1519. Public information.
Sec. 1520. Office hours.
Sec. 1521. Expanded food and nutrition education program.
Sec. 1522. Food stamp program information and simplified application at Social Security Administration offices.
Sec. 1523. Retail food stores and wholesale food concerns.
Sec. 1524. State agency liability, quality control, and automatic data processing.
Sec. 1525. Pilot projects.
Sec. 1526. Authorization ceiling; authority to reduce benefits.
Sec. 1527. Puerto Rico block grant.
Sec. 1528. Feasibility study.
Sec. 1529. Commodity distribution programs.

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

Sec. 1601. Emergency feeding organizations—definitions.
Sec. 1602. Repeal of provisions relating to the food security wheat reserve.
Sec. 1603. Repeal of provisions relating to processing agreements.
Sec. 1604. State cooperation.
Sec. 1605. Report of commodity displacement.
Sec. 1606. Authorization for funding and related provisions.
Sec. 1607. Reauthorization.
Sec. 1608. Program termination.
Sec. 1609. Report.

Subtitle B—Commodity Distribution Amendments

Sec. 1611. Distribution of surplus commodities; processing agreements.

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

Sec. 1701. Findings.
Sec. 1702. Purpose.
Sec. 1703. Program.
Sec. 1704. Administration.
Sec. 1705. Authorization of appropriations.

Subtitle B—Nutrition Monitoring

Sec. 1711. Survey by the Department of Agriculture.

Division E—Miscellaneous

TITLE XVIII—MISCELLANEOUS

Subtitle A—Processing, Inspection, and Labeling

Sec. 1801. Egg processing.
Sec. 1802. Inspection and other standards for imported poultry products.
Sec. 1803. Inspection and other standards for imported meat and meat food products.
Sec. 1804. Examination and report of labeling and sanitation standards for importation of agricultural commodities.

Subtitle B—Beef Promotion and Research Act of 1985

Sec. 1811. Amendment to Beef Research and Information Act.

Subtitle C—Pork Promotion, Research, and Consumer Information Act of 1985

Sec. 1821. Short title.
Sec. 1822. Findings and declaration of purpose.
Sec. 1823. Definitions.
Sec. 1824. Pork and pork products order.
Sec. 1825. Notice and hearing.
Sec. 1826. Findings and issuance of an order.
Sec. 1827. Required terms and conditions in orders.
Sec. 1828. Permissive provisions.
Sec. 1829. Requirement of referendum.
Sec. 1830. Suspension and termination of order; additional referenda.
Sec. 1831. Petition and review.
Sec. 1832. Enforcement.
Sec. 1833. Investigations; power to subpoena and take oaths and affirmations; aid of courts.
Sec. 1834. Administrative provision.
Sec. 1835. Authorization of appropriations.
Sec. 1836. Preemption.

Subtitle D—Watermelon Research and Promotion Act

Sec. 1841. Short title.
Sec. 1842. Findings and declaration of policy.
Sec. 1843. Definitions.
Sec. 1844. Issuance of plans.
Sec. 1845. Notice and hearings.
Sec. 1846. Regulations.
Sec. 1847. Required terms in plans.
Sec. 1848. Permissive terms in plans.
Sec. 1849. Assessment procedures.
Sec. 1850. Petition and review.
Sec. 1851. Enforcement.
Sec. 1852. Investigation and power to subpoena.
Sec. 1853. Requirement of referendum.
Sec. 1854. Suspension or termination of plans.
Sec. 1855. Amendment procedure.
Sec. 1856. Separability.
Sec. 1857. Authorization of appropriations.

Subtitle E—Marketing Orders

Sec. 1861. Maximum penalty for order violations.

Sec. 1862. Limitation on authority to terminate marketing orders.
Sec. 1863. Confidentiality of information.
Subtitle F—Grain Inspection
Sec. 1871. Grain standards.
Sec. 1872. Improved quality standards for exported grain.
Subtitle G—Agricultural Stabilization and Conservation Committees
Sec. 1881. ASC committee reform.
Subtitle H—Miscellaneous
Sec. 1891. Commodity Credit Corporation storage contracts.
Sec. 1892. Weather and climate information in agriculture.
Sec. 1893. Emergency feed program.
Sec. 1894. Illegal activities.
Sec. 1895. Department of Defense land.
TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985
Sec. 1901. Short title.
Sec. 1902. Definitions.
Sec. 1903. Establishment of Commission.
Sec. 1904. Conduct of study.
Sec. 1905. Reports.
Sec. 1906. Administration.
Sec. 1907. Authorization of appropriations.
Sec. 1908. Termination.

TITLE I—SUGAR

SUGAR PRICE SUPPORT

Section 1. Effective only for the 1986 through 1990 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following:

"(i) The price of each of the 1986 through 1990 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified in this subsection. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 through 1990 crops. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. Notwithstanding the foregoing provisions of this subsection, the Secretary shall consider making annual adjustments in the loan rate for each of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets, based upon changes, during the period in which the two crops immediately preceding the crop for which the determination is made were produced, in such factors as inflation, costs of production as reasonably determined by the Secretary, and other circumstances that may adversely affect domestic sugar production. If the Secretary determines not to make any such adjustment in the loan rate, the Secretary's findings, decision, and supporting data shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate prior to any public announcement of the loan rate for the crop involved. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

Division A—Commodity Programs

TITLE II—DAIRY

SHORT TITLE

SEC. 201. This title may be cited as the "Dairy Unity Act of 1985".

Subtitle A—Milk Price Support and Producer-Supported Dairy Diversion

LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990; REDUCTIONS IN THE PRICE OF MILK

SEC. 211. Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) redesignating paragraphs (3), (4), (5), and (6) as paragraphs (7), (8), (9), and (10), respectively; and

(2) striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) During the period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1990, the price of milk shall be supported as provided in this subsection.

"(2)(A) On October 1 of each of fiscal years 1987 through 1990 (or on the date of the enactment of the Dairy Unity Act of 1985 in the case of fiscal year 1986), the Secretary shall establish the level of price support per hundredweight of milk having 3.67 per centum of milkfat, which level of price support shall be in effect throughout the fiscal year (or in the case of fiscal year 1986, throughout the period beginning on the date of the enactment of the Dairy Unity Act of 1985 and ending on September 30, 1985).

"(B) Such level of price support for a fiscal year shall be an amount equal to the product of (i) the preliminary support price for the fiscal year determined in accordance with paragraph (3) and (ii) the percentage determined in accordance with paragraph (4).

"(3)(A) For the fiscal year for which the level of price support is being determined, the preliminary support price per hundredweight of milk having 3.67 per centum milkfat shall be equal to the product of—

"(i) $8.83 per hundredweight; and

"(ii) the adjusted cost of production index.

"(B)(i) For purposes of subparagraph (A)(ii), the adjusted cost of production index for the fiscal year shall be equal to—

"(I) the cost of production index; less

"(II) the product of the cost of production index and the milk productivity factor.

"(ii) For purposes of subclauses (I) and (II) of clause (i), the cost of production index for the fiscal year shall be equal to the ratio of (I) the cost of production (determined in accordance with subparagraph (C)) for the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined to (II) the cost of production (determined in accordance with subparagraph (C)) for the three-year base period consisting of calendar years 1976, 1977, and 1978.

"(iii) For purposes of clause (i)(II), the milk productivity factor for the fiscal year shall be equal to the product of 0.2 per centum per hundredweight of milk having 3.67 per centum milkfat and the difference between—

"(I) the average quantity (measured in pounds) of milk produced annually per cow during the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined; and

"(II) 11,101 pounds.

"(C) For purposes of subparagraph (B)(ii), the cost of production for milk shall be determined by the Secretary in the same manner as the cost of production for milk is determined under section 808 of the Agricultural Act of 1970, except that the cost of production for purposes of such subparagraph shall be computed on the basis of the prices for the items (other than the Consumer Price Index for All Urban Consumers), and of the proportional value of each of the items, specified in the following schedule:

"Item	Contribution to Costs of Production
Consumer Price Index for All Urban Consumers, determined by the Bureau of Labor Statistics	10 per centum
Prices received by farmers for meat animals	10 per centum
Feed (consisting of: corn, 6.5 per centum; 16 per centum dairy concentrate, 25 per centum hay, 1.5 per centum)	33 per centum
Interest (consisting of: production credit association rate, 3 per centum; Federal land bank rate, 5 per centum)	8 per centum
Taxes	2.5 per centum
Fuel and energy	4 per centum
Milk hauling (consisting of: automobiles and trucks, 2 per centum; bulk gasoline, 0.5 per centum; diesel fuel, 0.5 per centum)	3 per centum
Machinery and building repair (consisting of: non-farm wage rate, 2 per centum; farm and motor supplies, 1.5 per centum; building and fencing, 0.5 per centum)	4 per centum
Hired labor	7 per centum
Farm services and cash rent	8.5 per centum
Seed	1.5 per centum
Fertilizer	3 per centum
Agricultural chemicals	0.5 per centum
Tractor and self-propelled machinery	3 per centum
Other farm machinery	2 per centum

"(4) For the fiscal year for which the level of price support is being determined, the Secretary shall estimate the level of purchases of milk and the products of milk (measured in billions of pounds milk equivalent), less sales under section 407 for unrestricted use, that the Secretary would acquire under this subsection if the level of price support were equal to the preliminary support price determined under paragraph (3) for the fiscal year. For purposes of paragraph (2)(B), the level of price support for

the fiscal year shall be calculated in accordance with the following schedule:

"If the Secretary estimates that the amount of such purchases (in billions of pounds milk equivalent) for the fiscal year at such preliminary support price would be—.	then for the fiscal year the level of price support shall be equal to the following percentage of such preliminary support price:	
	Not less than	Not more than
Less than 1	107.8	A percentage determined by the Secretary to be appropriate
Not less than 1 but less than 2	105.2	107.8
Not less than 2 but less than 3	102.6	105.2
Not less than 3 but less than 4	100.0	102.6
Not less than 4 but less than 5	97.4	100.0
Not less than 5 but less than 6	94.8	97.4
Not less than 6 but less than 7	92.2	94.8
Not less than 7	92.2	92.2

"(5) The price of milk shall be supported through the purchase of milk and the products of milk.

"(6)(A) During any of the calendar years 1986 through 1989 (or the first nine months of 1990) for which a milk diversion program is in effect under paragraph (7), the Secretary shall provide for a reduction (subject only to downward adjustment by the Secretary during the calendar year or nine-month period) to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of such reduction for a calendar year (or the first nine months of 1990) shall be the amount per hundredweight that when multiplied by the quantity of milk so marketed is equal to the sum of—

"(i) the cost in the calendar year (or the first nine months of 1990), as estimated by the Secretary, of the quantity of milk and the products of milk in excess of five billion pounds (milk equivalent), less sales under section 407 for unrestricted use or three-fourths of such amount in the case of the first nine months of 1990, required to be purchased under this subsection;

"(ii) the cost, as estimated by the Secretary, of making payments to producers who reduce marketings in the calendar year (or the first nine months of 1990), under the milk diversion program under paragraph (7); and

"(iii) $50,000,000 in each of the calendar years 1986 and 1987, to be deducted by the Secretary from the funds remitted under subparagraph (C) and deposited in the Dairy Research Trust Fund established by section 135 of the Dairy Production Stabilization Act of 1983; but not to exceed 50 cents per hundredweight.

"(C) The funds represented by the reduction in the price required under subparagraph (A) to be applied to the marketings of milk by a producer shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D)(i) If the funds remitted under subparagraph (C) for any calendar year (or the first nine months of 1990) exceed the amount of funds necessary to satisfy the requirements of subparagraph (B) for the period involved, the Secretary shall refund the excess funds (together with interest determined in accordance with clause (iii)), on a pro rata basis, to producers who marketed in the period milk for commercial use.

"(ii) If for any calendar year (or the first nine months of 1990) for which a milk diversion program is in effect under paragraph (7), the level of purchases of milk or the products of milk under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), less sales under section 407 for unrestricted use or three-fourths of such amount in the case of the first nine months of 1990, the Secretary shall refund, on a pro rata basis, to producers who marketed milk in the period involved for commercial use an amount equal to the difference between—

"(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis) or three-fourths of such amount in the case of the first nine months of 1990; and

"(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the period involved, and the amount, if any, deposited in the Dairy Research Trust Fund under subparagraph (B)(iii);

together with interest as determined in accordance with clause (iii).

"(iii) For purposes of clauses (i) and (ii), interest shall be paid at an annual rate established under section 6621 of the Internal Revenue Code of 1954 for the period beginning forty-five days after the end of the calendar year or nine-month period involved and ending on a date (to be determined by the Secretary) preceding the date of the refund check by not more than thirty days, whether or not the refund check is accepted by the producer after tender of the refund check to the producer. The acceptance of a refund check shall be without prejudice to any right of the producer to claim any additional refund or interest thereon.

"(E) The funds remitted to the Corporation under this paragraph with respect to a producer, including any funds refunded under subparagraph (D) other than interest paid, shall be considered as included in the payments to the producer for purposes of the minimum price provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

EXTENSION OF MILK DIVERSION PROGRAM

SEC. 212. (a) Paragraph (7) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(3)), as redesignated by section 211(l), is amended by—

(1) amending subparagraph (A) to read as follows:

"(A)(i)(I) If for any of the calendar years 1986 through 1989 (or the first nine months of 1990) the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed five billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990 but will not exceed seven billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990, the Secretary may establish and carry out under this paragraph a milk diversion program for such calendar year or nine-month period.

"(II) If for any of the calendar years 1986 through 1989 (or the first nine months of 1990) the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed seven billion pounds (milk equivalent) or three-fourths of such amount in the case of the first nine months of 1990, the Secretary shall establish and carry out under this paragraph a milk diversion program for such calendar year or nine-month period as the case may be.

"(III) For purposes of adjusting under this clause the estimated level of purchases of milk and the products of milk for a fiscal year, the Secretary shall deduct from such level the net amount (measured in milk equivalent) of all reductions occurring during the period beginning on June 15, 1985, and ending on the first day of such fiscal year, in the quantitative limitations in effect on June 15, 1985, under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to milk and the products of milk imported into the United States. For purposes of determining the amount of such reductions, milk equivalent shall be determined on either a solids-not-fat or milkfat milk equivalent basis, whichever produces a higher milk equivalent.

"(IV) Notwithstanding any other provision of this clause, if the Secretary establishes a milk diversion program for fiscal year 1986 under this paragraph, the program so established shall be carried out for fiscal years 1986 and 1987. Any contract entered into with a producer under the reduced production program formulated under clause (iii) for fiscal years 1986 through 1987 shall require the producer to make an equal reduction in the marketings of milk by the producer in each of such fiscal years.

"(ii) Not later than August 1 preceding any fiscal year for which a milk diversion program may or shall be so established under this paragraph (or August 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)) the Secretary shall publish in the Federal Register—

"(I) the estimated level of purchases of milk and products of milk under this subsection (less sales under section 407 for unrestricted use) in such fiscal year if no program is carried out during the year under this paragraph (or in each of fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)); and

"(II) if a milk diversion program is to be established under this paragraph for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)), notice of the establishment of the program and a detailed description of the nature of the program.

Any milk diversion program so established shall consist of the reduced production program formulated under clause (iii) and the production termination program formulated under clause (iv). The aggregate amount of the reduction, under the milk diversion program so established, in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of reduction.

"(iii) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph,

the Secretary shall formulate, not later than August 1 preceding such fiscal year, a reduced production program under which the Secretary shall offer to enter into a contract, at any time before the beginning of such fiscal year, with any producer of milk in the United States for the purpose of reducing the quantity of milk marketed by such producer for commercial use during the contract period. Such contract shall be in effect throughout such fiscal year unless such contract is terminated under subparagraph (E). Each producer of milk in the United States seeking to enter into a contract for diversion payments under this clause shall, before entering into such contract, provide the Secretary with a plan that describes the manner in which the producer intends to achieve the reduction in milk marketings that would be required under such contract, and includes an estimate by the producer of the amount of such reduction that the producer intends to achieve through increased slaughter of dairy cattle (including the approximate number of dairy cattle that will be sold for slaughter during each month of the contract). In setting the terms and conditions of such contracts, the Secretary shall take into account any adverse effect of the reductions in milk production on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(iv) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary also shall formulate, not later than August 1 preceding such fiscal year, a production termination program under which the Secretary may offer, at the request of a producer of milk in the United States who submits to the Secretary a bid, to enter into a contract, at any time before November 1 of such fiscal year, with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary. In setting the terms and conditions of each contract made under this clause, the Secretary shall take into account any adverse effect of such contract, and of all contracts made under this clause, on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(v) For any fiscal year for which a milk diversion program under this paragraph is in effect, the Secretary shall determine, before the beginning of such fiscal year, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program and shall by regulation specify marketing procedures to ensure that not more than 40 per centum of the number of such dairy cattle that the Secretary estimates will be marketed for slaughter by the producers participating in the program, in excess of the number of dairy cattle such producers would market for slaughter (based on the historical dairy cow herd culling rate) during such fiscal year in the absence of such program, will be so marketed in such fiscal year in the months of October, November, December, January, February, and September. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical marketing patterns. During such fiscal year, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy cow herd culling rate to no more than 7 per centum of the national dairy cow herd.".

(2) in subparagraph (B)—

(A) striking out "(B) Each such contract" and inserting in lieu thereof "(B)(i) Each contract made under the program formulated under subparagraph (A)(iii)";

(B) redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively; and

(C) in subclause (III), as so redesignated—

(i) striking out "after November 8, 1983" and all that follows through "unless such cattle are sold", and inserting in lieu thereof "during the period beginning August 1 immediately preceding the fiscal year for which such contract is in effect and ending on the last day of such fiscal year (or during the period beginning on August 1, 1985, and ending on September 30, 1987, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)), unless, as established by evidence satisfactory to the Secretary (including any sales contract), such cattle are sold in good faith"; and

(ii) striking out "this subsection" and inserting in lieu thereof "the program for such fiscal year";

(D) in subclause (IV), as so redesignated, striking out "this paragraph" each place it appears and inserting in lieu thereof "the contract"; and

(E) adding at the end thereof the following:

"(ii) Each contract made under this program formulated under subparagraph (A)(iv) shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of three, four, or five years specified by the Secretary and beginning on the day the producer completes compliance with subclause (I), the producer shall neither acquire any interest in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by any producer with such subclause; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.";

(3) striking out "this paragraph" in subparagraph (C) and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(4) in subparagraph (D)—

(A) in clause (i)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction";

(ii) inserting "in such fiscal year;" after "marketed" the first place it appears; and

(iii) striking out "the producer has entered into under this paragraph" in subclause (I);

(B) in clause (ii)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction"; and

(ii) striking out "the producer has entered into under this paragraph" in subclause (I); and

(C) in clause (iii), striking out "as of the date of enactment of the Dairy Production Stabilization Act of 1983" and inserting in lieu thereof "throughout the fifteen-month period ending on October 1 of the fiscal year for which such contract is in effect (or ending on October 1, 1985, in the case of a program carried out under subparagraph (A)(i)(IV) for fiscal years 1986 and 1987)";

(5) in subparagraph (E)—

(A) in the first sentence—

(i) inserting "before November 1 of a fiscal year (or November 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) and" after "The Secretary may,";

(ii) inserting "for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV))" after "this paragraph" the first place it appears;

(iii) in clause (i), striking out "there would be an excessive reduction in the level of milk production in the United States" and inserting in lieu thereof "the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)";

(iv) striking out "under this paragraph" each place it appears and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(v) striking out "dairy cattle,"; and

(B) striking out "reduce" in the third sentence and inserting in lieu thereof "lessen"; and

(C) adding at the end thereof the following:

"In acting to lessen the required reduction in milk marketings among all contracts made under the program formulated under subparagraph (A)(iii), the Secretary may apportion changes in the reduction among contracts so as to give preference to any small- or medium-sized producer who requests that the producer's reduction not be lessened. A producer who enters into a contract under subparagraph (A)(iii) may terminate such contract if the Secretary modifies such contract under this subparagraph and if such producer gives written notice of such termination, and returns any payment received under such contract, to the Secretary not later than December 1 of the fiscal year for which such contract is made (or December 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)).";

(6) striking out the second sentence in subparagraph (F) and inserting in lieu thereof the following:

"The marketing history, as established by the Secretary, of such producer shall be as follows:

"(i) Except as provided in clause (ii) and clause (iii), the marketing history of the producer shall be the marketings of milk by the producer for commercial use during the one-year period ending on June 30 immediately preceding the fiscal year for which the contract is sought.

"(ii) Except as provided in clause (iii), if the producer participated in a reduced production milk diversion program under this paragraph in effect for the fiscal year preceding the fiscal year for which the marketing history of the producer is being determined, the marketing history shall be the marketing history of the producer for the diversion program for the preceding fiscal year.

"(iii) If a reduced production milk diversion program is in effect under this paragraph for fiscal years 1986 and 1987, and if

the producer participated in the milk diversion program carried out under paragraph (3) of this subsection as in effect on September 30, 1985, the marketing history of the producer for each of fiscal years 1986 and 1987 shall be, at the option of the producer—

"(I) the marketings of milk by the producer for commercial use during calendar year 1982, increased by 2.2 per centum; or

"(II) the average annual marketings of milk by the producer during calendar years 1981 and 1982, increased by 2.2 per centum.".

(7) in subparagraph (G), striking out "after December 31, 1982" and inserting in lieu thereof "in the fifteen-month period ending on October 1 of the fiscal year (or October 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)) for which the producer is seeking to enter into a contract for diversion payments under this paragraph".

(8) inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" in subparagraph (I) after "diversion payments";

(9) in subparagraph (J)—

(A) in clause (i), inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" after "diversion payments" the first place it appears; and

(B) in clause (ii), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(10) in subparagraph (L), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)"; and

(11) striking out "paragraph (2)" in subparagraph (N) and inserting in lieu thereof "paragraph (6)".

(b) Effective October 1, 1985, paragraph (9)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)), as so redesignated by section 212(1), is amended by—

(1) striking out "paragraph (2)" and inserting in lieu thereof "paragraph (6)";

(2) striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (6)(C)";

(3) striking out "paragraph (3)" and inserting in lieu thereof "paragraph (7)";

(4) inserting "(i)" after "(B)"; and

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (7), one or more dairy cattle sold for slaughter, who knows that such cattle are sold for slaughter, and who fails to cause the slaughter of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.".

(c) Paragraph (10) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(6)), as so redesignated by section 212(1), is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (6) and (7)".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(11) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) Notwithstanding section 201(d)(7) of the Agricultural Act of 1949, as added by this title, the Secretary of Agriculture—

(1) shall establish a milk diversion program, and publish the information required by such section, not later than 30 days after the date of the enactment of this Act; and

(2) shall offer to enter into contracts under such program with producers until 60 days after the date of the enactment of this Act;

if a milk diversion program is to be in effect for fiscal year 1986 and if this Act is enacted after August 1, 1985.

APPLICATION OF AMENDMENTS

SEC. 213. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before October 1, 1985.

AVOIDANCE OF ADVERSE EFFECT OF DAIRY DIVERSION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

SEC. 214. To minimize the adverse effect of the milk diversion program on beef, pork, and lamb producers in the United States during any fiscal year for which a milk diversion program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such fiscal year—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute two hundred million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(2) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(3) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

DOMESTIC CASEIN INDUSTRY

SEC. 215. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than one million pounds annually to individuals or entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law in order to promote the strenghtening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to assure that the nonfat dry milk sold by the Corporation under this section shall be used only for the manufacture of casein.

STUDY RELATING TO CASEIN

SEC. 216. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONGRESSIONAL EVALUATION OF THE COST OF PRODUCTION SCHEDULE

SEC. 217. It is the sense of Congress that two years after the date of the enactment of this Act the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should—

(1) determine the value of each of the items specified in the schedule established in section 201(d)(3)(C) of the Agricultural Act of 1949, and the contribution of each of such items to the cost of production referred to in such section, in order to assess the effect of each of such items on the cost of production index and the level of price support for milk determined under section 201(d) of such Act; and

(2) assess the effect of such index on the operation of the milk diversion program provided for in section 201(d)(7) of such Act.

APPLICATION OF SUPPORT PRICE FOR MILK

SEC. 218. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

SEC. 221. Effective October 1, 1985, the Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"SEC. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(7) the term 'importer' means a person who imports any dairy product into the United States for commercial use;

"(8) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(9) the term 'milk' means any class of cow's milk marketed in the United States;

"(10) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(11) the term 'producer' means any person engaged in the production of milk for commercial use;

"(12) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(13) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(14) the term 'United States' means the several States and the territories and possessions of the United States, except that for

purposes of sections 131, 133(a), and 136, and paragraphs (6), (7), and (9) of this section, such term means the forty-eight contiguous States in the continental United States.

"ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

"SEC. 131. There is hereby established in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of trustees from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership, other than importers, shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

"ISSUANCE OF ORDER

"SEC. 132. (a) After the effective date of this subtitle and not later than thirty days after receipt of a proposed dairy products research order, the Secretary shall publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

"(b) After the Secretary complies with the requirements of subsection (a), the Secretary shall issue a dairy products research order. The order shall become effective not later than ninety days after publication in the Federal Register of the proposed order.

"(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

"REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

"SEC. 133. (a) The dairy products research order issued under section 132(b) shall—

"(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

"(2) specify the powers of the board, including the powers to—

"(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to—

"(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

"(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

"(iii) develop new dairy products; and

"(iv) appraise the effect of such research on the marketing of dairy products;

"(B) make recommendations to the Secretary regarding such plans and projects;

"(C) administer the order in accordance with its terms and provisions;

"(D) make rules and regulations to effectuate the terms and provisions of the order;

"(E) receive, investigate, and report to the Secretary complaints of violations of the order;

"(F) recommend to the Secretary amendments to the order;

"(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary;

"(H) with the approval of the Secretary, establish advisory committees composed of individuals other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

"(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

"(3) specify the duties of the board, including the duties to—

"(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

"(B) submit to the Secretary for approval budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

"(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

"(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

"(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(F) account for the receipt and disbursement of all funds entrusted to the board;

"(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F);

"(5) during fiscal years 1986 and 1987, require each importer to pay, in the manner prescribed by the order, an assessment to the Secretary, at a rate determined by the Secretary from time to time under subsection (d) and based on the number of hundredweights of milk having 3.67 percent milkfat contained in the quantity of dairy products imported into the United States in such fiscal years for commercial use by such importer; and

"(6) require that each person receiving milk from producers for commercial use, any person marketing milk of that person's own production directly to consumers, and each importer maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

"(b) Any agreement made under subsection (a)(2)(G) shall provide that—

"(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

"(2) such plan or project shall become effective on the approval of the Secretary; and

"(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

"(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and that involves the order issued under section 132(b).

"(2) Paragraph (1) shall not be construed to prohibit—

"(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to the order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

"(B) the publication, at the direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

"(d) The rate of the assessment per hundredweight of milk required to be paid under an order issued under section 132(b) by importers shall be equal to $50,000,000 divided by the number of hundredweights of milk estimated by the Secretary to be produced in the United States in the fiscal year involved.

"PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

"SEC. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

"DAIRY RESEARCH TRUST FUND

"SEC. 135. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Dairy Research Trust Fund'.

"(b)(1) Monies shall be deposited in the Fund by the Secretary in accordance with section 201(d)(6)(B)(iii) of the Agricultural Act of 1949. The Secretary shall also deposit

in the Fund monies received under section 133(a)(5) from importers.

"(2) If no monies are so deposited for a fiscal year in accordance with section 201(d)(6)(B)(iii), then the Secretary shall transfer from monies available to the Commodity Credit Corporation, and deposit in the Fund, $50,000,000 for such fiscal year.

"(3) Monies deposited in the Fund under paragraph (1) or (2) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Monies in the Fund, other than monies deposited or transferred under paragraph (1) or (2) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"SEC. 136. (a) After September 30, 1991, the Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the monies remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"SEC. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to the order.".

DAIRY PROMOTION PROGRAM

SEC. 222. (a) Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting "and dairy products imported into" after "produced in" each place it appears.

(b) Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended by—

(1) redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively,

(2) redesignating paragraphs (g) through (l) as paragraphs (9) through (14), respectively; and

(3) inserting after paragraph (6), as so redesignated, the following new paragraphs:

"(7) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(8) the term 'importer' means a person who imports any dairy product into the United States for commercial use;".

(c) Section 113 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504) is amended by—

(1) in subsection (b)—

(A) in the first sentence, striking out "thirty-six" and inserting in lieu thereof "thirty-seven";

(B) in the second sentence, striking out "Members" and inserting in lieu thereof "Except as provided in the following sentence, members";

(C) in the third sentence, striking out "such" and inserting in lieu thereof "producer"; and

(D) inserting after the second sentence the following:

"One or more members of the Board shall be importers appointed by the Secretary from nominations submitted by importers in the manner authorized by the Secretary. The number of importers to be appointed to the Board shall be determined by the Secretary on a proportional basis, taking into account the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use during a representative period, except that not fewer than one importer shall be appointed to the Board.";

(2) in subsection (g)—

(A) inserting after the first sentence the following:

"The order shall also provide that each importer shall remit to the Board, in the manner prescribed by the Board, an assessment based on the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use by such importer."; and

(B) in the third sentence, inserting ", in the case of dairy products other than milk," after "or"; and

(3) in the first sentence of subsection (k), striking out "farmers for commercial use" and inserting in lieu thereof "producers for commercial use, each importer".

(d) Section 116(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended by—

(1) inserting "and importers" after "producers" each place it appears; and

(2) in the last sentence, inserting ", or the importation of dairy products into the United States," after "the production of milk".

(e) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

SEC. 231. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Dairy Unity Act of 1985 shall be as follows:

"Marketing Area Subject to Order	Minimum Aggregate Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Per Centum Milkfat
New England	3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
Southern Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95
Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77
Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28
Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

SEC. 232. Effective October 1, 1985, section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

COOPERATIVE ASSOCIATION REPRESENTATION

SEC. 233. Effective October 1, 1985, the second sentence of section 8c(17) of the Agricultural Adjustment Act (7 U.S.C. 608c(17)), as added by section 101 of the Agriculture and Food Act of 1981 and made effective for the period beginning January 1, 1986, and ending December 31, 1990 under section 132, is amended by striking out "not".

MARKETWIDE SERVICE PAYMENTS

SEC. 234. Effective October 1, 1985, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to—

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

SEC. 235. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D—National Commission on Dairy Policy

FINDINGS AND DECLARATION OF POLICY

SEC. 241. (a) Congress finds that—

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

SEC. 242. (a) There is hereby established in the executive branch a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

SEC. 243. (a) The National Commission on Dairy Policy shall study—

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

SEC. 244. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section 245, and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment may furnish the Commission with such personnel and support services as the head of the agency or office, and the chairman of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

FINANCIAL SUPPORT

SEC. 245. (a) Following the appointment or designation of the members of the National Commission on Export Policy, notwithstanding the provisions of section 1342 of title 31 of the United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one

person, group, or entity exceeding 10 percent of the budget of the Commission.

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

SEC. 246. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and Congress.

Subtitle E—Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 251. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

SEC. 252. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 4501), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE III—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 301. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1990"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

SEC. 302. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

TITLE IV—WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF WHEAT

SEC. 401. Effective only for the 1986 through 1990 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following:

"SEC. 107D. Notwithstanding any other provision of law—

"(a)(1) For any crop of wheat for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of wheat as provided in this subsection.

"(2) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of wheat for an amount of wheat of such crop produced on the farm equal to the acreage on the farm planted to wheat for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(3)(A) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of wheat, the Secretary shall make available recourse loans to producers during each of the five marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) A producer may repay a loan made under subparagraph (A) at a level, per bushel, that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer redeems the wheat under loan—

"(I) the then current State monthly weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(4)(A) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under paragraph (3), agree to forgo obtaining such loan or agreement in return for such payments.

"(B)(i) A payment under this paragraph shall be computed by multiplying—

"(I) the loan payment rate; by

"(II) the quantity of wheat the producer is eligible to place under loan.

"(ii) For purposes of this paragraph, the quantity of wheat eligible to be placed under loan may may not exceed the produce obtained by multiplying—

"(I) the individual farm program acreage for the crop; by

"(II) the farm program payment yield established for the farm.

"(C) For purposes of this paragraph, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under paragraph (3); exceeds

"(ii) the level at which a loan may be repaid under paragraph (3)(B).

"(D) Any payments under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of wheat for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph, except that the Secretary shall not make available payments under this paragraph to any producer with a wheat acreage base of less than 10 acres for the crop. Payments for any crop of wheat shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of wheat, if producers on a farm devote a portion of the farm's permitted wheat acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's wheat crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the wheat permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's wheat program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant wheat for harvest on at least 50 per centum of the farm's wheat crop acreage base. The farm's wheat crop acreage base and wheat program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for a crop of wheat shall be the amount by which the established price for the crop of wheat (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), prior to any adjustment made under the fourth sentence in subsection (a)(2) for the marketing year for such crop of wheat.

"(C) For each crop of wheat, the established price shall not be less than the following levels for each farm:

"(i) $4.50 per bushel for any portion of the crop produced on each farm that does not exceed fifteen thousand bushels and

"(ii) $4.00 per bushel for any portion of the crop produced on each farm that exceeds fifteen thousand bushels.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the fourth sentence of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for wheat established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for wheat established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of wheat. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop, the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the wheat program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(C) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to wheat for harvest from the wheat crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat for harvest is less than the wheat crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of wheat shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of wheat, either a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any wheat acreage limitation program or set-aside program under this subsection not later than July 1 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the wheat acreage limitation program for the 1986 crop under

subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of wheat the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by a total of 30 per centum, except that, for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by 20 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of wheat, if the Secretary estimates, not later than July 1 of the year prior to the calendar year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 20 per centum of the wheat crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. Wheat crop acreage bases for each crop of wheat shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to wheat by (B) the number of acres authorized to be planted to wheat under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by this Act, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1986 crop of wheat as provided in subsection (e)(1)(B)(i) (for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop) under which the Secretary shall make crop retirement and conservation payments to any such producer of the 1986 crop of wheat whose acreage on the farm planted to wheat for harvest is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 10 per centum of the wheat acreage base in addition to the reduction required under paragraph (2), and the producer devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Payments under the preceding sentence shall be made in an amount computed by multiplying (i) the diversion payment rate by (ii) the acreage diverted under this paragraph by (iii) the farm program yield for the crop. The diversion payment rate shall be $2.00 per bushel.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit of the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize

51-059 O-86-34 (Pt. 19)

the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program shall be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), and shall be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 402. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

TITLE V—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1990 CROPS OF FEED GRAINS

SEC. 501. Effective only for the 1986 through 1990 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following:

"SEC. 105C. Notwithstanding any other provision of law—

"(a)(1) For any crop of feed grains for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers as provided in this subsection.

"(2)(A) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers on each farm loans and purchases for each of the 1986 through 1990 crops of corn for an amount of corn of such crop produced on the farm equal to the acreage on the farm planted to corn for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the five marketing years for such crops of corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn, except that the level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined before any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this subparagraph, if the Secretary determines (i) that the average price of corn received by producers in the previous marketing year (including the marketing year for the 1985 crop of corn) was not more than 105 per centum of the level of loans and purchases for corn for such marketing year, or (ii) that the loan level computed under the foregoing provisions would discourage the exportation of corn and cause excessive stocks of corn in the United States, the Secretary may reduce the level of loans and purchases for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(B) If the Secretary determines that the availability of nonrecourse loans and purchases will not have an adverse effect on the program provided for in paragraph (3), the Secretary may make available to producers under this paragraph loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn under this paragraph, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(3)(A) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of corn the Secretary shall make available recourse loans to producers during each of the five marketing years for corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn. The level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) Unless the Secretary, at the Secretary's discretion, makes available nonrecourse loans and purchases to producers under paragraph (2) for a crop of feed grains the Secretary shall make available to producers under this paragraph recourse loans for each of the 1986 through 1990 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that recourse loans are made available under this paragraph for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(D) A producer may repay a loan made under subparagraph (A) or (B) at a level (per bushel) that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the date of maturity of the loan that the producer redeems the feed grain under loan—

"(I) the then current State monthly weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price (per bushel) for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(4)(A) The Secretary may, for each of the 1986 through 1989 crops of corn, and other feed grains as outlined in paragraph (3)(B), make payments available to producers who, although eligible to obtain a loan or purchase agreement under paragraph (3), agree to forgo obtaining such loan or agreement in return for such payments.

"(B)(i) A payment under this paragraph shall be computed by multiplying—

"(I) the loan payment rate; by

"(II) the quantity of corn the producer is eligible to place under loan.

"(ii) For purposes of this paragraph, the quantity of corn eligible to be placed under loan may not exceed the produce obtained by multiplying—

"(I) the individual farm program acreage for the corp; by

"(II) the farm program payment yield established for the farm.

"(C) For purposes of this paragraph, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under paragraph (3); exceeds

"(ii) the level at which a loan may be repaid under paragraph (3)(D).

"(D) Any payments under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley for which a national marketing certificate program is not in effect under title V in an amount computed as provided in this paragraph, except that the Secretary shall not make available payments under this paragraph to any producer with a feed grains acreage base of less than 15 acres for the crop. Payments for any crop

of feed grains shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever an acreage limitation program is in effect for a crop of feed grains, if producers on a farm devote a portion of the farm's permitted feed grain acreage (as determined under subsection (e)(2)) equal to more than 5 per centum of the farm's feed grain crop acreage base for the crop to conservation uses or nonprogram crops, such portion of the feed grain permitted acreage in excess of 5 per centum of the base devoted to conservation uses or nonprogram crops shall be considered as part of the farm's feed grain program acreage and the producers shall be eligible for payments under this paragraph on such acreage, subject to the producers' compliance with the next sentence. To be eligible for payments under the preceding sentence, the producers on the farm must actually plant feed grains for harvest on at least 50 per centum of the farm's feed grain crop acreage base. The farm's feed grain crop acreage base and feed grain program yield shall not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate for a crop of corn shall be the amount by which the established price for the crop of corn (less 6 cents per bushel if the Secretary establishes a feed grain export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), before any adjustment made under the third sentence in subsection (a)(2)(A) for the marketing year for such crop of corn.

"(C) For each crop of corn, the established price shall not be less than the following levels for each farm:

"(i) $3.10 per bushel for any portion of the crop produced on each farm that does not exceed thirty thousand bushels and

"(ii) $2.75 per bushel for any portion of the crop produced on each farm that exceeds thirty thousand bushels.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the third sentence in subsection (a)(2)(A), the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of corn under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of corn, received by farmers during the marketing year for such crop, as determined by the Secretary.

"(iii) Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity of feed grains on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for feed grains established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for feed grains established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year, except that for the 1986 crop the proclamation shall be made as soon as practicable after the date of the enactment of the Food Security Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the feed grain program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event may the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to feed grains for harvest from the feed grain crop acreage base established for the farm for the crop under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to feed grains for harvest is less than the feed grain crop acreage base established for the farm for the crop under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In estab-

lishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of feed grains shall be determined under title VI.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any feed grain acreage limitation program or set-aside program under this subsection not later than September 30 prior to the calendar year in which the crop is harvested, and the Secretary may make appropriate adjustments in such announcement for the feed grain acreage limitation program or the set-aside program not later than October 30 before the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the earlier announcement. Notwithstanding the preceding sentence, the Secretary shall announce the feed grain acreage limitation program for the 1986 crop under subparagraph (B) as soon as practicable after the date of the enactment of the Food Security Act of 1985.

"(B)(i) For the 1986 crop of feed grains, the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain acreage base for the farm for the crop reduced by a total of 20 per centum, except that, for producers who plant the 1986 crop of feed grains before the announcement by the Secretary of the feed grain acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain crop acreage base for the farm for the crop reduced by 10 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1990 crops of feed grains, if the Secretary estimates, not later than September 30 of the year prior to the calendar year in which the crop is harvested, that the quantity of feed grains on hand in the United States on the first day of the marketing year for that crop (not including any quantity of feed grains of that crop) will exceed 1,100,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 10 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 10 per centum of the feed grain crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If the feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. Feed grain acreage bases for each crop of feed grains shall be determined under title VI. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to feed grains by (B) the number of acres authorized to be planted to feed grains under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to

prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) In carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program shall be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), and shall be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 502. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

SEC. 501. Effective only for the 1986 through 1990 crops, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

TITLE V-A—AGRICULTURAL COMMODITY SUPPLY MANAGEMENT

DEFINITIONS

"SEC. 501. As used in this title:

"(1) The term 'acreage allotment percentage' means a percentage obtained by dividing $200,000 by the projected aggregate annual income of a producer from the sale of commodities during a calendar year in which a commodity will be harvested, except that such percentage may not exceed 100 per centum.

"(2) The term 'commodity' means, except as provided by section 502(D), wheat, corn, grain sorghums, barley, oats, rye, upland cotton, rice, and soybeans.

"(3) The term 'eligible crop acres' means the number of acres a producer may cultivate for the production of a commodity during a crop year determined under section 506(b)(2).

"(4) The term 'normal crop acres' means the number of acres cultivated for the production of a commodity, or reduced, set-aside, or diverted under a program administered by the Secretary, during any of the four preceding crop years.

"(5) The term 'program period' means the—

"(A) 1986 through 1987 crop years; and

"(B) 1988 through 1990 crop years.

"(6) The term 'reserve' means the farmers disaster reserve established under section 510.

"REFERENDA

"SEC. 502. (a) No later than February 1, 1986, and August 1, 1988, in order to determine whether the program established by this title shall be implemented for an eligible commodity or group of commodities during the succeeding program period, the Secretary shall conduct a separate referendum among producers of that commodity or group who, during a representative period (as determined by the Secretary), have been engaged in the production of such commodity or one of such group of commodities for commercial use.

"(b) If the program established by this title is approved by at least 60 percent of the eligible producers of an eligible commodity or group of commodities voting in a referendum, the Secretary shall implement such program during the suceeding program period for such commodity or group of commodities, as the case may be, for which the program was approved.

"(c) If the program is not approved by at least 60 percent of the eligible producers of an eligible commodity or group of commodities voting in a referendum during the succeeding program period, in lieu of such program, the Secretary shall provide loans, purchases, payments, and other assistance to producers of such commodity or group of commodities as otherwise in accordance with law.

"(d) For purposes of this section, the term "eligible commodity or group of commodities" means the commodity or group of commodities listed in one of the following paragraphs:

"(1) wheat, corn, grain sorghums, barley, oats, and rye;

"(2) upland cotton;

"(3) rice; or

"(4) soybeans.

"LOAN RATES

"SEC. 503. (a) The Secretary shall make available to producers loans and purchases for each crop of a commodity produced during a program period at such level, not less than the minimum support level for a commodity established under subsection (b), as the Secretary determines taking into consideration the actual cost of production of the commodity throughout the United States.

"(b) The minimum support level for a commodity during a crop year established under this subsection shall equal a specified per centum of the parity price of the commodity as provided in the following table:

"The minimum support level for a commodity during the:	Shall equal the following per centum of the parity price of the commodity:
1986 crop year	70 per centum
1987 crop year	72 per centum
1988 crop year	74 per centum
1989 crop year	76 per centum
1990 crop year	78 per centum

"(c) The term of a loan made under this section shall be thirty-six months.

"NATIONAL MARKETING QUOTAS

"SEC. 504. (a) The Secretary shall proclaim a national marketing quota for each commodity for each marketing year of the 1986 through 1990 crops of commodities. The proclamation shall be made as soon as practicable during each calendar year preceding the year in which the marketing year for the crop begins.

"(b) The amount of the national marketing quota for a commodity for a marketing year shall be an amount of the commodity (less imports) that the Secretary estimates will be utilized during the marketing year to meet (1) domestic demand, (2) export demand, (3) food aid requirements, and (4) carryover requirements.

"(c) The Secretary may revise the national marketing quota first proclaimed for any marketing year for the purpose of determining national acreage allotments under section 505 if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national production requirement as soon as it is made.

"(d) If the Secretary determines that domestic carryover stocks of a commodity are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national marketing quota by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"NATIONAL ACREAGE ALLOTMENTS

"SEC. 505. (a) The Secretary shall proclaim a national acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(b) The amount of the national acreage allotment for any crop of a commodity shall be the number of acres which the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of farm acreage allotments will produce an amount of the commodity equal to the national marketing quota for the commodity for the marketing year for such crop.

"FARM ACREAGE ALLOTMENTS

"SEC. 506. (a) The national acreage allotment for a commodity shall be apportioned by the Secretary among farms, through local committees, in accordance with this section.

"(b)(1) To be eligible to receive a farm acreage allotment for a commodity for any crop year, a producer must complete and submit to the Secretary an application which contains—

"(A) the eligible crop acres of the producer, as determined under paragraph (2);

"(B) the projected annual income of the producer during the calendar year in which such commodity will be harvested, as determined under paragraph (3); and

"(C) the number of any bonus acres the producer requests to be awarded under subsection (f) for the production of each commodity during the crop year.

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), the eligible crop

acres of a producer shall equal the number of acres a producer requests to cultivate for the production of commodities during a crop year.

"(B) The total number of eligible crop acres of a producer during a crop year may not exceed the product obtained by multiplying—

"(i) the normal crop acres of the producer; by

"(ii) 80 per centum.

"(C) For purposes of subparagraph (B)(i), if a producer places acreage in the conservation reserve program established under section 16B of the Soil Conservation and Domestic Allotment Act, such acreage shall be added to the normal crop acres of the producer.

"(3) For purposes of this title, income shall—

"(A) include all farm and nonfarm income from whatever source;

"(B) be determined jointly for married couples; and

"(C) be determined separately for unmarried individuals living on a farm who—

"(i) are related by blood or marriage;

"(ii) are actively involved in the farming operation; and

"(iii) earn more than 50 per centum of their taxable income from farming operations.

"(c) The total farm acreage allotment of a producer for all commodities produced during a crop year under this section shall consist of the sum of—

"(1) the base acreage allotment for each commodity determined under subsection (d);

"(2) any supplemental acreage allotment for each commodity determined under subsection (e); and

"(3) any bonus acres for each commodity awarded under subsection (f).

"(d) The base acreage allotment of a producer for a commodity for a crop year shall equal the number of acres obtained by multiplying—

"(1) eligible crop acres of the producer; by

"(2) acreage allotment percentage of the producer.

"(e) Subject to the provisions of section 535(b) of this title, whenever a base acreage allotment for a crop is established for a farm, other than for a commodity which the producers on the farm use for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national acreage allotment is in effect under this title, the producers on the farm may not plant an acreage on the farm to the commodities involved in excess of the base acreage allotment of the producers for the farm for the respective commodities; and with respect to farms with base acreage allotments for such commodities and crop involved of less than fifteen acres, producers on such farms may not plant an acreage on such farms to the commodity for harvest for the crop in excess of fifteen acres.

"(f)(1) The Secretary shall determine the amount of any national supplemental acreage allotment for each commodity for each of the 1986 through 1990 crop years.

"(2) The amount of the national supplemental acreage allotment for a commodity for each crop year shall equal the difference between—

"(A) the amount of the national acreage allotment for such commodity for the crop year determined under section 505; less

"(B) the sum of the base acreage allotments of all producers for such commodity determined under subsection (d).

"(3) The supplemental acreage allotment of a producer for a commodity produced during a crop year shall equal the number of acres obtained by multiplying—

"(A) the difference between the eligible crop acres of the producer for such commodity and the base acreage allotment of the producer for such commodity; and

"(B) the percentage obtained by dividing—

"(i) the amount of the national supplemental acreage allotment for such commodity determined under paragraph (2); by

"(ii) the total of all supplemental acreage requests for such commodity determined under clause (A).

"(g) If the Secretary determines that the total amount of base and supplemental acreage allotments for a commodity for a crop year determined under subsections (d) and (f) would not produce an amount of the commodity equal to the national marketing quota for the commodity for the crop year determined under section 505, the Secretary shall award to each producer who requested bonus acres under subsection (b)(1)(C), in equal amounts, bonus acres for the production of such commodity which, in the aggregate and in conjunction with such allotments, would result in the production of an amount of such commodity equal to such national marketing quota.

"(h)(1) Except as provided in paragraph (2), a producer may plant one or more commodities (in the producer's discretion) on acreage permitted to be cultivated under a farm acreage allotment issued under this section for a crop year.

"(2) A producer may not increase the amount of acreage used for the production of a commodity during a crop year by more than 20 per centum over the amount of acreage used for the production of such commodity during the preceding crop year.

"(3) In order to permit the Secretary to issue marketing certificates under section 507, a producer shall inform the Secretary of the number of acres the producer will use for the production of each commodity during each crop year.

"(i) If the normal crop acres of a producer becomes available for any reason, such normal crop acres shall revert to the Secretary and be reapportioned by the Secretary to the next operator of the farm.

"MARKETING CERTIFICATES

"SEC. 507. (a) At the time a producer is assigned a farm acreage allotment under section 506 for any crop year, the Secretary shall issue marketing certificates to such producer for each commodity to be produced during such crop year.

"(b) Except as provided in subsections (c) and (d), a marketing certificate issued to a producer for any commodity for any crop year shall authorize such producer to market, barter, or donate an amount of such commodity determined by multiplying—

"(1) the number of acres the producer informed the Secretary the producer will use for the production of such commodity during such crop year under section 506(g)(3); by

"(2) the higher of—

"(A) the county average yield per acre for such commodity; or

"(B) the farm program yield of the producer for such commodity (as provided in section 508).

"(c) The Secretary may adjust the amount of a commodity which may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity which may be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If the amount of a commodity produced in a crop year exceeds the amount of the commodity which may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be—

"(1) used for feed, human consumption, or other purposes on the farm of the producer;

"(2) stored during the current marketing year and marketed under a marketing certificate issued for the subsequent marketing year;

"(3) donated to the Commodity Credit Corporation in order to be made available to provide famine relief and assistance to other foreign countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(4) sold to the Commodity Credit Corporation, at no more than 50 per centum of the loan level for such commodity determined under section 503, in order to be made available to provide such famine relief and assistance.

"(e) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate.

"FARM PROGRAM YIELDS

"SEC. 508. (a)(1) The farm program yield for each crop of a commodity shall be equal to the sum of the average yield established for the farm for the five most recent crop years, excluding the year in which the yield was the highest and the year in which the yield was the lowest, adjusted by the Secretary to provide a fair and equitable yield.

"(2) If no payment yield for such commodity was established for the farm in the five most recent crop years, the Secretary may determine such yield as the Secretary determines fair and reasonable.

"(b) Notwithstanding subsection (a):

"(1) In the determination of yields, the Secretary shall take into account the actual yields demonstrated by the producer to the satisfaction of the Secretary.

"(2) Neither such yields established for a commodity nor the farm program yield established on the basis of such yields shall be reduced under other provisions of this section.

"(c) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the base period, or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year concerned.

"(d) If national, State, or county program payment yields are established, the total farm program yields shall balance to the national, State or county program payment yields, respectively.

"CONSERVATION OF SET-ASIDE ACREAGE

"SEC. 509. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the producer which the producer is required to set-aside under section 506.

"(b) The Secretary may make such adjustments in the amount of acreage the producer is required to set-aside under section 506 as the Secretary determines necessary to cor-

rect for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c)(1) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(2) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to hay and grazing if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(d)(1) Any set-aside acreage may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of practices designed to carry out the purposes of paragraph (1).

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary which describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"SOIL CONSERVATION

"SEC. 510. (a) Notwithstanding any other provision of law, the Secretary shall require that producers on a farm in any area follow the conservation practics prescribed by the appropriate local soil conservation district for the area.

"(b) In areas in which no soil conservation district exists, the country committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall determine appropriate conservation practice.

"PENALTIES

"SEC. 511. (a)(1) Except as provided in subsection (b), if a producer fails to comply with any term or condition of the program conducted under this title, the producer shall be ineligible for any farm acreage allotment, loan, purchase, or payment authorized under this title.

"(2) Except as provided in subsection (c), if a producer markets, barters, or donates a commodity without a marketing certificate required under section 507 or markets, barters, or donates an amount of a commodity for commercial use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a fine against such producer in an amount equal to three times the value of the commodities so marketed; or

"(B) increase the number of acres such producer is required to set-aside under section 506 during the succeeding crop year by a number of acres which, if planted, would result in the production of a quantity sufficient to satisfy the fine referred to in clause (A).

"(3) If a person purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity which may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 507, the Secretary shall assess a fine against such person in an amount equal to three times the value of the commodities so purchased or acquired.

"(b)(1) If a producer fails to comply fully with the terms and conditions of the program conducted under this section and the Secretary believes the failure should not preclude the making of a farm acreage allotment, or loans, purchases, or payments to the producer, the Secretary may make an allotment or loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure of the producer.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"REGULATIONS

"SEC. 512. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

"COMMODITY CREDIT CORPORATION

"SEC. 513. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

"PAYMENTS

"SEC. 514. (a) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this title.

"(b) The Secretary shall provide for the sharing of payments made under this title for any farm among the producers on the farm on a fair and equitable basis.

"COMPLIANCE USING HIGHLY ERODIBLE LAND

"SEC. 515. If any land is required to be set aside, diverted, or othewise not cultivated under the provisions of a program under this title, the producer shall satisfy such requirement to the extent possible with highly erodible cropland (as defined in section 1201 of the Food Security Act of 1985). Any such highly erodible land so set aside, diverted, or not cultivated, during a period of four succeeding crop years shall be excluded from any crop acreage base for any program crop.".

SUSPENSION OF PERMANENT PROGRAM

"SEC. 502. (a)(1) Section 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1991.

(2) Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1990 crops of wheat.

(3) The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1990.

(4) Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

(b) Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1990 crops of feed grains.

(c)(1) Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to upland cotton of the 1986 through 1990 crops.

(2) Effective only with respect to the period beginning August 1, 1987, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all through "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same price as it sells upland cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

(3) Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

(4) Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379) shall be the preliminary allotments for the 1991 crop.

(c) If marketing certificates are not approved for a program period by producers in a referendum conducted under title V of the Agricultural Act of 1949, with respect to commodities, the amendments made by this section shall not take effect.

TITLE VI—COTTON

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

SEC. 601. Effective only for the 1986 through 1990 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law for any crop of cotton for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of cotton as provided in this subsection.

"LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days,

shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1990 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for upland cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to upland cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below $0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for upland cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level below $0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of

the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If an upland cotton acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

"ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title VI.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1990 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 602. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 603. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

SKIPROW PRACTICES

SEC. 604. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

MARKETING CERTIFICATES

SEC. 605. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VII—RICE

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1990 CROPS OF RICE

SEC. 701. Effective only for the 1986 through 1990 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law, for any crop of rice for which a national marketing certificate program is not in effect under title V, loans and purchase shall be made available to producers of rice as provided in this subsection.

"LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1990 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level so computed to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the amount of the reduction shall not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

"TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1990 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be $11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988, 1989, and 1990 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988, 1989, or 1990 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the

Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

"ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title VI.

"YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title VI.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title VI by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title VI, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such par-

ticipation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

NONAPPLICABILITY OF SECTION 101 OF THE AGRICULTURAL ACT OF 1949

SEC. 602. That portion of section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) preceding subsection (a) shall not be applicable to the 1986 through 1990 crops of rice.

EXPORT MARKETING CERTIFICATES

SEC. 703. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice, as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 101(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VIII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 801. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) subsections (a) through (j) of section 358;

(2) subsections (a) through (h) of section 358a;

(3) subsections (a), (b), (d), and (e) of section 359;

(4) part I of subtitle C of title III; and

(5) section 371.

POUNDAGE QUOTAS

SEC. 802. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established—

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to—

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 803. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one

county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 804. Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(l) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the addition-

al peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 805. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section—

"(A) any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and

"(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 806. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in

peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

TITLE IX—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the five marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel. Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of soybeans received by producers in the previous marketing year (including the marketing year for the 1985 crop of soybeans) was not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, or (B) with respect to the 1986 crop only, that the level of loans or purchases computed under the foregoing provisions would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that (subject to the following sentence) the level of loans and purchases may not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. If the Secretary exercises the authority provided in the preceding sentence with respect to the level of loans and purchases for the 1986 crop of soybeans based on a determination that the level of loans and purchases computed under the first sentence of this paragraph would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the level of loans and purchases for such crop may not be reduced by more than 5 per centum. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program.".

"(3) For any crop of soybeans for which a national marketing certificate program is not in effect under title V, loans and purchases shall be made available to producers of soybeans as provided in this section.".

TITLE X—GENERAL COMMODITY PROVISIONS

Subtitle A—The Agricultural Efficiency and Equity Act of 1985

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title V, as added by section 551 of this Act, the following:

"TITLE VI—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 601. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"DEFINITIONS

"SEC. 602. For purposes of this title—

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

"FARM ACREAGE BASES

"SEC. 603. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of—

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609)—

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if—

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"CROP ACREAGE BASES

"SEC. 604. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 603(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provided for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 603(a) shall be—

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609)

in each of the five crop years preceding such crop year; and

"(B) if the program crop is upland cotton or rice—

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 609) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 603(a), the county committee may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"SEC. 605. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of—

"(A) wheat, May 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

"PROGRAM YIELDS

"SEC. 606. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that—

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

"RESPONSIBILITIES OF COUNTY COMMITTEES

"SEC. 607. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall—

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 603(b) and 604(b) and shall include—

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 603(b)(2) and 604(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 606 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 606 and shall include—

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 606(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 606(c).

"NEW PRODUCERS AND SIMILAR SITUATIONS

"SEC. 608. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 603 and 604. Such bases shall be established

in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SPECIAL RULES

"SEC. 609. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that—

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"APPEAL PROCEDURE

"SEC. 610. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination.".

REPEAL OF OUTDATED PROGRAM PROVISIONS

SEC. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344, 344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333, 1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice,";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377)—

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'.".

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

SEC. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by—

(1) in section 101 (7 U.S.C. 1441)—

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"; and

(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a))—

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a)—

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938.".

(b) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 602(2) of this Act) produced on such farm, under title VI of this Act, and—

"(A) the number of acres on the farm planted to all program crops (as defined in section 602(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that

such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 602(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title VI of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if—

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year.".

CONFORMING CHANGES

SEC. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

Subtitle B—Miscellaneous Commodity Provisions

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

SEC. 1011. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton, and rice shall not exceed $50,000 for each of the 1986 through 1990 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed $100,000 for each of the 1986 through 1990 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1021 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: Provided, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

NONRECOURSE LOAN LIMIT

SEC. 1012. Effective with respect to the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as otherwise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1990 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed $250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is $250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection, except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act.".

EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 1014. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1015. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1990".

HAYING AND GRAZING

SEC. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by—

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 424. Notwithstanding any other provisions of this Act, in carrying out any acre-

age limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: Provided, That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section.".

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1018. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MULTIYEAR SET-ASIDES

SEC. 1020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

COST REDUCTION OPTIONS

SEC. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to—

(1) receipt by the Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity:

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1011 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a), striking out "and" after "supply" and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ", with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act";

(3) adding at the end of subsection (b) the following:

"Whenever—

"(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary, or

"(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secre-

tary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 per centum of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

ADVANCE DEFICIENCY PAYMENTS

SEC. 1023. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"SEC. 107E. (a) Effective for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers with respect to any such crop as soon as practicable after October 1 of the calendar year in which the crop is harvested; but the Secretary, at the Secretary's discretion, may make payments available to any producer prior to such date at any time after the producer files notice of intention to participate in the program for the crop.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.".

DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

SEC. 1024. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

"SEC. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for

such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

REQUIRED DISPOSITION OF SURPLUS COMMODITIES

SEC. 1025. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

SEC. 1026. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"SEC. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1027. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"SEC. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

LIQUID FUELS

SEC. 1028. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

MARKETING YEAR

SEC. 1029. Section 301(b)(7) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(7)) is amended by striking out "Corn, October 1—September 30;" and inserting in lieu thereof "Corn, September 1—August 31."

ANALYSIS OF INFORMATION—CONFIDENTIALITY

SEC. 1030. (a) Neither the Secretary, nor any other officer or employee of the Department of Agriculture (hereinafter "the Department") or agency thereof, nor any other person may—

(1) Use the information furnished generally pursuant to sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951, and 2248, title 7, United States Code, section 42, title 13, United States Code, and section

1516(a) title 15, United States Code, for any purpose other than statistical purposes which are defined as the development or reporting of aggregate data in such a way that the identity of specific establishment or individual data is not discernible and is not material to the intended uses of the data, or

(2) disclose such information to the public unless it has been transformed into statistical or aggregate formats that do not allow the identification of the establishment or individual who supplied particular information.

(b) No department, agency, or employee of the Government except the Secretary in carrying out the general purposes of sections 1622(g) and 2204(a), title 7, United States Code, and the specific purposes of sections 471, 501, 951, and 2248, title 7, United States Code, shall require for any reason, copies of the statistical information provided to the Department which have been retained by any such establishment or individual. Copies of such information which have been so retained shall be immune from mandatory disclosure of any type including legal process, and shall not, without the consent of the individual or establishment concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or publicly release information collected pursuant to, generally, sections 1622(g) and 2204(a) of title 7, United States Code, and specifically pursuant to sections 471, 501, 951 and 2248, title 7 United States Code section 42, title 13, United States Code, and section 1516(a), title 15, United States Code, in any manner or for any purpose prohibited in section (a) shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

DIVISION B—TRADE, CONSERVATION, AND CREDIT

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

SEC. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "$1,000,000,000" in the first sentence and inserting in lieu thereof "$1,200,000,000";

(2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

SEC. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721–1726) is amended by adding at the end thereof the following:

"SEC. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"SEC. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under this title shall include—

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program.".

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

SEC. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

SEC. 1104. It is the sense of Congress that—

(1) the President should work with the People's Republic of China to facilitate the export of commodities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

SEC. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

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

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II and section 311 of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year. The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out section 311 of that Act.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years ending September 30, 1986, and September 30, 1987, not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,000,000 metric tons in fiscal year 1986, and 600,000 metric tons in fiscal year 1987, of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

(C) The minimum quantity requirements of subparagraphs (A) and (B) apply with respect to the eligible commodities to be made available for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to eligible commodities made available to carry out section 311 of that Act.

"(D)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year—

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.

"(11) The Secretary may furnish eligible commodities under this subsection in connection with (A) concessional sales agreements entered into under title I of the Agricultural Trade Development Act of 1954 or other statutes, or (B) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

"(12) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipent countries to acquire additional agricultural commodities from the United States through commercial arrangements.

"(13) The amount of any commodity furnished under paragraphs (11) and (12) of this subsection in any fiscal year shall be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection has been met during such fiscal year.".

FOOD FOR PROGRESS PROGRAM AND PRIVATE ENTERPRISE PROMOTION

SEC. 1107. (a) Title III of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727-1727g) is amended by adding at the end thereof the following new section:

"SEC. 311. (a) The President is authorized to negotiate and carry out agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricultural commodities to such countries, on a credit or grant basis, to support reform and implementation of agricultural policy decisions based on free market principles. Such agreements may provide for commodities to be furnished on a multiyear basis.

"(b) The agreement between the United States Government and a recipient country which provides for the furnishing of commodities under this section shall be called a Food for Progress Program.

"(c) Before entering into an agreement with developing country for the furnishing of agricultural commodities under this section, the President shall be satisfied that such country is committed to carry out, or is carrying out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things—

"(1) access, on the part of farmers in the country, to private, competitive markets for their products;

"(2) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

"(3) establishment of market-determined foreign exchange rates;

"(4) timely availability of production inputs, such as seed; fertilizer, or pesticides, to farmers; and

"(5) access to technologies appropriate to the level of agricultural development in the country.

"(d)(1) Notwithstanding any other provision of law, the Commodity Credit Corporation may use funds appropriated to carry out title I of this Act in carrying out this section.

"(2) The Commodity Credit Corporation may finance the sale and exportation of commodities furnished to a developing country under this section.

"(3) The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of furnishing commodities on a grant basis under this section.

"(4) Section 203 of this Act shall apply to commodities furnished on a grant basis to a developing country under this section.

"(e) Payment by any developing country for commodities purchased on credit terms under this section shall be on the same basis as the terms provided in section 106 of this Act.

"(f) Any new spending authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(g) Any preference to "this title" in sections 301 through 307 of this title shall not apply with respect to this section.".

"(b) Section 106(b) of such Act (7 U.S.C. 1706(b)) is amended by adding at the end thereof the following new paragraph:

"(4)(A) Notwithstanding any other provision of this subsection, agreements under this title for the sale of agricultural commodities for dollars on credit terms may provide that proceeds from the sale of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government.

"(B) Proceeds used for private sector development activities pursuant to this paragraph shall be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives and other entities within such country. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States.

"(C) As used in this paragraph—

"(i) the term 'private sector development activities' means activities which foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of goods and services within a recipient country; and

"(ii) the term 'financial intermediaries' includes banks, cooperatives, private and voluntary organizations, and other financial institutions capable of making and servicing loans.".

CHILD IMMUNIZATION

SEC. 1108. (a) The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (11) of section 109 (7 U.S.C. 1709(11)) by inserting immediately before the period at the end thereof ", including the immunization of children";

(2) in the first sentence of section 206 (7 U.S.C. 1726) by striking out "or" before "(B)", and by inserting immediately before the period at the end thereof ", or (C) health programs and projects, including immunization of children"; and

(3) in the second sentence of section 301(b) (7 U.S.C. 1727(b)) by inserting "(including immunization of children)" immediately after "health services".

(b) In the implementation of health programs undertaken in relation to assistance provided under the Agricultural Trade Development and Assistance Act of 1954, it shall be the target for the organizations and agencies involved to provide for the immunization by fiscal year 1987 of at least three million more children annually than receive immunizations under such programs in fiscal year 1985. Such increased immunization activities should be taken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President shall include information concerning such innunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection.

Subtitle B—Food Security Wheat Reserve

EXTENSION OF THE RESERVE

SEC. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f-1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

Subtitle C—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

SEC. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been underrepresented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

AGRICULTURAL TRADE CONSULTATIONS

SEC. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

SEC. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture may use $325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than $5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

SEC. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h), the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processors, or purchaser and the Secretary.

(3) The Secretary of Agriculture—

(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary,

(i) to counter or offset the adverse effect on United States exports of an agricultural commodity of subsidies (including export subsidies, tax rebates on exports, financial assistance on preferential terms, provisions of funds to cover operating losses, assumption of costs or expenses of production, processing or distirbution, differential export taxes or differential export duty exemptions, domestic consumption quotas, and other methods of furnishing or ensuring the availability of raw materials at artificially low prices) or other unfair trade practices of a foreign country that directly or indirectly benefit producers, processors, or exporters of agricultural commodities in that foreign country; and

(ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount that reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of the Agricultural Act of 1949, and

(B) may provide agricultural commodities under the program—

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1)(A) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(B)(i) The Secretary shall establish a pilot program to carry out, during the fiscal year ending September 30, 1986, barter and countertrade transactions which are authorized under subsection (a)(3) in which the Secretary acquires and holds strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirement for for which national stockpile or reserve goals established by law are unmet.

(ii) In establishing pilot programs under this subparagraph, the Secretary shall give priority—

(I) to materials that entail less risk of loss through deterioration and have lower storage costs that the agricultural commodities they replace; and

(II) to nations with food and currency reserve shortages.

(iii) In establishing such programs, the Secretary shall consider barter and countertrade opportunities with—

(I) Zaire, for wheat and wheat flour in exchange for cobalt, tantalum minerals, germanium, zinc, copper, and diamonds;

(II) Zimbabwe for corn (and soybean oil) in exchange for chromium;

(III) Zambia for corn (and oilseeds) in exchange for cobalt;

(IV) Malaysia for rice, wheat, tobacco, cheese, and corn in exchange for rubber and oil;

(V) Brazil for wheat, corn, and non-fat dry milk in exchange for manganese ore and columbian concentrate.

(VI) Nigeria for corn and rice in exchange for oil.

(iv) The Secretary shall cooperate fully with the private sector for the consummation of the proposed barter transactions.

(C) The Secretary shall report to Congress not later than March 30, 1986 on progress in implementing pilot programs under this subparagraph. Such report shall include—

(i) a statement as to any progress in establishing any such programs with any country listed in this subparagraph; and

(ii) with respect to each such program a description of—

(I) the agricultural commodities and strategic materials or minerals to be involved in the program; and

(II) the scope and timetable of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1990 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

EXPORT ADVISORY COUNCIL

SEC. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1125 ceases operation.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by—

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

SEC. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by—

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5)—

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion—not to exceed 10 per centum—of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than $500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than $150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C). Not less than 25 per centum of the funds provided in any fiscal year for the financing of transactions under this subsection shall be made available for financing that consists of the provision of direct credit.".

MARKET EXPANSION RESEARCH

SEC. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

EXPORT SUBSIDY REPORTS

SEC. 1130. (a) Congress finds that—

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

CONTRACT SANCTITY

SEC. 1131. It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

TRADE LIBERALIZATION

SEC. 1132. (a) Congress finds that—

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports;

(3) current rules make a distinction between primary and manufactured products, and this allows for agricultural export subsidies;

(4) the rule that permits export subsidies on primary products that do not result in in equitable market shares has proven to be unworkable: and

(5) a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations.

(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products.

STUDY TO REDUCE FOREIGN EXCHANGE RISK

SEC. 1133. The Secretary of Agriculture shall conduct a study to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations that is incurred by the purchasers of United States agricultural exports under United States export credit promotion programs. The purpose of the study is to examine whether the GSM-102 program and all other United States export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange risk of the buyer which resulted from a rise in the value of the United States dollar compared to the trade-weighted index of the dollar. The index referred to is the "trade-weighted index" published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

(1) On the date a foreign buyer receives GSM-102 or other credit for purposes of purchasing United States agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the United States dollar on the same date.

(2) If in the future the United States dollar gains in strength (a higher trade-weighted index), the buyer would continue to repay the loan at the lower value fixed at the time the GSM-102 credit was extended.

(3) If the United States dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

(b) Not later than six months after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle D—Transportation Charges For Waterborne Cargoes of Donated Commodities

LIMITATION ON REQUIREMENTS

SEC. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: "Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.".

STUDY

SEC. 1142. The Secretary of Agriculture shall, using an interagency task force with representatives from the Departments of Agriculture, State, and Commerce, study the economic impact on agricultural exports of any law or administrative action that imposes barriers on the import of foreign goods and report to Congress as soon as practicable the results of such study.

Subtitle E—Agricultural Imports

CONSULTATIONS ON IMPORT RESTRICTIONS

SEC. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

FINDINGS

SEC. 1153. Congress finds that—

(1) world trade in agricultural commodities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of $10,000,000,000 and twenty-five million tons, a reduction of some 25 per centum in the export contribution to farm income;

(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities—authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for United States exports of agricultural commodities;

(8) the countries with the greatest potential for long-term growth in United States agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its exports and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources; and

(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country.

"EXPORT MARKET DEVELOPMENT REPORT

"SEC. 1154. In order to implement the findings set forth in section 1153, not later than one year after the date of enactment of this Act, the Secretary of Agriculture, in conjunction with the Administrator of the Agency for International Development, and in consultation with the Secretary of State and the United States Trade Representative, shall submit to the President and the Congress a report that—

"(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

"(2) identifies a minimum of fifteen target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next five to ten years; and

"(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter, through fiscal year 1990, the Secretary shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section."

STUDY RELATING TO BRAZILIAN ETHANOL IMPORTS

SEC. 1155. The Secretary of Agriculture shall conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry. Not later than 60 days after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle F—Trade Practices

"FINDINGS

"SEC. 1161. Congress finds that—

"(1) the production and marketing of agricultural commodities and products constitute one of the great basic industries of the United States, accounting for more than twenty percent of the gross national product and employing more than twenty-two million people or one-fifth of the total of private sector employment of the Nation;

"(2) the prosperity, security, general welfare, and economic progress and stability of the Nation are dependent on a productive, efficient, and profitable agricultural economy;

"(3) current unprofitable agricultural commodity production, depressed commodity prices, plummeting production asset values, massive agricultural indebtedness for which repayment ability does not exist constitute a dire economic emergency in the Nation's agricultural economy.

"(4) the equitable marketing of agricultural commodities and products in foreign commerce is essential in order for agricultural commodity producers to achieve a fair, reasonable, equitable, and adequate return on investment in production, economic stability, and profitability,

"(5) obstacles erected by foreign nations to the marketing of agricultural commodities and products in international commerce depress the price received by United States producers of such commodities impairing the purchasing power of such producers, destroying the value of agricultural assets, jeopardizing the credit structure on which such asset values are based, threatening the disruption and discontinuance of the production of agricultural commodities by such producers, increasing the net cost of commodity price support loans and payments made to such producers of commodities, all of which are contrary to the national interest.

"REPORT BY SECRETARY: TRADE PRACTICES

"SEC. 1162. Within 60 days after the date of enactment of this Act and within 30 days after the first day of each of the fiscal years 1987 through 1990, the Secretary of Agriculture shall submit to the President and Congress a report that describes in detail—

(1) any tariff, import restriction, nontariff barrier, or any similar trade practice or program, and

(2) any export subsidy, export restitution payment, export incentive, export reimbursement or any similar trade practice or program

used by each foreign nation during the fiscal year preceding such report that has the effect of prohibiting, discouraging, decreasing, disadvantaging, or otherwise inhibiting or adversely affecting the exportation from the United States of agricultural commodities or products produced in the United States.

Subtitle G—Administration of Certain Assistance

AVOIDANCE OF EXPORT DISPLACEMENT

SEC. 1171. Notwithstanding any other provision of the law, no funds administered by the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, the Office of International Cooperation and Development, or the Commodity Credit Corporation may be expended for the purpose of providing assistance for the production or marketing in any country of agricultural commodities which would displace imports by that country of United States agricultural commodities (or the products thereof) or which would displace exports of United States agricultural commodities (or the products thereof) to any other nation.

TITLE XII—RESOURCE CONSERVATION

Subtitle A—Conservation of Highly Erodible Land and Wetlands

DEFINITIONS

SEC. 1201. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a

conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes, ponds, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetland on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetland on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity—

"(1) during the period which begins on the date of the enactment of this Act and ends on whichever is later than January 1, 1990 or the date which is two years after the date such land on which such crop is produced was mapped by the Soil Conservation Service for the purposes of classifying such land under the land capability classification system on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted or otherwise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity, except as otherwise provided in section 1205(m) provided: That such program loans, payments, and benefits, shall not be denied to any person if as of January 1, 1990, or two years after the Soil Conservation Service has completed a soil survey for the farm, whichever is later, such person is actively applying a conservation plan based on the local Soil Conservation Service technical guide and approved by the local soil conservation district or the Secretary, in which event, such person shall have until January 1, 1995, to comply with the plan without being subject to program ineligibility.

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible cropland, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservation reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1)(A) In return for such agreement by the owner and operator, the Secretary shall agree to—

(i) provide technical assistance;

(ii) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(iii) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(B) The Secretary shall provide payment to each contracting party—

(i) with respect to any cost-share payment obligation incurred by the Secretary under the contract, as soon as possible after the obligation is incurred; and

(ii) with respect to any annual land rental fee obligation incurred by the Secretary under the contract, as soon as practicable after October 1 of each calendar year, except that the Secretary, at the Secretary's discretion, may pay any such fee prior to such date at any time during the year that the obligation is incurred.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall pay 50 per centum of the cost of installing, and maintaining for the normally expected lifespan, conservation measures and practices set forth in contracts under this section for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not

acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) Any authority to enter into contracts under this section, not within the authority of the Commodity Credit Corporation or the Secretary as of the date of enactment of the Food Security Act of 1985, shall be effective for any fiscal year to such extent or in such amounts as are provided in appropriation Acts.

Subtitle B—Water Resource Conservation

TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

SEC. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plans and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C—Soil and Water Resources Conservation Act of 1977

SHORT TITLE

SEC. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

EXTENSION OF THE ACT

SEC. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by—

(1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

(2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

(3) amending section 7(a) to read as follows:

"SEC. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

(5) amending section 10 to read as follows:

"SEC. 10. The provisions of this Act shall terminate on December 31, 2008.".

TITLE XIII—CREDIT

JOINT OPERATIONS

SEC. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has—

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of—

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income.";

and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include—

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall—

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed $10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for—

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program.".

INTEREST RATES—WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

SEC. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing.".

EFFECTIVE DATE OF SECTIONS 1302 AND 1303

SEC. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

RURAL INDUSTRIAL ASSISTANCE

SEC. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by—

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

51-059 O-86-35 (Pt. 19)

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes.".

COUNTY COMMITTEES

SEC. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

USE OF PROCEEDS FROM MINERAL SALES OR LEASES

SEC. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by—

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan.".

ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

SEC. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property—

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12-month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property—

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses.

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall—

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and

"(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

SEC. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all of the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property—

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall—

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of—

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection—

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State; and

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection.

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection.".

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by—

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

REAUTHORIZATION

SEC. 1312. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a)—

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

"(A)(i) for fiscal year 1986, real estate loans, $700,000,000, of which $650,000,000 shall be for insured loans and $50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(ii) for each of the fiscal years 1987 and 1988, real estate loans, $700,000,000, of which not more than $650,000,000 shall be for insured loans (to the extent so provided in advance in appropriation Acts) and not less than $50,000,000 for guaranteed loans (as so provided in such Acts);

"(B) operating loans, $3,150,000,000, of which $2,500,000,000 shall be for insured loans and $650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) insured or guaranteed emergency loans, $1,300,000,000 for fiscal year 1986, $700,000,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988.

Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, $340,000,000.

"(B) Industrial development loans, $250,000,000.

"(C) Insured community facility loans, $115,000,000.".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

SEC. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"SEC. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completio · of the liquidation process, of guarantee proceeds on loans in default.

"SEC. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not—

"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act.".

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1314. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who—

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer of farm products takes subject to a security interest created by the seller if—

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a security interest created by the seller in such farm products if—

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has—

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than $5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-

51317), or any other form or document in a format substantially similar to the coordinated financial statement.

REGULATORY RESTRAINT

SEC. 1316. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1319. The Secretary of Agriculture shall maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers' Home Administration.

"FARM CREDIT REPORT

"SEC. 1320. The President shall, prior to November 1, 1985, prepare and submit to the Congress his findings and recommendations concerning the continued sound and efficient operation of the Farm Credit System."

NONSUPERVISED ACCOUNTS

SEC. 1321. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve at least 10 percent of any loan made under this subtitle to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm, and home and other expenses, or additional available loan servicing.".

FARM PROGRAM APPEALS

SEC. 1322. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1317(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish procedures for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvement in the informal meeting of the official who originally made the decision and, if such official is a county supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefore.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary with twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration Office located in—

"(i) the State in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in a proceeding brought under the subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) The decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review.".

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1323. (a) Subtitle D of the Consolidated Farm and Rural Development Act is

amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan gaurantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action within five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount calculated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Secretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection (a) shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

FMHA LOAN APPEAL STUDY

SEC. 1324 (a)(1) The Secretary of Agriculture shall conduct a study concerning the administrative appeals procedure used under the farm loan programs of the Farmers Home Administration.

(2) In conducting such study, the Secretary shall examine—

(A) the number and type of appeals initiated by loan applicants and borrowers;

(B) the extent to which initial administrative actions are reversed on appeal;

(C) the reasons that administrative actions are reversed modified or sustained on appeal;

(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

(E) the quantity of time required to complete action on appeals and the reasons for delays;

(F) the feasibility of the use of administrative law judges in the appeals process; and

(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

(b) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1325. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove the application for a loan or loan guarantee made under this title, and notify the applicant of such action, within forty-five days after the Secretary has received a completed application for such loan or guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete within five days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b) If an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant within five days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary, except that, if the Secretary is unable to provide the loan proceeds to the applicant within such five-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event five days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

"(c) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action with five days after return of the application to the Secretary.

"(d) If the Secretary fails to comply with subsection (a), (b), or (c) on an application for a loan or loan guarantee that is approved by the Secretary, the Secretary shall—

"(1) for insured loans, reduce the interest payments due on the loan, or

"(2) for loan guarantees, make payments on behalf of the borrower to cover interest due to the lender on the loan,

in an amount caluclated by multiplying the outstanding principal of the loan by that part of the annual rate of interest being charged for the loan that bears the same proportion to the full annual rate of interest as the period during which the Sectretary was not in compliance with such subsection bears to a full year.

"(e) Upon receipt of an application for a loan or loan guarantee under this title, the Secretary shall inform the applicant of the requirements of this section.".

(b) The amendment made by subsection for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1326. The Secretary of Agriculture shall maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers' Home Administration.

NONSUPERVISED ACCOUNTS

SEC. 1327. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve at least 10 percent of any loan made under this subtitle to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm, and home and other expenses, or additional available loan servicing.".

FARM PROGRAM APPEALS

SEC. 1328. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1317(a) of this Act) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan or loan guarantee under this title who has been directly and adversely affected by a decision of the Secretary taken under this Act (hereinafter in the section referred to as the 'appellant') with the right to written notice, an opportunity for an informal meeting, and an opportunity for a hearing on the record, with respect to such decision, in accordance with regulations promulgated by the Secretary consistent with this section.

"(b) Within ten days of such adverse decision, the Secretary shall provide the appellant with written notice of the decision, the opportunity for an informal meeting and formal hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(c)(1) An appellant shall have the right to—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney at an inspection and reproduction of files under clause (A), an informal meeting under subsection (d), and a formal hearing under subsection (e).

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).

"(d)(1) In order to provide an opportunity for parties to reconsider and resolve differences over decisions referred to in subsection (a) and to minimize the need for formal appeals of such decisions, the Secretary shall establish producers for informal meetings between appellants and officials of the Farmers Home Administration to discuss such decisions.

"(2) In establishing procedures for an informal meeting between an appellant and official concerning a decision of the Secretary, the Secretary shall—

"(A) require the appellant and official to conduct an informal meeting, or to waive such meeting in accordance with clause (E), before a formal hearing may be conducted under subsection (e) on such decision;

"(B) preserve the rights of the appellant to further review under this section;

"(C) require completion of the informal meeting process (including notice of any reconsidered decision required under clause (F)) within thirty days after notice of the original adverse decision provided to the appellant under subsection (b);

"(D) provide for the direct involvement in the informal meeting of the official who originally made the decision and, if such offical is a country supervisor of an office, the district director of the office;

"(E) permit a waiver of the informal meeting if the appellant and official agree that such process would likely not avoid a formal appeal under subsection (e); and

"(F) require the Secretary to provide the appellant with written notice of any reconsidered decision of the Secretary reached after such informal meeting or waiver and, in the case of an adverse reconsidered decision, the reasons therefor.

"(3) If an appellant and official agree to waive an informal meeting under paragraph (2)(E) with respect to a decision of the Secretary, the Secretary shall notify the appellant of the right of the appellant to a formal hearing on the decision under subsection (e).

"(4) For the purpose of an appeal, a reconsidered decision reached by the Secretary under paragraph (2)(E) shall become the record of the Secretary with respect to the original decision made by the Secretary.

"(e)(1) If an informal meeting is conducted or waived under subsection (d) with respect to the decision of the Secretary under this title and the reconsidered decision reached under subsection (d)(2)(E) remains adverse to the appellant, the appellant may request a hearing on such reconsidered decision before an administrative law judge appointed under section 3105 of title 5, United States Code, by filing a complaint with the Secretary with twenty days of notice of such reconsidered decision.

"(2) The Secretary may submit an answer to a complaint filed under paragraph (1).

"(3)(A) A hearing under this subsection shall take place within thirty days of the filing of the complaint of the appellant.

"(B) Such hearing shall be held at a Farmers Home Administration Office located in—

"(i) the state in which the appellant resides or in which the farmland of the appellant is located; or

"(ii) an adjacent State if the office in the adjacent State is no more than five hundred miles from the location at which the appellant resides or the farmland of the appellant is located.

"(C) Evidence at such hearing may include the complaint of the appellant, the answer of the Secretary, the notice of any reconsidered decision, and any testimony by any official of the Farmers Home Administration, the appellant, and any relevant, expert, except that affidavits by such official, appellant, and expert may be substituted for direct testimony when agreed to by the parties or allowed by the administrative law judge.

"(D) Such hearing shall be tape recorded and a transcript of such hearing shall be made available at cost upon the request of any party to the proceeding.

"(4)(A) The administrative law judge shall decide all questions of fact and law in proceeding brought under the subsection and shall uphold, reverse, or modify the reconsidered decision of the Secretary.

"(B) the decision of the administrative law judge shall be final unless appealed pursuant to subsection (f).

"(5) Within ten days of the hearing, both parties to the proceeding shall be provided with a copy of the decision of the administrative law judge setting forth all findings of fact and reasons for the decision.

"(6) The Secretary shall report and make available to the public—

"(A) a decision of an administrative law judge reached under this subsection; and

"(B) a description of any subsequent action taken by the Secretary pursuant to subsection (f).

"(f)(1) If a party is aggrieved by the decision of an administrative law judge under subsection (e), such aggrieved party may request a review of the decision within ten days of the issuance of such decision.

"(2) Upon such request, the Secretary shall review the decision of the administrative law judge and make a determination on the record to modify, uphold, or reverse such decision.

"(3) The Secretary shall make such review and determination within twenty days of the request for review.

"(4) Such determination shall be the final administrative determination subject to judicial review."

SEC. 1329. Sections 302 and 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941) are amended by adding, at the end of the parenthetical provision in clause (3) of the second sentence, the following: "or, in the case of holders of the entire interest who are related by blood or marriage and all of whom are or will become farm operators, the ownership interest of each such holder separately constitutes not larger than a family farm, even if their interests collectively constitute larger than a family farm, as defined by the Secretary.".

Division C—Research, Extension, and Teaching

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

SHORT TITLE

SEC. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

SEC. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following:

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) COORDINATION OF THE REGULATORY RESPONSIBILITIES OF THE FEDERAL GOVERNMENT RELATING TO BIOTECHNOLOGY.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms"; and

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

PROJECT TERMINATION

SEC. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by—

(1) inserting "(a)" after "SEC. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project.".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

SEC. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e).."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

SECRETARY'S REPORT

SEC. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" after the semicolon at the end of paragraph (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

SEC. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by—

(1) in the third sentence of subsection (b)—

(A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and inter-

national data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281–2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

SEC. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963) (7 U.S.C. 390), is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by—

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by—

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, $20,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

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

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by—

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7 U.S.C. 390h(a)), is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used.".

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990.".

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281–2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

STUDY

SEC. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990.".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990.".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1418. The third sentence of section 1444(a) of the National Agricultural Re-

search, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed.".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed.".

AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

SEC. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30, 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1986, $360,000,000 for the fiscal year ending September 30, 1987, $380,000,000 for the fiscal year ending September 30, 1988, $400,000,000 for the fiscal year ending September 30, 1989, and $420,000,000 for the fiscal year ending September 30, 1990".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

DIRECTION OF TECHNOLOGY DEVELOPMENT

SEC. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small- and medium-sized farming operations.

"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

"PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include—

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops.".

AQUACULTURE ASSISTANCE PROGRAMS

SEC. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities,", and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition, rehabilitation, or construction of any single building or facility.".

AQUACULTURE ADVISORY BOARD

SEC. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—AQUACULTURE RESEARCH

SEC. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(b)) is amended by—

(1) striking out the first sentence; and

(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1437. The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—RANGELAND RESEARCH

SEC. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

SMITH-LEVER ACT

SEC. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service.".

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

PESTICIDE RESISTANCE STUDY

SEC. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

DIETARY ASSESSMENT AND STUDIES

SEC. 1445. (a) The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly conduct an assessment of existing scientific literature and research, respecting—

(1) the relationship between dietary cholesterol and blood cholesterol and human nutrition, and

(2) dietary calcium and its importance in human health and nutrition.

In conducting the assessments under this subsection, the Secretaries shall consult with agencies of the Federal Government involved in related research. Upon completion of such assessments the Secretaries shall each recommend such further studies as the Secretaries consider useful.

(b) The Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources a report on the results of the assessment conducted under subsection (a) and any recommendations made under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall deem appropriate.

NUTRITION RESEARCH

SEC. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

SEC. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS.—(1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter.".

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

ANNUAL REPORT ON FAMILY FARMS

SEC. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by—

(1) redesignating clause (3) as clause (7); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following: "current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically-produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, "(5) an assessment of how economic policies and trade policies of the United States affect the financial operation of, and prospects for, family farm operations, (6) an assessment of the effect of Federal farm programs and policies on family farms and nonfamily farms which (A) derive the majority of their income from non-farm sources, and (B) derive the majority of their income from farming operations,". and".

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

ELIGIBILITY OF THE HOMELESS

SEC. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by—

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by—

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households.".

DETERMINATION OF FOOD SALES VOLUME

SEC. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting record-keeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

SEC. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by—

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence—

(A) striking out "and each October 1 thereafter,"; and

(B) inserting after "June 30" the following: "and, on February 1, 1986, further adjust the cost of such diet to reflect the Secretary's best estimate of the changes in the cost of the thrifty food plan occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

DEFINITIONS OF THE DISABLED

SEC. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

SEC. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program." and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

EXCLUDED INCOME

SEC. 1508. (a) Effective February 1, 1986, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by—

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp prgram, except in the case of any individual who is a youth, as defined in section 203(c)(1) of the Job Training Partnership Act, participating in any such program for a period not to exceed 6 months.".

INCOME FROM SELF-EMPLOYMENT

SEC. 1508a Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)(A)) is amended by adding at the end thereof the following: "Notwithstanding the preceding sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business, the State agency shall calculate the self-employment income based on anticipated earnings,".

DEDUCTIONS FROM INCOME

SEC. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective February 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by—

(A) effective February 1, 1986—

(i) amending the proviso to clause (2) to read as follows: ": Provided, That the amount of such excess shelter expense deduction shall not exceed $155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $260, $215, $180, and $110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(ii) amending clause (3) to read as follows: "(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986—

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective February 1, 1986, in clause (A) of the last sentence, striking out "$35 a month" and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section".

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance

with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

SEC. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective October 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,250, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,500"; and

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967=100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest $100 increment, but such amount, as adjusted, may not exceed $5,500,".

DISASTER TASK FORCE

SEC. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

SEC. 1513. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; or (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs. Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor

Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any progam under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and "; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4).".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

STAGGERING OF COUPON ISSUANCE

SEC. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: Provided, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification procedures are completed.".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

PUBLIC INFORMATION

SEC. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

OFFICE HOURS

SEC. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately noti-

fied in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Services to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

SEC. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following: "less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion—not more than 15 per centum—of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, program reporting, and system security and privacy.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.".

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

PILOT PROJECTS

SEC. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs.".

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

SEC. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropri-

ated not in excess of $13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of $14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of $15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of $16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of $16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

PUERTO RICO BLOCK GRANT

SEC. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $862,000,000 for the fiscal year ending September 30, 1987, $898,000,000 for the fiscal year ending September 30, 1988, $936,000,000 for the fiscal year ending September 30, 1989, and $974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

FEASIBILITY STUDY

SEC. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall—

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

COMMODITY DISTRIBUTION PROGRAMS

SEC. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following: "(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;".

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985—

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(3), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

SEC. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following: "(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations'".

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

SEC. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

SEC. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

STATE COOPERATION

SEC. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

REPORT ON COMMODITY DISPLACEMENT

SEC. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

SEC. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.

"(4) It is the sense of the Congress that, if there is appropriated to carry out this subsection for a fiscal year an amount to excess of the amount authorized to be appropriated for such fiscal year, no part of such excess amount should be made available to a State unless the aggregate value of the inkind contributions and services provided, and the funds appropriated, by the State and units of local government of the State for such fiscal year for the distribution of such commodities is not less than the amount of funds made available under this subsection to the State for such fiscal year.".

REAUTHORIZATIONS

SEC. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations.".

PROGRAM TERMINATION

SEC. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

REPORT

SEC. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle B—Commodity Distribution Amendments

DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

SEC. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and

(3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to carry out this subtitle $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National

Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this subtitle shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

Division E—Miscellaneous

TITLE XVIII—MISCELLANEOUS

Subtitle A—Processing, Inspection, and Labelling

POTATO INSPECTION

SEC. 1801. The Secretary of Agriculture, in order to achieve a significant reduction in the volume of substandard imported Canadian potatoes entering through ports of entry in the northeastern United States, shall require the Agricultural Marketing Service to perform random spot checks in accordance with other law and on a continuing basis on a significant portion of potatoes entering through those ports of entry. The Secretary of Agriculture shall periodically report to the public and to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives the results of such spot checks and increase their frequency or take other actions as necessary to achieve and maintain the significant reduction of such substandard imported potatoes.

INSPECTION AND OTHER STANDARDS FOR IMPORTED POULTRY PRODUCTS

SEC. 1802. (a) Section 18 of the Poultry Products Inspection Act (21 U.S.C. 467) is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of law, all poultry or poultry products capable of use as human food, offered for importation into the United States, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary.".

(b) This section shall take effect six months after the date of enactment of this Act.

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

SEC. 1803. (a) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following: "Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat articles shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards.".

(b) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by adding at the end thereof the following:

"(g) The Secretary may prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that may have been administered an animal drug or antibiotic not approved for use in the United States may be imported for slaughter and human consumption. If the Secretary determines that the use of an animal drug or antibiotic in any of such livestock is harmful to the health of man and that it is impossible to determine the livestock being imported do not harbor any residue of such animal drug or antibiotic, the Secretary may issue an order forbidding the entry into the United States of such kind of livestock from any country that allows the use of such animal drug or antibiotic in the production of such livestock in such country. No person shall enter cattle, sheep, swine, goats, horses, mules, and other equines into the United States in violation of any order issued under this subsection by the Secretary.".

EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1804. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(e) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

Subtitle B—Beef Promotion and Research Act of 1985

AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

SEC. 1811. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901-2918) are amended to read as follows:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

"SEC.. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act—

"(1) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(2) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(3) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(4) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(5) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(6) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(7) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(8) the term 'cattle' means live domesticated bovine animals regardless of age;

"(9) the term 'beef' means flesh of cattle;

"(10) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(11) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(12) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(13) the term 'United States' means the several States and the District of Columbia;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'Secretary' means the Secretary of Agriculture; and

"(16) the term 'Department' means the Department of Agriculture.

"ISSUANCE OF ORDERS

"SEC. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

"REQUIRED TERMS IN ORDERS

"SEC. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each unit that includes a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. If there are units that do not have total cattle inventories equal to or greater than five hundred thousand head, such units shall be combined and provided collective representation on the Board. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Secretary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee. The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval. The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee shall use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds, except that staff of industry organizations may not receive compensation from the Board, but shall be reimbursed for their reasonable expenses incurred in performing their duties on behalf of the Committee.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry infor-

mation. Any such contract or agreement shall provide that—

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurte records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to—

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments. The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevent may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit—

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall, on conviction, be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"CERTIFICATION OF ORGANIZATIONS TO NOMINATE

"SEC. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determinations as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meet all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"REQUIREMENT OF REFERENDUM

"SEC. 7. (a) During the twenty-fourth month following implementation of the order issued under this Act, unless the Board recommends an earlier date, in which event such earlier date shall be used, the Secretary shall conduct a referendum among cattle producers who, during a representative period as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the order shall be continued. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"ENFORCEMENT

"SEC. 8. The Secretary may issue orders to restrain or prevent any person from violating the order issued under section 4(b), or regulation issued thereunder, and may assess a civil penalty of not more than $1,000 for violation of the order issued under section 4(b), following an opportunity for an administrative hearing on the record, whenever the Secretary believes that the ad-

ministration and enforcement of this Act and the order would be adequately served by such procedure. The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the order or any regulation made or issued under this Act. Any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS: POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

"SEC. 9. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISIONS

"SEC. 10. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

AUTHORIZATION OF APPROPRIATIONS

"SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act.".

(c) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Pork Promotion, Research, and Consumer Information Act of 1985

FINDINGS AND DECLARATION OF PURPOSE

SHORT TITLE

SEC. 1821. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

SEC. 1822 (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations that include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products, as well as to the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(6) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products, or

(C) otherwise limit the right of the individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 1823. For purposes of this subtitle—

(1) the term "porcine animals" means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term "pork" means the flesh of porcine animals;

(3) the term "pork products" means products produced or processed in whole or in part from pork;

(4) the term "Secretary" means the Secretary of Agriculture;

(5) the term "person" means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term "pork producer" means any person who produces porcine animals in the United States for sale in commerce;

(7) the term "importer" means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term "promotion" means any action, including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term "research" means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term "consumer information" means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term "marketing" means the sale or other disposition in commerce of pork and pork products;

(12) the term "Delegate Body" means the National Pork Producers Delegate Body provided for under section 1827(b) of this subtitle;

(13) the term "Board" means the National Pork Producers Board of Directors provided for under section 1827(c) of this subtitle;

(14) the term "Committee" means the National Pork Producers Executive Committee provided for under section 1827(d) of this subtitle;

(15) the term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1826;

(16) the term "State association" means the organization of pork producers in a State that is generally recognized as representing the pork producers of that State;

(17) the term "State" means any of the 50 States; and

(18) the term "gross amount of checkoff" means the total amount of assessment collected throughout the United States under section 1827(g) in any applicable period of time.

PORK AND PORK PRODUCTS ORDER

SEC. 1824. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, may amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than 90 days following the publication of such order.

NOTICE AND HEARING

SEC. 1825. During the period ending 30 days after receipt of a proposal for an order submitted by any person who might be affected by this subtitle, the Secretary shall publish the proposed order and give due notice of and opportunity for a hearing on the proposed order.

FINDINGS AND ISSUANCE OF AN ORDER

SEC. 1826. After notice of and opportunity for a hearing has been provided in accordance with section 1825, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, on the evidence introduced at such hearing, the issuance of the order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle.

REQUIRED TERMS AND CONDITIONS IN ORDERS

SEC. 1827. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 1828, no others.

(b)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days of the effective date of the order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State. Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate

Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Secretary may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate 11 pork producer members for appointment to the Committee from among the members of the Board provided for in subsection (c) and shall submit such nominations to the Secretary. The Delegate Body shall meet annually to make such nominations. A majority of the Delegate Body shall vote in person to nominate members to the Committee.

(c)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function shall be to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for 3-year terms, with no member serving more than two consecutive 3-years terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(3).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

(d)(1) The order shall provide for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5).

(2) Members of the Committee shall serve for 3-year terms with no member serving more than two consecutive 3-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to—

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans for projects and submit to the Secretary for approval any such plans or projects. Each plan or project must be approved by the Secretary before becoming effective;

(B) administer the order in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of the order;

(D) receive, investigate, and report to the Secretary, complaints of violations of the order;

(E) make recommendations to the Secretary with respect to amendments that should be made to the order; and

(F) employ a staff and conduct routine business.

(e) The order shall provide that the Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The order shall provide that the Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under the order and for the payment of the cost thereof with funds collected through assessments under the order. Any such contract or agreement shall provide that—

(1) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from the plan or project;

(2) any such plan or project shall become effective on the approval of the Secretary; and

(3) the person entering the contract or agreement shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted and accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) The order shall provide that, in the manner prescribed by the order—

(1) each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or importer proves that an assessment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one per centum of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body. No such increase may exceed one-tenth of one per centum of the market value and the rate of assessment may not exceed five-tenths of one per centum unless the Delegate Body, after the initial referendum called for in section 1829(a), recommends additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted under section 1830(b).

(h) The order shall provide that funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association that is operating a State pork promotion program under State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff and the percentage applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall retain the remaining funds for use in—

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda under this subtitle.

(i) The order shall provide that no promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) The order shall provide that no funds collected through assessments may be used, in any manner, for the purpose of influencing legislation as defined in subsections (d) and (e)(2) of section 4911 of the Internal Revenue Code of 1954.

(k) The order shall provide that the Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The order shall provide that the Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments only in obligations of the United

States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 1828. (a) On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, any order issued by the Secretary under this subtitle may contain one or more of the provisions described in this section.

(b)(1) The order may provide that each person purchasing porcine animals from pork producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be specified by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any order issued under this subtitle.

(2) All information obtained under paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative hearing brought at the direction or on the request of the Secretary, or to which the Secretary or any officer of the United States is a party, involving the order with reference to which the information was furnished or acquired. Nothing in this paragraph shall prohibit—

(A) issuance of general statements based on the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(c) The order may contain terms and conditions incidental to, and not inconsistent with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the order.

REQUIREMENT OF REFERENDUM

SEC. 1829. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among pork producers who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the pork producers voting in the referendum. If continuation of the order is not approved by a majority of the pork producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 1830.

SUSPENSION AND TERMINATION OF ORDERS; ADDITIONAL REFERENDA

SEC. 1830. (a) After the initial referendum provided for in section 1829(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 1829(a), the Secretary shall, on request of a number of pork producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of pork producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the pork producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

PETITION AND REVIEW

SEC. 1831. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and requesting a modification of the order or an exemption from the order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After the hearing, the Secretary shall make a determination granting or denying the petition.

(b) The district courts of the United States in any district in which the person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within 20 days after the date the person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court determines that the determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

SEC. 1832. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, nor cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than $5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

SEC. 1833. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISION

SEC. 1834. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1835. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee under section 1827(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

PREEMPTION

SEC. 1836. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) that is in addition to or different from those made under this subtitle may not be imposed by any State.

Subtitle D—Watermelon Research and Promotion Act

SHORT TITLE

SEC. 1841. This subtitle may be cited as the "Watermelon Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 1842. (a) Congress finds that—

(1) the per capita consumption of watermelons in the United States has declined steadily in recent years;

(2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;

(3) approximately 2,607,600,000 pounds of watermelons with a farm value of $158,923,000 were produced in 1981 in the United States;

(4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;

(5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the United States for commercial use), and carrying out of an effective continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

DEFINITIONS

SEC. 1843. As used in this subtitle—

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1847.

ISSUANCE OF PLANS

SEC. 1844. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

SEC. 1845. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

REGULATIONS

SEC. 1846. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

REQUIRED TERMS IN PLANS

SEC. 1847. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to—

(1) administer the plan in accordance with its terms and conditions;

(2) make rules and regulations to effectuate the terms and conditions of the plan;

(3) receive, investigate, and report to the Secretary complaints of violations of the plan; and

(4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1848(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that—

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or handler against whose watermelons an assessment is made and collected under this subtitle and who is not in favor of supporting the research, development, advertising, and promotion program provided for under this subtitle shall have the right to demand a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 1848. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1847 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1847 and 1849, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1847(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

ASSESSMENT PROCEDURES

SEC. 1849. (a) Each handler required to pay assessments under a plan, as provided for under section 1847(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer. The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit—

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall on conviction be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 1850. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted thereform. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling. Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court deter-

mines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

ENFORCEMENT

SEC. 1851. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2), of not more than $500 for each offense. Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 1852. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 1853. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1843(5) and 1848(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall on conviction be subject to the penalties provided in section 1849(c) of this subtitle.

SUSPENSION OR TERMINATION OF PLANS

SEC. 1854. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

AMENDMENT PROCEDURE

SEC. 1855. The provisions of this subtitle applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 1856. If any provision of this subtitle or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this subtitle and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1857. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

Subtitle E—Marketing Orders

MAXIMUM PENALTY FOR ORDER VIOLATIONS

SEC. 1861. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

SEC. 1862. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) in subparagraph (A)—

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary finds that termination is favored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to termination only in the manner specified in subparagraph (B)."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

CONFIDENTIALITY OF INFORMATION

SEC. 1863. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting in the first sentence ", or provided by a producer or handler under section 8c," after "pursuant to this section"; and

(2) in clause (A) of the second sentence, striking out "the information furnished by any person", and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person".

Subtitle F—Grain Inspection

GRAIN STANDARDS

SEC. 1871. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following:

"(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.

"(d) The Administrator shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain.".

IMPROVED QUALITY STANDARDS FOR EXPORTED GRAIN

SEC. 1872. Section 6 of the United States Grain Standards Act (7 U.S.C. 78) is amended by adding at the end thereof the following:

"(c)(1) To protect the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain when there is a possibility that the recombined product may be exported from the United States; and no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(2) Nothing in paragraph (1) shall be construed to prohibit—

"(A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain;

"(B) the export of dockage or foreign material removed from grain when such dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain;

"(C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture;

"(D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and

"(E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

"(3) Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 per centum, but the addition of water to grain that may be exported is prohibited except by aeration of such grain with natural air.".

"NEW GRAIN CLASSIFICATIONS

"SEC. 1873. The Secretary shall direct the Federal Grain Inspection Service and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications taking into account characteristics other than those visually-evident and shall report to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry not later than December 31, 1985, on the status of those cooperative efforts as they relate to more accurately classifying types of wheat and other grains now in use."

Subtitle G—Agricultural Stabilization and Conservation Committees

ASC COMMITTEE REFORM

SEC. 1881. (a)(1) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the first through the seventh sentences and inserting in lieu thereof:

"In carrying out the provisions of this section, the Secretary shall use the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs. There shall be three local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different countries in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election. Each local administrative area shall have one community committee consisting of at least three members elected to three-year terms in a community election to be held every third year, except that there may be more than one community committee per administrative area in counties that, as of the date of enactment of the Food Security Act of 1985, have more than three community committees. Only one local administrative area shall hold an election in any given year in each county. Community committee members shall serve without pay. Community committees shall meet at least twice annually. Only farmers within a local administrative area who are producers who participate or cooperate in programs administered within their area shall be eligible for nomination and election to the community committee for that area. Only farmers who are participating or cooperating producers within an area shall be eligible to vote in the election in that area. Each county shall have a county committee which shall consist of three members, who shall be elected on a rotating basis—one each year from within one of the three administrative areas. The community committee candidate receiving the greatest number of votes shall be the county committee member and shall serve a three-year term. In an administrative area with more than one community committee, the one community committee candidate receiving the greatest number of votes shall be the county committee member. Should the candidate receiving the greatest number of votes decline to serve on the county committee, the candidate receiving the greatest number of votes and who is willing to serve shall become the county committee member. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members shall be elected for three-year terms in accordance with regulations to be issued by the Secretary. The Secretary, by regulation, may set levels of, and provide, pay for county committees.".

(2) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the 13th sentence.

(b) To ensure continuity of the farmer-elected committee system, the Secretary shall provide by regulation for the orderly implementation of the amendments made by subsection (a) by authorizing members of local and county committees duly elected on or before the effective date of this Act to serve out their unexpired terms.

Subtitle H—Miscellaneous

COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

SEC. 1891. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "And provided further, That any contract entered into by the Corporation for the use of a storage facility shall provide at least that (1) the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract, (2) any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another

person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".

WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1892. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, is essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

EMERGENCY FEED PROGRAM

SEC. 1893. Clause (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

ILLEGAL ACTIVITIES

SEC. 1894. Notwithstanding any other provisions of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marihuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefits of agricultural producers.

DEPARTMENT OF DEFENSE LAND

SEC. 1895. Notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture.

SEC. 1896. STUDY OF LEADED FUEL IN AGRICULTURAL MACHINERY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery, and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including but not limited to value recession) which may be associated with the use of other fuels in such engines.

(b) CONTRACTS AND OTHER ARRANGEMENTS.—For purposes of the study under this Act, the Secretary of Agriculture is authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) FINDINGS AND REPORT.—The Secretary of Agriculture shall publish in the Federal Register not later than January 1, 1987, his proposed findings pursuant to such study. After notice and opportunity for hearing, but not later than January 1, 1986, the Secretary shall submit to Congress a final report containing the results of the study under this section, together with any public comments received and recommendations on the need for lead additives in gasoline to be used by agricultural machinery.

(d) AGRICULTURAL MACHINERY.—The Secretary of Agriculture shall specify the types and items of agricultural machinery to be covered by the study under this Act.

(e) REGULATION OF LEAD ADDITIVES DURING STUDY.—No regulation under any provision of law regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon which is less than 0.1 gram per gallon until the date 3 months after the report required by subsection (c) has been submitted to Congress.

SEC. 1897. AUTHORIZATION OF APPROPRIATIONS.

For fiscal years beginning after September 30, 1985, there is authorized to be appropriated $250,000 to carry out section 1 of this Act.

LEAD ADDITIVES IN FARM FUEL

SEC. 1897. (a) Except as provided in subsection (f), any regulation issues under any provision of law before or after the date of enactment of this section regarding the control or prohibition of lead additives in gasoline shall be amended to provide that the average lead content per gallon of gasoline distributed and sold for use on a farm for farming purposes shall not be less than 0.5 grams per gallon. The purpose of such amendment shall be to ensure that adequate supplies of gasoline containing sufficient lead additives to protect and maintain farm machinery will be available in all States for use on farms for farming purposes. Nothing in this section shall affect the control of lead or lead additives in gasoline distributed and sold for other uses. For purposes of this section, the term "gasoline used on a farm for farming purposes" has the same meaning as when used in section 6420 of the Internal Revenue Code of 1954.

(b) The President, acting through the Secretary of Agriculture and the Administrator of the Environment Protection Agency, shall promptly initiate a study of the use of fuel containing lead additives in gasoline engines which—

(1) are used in agricultural machinery and

(2) are designed to combust fuel containing such additives.

The study shall analyze any mechanical problems (including, but not limited to value recession) which may be associated with the use of other fuels, including fuels without lead additives in such engines.

(c) For purposes of the study, the appropriate lead agency designated by the President is authorized to enter into such contracts under applicable law and other arrangements as may be appropriate to obtain the necessary technical and other information. All testing of engines carried out for purposes of such study shall be reflective of actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(d) The results of the study shall be published in the Federal Register not later than January 1, 1987 for written comments, and shall be submitted to Congress within 90 days after such publication. The report shall contain the results of the study under this section, together with a summary of any public comments received, and recommendation on the need for lead additives in gasoline to be used by agricultural machinery. The report shall also be transmitted to the Committees on Agriculture of the House and Senate and the Committee on Energy and Commerce of the House and the Committee on the Environment and Public Works of the Senate. Such report shall be submitted only while both Houses are in session.

(e) The Secretary of Agriculture shall specify the types of items of agricultural machinery to be covered by the study under this Act.

(f) Effective not earlier than 4 months after the date on which the report is submitted to Congress under subsection (d), in

HONEY LOAN MAXIMUM

SEC. 1898. Notwithstanding any other provision of law, the Secretary of Agriculture may declare that, with respect to nonrecourse loans a person may receive for honey under a program under the Agricultural Act of 1949 for a crop year, the outstanding principal balance of such loan shall not exceed $250,000, and that any outstanding balance exceeding that amount shall be a recourse loan in nature. The Secretary shall make rules to carry out this section and such rules shall conform as nearly as practicable to the rules made to carry out section 405(b) of the Agricultural Act of 1949. The Secretary shall not make a declaration under this first sentence of this section if the Secretary determines that the application of this section upon such declaration would have an undue ill effect on the structure of the honey industry or on agricultural interests that depend on commercial bee colonies for pollination.

FARMLAND PROTECTION

SEC. 1989. (a) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out the words "Within one year after the enactment of this subtitle," and substituting therefore "On January 1, 1987, and at the beginning of each subsequent calendar year,".

(b) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking the words "any State, local unit of government, or" and inserting before the period at the end of the sentence ": Provided, That the Governor of an affected state where a state policy or program exists to protect

farmland may bring an action in the Federal District Court of the district where a federal program is proposed to enforce the requirements of section 1541 of ths subtitle and regulations issued pursuant thereto".

STRATEGIC STOCKPILE AUTHORITY

SEC. 1899. (a) Of the commodities in the Commodity Credit Corporation or otherwise under the Department of Agriculture stores, one-half thereof as of January 1, 1986, shall be available for sale or barter with the proceeds to be used to furnish materials for the Strategic Stockpile without further appropriations therefor. Such sales or barter can be made within the United States or abroad and may be undertaken between the United States and other sovereign countries. To the extent that the assets of the Commodity Credit Corporation are reduced by this process, the full faith and credit of the United States shall be substituted therefor. The Commodity Credit Corporation shall take appropriate action to protect fully the assets of the Commodity Credit Corporation on the basis of the established value at the time of transfer of the assets for sale or barter. In such sales or barter the commodities need not be sold or bartered at a profit and no such sale or barter shall be effected which in the judgment of the Commodity Credit Corporation will seriously adversely affect production or prices in the United States or elsewhere.

Page 509, after line 13, insert the following:

POTATO ADVISORY COMMISSION

SEC. 1896. It is the sense of Congress that—

(1) the Secretary of Agriculture should take actions based on the recommendations of the potato advisory committee established by the Secretary on an ad hoc basis:

(2) such actions should address industry concerns including trade, quality inspections, and pesticide use;

(3) such committee should meet biannually; and

(4) the recommendations and actions of such committee should be reported to the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, and to the public.

TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

SEC. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1902. As used in this title—

(1) the term "commission" means the National Commission on Agricultural Policy established under section 1903;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsection (c), the Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities in the United States;

(B) processors or refiners of United States agricultural commodities;

(C) exporters, transporters, or shippers of United States agricultural commodities;

(D) suppliers of production equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities.

(2) The Governor of a State may submit to the President a list of not less than two, not more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1905. Not later than twelve months after the date of the enactment of the Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

TERMINATION

SEC. 1908. This title and the Commission shall terminate five years after the date of enactment of this Act.

TITLE XX—PROCEDURAL MATTERS

AUTHORITY RELATING TO ENTITLEMENTS

SEC. 2001. Notwithstanding any other provision of this Act and the amendments made by this Act, no provision of this Act or any amendment made by this Act shall provide for or result in making loans, grants, or payments of the type described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 in any of the fiscal years 1987 through 1990 at levels that exceed the levels at which loans, grants, and payments of such type are authorized to be made under this Act or such amendment for fiscal year 1986.

LIMITATION ON DISCRETIONARY AUTHORITY

SEC. 2002. Discretionary and mandatory authority to enter into contracts or cooperative agreements, to incur obligations, or to make payments under this Act and the amendments made by this Act shall be effective only to the extent, and in such amounts, as are provided in advance in appropriation Acts.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. MARLENEE. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. MADIGAN (during the reading). Mr. Chairman, I reserve all points of order against the amendment.

The CHAIRMAN. The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. HUCKABY. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Louisiana [Mr. HUCKABY] was on his feet, and he objects.

Objection is heard.

The Clerk will continue to read.

The Clerk continued the reading of the amendment.

Mr. STANGELAND (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD, and that I be allowed to make my statement and advise the body what is in the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. DE LA GARZA. Mr. Chairman, reserving the right to object, I take this time to make an inquiry of the author of the amendment.

We do not know what is in it, and I doubt that we are going to know by 5 o'clock, but I would be willing to let the House decide. If we would yield back the balance of our time and vote on the gentleman's amendment, I would be ready to proceed and not waste the Members' time because we are not going to find out in 3 days what is in this amendment.

□ 1645

Mr. MADIGAN. Mr. Chairman, will the gentleman from Texas yield under his reservation?

Mr. DE LA GARZA. I yield.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for yielding under this reservation.

I just have asked the gentleman to yield to tell him that we have just looked at the last pages of the substitute. The amendment offered and adopted on the floor by the gentleman from California [Mr. MILLER] is not in the substitute.

The amendment to that amendment, offered by the gentleman from Massachusetts [Mr. FRANK] and adopted in the House, is not in the substitute.

It appears that the substitute has stricken the effective dates of the dairy program. Just in 30 seconds we discovered that.

Now, that is the kind of thing we are being asked to vote here.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, we also seem to be missing a whole title and we wonder or not if that is by design. It appears that the entire title XXI has been left out of the bill and we are wondering whether that was by design.

Mr. DE LA GARZA. Well, continuing my reservation of objection, Mr. Chairman, I feel that I owe the gentleman a good-faith obligation for a vote on his amendment. I probably could raise a point of order under every rule, that it is one big mess. I think we owe him a vote, but I would not want to waste the Members' time anymore.

If the gentleman is prepared for a vote and can close debate at this point, I would not have any objection and proceed to a vote on the gentleman's amendment.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I appreciate the gentleman yielding.

I think that I should be entitled to a 5-minute statement, because I think some things have been said here and I would like to set the record somewhat straight here. I think I can do that in 5 minutes.

Mr. DE LA GARZA. Continuing under my reservation, Mr. Chairman, I do not know if the gentleman can explain it in 5 minutes. It could take 5 days, but I would be willing to reach an agreement with the gentleman that he have 5 minutes and that the gentleman from Illinois [Mr. MADIGAN] and I have the rest of the time and vote at 5 o'clock.

Mr. STANGELAND. Mr. Chairman, if the gentleman will yield, I do not quarrel with that.

Mr. DE LA GARZA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. STANGELAND] that the amendment be considered as read and printed in the RECORD?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, I ask unanimous consent that the gentleman from Minnesota [Mr. STANGELAND] may have 5 minutes, beginning right now, and that the balance of the time until 5 o'clock be divided equally between the gentleman from Illinois [Mr. MADIGAN] and myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Does the gentleman from Illinois [Mr. MADIGAN] continue to reserve his points of order?

Mr. MADIGAN. No, I withdraw the points of order, Mr. Chairman.

The CHAIRMAN. Under the agreement, the gentleman from Minnesota [Mr. STANGELAND] will be recognized for 5 minutes, and the gentleman from Illinois [Mr. MADIGAN] and the gentleman from Texas [Mr. DE LA GARZA] will be recognized for the remaining time, which will be approximately 7 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. Mr. Chairman, first, I would like to begin by requesting of my dear colleague, the gentleman from Michigan [Mr. CONYERS]

that when the gentleman corrects his statement in the RECORD today that he spell my last name properly. I get a lot of mispronunciations of that name and I get a lot of fun poked at it and I guess I can take it, but I hope that in the RECORD it will show the name correct.

Then I would like to just say this to my very distinguished Chairman, to my colleagues who have talked about the legislative process and the strange circumstances with which we find ourselves at this point in time, I respect what these gentlemen have said and I certainly share their concern. I spent 9 years in this body. I spent 8 years in the Minnesota Legislature. I greatly respect the legislative process and I am going to stand here today and say that I apologize for taking this kind of route and this kind of avenue. I can understand why these gentlemen are exercised at what is going on; but let me say that these are what I think extremely unique and difficult times with our Nation's agriculture and perhaps sometimes we ought to depart from tradition and do some things that normally we would not do.

I am offering a substitute to the Alexander amendment. My substitute essentially accepts the features contained in the Alexander amendment, with some changes. It incorporates the amendments adopted to date on the House floor, and I think if there is a concern about some of the amendments that were adopted in today's proceedings, those can be added by unanimous consent, and they should be.

It also uses my "marketing loan" amendment with "targeted" deficiency payments as the "base bill" provisions in the event the referendum for wheat and feed grain producers is defeated.

In offering this amendment, first let me say that there is no Member more committed to achieving higher farm prices than I am.

In the past, as the gentleman from Illinois has pointed out, I have opposed efforts to impose mandatory Government controls, because I have always had some honest, sincere reservations regarding the long-term implications for American agriculture. While I think it is crucial that we do everything in our power to address the immediate problem of disastrously low farm prices, I do not think we ought to make the mistake of pursuing some shortsighted policies which would destroy any hope for future generations who may wish to farm the land; but with the incorporation of my earlier amendment, which was narrowly defeated by a vote of 228 to 200, I feel that a viable alternative to the mandatory controls approach is now being offered to those farm families who dream of being able to pass on the legacy of a family farm to their children and their children's children.

Let me say as well that if we are going to have mandatory controls and if we are going to have to have a reduction in the usage of acreage in the future, I think it is essential that we adopt a proposal that puts real income into agriculture.

The other mandatory programs just did not do that, and this one does.

As the bill now stands, there is no assurance of a marketing loan, that is the present bill. We have no targeting of deficiency payments to family-sized farms, and the producer referendum previously contained in the Bedell amendment was overwhelmingly defeated by a vote of 251 to 174.

In other words, I think this is our last chance to offer farmers something other than a "warmed over" 1981 farm bill.

Imposing mandatory government controls, withdrawing from the export market, and restricting future generations of farmers to a stagant domestic marketplace, is not the answer; but I remain convinced that the existing depression-era farm programs must be improved and that new innovative approaches are necessary to meet the needs of American agriculture in the 1980's.

It is no secret that of the two paths offered in this substitute amendment, I believe that my marketing loan amendment with deficiency payments being targeted to family-size farms offers the best hope for moving us in a new, more desirable direction.

But I say, let us give the farmers the opportunity to choose. I urge an "aye" vote on the substitute to the Alexander amendment.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. STANGELAND. I am happy to yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I would accept the gentleman's amendment as a substitute for my amendment and urge my colleagues on the Democratic side to support the Stangeland amendment.

Mr. PENNY. Mr. Chairman, will the gentleman yield,

Mr. STANGELAND. I am happy to yield to my friend, the gentleman from Minnesota.

Mr. PENNY. Mr. Chairman, I have simply three questions. First of all, is it fair to describe the gentleman's amendment as an amendment which leaves all the provisions of this farm bill in place, with the exception of wheat, corn, feed grains, and the referendum section?

Mr. STANGLELAND. That is right.

Mr. PENNY. And in the area of wheat, corn, and feed grains, the gentleman provides a marketing loan alternative?

Mr. STANGLELAND. That is right.

Mr. PENNY. If the referendum does not pass then in other commodities, what is in the bill now would prevail?

Mr. STANGLELAND. That is correct.

Mr. PENNY. And in the area of wheat, corn, and feed grains, if the referendum does not pass, then the marketing loan would prevail?

Mr. STANGLELAND. That is correct.

Mr. PENNY. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. STANGELAND] has expired.

The gentleman from Illinois [Mr. MADIGAN] is recognized for 3½ minutes.

Mr. MADIGAN. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the concept of the marketing loan is a deception as it is being presented to us here, because what we have is a marketing loan and a mandatory referendum in tandem. If the mandatory referendum is passed here and adopted by the agriculture producers next year, it strikes the marketing loan provision, so you do not have a marketing loan, for those of you who want it. If you vote for it here in tandem with the referendum and the referendum is successful, the marketing loan is knocked out. You are being deceived, not intentionally I hope, but you are being deceived about that.

The Agriculture Committee defeated the marketing loan and three times defeated mandatory referendums.

The House rejected the marketing loan and also defeated the idea of a referendum with mandatory controls.

Now, the will of the Members of the House is clear on both those things. Now we are being told that if we put two things together that have been defeated in the committee and defeated in the House, that somehow that is good.

Well, the agricultural organizations do not think so, because the wheat growers, the corn growers, the Soybean Association, Cotton Council, National Grain, farm bureau, cattlemen, American feed industry, egg producers, Broiler Council, and the Grain and Feed Association, all are asking us today to vote against Stangeland-Alexander and then to vote against Alexander, the next vote that follows this one.

The farmers and ranchers of America do not want this. This thing is in such terrible shape, nobody really knows what is in it and I do not think anything more than that needs to be said.

Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. DE LA GARZA], the chairman of the Agriculture Committee.

The CHAIRMAN. The gentleman from Texas [Mr. DE LA GARZA] is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Chairman, I rise in support of the Alexander amendment.

Mr. Chairman. The American people want American farmers to survive. And the American people need to know that, at a time when American farmers are going belly-up faster than at any time since the Great Depression, the best the administration and this Congress seem willing to do is to maintain farm prices at their current level or to even lower them.

If farmers, producing as much as they possibly can in an effort to make up in volume what they can't get in price, can't cover their costs now, how are they going to make it if we lower their prices even further?

Let me reduce the administration's farm philosophy to one simple sentence: We need to lower our farmers' prices so we can sell more on the world market, because only by selling more on the world market can we get our farmers' prices up.

Just like the dog that chased its tail, the first part of this theory will never connect with the second part.

You can talk about exports or high interest rates or a shrinking world market or rising costs or embargoes all you want, and nobody will disagree with you. But all that talk is just a way of dodging the point. The point is that U.S. farm prices today don't cover our farmers' production costs. And it's not their fault.

Price is the point, and if we're serious about saving America's family farm system, let's get to the point.

We need to raise farmers' prices.

The farmer's share of the consumer food dollar was 30 cents in 1980. Today, it's just 26 cents. If all we do is raise prices enough to give our farmers back that 4 cents they've lost over the last 5 years, the farm crisis will work itself out.

If we don't raise their prices, on the other hand, we're condemning hundreds of thousands of farm families and literally thousands of rural communities to economic extinction. And we'll all pay the price.

It's that simple, and Congress needs to know it, and the American people need to know it.

Those who argue here for lower prices are saying to our farmers: "You've got to bankrupt yourselves so we can sell grain cheaper to Russia!"

They're telling Argentina and Brazil: "Forget about trying to pay off your world debts with export earnings. We're going to get our world market share back by undercutting your prices, no matter how low we have to go and no matter what it does to our own economy!"

And they're telling the dozens of hungry and underdeveloped nations of the world: "We need your market, so don't even think about trying to develop your own agricultural production. We'll keep our prices so low that your own farmers can't even get started. And so what if a few million of them end up starving to death?!"

Now, all this is being done in some sort of blind allegiance to the so-called "free market."

There is no free world market! Other countries subsidize their exports and drain their treasuries. They throw up barriers to our products. Most international grain transactions are made between governments. And the overvalued dollar in effect slaps an export tax on our own producers.

At the same time, the world market is shrinking. China is exporting products it used to buy from us. So are Thailand and a number of other countries. The IMF is forcing our competitors to increase their export production. And lower prices won't turn these trends around.

We cannot export our way to heaven. Sure, we could ask American farm families to live in mud huts and plow behind oxen, and we might export a little more. But who in this Chamber is willing to ask them to do that?

Yet, that's the option we're giving them if we don't raise their prices to a level where they can at least cover their production costs.

Mr. Chairman, our entire Nation is paying the price of this folly.

The real wealth of this Nation—and of every other nation—is injected into the world economy directly from the ground, whether its' food or fiber or timber or oil or other minerals. If you pay the producer a fair price for his production, then that new wealth multiplies several times over as it percolates up through the economy of a Brazil or a Saudi Arabia or America.

But if you undervalue those resources and underpay the producer, you not only rob that producer of purchasing power, but you reduce the multiplier effect and you forfeit growth.

And, if you underpay that producer enough, you force him to take on debt as a substitute for earned income. And, as we're starting to realize with the collapse of rural banks and the crisis in the farm credit system, that scenario threatens all of us.

The Food and Agricultural Policy Research Institute and Wharton Econometrics say this: No matter what the budgetary cost of our farm policy, if it doesn't signficantly raise net farm income from current levels, we'll need an additional annual outlay of at least $4.5 billion just to keep the rural debt crisis from dragging the rest of the economy down with it. That's $4.5 billion annually over and above the cost of the farm program itself.

So don't be deceived into thinking these nonmandatory programs are within the budget.

And the budgetary requirements are not the only costs of failing to address the problem. These same economists say that if we fail to raise farm income, the effects will ripple through the economy, driving interest rates up, costing hundreds of thousands of jobs, and cutting GNP by billions of dollars.

Do you know what else they say? The United States is the dominant player in the world export market, and the other major exporting nations peg their prices to right below ours. If we lower our export prices, our competitors will drop theirs to maintain their market share. We might gain a little export volume, but the value of our exports would drop. If we raise our export prices, on the other hand, we might lose a little in the volume of our sales, but the overall value of them would go up! In fact, at the end of 5 years, even though our export volume might continue to decline, our export value would still be higher than current levels.

Some say that we can't afford to give up any more of our share of the world market. I say we can't afford to lower our prices enough to hold that share. And if we do, we'll not only bankrupt ourselves but the other major exporters in the world, many of whom are among the best customers for other American products.

Our farmers need higher prices, and our Nation needs for our farmers to make a profit. The only way to do that is with a referendum program that limits both production and budget exposure.

We hear arguments that farmers don't want a referendum program. If that's true, then why is anyone afraid to submit it to them for a vote?

This is not a minor vote affecting just a small segment of our Nation. I'm convinced it's one of the most important votes I may ever have to cast in Congress, and I plead with you to give American farmers a ray of hope.

I urge you to support the Alexander amendment.

Mr. DE LA GARZA. Mr. Chairman, I yield to the distinguished gentleman form Montana [Mr. MARLENEE].

Mr. MARLENEE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise to remind this Congress that two no's don't make a yes and two wrongs don't make a right. Last week this Chamber defeated both the marketing loan concept and the referendum. I have referred to these proposals as Trojan horses; both cruel hoaxes intended to exploit the fears and depression in rural America. And now what's being drug out of the stable a Trojan camel—and it smells like one.

The proponents of this amendment are selling it on the floor as something for every Congressman. I don't care how it's packaged, Mr. Chairman, but those who voted against a marketing loan are now being asked to vote for it. And those that voted against the referendum last week are now being asked to vote for it.

The drafters of this amendment want the majority of this House to believe that they've worked the miracle of food science—that they've combined two unpalatable substances and created an apple pie. Putting a cow pie in the oven doesn't turn it into apple. Reject the amendment.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I rise in opposition to the amendment.

51-059 O-86-36 (Pt. 19)

As debate on the 1985 farm bill draws to a close, it is a good time to take a moment and reflect upon the process many of us have been through in an attempt to understand the needs of American agriculture. American agriculture is as vast and complex as anything we can study and act upon in this body. It is a giant industry and the quality of life and standard of living for our citizens is at stake. All of us who took the time to understand the problems of agriculture were awed by its vastness and by the seamless web of interrelationships between the farmer, the agri-businessman and the consumer. In our attempts to learn more about agriculture and its impact on our lives, many of us spent considerable time meeting with farmers in meetings throughout our districts. Through my district office I sponsored a series of meetings in all 10 counties of my district. I have over 11,000 farms in my district and have major grain elevators playing a vital role in exporting our grain throughout the world.

Yet, in learning to appreciate the contribution agriculture makes in our lives, I also began to appreciate the need to address those macroeconomic factors that influence agriculture which cannot be addressed within the four corners of the document presently before us. Our vote today on the farm bill will not end the debate for me and I implore this body to remember what you have learned about agriculture as you continue to consider the budget deficit, tax reform and trade. We must not believe that our bill today ends the problem for farmers tomorrow. The problems with agricultural credit will rear its head almost before the farm bill becomes law. There remain many forces at work outside this farm bill that have not yet been addressed that we must eventually face. Our farmers deserve better for they have been hard at work providing millions with an abundance of good food and jobs.

I learned many things from the meetings I sponsored with my district farmers. I learned that Government has been a partner with farmers for more than 5 decades and that Government has not always been a consistent, reliable partner. I learned that agricultural policy has become so complex that the average consumer could not hope to truly understand what we do in shaping a farm bill. I learned that Government encouraged the farmer to feed the world only to turn an abrupt about face and restrict the sale of farm commodities through embargoes. I learned that Government, as a partner, should not be allowed to harm the farmer and then leave him to fend for himself. I learned that it is time to focus research on the cost of production and not upon the amout of production an acre can yield. I learned that some of our young farmers entered production agriculture at a time when success was nearly impossible and that success became mere survival. I learned that although the original thrust of farm legislation was to provide stability in the marketplace, Government has provided anything but stability. Finally, I learned a keen respect for the self-sufficiency and pride of our farmers.

I vote today, on a farm bill that leaves me frustrated that we could not do more, yet hopeful that my colleagues will not soon forget that we have not done enough. I vote with mixed feelings too that we did not find a way for Government to become a less harmful silent partner in the business of agriculture. Although I learned from my farmers that some income stability was needed for at least the next 2 years, this bill does nothing to lessen the role of government in the latter years of the farm bill.

I am saddened too that agriculture has become so fragmented. That the difference of opinion among farmers about what ought to be done by Government to help the farmer is great. That fragmentation may also be attributed to the past role of Government as a partner with farmers. This farm bill is a compromise, but whether it is a compromise in the best interests of our farmers remains to be seen. It is a compromise because it occupies a middle ground between those who wanted strict, mandatory controls for production with high support prices versus those who wanted less Government involvement in terms of production controls and price support levels.

Despite those items of which I express disappointment, I remain optimistic for those of our young who wish to take up the challenge of agriculture. Perhaps we have all learned enough over these past months so that we do not revisit historical mistakes that so negatively affect the farmer. If we have learned that crucial lesson we have it within our means to nurture those who will enter the marketplace as farmers tomorrow.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from South Dakota [Mr. DASCHLE].

Mr. DASCHLE. Mr. Chairman, I thank the gentleman for yielding. I rise in strong support of the Stangeland-Alexander amendment.

Mr. Chairman, today we have another chance. The amendment before us might well be called the "last chance amendment", because this will be our last opportunity to support a farm program that will accomplish what each and every one of us wants: Saving the family farmer, and guaranteeing a cheap, reliable supply of food.

Last week, this body voted to eliminate a key portion of this farm bill that would have established a voluntary marketing procedure for our family farmers.

Let there be no mistake about last week's vote. It was a vote that gave John Block a farm bill much like the farm bill the administration originally proposed. And that was a bill that almost everyone called a disaster.

Today, we can fix that disaster. We have before us now a proposal that will once again make this a bill that truly addresses the needs of our farm families. We have a chance to once again make this a bill that we who represent those family farmers can support.

This substitute by the gentleman from Arkansas [Mr. ALEXANDER] will give farmers a choice. It will give them the opportunity to establish a fair price for their commodities. If 60 percent of the producers of wheat, feed grains, cotton, rice, and soybeans vote in separate referendums for this program, minimum support levels of 70 percent of parity would be established for the 1986 crop. That means price support loans of $4.89 for wheat, $3.57 for corn, $13.65 for rice, $0.86 for cotton, and $8.89 for soybeans. Support levels would be increased by 2 percent of parity in subsequent years.

If this program is adopted, producers would agree to set aside at least 20 percent of their normal acreage.

This amendment by the gentleman from Arkansas is good, but we can make it even better by adopting the substitute offered by the gentleman from Minnesota [Mr. STANGELAND]. His proposal would maintain the basic provisions of the Alexander amendment, but would also apply a targeting formula to the amount of the set-aside. It would require that farmers making $200,000 or less in farm income idle 20 percent of their land. The USDA would have the discretion to set higher set-aside levels for farms with incomes over $200,000.

In addition, the Stangeland amendment incorporates the concept of the marketing loan. This too is a good idea, and a worthy improvement. If the referendum fails, the fallback program would consist of deficiency payments based on farm size.

Target prices for wheat would be set at $4.50 per bushel for the initial 15,000 bushels, with $4 for production over the amount. Corn payments are similarly structured, with a $3.25 target price for the first 30,000 bushels, and $2.75 per bushel thereafter.

Under the marketing loan, producers would be permitted to secure a crop loan, to be paid back at the market price of the loan rate, whichever is lower.

Mr. Chairman, this is a farm policy farmers can live with. This is a farm policy that will give our farmers the price they must have.

It is not enough. We will not solve all their problems until we eliminate the budget deficits, and take real action against unfair trade practices that prevent our farmers and other producers from exporting their goods overseas and getting fair prices at home.

But we must do what we can now. These amendments are the best we can do. Farmers need a price. Farmers need income. Farmers deserve no less.

Mr. DE LA GARZA. Mr. Chairman, I yield to the gentleman from Illinois [Mr. EVANS].

Mr. EVANS of Illinois. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong support of the Stangeland-Alexander amendment.

Our Nation has the most productive and efficient agricultural sector in the world. Despite this accomplishment, American ag-

riculture is currently caught in a vicious cycle.

Farmers are unable to obtain a decent price for their goods; as a result many have lost their farms or are on the verge of doing so. This in turn affects our rural lending institutions. As farm loans lose money, banks raise their interest rates. This places more pressure on our struggling farmers, and forces more liquidations and foreclosures.

It doesn't end there. Those individuals and businesses who rely on a healthy farm economy, such as the main street merchants in our rural communities and John Deere, respectively, are unable to sell products to our farmers. This strains the resources of our small towns and large urban areas, as the number of people without work increases.

And perhaps the greatest irony of all is that, although year-after-year we produce much more than we need, hunger in our Nation and abroad still persists. In light of these conditions, we have no choice but to take a new look at federal farm policy, not only to see where it has gone wrong, but to see how we can work to improve the role of the federal government in agriculture.

Regardless of the wealth of rhetoric we have heard regarding the need to make American agricultural products more market competitive, in other words lowering farm income, the only real solution to our farm crisis is the infusion of income to our producers. A better price will cure the ills: Farmers will be able to pay back their loans, rural lending institutions will once again be on solid ground, and our agriculture-related businesses will see renewed sales.

The amendment offered by Mr. ALEXANDER of Arkansas will give farmers that price. I want to commend Mr. ALEXANDER for offering this populist proposal, and urge my colleagues not to forgo this opportunity to reverse the precipitous decline in our Farmbelt.

If farmers receive a decent price for their time and investment, they will be more than happy to put some of this money back into our economy. As it stands now, however, many of our farmers are not certain that they will be farming a year from now, or whether they will be able to provide the basic necessities for their family. Farmers are a proud group. Unfortunately, they are fighting a losing battle.

Harry Truman once said that depressions are "farm led and farm fed." Much of the Midwest and the Northeast is already in a severely depressed condition, and the deterioration of our agricultural sector is compounding this problem. In fact, the continuation of low prices in our Farm Belt will ensure that many of our rural communities and urban areas dependent on farm sales will not recover in the near future.

This is not simply a cyclical change in the Farm Belt. The last 4 years of low income for our farmers has resulted in the beginnings of drastic structural changes in our farm economy. Individuals who have farmed their land for years are now being forced off. Large producers and corporate farmers who have been able to ride out the storm will have their relative position in the Farm Belt strengthened, as their opportunity to buy up greater amounts of land is greatly enhanced. The possible end result is a farm sector that resembles more a feudal system than a broadbased and diverse effort on the part of many independent agricultural producers.

The Alexander amendment, by infusing needed income into the Farm Belt, will halt this decline and regression. Moreover, by providing adequate mechanisms to control production, this amendment will allow prices to stay up, and drastically reduce the costs to the Federal Government of storing surplus commodities. By eliminating the target price mechanism, this proposal saves billions of dollars over the committee bill and current law, and eliminates incentives for farmers to overproduce solely to reap Government income supports.

Many of my colleagues have voiced their desire to do something to help our farmers; now is your chance to do it. President Kennedy once made the insightful comment, that the best social program is a sound economy. The Alexander amendment is the vehicle for the sound economy that is so desperately needed in our Farm Belt. I urge my colleagues to support this proposal.

Mr. DE LA GARZA. Mr. Chairman, this is the culmination of 1 year and 9 months of work. I say this now because when the Committee rises there will be no opportunity to mention this.

I think the way we end probably should be indicative to the farmers of America that all of us are trying, that all of us are trying to do as God gives us the ability to do as best we can.

I want the farmers of America out there to know that we care, that we care so much that we are willing to argue amongst ourselves for an amendment at the last minute, but yet I think that is because we care. But, the process and the system, Mr. Chairman, that we have to avail ourselves of, is consensus. I always say that legislation is the art of the possible: What is possible this date, this hour, this minute?

I think that what the committee has brought together and brought to us and you have been very cooperative during the deliberations you have sustained the committee, except in two instances and one of them was a half-instance. So, I would hope that our colleagues stay with us and let us vote. Then, when we go to the House from the Committee of the Whole we should have 400-plus votes ready and available to vote on final passage. That is the message we need to send to the farmers of America, that we care. There should be not one person voting against the final version, the product arrived at by consensus.

Not everyone is happy, not everyone can be happy, no one is ever happy in the legislative process in a democracy, but it works. Democracy works.

We will go to conference. We will see what the Senate comes up with; but on the final vote I hope there are green yes lights all over that board so that the farmers of America know that we are behind them, that we stand up for them, that we will stand with them. And although our end result may not be perfect, although our end result may not be what all of us wanted, it would have been the consensus of this House. Then on this, my friends, will be the last time that we have to vote purely in this House. The next product is going to be a combination of the House and the Senate versions of the farm bill. This will be the last vote by which we can show the farmers of America that we know their problems, that we tried to address their problems, that we stand with them, that we stand with them no matter what and that regardless of philosophical differences, of regional differences, we have come together at the end. Let us forget individual or special interests, such as just wheat or grains, but think of the entire bill.

We have sugar, dairy, wool, wheat, feed grains, cotton, rice, soybeans, peanuts, general commodities, trade, conservation, credit, research, food stamps, temporary food assistance [TEFAP], nutrition programs, miscellaneous—13 different topics, the National Agricultural Commission and aquaculture. That is what is in the final bill. That is what you will be voting on in final passage. That is why we need an "aye" vote.

I hope there are 400-plus votes, beginning with our Speaker, who earlier today said that I could mention his name, that he would lead the way to let the farmers of America know that we stand with them and the way that we stand with them is to stay with the committee. Vote "no" on this amendment, for we do not know what is in it, but in the final passage, vote "yes" on the committee bill and let rural America and the American farmer know that we stand with them.

□ 1700

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. STANGELAND] as a substitute for the amendment in the nature of a substitute offered by the gentleman from Arkansas [Mr. ALEXANDER].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. STANGELAND. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Those in favor of a recorded vote will stand and remain standing.

Mr. ALEXANDER. Mr. Chairman, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 343]

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Bellenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Billirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

□ 1720

The CHAIRMAN. Four hundred twenty-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Minnesota [Mr. STANGELAND] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 52, noes 371, not voting 11, as follows:

[Roll No. 344]

AYES—52

Alexander
Anthony
Bedell
Bereuter
Bosco
Boxer
Bryant
Coleman (MO)
Conyers
Crockett
Daschle
Dellums
Dorgan (ND)
Dowdy
Dymally
Eckart (OH)
Evans (IL)
Ford (TN)
Frenzel
Gephardt
Hall (OH)
Hall, Ralph
Hayes
Hubbard
Kastenmeier
Leath (TX)
Leland
Lipinski
Mrazek
Oberstar
Obey
Owens
Penny
Rahall
Robinson
Sabo
Savage
Seiberling
Sikorski
Smith (NE)
Stangeland
Stark
Torres
Towns
Traficant
Vento
Weaver
Weber
Wheat
Williams
Wirth
Wright

NOES—371

Ackerman
Akaka
Anderson
Andrews
Annunzio
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bellenson
Bennett
Bentley
Berman
Bevill
Biaggi
Billirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Fowler
Frank
Franklin
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kemp
Kennelly
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mitchell
Moakley

Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pursell
Quillen
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Rodino
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Russo
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Spence
Spratt
St Germain
Staggers
Stallings
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torricelli
Traxler
Udall
Valentine
Vander Jagt
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOT VOTING—11

Addabbo
Burton (IN)
Kanjorski
Kildee
Lewis (CA)
McCandless
Michel
Mineta
Roe
Roybal
Solomon

So the amendment offered as a substitute for the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Arkansas [Mr. ALEXANDER].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. THOMAS of California. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 59, noes 368, answered "present" 1, not voting 6, as follows:

[Roll No. 345]

AYES—59

Alexander
Anthony
Bates
Bedell
Bosco
Boxer
Bryant
Chapman
Collins
Conyers
Crockett
Daschle
Dellums
Dorgan (ND)
Dowdy
Dymally
Edwards (CA)
English
Evans (IL)
Ford (TN)
Garcia
Gephardt
Hall, Ralph
Hayes
Hubbard
Jones (OK)
Kastenmeier
Leath (TX)
Leland
Lipinski
Martinez
McCurdy
Miller (CA)
Mitchell
Mrazek
Oberstar
Obey
Owens
Penny
Perkins
Rahall
Sabo
Savage
Seiberling
Sikorski
Stangeland
Stark
Synar
Torres
Towns
Traficant
Vento
Volkmer
Watkins
Weaver
Weber
Wheat
Williams
Wright

NOES—368

Ackerman
Akaka
Anderson
Andrews
Annunzio
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bellenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bruce
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
de la Garza
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (OK)
Emerson
Erdreich
Evans (IA)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hawkins
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCain
McCloskey
McCollum
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Michel
Mikulski
Miller (OH)
Miller (WA)
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Pepper
Petri
Pickle
Porter
Price
Pursell
Quillen
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Rudd
Russo
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torricelli
Traxler
Udall
Valentine
Vander Jagt
Visclosky
Vucanovich
Walgren
Walker
Waxman
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—6

Addabbo
Burton (IN)
Kildee
Lewis (CA)
McCandless
Mineta

□ 1745

Mr. YOUNG of Missouri changed his vote from "aye" to "no."

Mr. MILLER of California and Mr. CHAPMAN changed their votes from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to offer at this time a technical amendment not previously printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DE LA GARZA: On page 65, strike out lines 12 through 15.

On page 65, strike out "(2)" in line 16 and insert in lieu thereof "(a)(1)".

On page 65, strike out "(3)" in line 17 and insert in lieu thereof "(2)".

On page 67, line 12, strike out "(3)" and insert in lieu thereof "(2)".

On page 69, strike out "for which" in line 3 and all that follows down through "shall be" on line 5.

On page 70, in line 17, strike out "(2)" and insert in lieu thereof "(1)".

On page 71, in line 23, strike out "(2)" and insert in lieu thereof "(1)".

On page 87, strike out lines 17 through 20.

On page 87, in line 21, strike out "(2)" and insert in lieu thereof "(a)(1)".

On page 87, in line 22, strike out "(3)" and insert in lieu thereof "(2)".

On page 89, in line 18, strike out "(3)" and insert in lieu thereof "(2)".

On page 90, in line 3, strike out "(3)" and insert in lieu thereof "(2)".

On page 92, strike out "for which" in line 7 and all that follows through "shall be" on line 10.

On page 93, in line 22, strike out "(2)" and insert in lieu thereof "(1)".

On page 95, in line 4, strike out "(2)" and insert in lieu thereof "(1)".

On page 259, strike out "(1)" in line 24 and run together lines 23 and 24.

On page 188, strike out "title V" on line 11 and all that follows through "Act" on line 12, and insert in lieu thereof "title IV".

On page 260, strike out lines 3 through 10.

Mr. DE LA GARZA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DE LA GARZA. Mr. Chairman, this amendment is a technical amendment to allow the bill to comply with a section that was stricken out.

I yield to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, it is a technical amendment. It does need to be adopted to make the bill conform to what we have done in the House. It is only technical, and I would urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. DE LA GARZA].

The amendment was agreed to.

Mr. MCCURDY. Mr. Chairman, I reluctantly rise in opposition to this bill. Over the next 5 years wheat and field grain farmers are offered no chance under this bill to see an increase in commodity prices or profits. This bill unfortunately continues the status quo for agriculture which is continued stagnation and failure.

I offer the following remarks of an Oklahoma State legislator as an eloquent statement of what is happening to American agriculture and what this bill will fail to address.

Mr. Chairman, the Oklahoma Legislature adjourned late in July. In the closing days, State Representative Lloyd L. Benson of Frederick, OK, who serves the people of Tillman and Comanche Counties, drew a standing ovation because of the following remarks:

A few weeks ago this legislative body adopted legislation that dealt with endangered animal species. Today I want to share with you about an endangered human species.

I am referring to the Oklahoma "family farmer," the family that toils the land on a full-time basis, 18 hours a day to produce the food and fiber for this entire nation. It should be evident to every person in Oklahoma and the United States that the American family farmer is the most productive and efficient production unit in American history.

The problem exists, not from a standpoint of diligence, management skills and effort, but from a variety of external influences over which the family farmer has no control.

These include extremely high interest rates, Federal policies that encourage the family farmer to plant fence row to fence row and then national policies that close off international markets in which to sell the products he produces. It exists from Federal policies that encourage the farmer to expand his operation to make it more profitable and then policies by the Federal farm credit system that change their credit rules in mid-stream when land prices began to decrease.

It is affected by a national policy that has increased the value of the dollar on the international market to a point where all American exporters have difficulty in meeting the challenge of other exporting countries. It stems from the fact that the European Common Market, Argentina, Canada and Australia all subsidize their agricultural production to the extent that those countries are concerned that their farm sector will remain a healthy competitor in the international market and can guarantee that it will be able to produce food and fiber for their nation. In the European Common Market those nations know what it means for each nation to be food self sufficient because of World War II. While in Argentina they will meet the cheapest price solely because they need cash dollars, irregardless of the cost of production. These are several of the problems that affect the American family farmer.

If in fact the Oklahoma family farmer is an endangered species, what are the consequences if we in fact lose that quality of life that we refer to as rural America?

I think that there is a possibility of a regional collapse in the Midwest. With the failure of banks, farmers and businesses, we could easily see the complete economic breakdown of public services like schools, hospitals and local government due to the erosion of the tax base. There simply won't be enough people left to pay taxes if no one is going to make any money and everyone else is going broke.

If current trends continue unchecked, I envisage a rural America that will still produce food, but otherwise be vastly changed. Some of these changes will include separation of people from the land, city investors owning the land and making the decisions for how it will be used. A much smaller rural population mostly made up of a hired work force who will function as corporate employees for absentee owners. Fewer farm communities with trade centers of at least a hundred miles apart. Far fewer job opportunities, fewer stores and services. The loss of Rural America we have known will have far reaching ramifications for the nation.

From the pioneer days forward, rural America has been a haven of self reliance and self improvement through agricultural enterprise. Every person had the opportunity to be, to a great degree, master of his or her own fate through ownership and cultivation of the land. Rural America captured the Jeffersonian idea of a homogenious democracy, of a Nation of individual entrepreneurs. I fear that my urban friends do not understand that we are creating a rural ghetto. The only difference between a rural ghetto and an urban ghetto is that urban ghettos are within the view of millions, but for most people a rural ghetto is far flung and far away.

And then we look at what the government says. They say that the land is going to be farmed, we don't care who does it or what that means to Rural America. But we are dealing with peoples' lives. It saddens me so much that we don't count, that we can be cast aside like used rubbish.

I believe it's important that the Federal Government recognize its responsibility to assist in correcting the damage caused by its own policies. Those like David Stockman who would say that the agricultural crisis is caused by farmers who deserve to fail, do not understand what has happened. Everywhere we look we see farmers who have put 20 or 30 years of hard productive work into the land and all they have to show for it now are piles of old calendars. When you see tears in the eyes of a 58-year old farmer who has been forced to sell his family farm, who has been a steward to that land and contributor to society all his life, it tears at your heart and soul like nothing I have ever experienced.

While the rest of the Nation enjoys a recovery of sorts from the recession of 1981 and 1982, farmers are being squeezed at home by record high interest rates and tumbling land values and hammered abroad by a skyrocketing dollar and a sinking commodity price. More than a decade of Federal jerking on the reins of farm policy, of "go" and "whoa" economics has brought the farm belt economy to its knees. It is a fact of life today that Federal monetary, fiscal and exchange rate policies are more important to agriculture than commodity prices. For the Federal Government to reject its responsibility in the farm crisis is to court calamity.

Principally because of the productivity of the American farmer, the cost to the Americans as consumers of food from these raw commodities is more reasonable than any other country in the world. Americans spend 12.2 percent of their disposable income on food consumed at home, while in West Germany and Japan, that figure approaches 24 percent and in countries behind the Iron Curtain that figure approaches 35 percent.

I bristle every time that I hear the statement that we are tired of subsidizing the American farmer. Let me state emphatically to you that these figures point out the fact that it has been the American farmer that has been subsidizing the consumer, not the consumer subsidizing the American farmer. If the American farmer does become extinct, if rural America and "small town" America do become extinct and the food production of this country is centered in the hands of a few multiinternational corporations, let me assure you that you no longer will spend 12.2 percent of your disposable income on food. You will spend whatever those multinational corporations dictate that you spend, because they will control the market place.

I believe that Government by design is encouraging an internationalist free market system. What it really means is that if Argentina can produce wheat cheaper than Oklahoma farmers, the Oklahoma farmers should get out of the business or do something else and we ought to buy our wheat from Argentina. If you go broke in the meantime, that is just part of the system. We see the same thinking in the automobile market where Japan has overtaken the American-made car market and because

they can be sold cheaper we are going to export those jobs as well. This is international economic disarmament where you drop trade barriers without any agreement from other nations to do likewise. This will break the farm credit system, it will bankrupt communities and it will destroy rural America and the family farm, and result in America becoming dependent upon foreign nations to feed the American people.

In Oklahoma alone, the percent of State income from the farm sector has decreased by 47.1 percent from 1978 through 1983.

In my community of Frederick, OK., in the past 2½ years we've seen almost 25,000 acres of land that has been sold through bankruptcy, foreclosure or other involuntary type sales and in just the past 18 months, I have documented 10,454 acres that have been sold under duress. Land values in my county have decreased by 55 percent from what they were in 1981. Over 9,000 acres of Tillman County land have been conveyed back to Federal loan agencies with 4,000 acres having remained off of the county tax rolls the past 3 years. These are all indicators of what the crisis in agriculture is doing to "small town" Oklahoma.

It was William Jennings Bryan who said "burn down your cities and leave your farms and your cities will spring up as if by magic, but destroy our farms and the grass will grow in the main streets of every city in the country."

Oklahoma cannot afford just to shrug off the crisis in American agriculture. The family farmer deserves and needs the support of all urban dwellers, and I challenge each member here to become informed and become involved."

Mr. MICHEL. Mr. Chairman, before we conclude action on this legislation I think we should apply some perspective to the debate we have had.

First, we should all remind ourselves that we have two critical goals—dealing with our fiscal crisis and the farm crisis.

The agriculture community is a community struggling to survive against the harsh realities of low prices, sagging exports, and constant Government intrusion.

Our Nation is facing a very grave fiscal crisis. Deficits are dangerously high and if we don't do something about them no one, especially our family farmers, will be able to escape the consequences.

We haven't always kept those crises in our sights. There has been a lot of political ground plowed during consideration of this bill, and what seeds have been sown on that ground won't grow much for family farmers.

Our farmers need help. They don't need handouts. I don't believe we have served them well. I am concerned that we have sacrificed the American farmer on the altar of business as usual in this body. I'm concerned that we've done nothing more than string them out for another few years, with little hope of them getting what they want: a market for their products, a chance to compete, and the freedom to farm the way they know best.

On the fiscal side of the coin, we are pouring billions upon billions of dollars down that dark hole we call the deficit.

The committee bill with one major exception, which was the defeat of the referendum provisions, has been sustained throughout. I applaud the defeat of the referendum and certificate language. What is left, however, is:

Almost $16 billion over the congressional budget resolution, by some counts.

An inducement to overproduce with the insulation from market prices you get from target prices too far above market prices.

A continuation of one of the most wasteful diversion programs on record.

Failed policy in most other commodity programs.

Too little, too late for America's family farms.

Too costly and too bureaucratic in its approach to humanitarian relief and exports.

I know that the committee has used different numbers and different bases to score the cost of the new programs, but the fact remains, the costs of this bill will cause our deficits to explode.

The bill is out of fiscal focus.

As important to me, however, is whether we are really doing something here which benefits American agriculture or simply perpetuates the status quo. I fear the latter is the case. I fear that we aren't saving family farms, but only staving off their demise.

I have a feeling that the farmers in my district won't think much of this bill. I share that sentiment.

Mr. DASCHLE. Mr. Chairman, with a great deal of satisfaction, the House Agriculture Committee can look with pride to the soil conservation title of the 1985 farm bill. I make this observation because of the effective components this legislation contains: the conservation reserve, and the sodbuster and swampbuster sanctions.

The leadership of the House Agriculture Subcommittee on Conservation, Credit, and Rural Development deserve a great deal of the credit for the package we have before us today, a conservation effort that is one of the most impressive I have seen in the years I have been a Member of this body. Our Chairman ED JONES, and ranking member TOM COLEMAN, joined with the other members of our subcommittee in advancing this legislation, one of the truly bipartisan titles of this farm bill.

The same crisis cutting into the very economic fabric of our agricultural economy has also had its ramifications on the escalating levels of soil erosion. In many cases, farmers seeking to produce enough agricultural products to insure their survival, turn to production on highly erodible land. The Soil Conservation Service estimates that 421 million acres of cropland existed in 1982. Within this amount, 49 million acres are classified as erodible. An indicator of the erosion problem facing our agricultural sector is the fact that 40 million of these erodible acres have been cultivated into cropland.

The committee found that 153 million acres not currently in crop production have the potential for conversion, 32 million of which are extremely highly erosion prone. These startling statistics make an unmistakenly clear case for immediate action to prevent further deterioration in soil erosion.

There are three very important provisions in this legislation:

CONSERVATION RESERVE

As a result of legislation approved by this Congress, the Department of Agriculture established three Conservation Reserve demonstration projects, one of which was located in Stanley County, SD. The goal of this project was to remove highly erodible land from production and into grass seeding. In this respect, this project, like the other two, received the strong support of local producers and local conservation districts.

Under the Conservation Reserve Program, long-term contracts between the producer and USDA for removal of erodible land from production could result in a reduction of 20 tons per acre in soil erosion on the land entered in the reserve program. This proposal would establish a bidding process for long term contracts into which 25 million acres of highly erodible land would be removed from production, and planted into trees, legumes, or grass. The contracts would call for an annual rental payment, with a $50,000 per year limit on the amount of payments a producer would be eligible to receive.

This legislation urges the Secretary to account for a number of factors when judging the eligibility of producer contract bids. These factors should include the productive value of the land as well as the extent of the erosion. Shelterbelts, windbreaks, and other similar structures would be encouraged. Cost-sharing payments are permitted to help producers establish permanent land cover.

In formulating this proposal, the Agriculture Committee was sensitive to the criticisms directed at earlier soil conserving programs. For that reason, this legislation stipulates that the amount of reserve's cropland in any one county could not exceed 25 percent of the county's total cropland acres. This obviously inhibits entire farms from indiscriminately being entered into the program. Second, this program would not permit commercial use of the conserving land—haying or grazing—except in cases of natural disaster. Finally, the bill gives clear authority to the Secretary to prevent overnight land purchases, transactions executed simply to permit the purchaser to bid for the conservation reserve.

SODBUSTER AND SWAMPBUSTER

Conversion of highly erodible land, whether it is fragile or wetland, is obviously a serious problem facing our agricultural sector. The problem has become so severe that many agricultural producers have given their strong support to sanctions for those individuals who choose to convert these fragile lands into agricultural production. These sanctions are direct and to the point: If you want to convert fragile land to agricultural production, go ahead. Just don't expect the Federal Treasury to pick up the tab. In short, these sanctions, sodbuster for fragile land and swampbuster for wetlands, would deny all farm program benefits to any producer who chooses to

convert these lands to agricultural production, outside normal soil conservation plans.

In the case of sodbuster, the legislation allows fragile land put into production during 1981 to 1985 to remain planted. I intend to support an amendment offered by my colleague from Kansas, Mr. GLICKMAN, which would require these producers to restore this erodible land to conserving uses by 1990.

Of the original 215 million acres of wetlands, only 99 million acres currently exist. This conversion is clearly occurring at a rate that is environmentally detrimental, the reason for which I offered the swampbuster provisions in this legislation.

From the date of enactment of this legislation, producers would no longer be subsidized for draining wetlands, for conversion to agricultural production. This provision recognizes the need for local participation, and directs the Secretary to encourage the participation of local conservation districts in the formulation of the producer's wetlands conservation plan, taking into account unique, local agricultural practices.

Some might say that these programs are too dramatic for the times. To that I say they are wrong. We have reached a stage in the State of our soil conservation measures that bold steps are necessary. The legislation before us today clearly recognizes this need, and outlines positive solutions aimed at halting the environmental consequences of unchecked soil erosion. I would urge the unqualified support of each member of this body.

Mr. KOSTMAYER. Mr. Chairman, I rise today in support of the soil conservation compliance amendment to title XII of the 1985 farm bill offered by our colleague from Kansas, Mr. GLICKMAN. This amendment sets a deadline by which farmers who wish to retain full eligibility for agricultural price and income supports would have to implement conservation measures on all highly erodible croplands. It would strengthen an already solid conservation section in the farm bill, and it should be adopted by the full House.

The conservation section of the 1985 farm bill is probably one of the strongest provisions of this legislation. It is a result of constructive bipartisan efforts by the House Agriculture Committee to end the intensive cultivation of highly erodible land. In the last decade, millions of acres of erodible land have been brought into production, adding to our current surpluses of commodity crops, and diminishing the productivity of this fragile land.

To prevent further cultivation of this erodible land, the bill's "sodbuster" and "swampbuster" provisions provide that farmers who produce agricultural commodities on highly erodible soils or converted wetlands will be ineligible for the various agriculture subsidy programs. The bill also directs the USDA to sign contracts with farmers to remove up to 25 million acres of erosion-prone land out of crop production for as long as 10 years. Farmers would be required to convert these lands to hay, pasture, forest, or wildlife.

The Glickman amendment strengthens the bill in two ways. The bill, as reported to the full House, exempts from the "sodbuster" provision highly erodible land that was cultivated between 1981 and 1985. The amendment brings all highly erodible lands, including the land cultivated between 1981 and 1985, under the "sodbuster" provision's sanctions. It also sets a definite target date of 1990 by which farmers will have to implement their conservation measures to retain full support eligibility.

I believe the benefits of title XII, as amended by the gentleman from Kansas, will be significant. Since soil erosion is highly concentrated on a fraction of the Nation's 421 million acres of cropland, the 25-million-acre reserve could cut excessive cropland erosion by 30 percent within a few years. Also, after 1990, conservation compliance will reward rather than handicap those farmers who adopt soil conservation practices. At present, because program benefits are directly related to the amount of land planted, conservation-minded farmers have been penalized for keeping their erodible acres in grass or trees.

While I applaud the efforts of the House Agriculture Committee regarding the conservation section, I am less enthusiastic about the rest of the bill. The current farm crisis, especially in the Nation's midsection, clearly shows that agriculture policies and programs are in need of drastic reform. But, Mr. Chairman, they need to be reformed to better serve the interests not only of farmers but of society as a whole. Unfortunately, the present bill fails to serve either farmers, consumers, or taxpayers.

First, agriculture programs should not subsidize the overproduction of agricultural commodities, including dairy production. We have enormous surpluses of wheat, corn, soybeans, and dairy products. Technological changes in the near future are likely to boost the productivity of U.S. agriculture, making it even more difficult to balance supply with demand over the next decade and a half. The costs of farm programs, as a result, have exploded in the past decade and will remain high due to the technologically induced overproduction. This bill will hike production costs still higher.

The most straightforward way to stabilize and then reduce production is to gradually reduce the broad range of direct price and income supports. I supported the dairy substitute offered by Mr. OLIN of Virginia and Mr. MICHEL, the minority leader, and the amendment offered by Mr. DOWNEY of New York to cut, quite modestly, sugar price supports, because I believe support levels should be reduced to create disincentives to overproduction. Unfortunately, the farm bill by raising price supports will do just the opposite—create incentives not to decrease production but to increase it.

Second, agriculture programs should assure a fair income to the family farmer. However, the present subsidy program, its basic structure retained in this year's bill, fails to provide direct financial assistance to those who need it the most. The farmers who are in serious financial trouble are among the 600,000 medium-sized family farmers who contribute about 40 percent of total farm sales. These are the farmers who borrowed heavily to expand in the mid-to-late 1970's, and who are now being battered by high interest rates and low export sales—sales which, incidently Mr. Chairman, may be further reduced as a result of foreign retaliation against congressional-mandated protectionist measures. But, according to Kenneth Cook, an agricultural specialist with the Office of Technological Assessment, due to their medium-sized operations, the support levels these farmers receive through Government programs average just a few thousand dollars per farm. This is scarcely enough to make much difference on their ledger sheets. Instead, these dollars are going to the very large commercial farms that sell more than $500,000 annually and account for 30 percent of all farm product sales.

A better way to provide financial assistance to these financially stricken farmers would be to institute a new set of farm subsidy programs that would target farm income support to medium-sized family farms. I supported the wheat substitute offered by Mr. STANGELAND of Minnesota because it would have increased income support for the medium-sized family farms and scaled back support for the larger superfarms. I supported it because it would have created disincentives for wheat overproduction by decreasing support levels after the first 15,000 bushels of wheat. And I supported it because it more wisely allocated limited budget resources than does the existing subsidy system. Unfortunately, the House disagreed and rejected the Stangeland wheat substitute, adding another bad feature to an already bad bill.

Lastly, agriculture programs have a responsibility to protect U.S. consumers from undue increases in food costs. The House has failed that responsibility. The House, faced with the very real need to cut the Federal deficit and deal with falling farm income, has adopted programs which will force consumers to pay more for food. It unwisely approved a dairy diversion program that will raise milk and cheese prices by $10 billion over the next 4 years and a sugar program that will cost consumers $140 million to $160 million a year.

It probably is not suprising that, in a time of huge budget deficits, a farm financial crisis, and relatively stable food prices, the House would adopt farm program provisions that shift the costs from the citizen as taxpayer to the citizen as consumer. This shift, however, falls disporportionately on the poor. While the Tax Code may be progressive, the supermarket assuredly is not. All consumers will pay the same increased prices for food, but low-income Americans who spend 40 percent of their income for food will feel the increase more.

Even more harshly affected will be recipients of food packages under the WIC [Women-Infants-Children] Feeding Program. This program operates under a fixed budget ceiling. It cannot expand to meet in-

creased food prices and will simply serve fewer women and children. The dairy diversion program will raise the cost of milk by 5 percent in 1986; the WIC food package cost will go up too; the program's funding will serve 54,000 fewer women in any given month.

Higher prices will also drive up the cost of food assistance programs and add to the deficit. The dairy provision of the House bill will raise the cost of the Food Stamp Program by $1.5 billion and the School Lunch Program by $462 million over the next 5 years. That is, unless Congress decides that food assistance costs are too high and renews the process begun in 1981 of reducing food assistance programs by cutting both eligibility and benefit levels.

I rise today in support of the Glickman amendment because I believe the Federal Government should not indefinitely subsidize farming practices that lead to a disproportionate share of the Nation's soil erosion. I also believe, however, that the Federal Government should not indefinitely support a farm subsidy program which keeps prices so artificially high that it encourages overproduction, that rewards the large superfarms and fails to assist the medium-sized family farmer in his time of need, and which unduly raises counsumer food prices for all of us, but most especially for the poor among America's women and children.

Mr. AuCOIN. Mr. Chairman, I have reluctantly decided to vote against the farm bill, H.R. 2100.

Farmers in my district, as across the country, have been waiting for months for Congress to vote on this legislation. Wheat farmers have been forced to put their crops in the ground without knowing the parameters of the Wheat Program. Bankers, already feeling the pressures of a weakening farm economy, are being forced to make financing decisions without adequate information. Dairymen, equipment dealers, exporters, and others whose businesses hinge on the decisions we make today have been operating for too long under a cloud of uncertainty.

Passage of H.R. 2100 would help to end the present ambiguity, but would do little to improve the long-term outlook.

Mr. Chairman, agriculture is my State's No. 1 revenue producer, employing 1 in 4 Oregonians. While over 100 different crops are produced in the State, wheat is Oregon's major export commodity—and my State is one of a handful still chalking up a trade surplus. The health of Oregon's economy depends directly on the health of agriculture. With the stakes this high, I cannot vote for a farm bill that will continue a number of expensive, ineffective commodity programs—but offers no real solution to the problems confronting farmers across the country.

In 1983 the Commodity Credit Corporation, which finances price and income support programs, reported a record $18.8 billion in expenditures, nearly six times the annual average between 1971 and 1981. These high costs will continue under H.R. 2100. Based on the most recent crop estimates, H.R. 2100 is well above the spending level allowed in the fiscal year 1986 budget resolution. According to some experts, the bill could be as much as $12 billion in the red over the next 3 years.

As long as Congress refuses to practice budget restraint, Oregon agricultural products will be at a disadvantage in the world market. Deficits fuel the strong dollar which, in combination with other factors, has served to pare the U.S. share of worldwide wheat exports from 49 percent in 1980 to 32 percent this year. Oregon has worked for 20 years to open up overseas markets. The inability of Congress to deal with the deficit is slowly unraveling these efforts.

At the same time, these record expenditures will do little to help farmers who produce for the domestic market. Let's look at a couple of examples.

The House refused to modify provisions in the bill which continue the Dairy Diversion Program. Under the diversion program, the Federal Government taxes all dairymen to pay a small minority not to produce. A 15-month diversion program ended in April, and while production declined during the program, it's now approaching record highs.

Over the past 2 years, the majority of dairymen in my district—in meetings, through letters and phone calls, have expressed their opposition to this program. I share their concern and see little evidence that instituting another diversion program will solve the problem of chronic oversupply.

Tobacco is another good example. Even as the Federal Government continues to spend millions of dollars to warn Americans of the hazards of smoking, it is paying to store $3.5 billion worth of tobacco that will never be redeemed at the price at which it was purchased. It is estimated that the Government spends nearly $100 million a year to continue the "no-cost" Tobacco Program.

American taxpayers shouldn't have to bear the costs of these programs.

While opposing the bill overall, I applaud the Agriculture Committee for its work in several important areas. The legislation initiates an innovative program to take 25 million acres of highly erodible land out of production, an action that will reap benefits for years to come. H.R. 2100 continues agricultural research and extension programs which have been invaluable in assisting farmers throughout my district to utilize more efficient soil conservation and planting techniques.

The farm bill provides new export incentives to help mitigate the effects of the high dollar, making us more competitive in world markets. And, taking a page from the report of the President's Task Force on Food Assistance, H.R. 2100 also strengthens the Food Stamp and Temporary Emergency Feeding programs which serve tens of thousands of Oregonians every year.

These new programs are important, without a doubt. But they are overshadowed by the enormous cost and ineffectiveness of too many other provisions of the legislation.

I fully recognize the tremendous problems confronting American agriculture at this time. I would like nothing better than to vote for a farm bill that will provide certainty and hope to those who depend on Federal farm programs. The bill before us, however, does not provide a sufficient measure of either.

The CHAIRMAN. Are there further amendments to the bill? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, pursuant to House Resolution 267, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole?

Mr. BROWN of Colorado. Mr. Speaker, I demand a separate vote on the Gunderson amendment to title II, page 17, line 18 of the bill, which caps the dairy assessment.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. WALKER. Mr. Speaker, I demand a separate vote on the Miller of California amendment creating a new title XXI providing for field sanitation for farm workers.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. MADIGAN. Mr. Speaker, I ask unanimous consent that following the vote on the demand by the gentleman from Colorado [Mr. BROWN], the vote on the demand of the gentleman from Pennsylvania [Mr. WALKER] be reduced to 5 minutes, and that following that, the vote on final passage be reduced to 5 minutes.

The SPEAKER. Does the gentleman from Illinois [Mr. MADIGAN] include the motion to recommit in his unanimous-consent request?

Mr. MADIGAN. Mr. Speaker, I include the motion to recommit.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 17, line 18, strike out the period and insert in lieu thereof a semicolon.

Page 17, after line 18 insert the following: but not to exceed 50 cents per hundredweight.

Page 47, beginning on line 23, strike out "equal" and all that follows through line 2 on page 48, and insert in lieu thereof the following: "equal to $50,000,000 divided by the number of hundredweights of milk estimated by the Secretary to be produced in the United States in the fiscal year involved.".

Mr. BROWN of Colorado (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was on objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. GUNDERSON. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: At the end of the bill, add a new Title XXI:

LIMITATION ON PARTICIPATION IN CERTAIN COMMODITY PRICE SUPPORT AND PAYMENT PROGRAMS

SEC. 21 (a) Any person who violates subsection (b), (c), or (d) shall be ineligible, as to any commodity produced by that person during the crop year which follows the crop year in which such violation occurs, for any type of price support, payment or any other program or activity described in any of paragraphs 1 through 5 of section 1202(a).

(b) Any agricultural employer shall provide the following to agricultural employees engaged in hand-labor operations in the field, without cost to such employees:

(1) Potable drinking water—

(A) provided and placed in locations readily accessible to the employees;

(B) suitably cool and in sufficient amounts to meet employees' needs, taking into account air temperature, humidity, and the nature of the work performed; and

(C) dispensed in single use drinking cups or by fountains, but not in common drinking cups or in dippers.

(2) With respect to toilets and handwashing facilities—

(A) one toilet and one handwashing facility provided for each group of 20 employees, or any fraction thereof;

(B) toilet facilities with doors which can be closed and latched from the inside and constructed to ensure privacy;

(C) toilet facilities supplied with toilet paper adequate to meet employee needs; and

(D) toilet and handwashing facilities accessibly located in close proximity to each other and within one quarter mile (0.4 kilometers) from each employee's workplace in the field, except that where it is not feasible to locate facilities so accessible and within the required distance due to the terrain, the toilet and handwashing facilities shall be located at the point of closest vehicular access:

except that, notwithstanding subparagraph (A), toilet and handwashing facilities are not required for employees who perform field work for a period of 3 hours or less (including transportation time to and from the field) during any given day.

(c) Any agricultural employer shall provide potable drinking water, and toilet and handwashing facilities maintained in accordance with appropriate public health sanitation practices including—

(1) drinking water containers which are covered, cleaned, and refilled daily;

(2) toilet facilities which are operational and maintained in clean and sanitary condition;

(3) handwashing facilities which are operational and maintained in clean and sanitary condition; and

(4) waste disposal in a manner which does not cause unsanitary conditions.

(d) Any agricultural employer shall allow employees reasonable opportunities to use the facilities during the workday.

(e) The Secretary of Agriculture shall delegate the making of rules to carry out this section and the investigation of allegations of violations of this section to the Secretary of Labor. The Secretary of Labor shall issue rules to carry out this section not later than 90 days after the date of the enactment of this section.

(f) For purposes of this section—

(1) the term "agricultural employer" means—

(A) any person, corporation, association, or other legal entity which owns or operates an agricultural establishment or on whose premises or in whose interest an agricultural establishment is operated; and

(B) any person, corporation, association, or other legal entity which is responsible for the management and condition of an agricultural establishment or which acts with direct or indirect involvement in the interest of an employer in relation to any employee;

(2) the term "agricultural establishment" means any business operation which uses paid employees in the production of food, fiber, or other materials such as seed, seedlings, plants, or parts of plants;

(3) the term "hand-labor operations"—

(A) means agricultural activities or operations performed by hand or with hand tools, including (i) the hand harvesting of vegetables, nuts, and fruits, and (ii) the hand planting of seedlings; and

(B) does not include (i) logging operations, (ii) the care or feeding of livestock, or (iii) hand-labor operations in permanent structures, including canning facilities and packing houses;

(4) the term "hand-washing" facility means any facility providing either a basin, a container, or an outlet with an adequate supply of potable water, soap, and single-use towels;

(5) the term "potable water" means water which meets the standards for drinking purposes by the state or local authority having jurisdiction or water which meets the quality standards prescribed by the United States Environmental Protection Agency's National Interim Primary Drinking Water Regulations (published in 40 C.F.R. 141); and

(6) the term "toilet facility" means any fixed or portable facility designed for the purpose of defecation and urination, including biological or chemical toilets, combustion toilets, and sanitary privies.

Mr. WALKER (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PARLIAMENTARY INQUIRIES

Mr. RUSSO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RUSSO. Mr. Speaker, considering the fact that we have not passed the Gunderson amendment, is the Miller of California amendment now given a 15-minute vote or a 5-minute vote?

The SPEAKER. The Miller of California amendment will be entitled to a 15-minute vote.

Mr. MARLENEE. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARLENEE. Mr. Speaker, does the Walker demand for a separate vote go to the Miller of California amendment dealing with OSHA on farms?

The SPEAKER. The answer is in the affirmative.

For what purpose does the gentleman from Minnesota [Mr. STANGELAND] rise?

Mr. STANGELAND. Mr. Speaker, I ask unanimous consent that the vote on the Walker demand be restricted to 5 minutes.

The SPEAKER. The Chair does not believe that the Members who are not present would have sufficient time; and, consequently, the Chair will not recognize the gentleman for that purpose.

The question is on the amendment.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 199, noes 227, not voting 8, as follows:

[Roll No. 346]

AYES—199

Ackerman	Atkins	Bennett
Akaka	AuCoin	Berman
Anderson	Barnes	Biaggi
Annunzio	Bates	Boland
Anthony	Bedell	Bonior (MI)
Aspin	Beilenson	Bonker

Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CA)
Bruce
Bryant
Burton (CA)
Bustamante
Carper
Chappell
Clay
Coelho
Coleman (TX)
Collins
Conte
Conyers
Coughlin
Coyne
Crockett
Daschle
de la Garza
Dellums
Dicks
Dingell
Dixon
Donnelly
Downey
Durbin
Dwyer
Dymally
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gray (IL)
Gray (PA)
Green
Guarini
Hall (OH)
Hamilton
Hawkins
Hayes
Hefner
Heftel
Hertel
Howard
Hoyer
Huckaby
Hughes
Hyde
Jacobs
Jones (NC)
Kastenmeier
Kennelly
Kleczka
Kostmayer
LaFalce
Lantos
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mitchell
Moakley
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Ortiz
Owens
Panetta
Pease
Pepper
Perkins
Pickle
Porter
Price
Rangel
Reid
Richardson
Rinaldo
Rodino
Roe
Roemer
Rose
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schroeder
Schumer
Seiberling
Sharp
Sikorski
Slattery
Smith (FL)
Smith (NJ)
Solarz
St Germain
Staggers
Stark
Stenholm
Stokes
Studds
Swift
Synar
Tauzin
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Vento
Visclosky
Walgren
Waxman
Weaver
Weiss
Wheat
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Wyden
Yates

NOES—227

Alexander
Andrews
Applegate
Archer
Armey
Badham
Barnard
Bartlett
Barton
Bateman
Bentley
Bereuter
Bevill
Billirakis
Bliley
Boehlert
Boner (TN)
Boulter
Broomfield
Brown (CO)
Broyhill
Byron
Callahan
Campbell
Carney
Carr
Chandler
Chapman
Chappie
Cheney
Clinger
Coats
Cobey
Coble
Coleman (MO)
Combest
Cooper
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis
DeLay
Derrick
DeWine
Dickinson
DioGuardi
Dorgan (ND)
Dornan (CA)
Dowdy
Dreier
Duncan
Dyson
Eckert (NY)
Edwards (OK)
Emerson
English
Evans (IA)
Fawell
Fiedler
Fields
Fowler
Franklin
Frenzel
Gallo
Gekas
Gingrich
Goodling
Gordon
Gradison
Gregg
Grotberg
Gunderson
Hall, Ralph
Hammerschmidt
Hansen
Hartnett
Hatcher
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Hunter
Hutto
Ireland
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kemp
Kindness
Kolbe
Kolter
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lent
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCain
McCollum
McCurdy
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Mollohan
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Natcher
Nichols
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Penny
Petri
Pursell
Quillen
Rahall
Ray
Regula
Ridge
Ritter
Roberts
Robinson
Rogers
Roth
Roukema
Rowland (CT)
Rowland (GA)
Rudd
Saxton
Schaefer
Schneider
Schuette
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Skelton
Slaughter
Smith (IA)
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solomon
Spence
Spratt
Stallings
Stangeland
Strang
Stratton
Stump
Sundquist
Sweeney
Swindall
Tallon
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Valentine
Vander Jagt
Volkmer
Vucanovich
Walker
Watkins
Weber
Whitehurst
Whitley
Whittaker
Whitten
Wolf
Wortley
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOT VOTING—8

Addabbo
Boggs
Burton (IN)
Kildee
Lewis (CA)
McCandless
McDade
Mineta

□ 1800

Messrs. DARDEN, YOUNG of Missouri, HUNTER, and WHITLEY changed their votes from "aye" to "no."

Messrs. CHAPPELL, TRAXLER, and HUGHES changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WALKER. I am, in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Walker moves to recommit the bill, H.R. 2100, to the Committee on Agriculture.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER. The Chair will remind Members that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 282, noes 141, not voting 11, as follows:

[Roll No. 347]

AYES—282

Ackerman
Akaka
Andrews
Annunzio
Anthony
Applegate
Aspin
Barnard
Barton
Bateman
Bennett
Bentley
Bevill
Biaggi
Boehlert
Boggs
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Breaux
Brooks
Brown (CA)
Brown (CO)
Broyhill
Bruce
Bryant
Burton (CA)
Bustamante
Byron
Callahan
Campbell
Carper
Carr
Chapman
Chappell
Chappie
Clay
Coats
Cobey
Coble
Coelho
Coleman (TX)
Collins
Combest
Cooper
Courter
Coyne
Craig
Crockett
Darden
Davis
de la Garza
Derrick
DeWine
Dickinson
Dicks
Dingell
Dixon
Dowdy
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
Erdreich
Evans (IA)
Fascell
Fazio
Feighan
Fiedler
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jeffords
Jenkins
Jones (NC)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennelly
Kindness
Kleczka
Kolter
Kramer
Lantos
Latta
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lundine
MacKay
Madigan
Manton
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McEwen
McHugh
McKernan
McKinney
McMillan
Meyers
Mica
Mikulski
Miller (OH)
Mitchell
Moakley
Mollohan
Montgomery
Moody
Moore
Morrison (WA)
Murphy
Murtha

Myers	Rostenkowski	Sweeney
Natcher	Roth	Swift
Neal	Rowland (GA)	Tallon
Nichols	Roybal	Tauke
O'Brien	Savage	Tauzin
Oakar	Saxton	Taylor
Ortiz	Schuette	Thomas (CA)
Owens	Sharp	Thomas (GA)
Oxley	Shelby	Torres
Panetta	Siljander	Torricelli
Parris	Sisisky	Towns
Pashayan	Skeen	Traficant
Pease	Skelton	Traxler
Pepper	Slattery	Udall
Perkins	Slaughter	Valentine
Pickle	Smith (IA)	Vander Jagt
Price	Smith (NE)	Visclosky
Pursell	Smith (NJ)	Walgren
Quillen	Smith, Robert (OR)	Wheat
Rahall	Snowe	Whitley
Rangel	Solarz	Whittaker
Ray	Solomon	Whitten
Regula	Spence	Wilson
Reid	Spratt	Wirth
Richardson	Staggers	Wise
Ridge	Stallings	Wolpe
Roberts	Stangeland	Wortley
Robinson	Stenholm	Wright
Rodino	Stokes	Wylie
Roe	Strang	Yatron
Roemer	Stratton	Young (MO)
Rogers	Sundquist	
Rose		

NOES—141

Alexander	Gingrich	Petri
Anderson	Goodling	Porter
Archer	Gradison	Ritter
Armey	Green	Roukema
Atkins	Gregg	Rowland (CT)
AuCoin	Hansen	Rudd
Badham	Hertel	Russo
Barnes	Hunter	Sabo
Bartlett	Hyde	Schaefer
Bates	Ireland	Scheuer
Bedell	Jacobs	Schneider
Bellenson	Johnson	Schroeder
Bereuter	Jones (OK)	Schulze
Berman	Kemp	Schumer
Bilirakis	Kolbe	Seiberling
Billey	Kostmayer	Sensenbrenner
Boland	LaFalce	Shaw
Bosco	Lagomarsino	Shumway
Boxer	Leath (TX)	Shuster
Broomfield	Lent	Sikorski
Carney	Levine (CA)	Smith, Denny (OR)
Chandler	Lowery (CA)	Smith, Robert (NH)
Cheney	Lowry (WA)	Snyder
Clinger	Lujan	St Germain
Coleman (MO)	Luken	Stark
Conte	Lungren	Studds
Conyers	Mack	Stump
Coughlin	Markey	Swindall
Crane	McCain	Synar
Daniel	McCollum	Volkmer
Dannemeyer	McCurdy	Vucanovich
Daschle	McGrath	Walker
Daub	Michel	Watkins
DeLay	Miller (CA)	Waxman
Dellums	Miller (WA)	Weaver
DioGuardi	Molinari	Weber
Donnelly	Monson	Weiss
Dorgan (ND)	Moorhead	Whitehurst
Dornan (CA)	Morrison (CT)	Williams
Downey	Mrazek	Wolf
Dreier	Nelson	Wyden
Eckert (NY)	Nielson	Yates
English	Nowak	Young (AK)
Evans (IL)	Oberstar	Young (FL)
Fawell	Obey	Zschau
Fields	Olin	
Frank	Packard	
Gibbons	Penny	

NOT VOTING—11

Addabbo	Lewis (CA)	Rinaldo
Burton (IN)	McCandless	Smith (FL)
Heftel	McDade	Vento
Kildee	Mineta	

□ 1810

The Clerk announced the following pair:

On this vote:

Mr. Kildee for, with Mr. Rinaldo against.

Mr. MARKEY and Mr. DELLUMS changed their votes from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2100, FOOD SECURITY ACT OF 1985

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 2100, the Clerk be authorized to correct section numbers, punctuation, cross references, and the table of contents, and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill.

The SPEAKER pro tempore (Mr. ECKART of Ohio). Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2100, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

ELECTION AS MEMBER OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Mr. MICHEL. Mr. Speaker, by direction of the Republican conference, I offer a privileged resolution (H. Res. 291), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 291

Resolved, That Representative Rowland of Connecticut be and is hereby elected to the Committee on Public Works and Transportation.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR PERMISSION FOR REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1562

Mr. RUDD. Mr. Speaker, I ask unanimous consent that my name be removed as cosponsor of the bill, H.R. 1562, the Textile and Apparel Trade Enforcement Act.

The SPEAKER pro tempore. The Chair is advised that the gentleman may not remove his name from the bill, H.R. 1562. The bill has been reported by the Committee on Ways and Means, and the time for having done that has expired.

Mr. RUDD. Mr. Speaker, I ask unanimous consent that my statement on this subject be inserted in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RUDD. Mr. Speaker, earlier this year, I cosponsored H.R. 1562, the Textile and Apparel Trade Enforcement Act. I have today withdrawn my support of that measure. That is not because I believe the problems facing the textile industry have been resolved or that the problems are any less serious than before, but because of the tremendous costs involved and its impact on the labor market.

Administration estimates put the bill's cost to consumers at a staggering $28 billion annually.

A study by the International Business & Economic Research Corp. [IBERC] estimates that consumer prices for imported apparel and textile products would rise 16 percent and 33 percent respectively. Weighted average apparel and textile prices would increase at least 3 percent for foreign as well as domestic.

The costs might be worth it if the 200,000 jobs lost in the textile industry over the last few years could be reinstated. But more realistic assumptions by the IBERC—with similar findings by the Congressional Budget Office—suggest that the proposed import restraints will preseve only 36,000 jobs in the apparel industry at a cost to consumers as high as $66,000 per job, and 35,000 jobs in the textile industry at a cost of $27,000 per job. While some 71,000 jobs are saved in the textile and related industries at this high cost, another 62,000 jobs are expected to be lost in retail-related sectors, for a net job gain of only 9,000. I have received estimates that my own State of Arizona would suffer a net loss of 709 jobs. That is only considering retail/related jobs.

The textile and apparel industries are already the most protected of U.S. manufacturing industries. In addition to quotas, which cover more than 100 product categories with more than 80 percent of U.S. imports from low-wage countries subject to restraint, there are tariffs averaging 22 percent. Tariffs for other manufacturing sectors average less than 5 percent.

An even more restricitive textile trade policy, beside displacing retail-related employees, would provoke retaliation by our trading partners, harming many more industries. If the Smoot-Hawley Tariff Act of 1930 is any indiction of what would happen as a result of this bill's and related legislation's passage, we would be in serious trouble. The 1930 act provided retaliation by 25 of our trading partners, and U.S. exports

fell by two-thirds in just 2 years. It was a prime cause of the Great Depression.

Enacting restrictive trade barriers of our own would furthermore give little incentive for other countries to negotiate more open markets. The 12 major textile-producing nations targeted by the bill imported $33 billion worth of U.S. goods last year, including large quantities of American soybeans, wheat, aircraft, cotton, and tobacco. We could lose the inroads made by these industries if retaliation occurs.

Finally, the bill assumes that imports are the sole cause of the economic difficulties facing the industry. In reality, the situation is much more complex. Jobs are also being lost because of automation and the shutdown of outmoded plants.

The multifiber arrangement will come up for renewal next year. We have an opportunity to seek concessions during negotiations, rather than abbrogate our international commitments by passing this far-reaching legislation today.

For these reasons, I am withdrawing my support of H.R. 1562 and adding my voice to those in opposition to the bill.

APPOINTMENT OF CONFEREES ON H.R. 3036, TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1986

Mr. ROYBAL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3036) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none, and, without objection, appoints the following conferees: Messrs. ROYBAL, ADDABBO, AKAKA, HOYER, COLEMAN of Texas, YATES, WHITTEN, SKEEN, LOWERY of California, WOLF, and CONTE.

There was no objection.

□ 1820

APPOINTMENT OF CONFEREES ON H.R. 2942, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1986

Mr. FAZIO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2942) making appropriations for the legislative branch for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, appoints the following conferees: Messrs. FAZIO, OBEY, ALEXANDER, MURTHA, and TRAXLER, Mrs. BOGGS, and Messrs. WHITTEN, LEWIS of California, CONTE, MYERS of Indiana, and PORTER.

There was no objection.

PERSONAL EXPLANATION

Mr. HEFTEL of Hawaii. Mr. Speaker, on the vote on H.R. 2100, the farm bill, it was a 5-minute vote, which is unusual for final passage of a major bill. My beeper did not function and when I came to the floor the vote had already been closed and I missed the vote on final passage by perhaps 10 or 12 seconds.

Had I been present, I would have voted "aye" in support of the farm bill.

PERSONAL EXPLANATION

Mr. RINALDO. Mr. Speaker, on the vote on final passage of the farm bill, I was at an official meeting off the floor and did not realize that it was a 5-minute vote.

Had I been present, I would have voted "no."

THE MADNESS OF TERRORISM STRIKES AGAIN

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, by land, by air, and now by sea. The madness of terrorism strikes again. Yesterday, in a brazen act of piracy, the Italian cruise ship—the *Achille Lauro*—was seized by a group of Palestinian terrorists off the coast of Egypt.

Reports indicate that as many as 400 passengers may be on board, including some Americans. One or two hostages have reportedly been killed.

Another report indicates the terrorists gained entry to the ship as passengers. This entire episode points to one conclusion—improved security on cruise ships is a national and international concern that demands immediate attention.

As chairman of the House Merchant Marine Subcommittee, I will hold a hearing on October 22 to focus on ways to improve security on cruise ships. More than 1.5 million Americans use cruise ships each year. They should expect at least the same type and quality of security as airline passengers. We must improve radio communication between ships and the Navy and the merchant marine for quicker response to distress calls caused by hijacking. Finally, we must form an international response to hijacking by sea where international waters are used as a haven by terrorists. A hijacking is a hostile act and must be responded to with appropriate intervention. These and other issues will be raised at the October 22 hearing.

THE UNITED STATES AS AN INTERNATIONAL DEBTOR: WHAT IT MEANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. PEASE] is recognized for 5 minutes.

Mr. PEASE. Mr. Speaker, America's return to debtor status after 70 years is a manifestation of the major impediment to continued domestic and international economic growth and stability: Irresponsibly large Federal budget deficits. As Congress is forced to raise the debt ceiling this week, my concerns about these budget deficits and their relationship to our Nation's debtor status are resurrected.

We have been put on notice by press reports, editorials, and congressional testimony that the United States will become the single largest international debtor nation by the end of this year. The United States is accumulating debt so fast, we are told, that it will have gone from being the world's largest creditor to the world's largest debtor in only 3 years.

Is this cause for alarm? Is the United States courting a second international debt crisis which could result in international monetary crisis reminiscent of the collapse of the Bretton Woods system in the early 1970's? Or, have the warnings been overstated since, unlike other nations, the United States borrows in its own currency and therefore does not have to generate foreign exchange to repay its loans by transferring resources into export-related production at the expense of imports and domestic consumption?

No one can predict with certainty how serious the problem will become, since no one can predict at this stage how large the foreign indebtedness of the United States will become. However, we do have a clue—the size and duration of the Federal budget deficit.

In 1982-83, the Reagan administration "jump-started" the American—and world—economic recovery with large personal and business tax cuts that amounted to a classic Keynesian fiscal stimulus marked by large budget deficits. The refusal of the inflation-conscious Fed to monetize these deficits resulted in high real rates of interest which, in turn, attracted investors from around the world.

For the time being, this has been a bonanza for investors, foreign exporters, and much of the United States economy. Foreign and domestic investors alike have been earning high real

rates of return on virtually riskless assets, while the domestic consumption boom—stimulated by the tax cuts and financed in part by the U.S. Government out of imported capital—has propelled the world economic recovery. In the absence of these foreign funds, Federal borrowing to finance the deficit would have pushed interest rates to the point where the recovery would have been stymied.

At the same time that foreign capital has been flowing into the United States to finance up to one-quarter of the budget deficit and an indeterminate amount of private investment and consumption, international lending by U.S. banks has declined dramatically in reaction to the restructuring of loans to many Third World countries. As a result, the U.S. capital account—the net amount we owe to and are owed by the rest of the world—has moved into deficit at an unprecedented pace.

In effect, America has borrowed large amounts of foreigners' savings to finance its role as the locomotive of a global economic recovery. In this respect, the inflow of foreign capital and accompanying erosion of our international creditor position has been a boon. However, it posed several very real risks now that the recovery has matured.

First, this borrowing has caused and is perpetuating the dollar's overevaluation. In an ERA of high international capital mobility, financial flows—as opposed to trade in goods and services—account for the overwhelming majority of foreign exchange transactions. Accordingly, the combined effect of foreigners purchasing dollar-denominated securities and U.S. bankers lending less abroad has created a sustained net demand for dollars in the currency markets, resulting in the nearly 70 percent appreciation of the dollar since 1980. The strong dollar is, in turn, the single greatest cause of our colossal trade deficts. Hence, the rising international indebtedness of the United States is inextricably linked to our glaring trade problems—i.e., an eroding manufacturing base and the threat to the international trading system posed by the protectionist measures now before the Congress.

Second, our continued accumulation of foreign debt increases the chances that the inevitable correction of the dollar misalignment will take the form of a free fall rather than a steady adjustment. At some point foreign creditors may not only reach the limit of their appetitie for dollar-based securites, but also lose faith in America's ability to pay off its mounting debt service obligations without printing money, curtailing domestic demand and economic growth, or both. In view of the recent, volatile behavior of world currency and credit markets, it is likely such a growing uneasiness in the markets would feed upon itself until it became a self-fulfilling prophecy.

Third, our continued dependence upon foreign capital handcuffs macroeconomic policymakers. If a lack of confidence in the dollar along the lines described above coincides with an economic downturn, monetary authorities would face a no-win situation. If they allowed interest rates to fall, they would run the risk that a resulting flight of capital would cause an offsetting rise in interest rates, since the Federal Government would be forced to compete for a larger share of domestic credit to finance the deficit. Fiscal expansion would not be an option either, since the increased Government deficits it implies would also place increased demands upon the credit markets and lead to a rise in interest rates.

Fourth, to the extent that foreign countries must defend their currencies and domestic supply of capital by keeping interest rates high, our continued dependence upon foreign capital undermines the prospects for sustained, broadbased economic growth abroad. For example, British interest rates are in the 13- to 14-percent range, while growth is 2 to 3 percent, inflation is 7 percent, and unemployment is over 13 percent. Two years into the recovery, average Western European unemployment is 10.3 percent. The reversal of high interest rates and conservative fiscal policies abroad—with all that this would mean for U.S. exporters and the trade deficit—is in large part blocked by a persisting American appetite for foreign capital.

Fifth, being a debtor nation means that the United States can no longer offset in its current account a perennial merchandise trade deficit with continued net interest payments from foreigners on U.S. overseas investments. In the future, we will owe interest to foreigners. In other words, if our foreign borrowing continues, the only way we will be able to balance our current account deficit will be to run a trade surplus. However, this would appear impossible in the context of a strong dollar that is caused largely by this very foreign borrowing. And even if the dollar depreciated to the point where large trade surpluses were possible, these surpluses would subject the international trading and financial systems to potentially insupportable strain. Many of our trading partners, notably several large Third World debtors, depend on bilateral trade surpluses with the United States to enable them to service their own foreign debts.

Finally, failure to reverse or at least to contain our foreign indebtedness would mean that, other things being equal, U.S. economic vitality would slip to the extent that future debt service payments to foreigners were not reinvested in the U.S. economy. In other words, part of the future wealth of the country will be transferred abroad to pay for our current refusal to live within our means.

Thus, the shift to net debtor status is really a side effect of the medicine administered by the Reagan administration—in the form of a massive fiscal stimulus—to a severely depressed economy. The economy has responded. Now, however, this side effect—mounting U.S. foreign indebtedness—threatens to become a debilitating illness in its own right if it remains untreated.

□ 1830

EFFECT OF SUPREME COURT DECISION IN GARCIA VERSUS SAN ANTONIO MASS TRANSIT AUTHORITY

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Oklahoma [Mr. JONES] is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I requested this time tonight to address an issue of great concern to the State of Oklahoma, and to a vast number of our colleagues: The effect on State and local governments of the Supreme Court's decision in Garcia versus San Antonio Mass Transit Authority.

Last week, joined by the entire Oklahoma congressional delegation, I introduced legislation to balance the rights of State and local government employees with the very real fiscal restraints on their employers, the government bodies.

We realize that full implementation of the Garcia ruling would be disastrous to Oklahoma. It would harm not only the State, county, and municipal governments and taxpayers, but also the employees themselves.

Our alternative provides a reasonable, responsible, balanced alternative to full Garcia implementation.

Beginning shortly after I introduced my legislation last week, continuing throughout the weekend, and culminating in meetings yesterday with the relevant committees in the House and the other body, representatives of labor and management met to work out their differences on an approach to the Garcia decision.

I was very pleased to learn that most of the stumbling blocks have been overcome, and both sides are united in their support for a solution.

That solution tracks very closely my bill, and it is heartening to know that our legislation provided a framework for the negotiations.

In a conversation yesterday with Labor Secretary Bill Brock, he told me he would endorse the plan reached by the negotiators. Administration sup-

port for our approach should help secure swift action in this and the other body.

I have spoken with the distinguished chairman of the Subcommittee on Labor Standards, Mr. MURPHY, and he concurs with the need to act as quickly as possible on this measure.

I urge my colleagues to join us in pressing for a swift resolution to the many questions arising from the Court's Garcia decision.

The needs of municipal governments, taxpayers, and public employees in Oklahoma and every other State require our immediate attention to the problem.

REAUTHORIZATION OF SUPERFUND LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. ECKART] is recognized for 5 minutes.

Mr. ECKART of Ohio. Mr. Speaker, we are fast approaching the day when the House must finally consider and pass legislation to reauthorize the Superfund law for cleanup of hazardous wastes. Toward that end, I'd like to address an issue today that has been the subject of much discussion in recent weeks—the relative merits of H.R. 5640, last year's House-passed Superfund reauthorization bill, and H.R. 2817, the bill approved in July by the Energy and Commerce Committee. Not only is H.R. 2817 as good a piece of legislation as was H.R. 5640; in several respects, it is even better.

CLEANUP STANDARDS

First, let's look at the issue of cleanup standards. Both H.R. 5640 and H.R. 2817 contain the same fundamental standard—protection of human health and the environment. In addition, H.R. 5640 required that the Superfund sites be cleaned up to levels equivalent to those required under other Federal environmental laws, such as the Safe Drinking Water Act, if the standards set by those laws are both applicable to the hazardous substance and relevant and appropriate under the circumstances.

H.R. 2817, on the other hand, requires that cleanups shall, at the minimum, meet the standards of the other laws which are applicable or relevant and appropriate. This means that, even if a cleanup standard is not necessarily legally applicable, EPA must still apply the standard in a Superfund cleanup where it makes sense to do so, in view of the paramount goal of protecting human health and the environment.

This facet of H.R. 2817, Mr. Speaker, means that standards set under other environmental laws will be more broadly applied in Superfund cleanups than they would have been under H.R. 5640 and so will result in greater protection of human health and the environment.

In addition, the cleanup standards section of H.R. 2817 contains a provision not found in H.R. 5640—a new standard for the destruction of dioxin, perhaps the deadliest chemical yet found at any Superfund site. H.R. 2817 requires that dioxin be destroyed, in an environmentally safe manner, to a level known as "six 9's" or 99.9999 percent destruction. This provision represents an important new legislated safeguard against the dangers posed by poisons in the environment.

PUBLIC HEALTH ASSESSMENTS

Another factor making this year's Energy and Commerce bill a superior piece of legislation to last year's is H.R. 2817's expansion of the Superfund program's public health protection and assessment authorities. H.R. 5640 contained provisions requiring the development of toxicological profiles on a wide range of substances commonly found at Superfund sites, allowing citizens to petition EPA to perform assessments of the health risks associated with releases of hazardous substances, and requiring performance of more detailed health surveillance studies around sites where significant potential health risks are indicated. H.R. 2817 also contains these provisions, but adds several new, important elements which form the basis of a more comprehensive health protection program than is found in any previous piece of Superfund legislation.

H.R. 2817 requires EPA and the Agency for Toxic Substances and Disease Registry [ATSDR] at HHS to work together in performing health assessments not only when requested to do so by a citizen petition, but on a consistent basis at virtually every NPL site. Under this program, health assessments will finally become part of the cleanup planning process. In addition to health assessments and site specific health surveillance projects, H.R. 2817 establishes a new full-scale health effects research program to ATSDR, which will focus where possible on developing new scientific methods for determining the health risks posed by several toxic chemicals reacting together. This program will help us understand the synergistic effects of these chemicals better than ever before, and so help us combat the disease and injury they can cause.

Other provisions of H.R. 2817 require ATSDR to develop and distribute educational materials to States, medical schools, and health professionals, and allow EPA and ATSDR to enter into cooperative agreements with States for the performance of health assessments and research, thus broadening the scope of our data gathering efforts so we can come up with more answers faster.

COMMUNITY RIGHT TO KNOW

H.R. 2817 contains a "community right to know" title which will make sure that the public gets more answers faster, too. These provisions, which H.R. 5640 did not contain at all, require chemical producers to disseminate critical information to the public and to local governments and health professionals on the properties and health risks of chemicals, and to cooperate with State and local governments to develop programs for emergency response to chemical accidents.

Mr. Speaker, H.R. 2817 contains many more elements which combine to make it a better bill than last year's. Among these: a requirement that Federal agencies make cleanup of Federal hazardous waste sites a priority in their annual budget requests, an enforceable cleanup schedule for Federal facilities, a requirement that EPA hold public meetings to allow citizen participation in selection of cleanup plans at all Superfund sites, and a landmark research, development, and demonstration program for new hazardous waste permanent treatment technologies.

In short, Mr. Speaker, H.R. 2817, a $10 billion bipartisan Superfund reauthorization bill is just the shot in the arm this anemic program needs. It is a superior piece of legislation, in many ways more so than the bill we passed last year. So I say it's time to stop debating about what we did last year, and get down to the business of this year—reauthorizing Superfund.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. MOAKLEY] is recognized for 5 minutes.

Mr. MOAKLEY. Mr. Speaker, on Monday, October 7, I was necessarily absent and missed certain rollcall votes.

On rollcall No. 338, the Committee of the Whole rejected an amendment by the gentleman from Missouri [Mr. EMERSON] to the bill H.R. 2100 by a vote of 171 to 238. Had I been present and voting, I would have voted "nay."

On rollcall No. 339, the Committee of the Whole rejected an amendment by the gentleman from Georgia [Mr. GINGRICH] to the bill H.R. 2100 by a vote of 183 to 227. Had I been present and voting, I would have voted "nay."

On rollcall No. 340, the Committee of the Whole rejected an amendment by the gentleman from Massachusetts [Mr. FRANK] to the bill H.R. 2100 by a vote of 340 to 65. Had I been present and voting, I would have voted "yea."

On rollcall No. 341, the House voted to suspend the rules and pass the bill (H.R. 3174), military medical malpractice, by a vote of 317 to 90. I am a cosponsor of the bill and, had I been present and voting, I would have voted "yea."

INTERNATIONAL CRIMINALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. MAVROULES] is recognized for 5 minutes.

Mr. MAVROULES. Mr. Speaker, headline after headline, incident after incident, point out that terrorist forces have declared war against innocent and defenseless people.

Whether it is our diplomat, Mr. William Buckley, or vacationers on a Mediterranean cruise, a web of meditated crime now threatens all free and peaceful people.

How may times must history repeat itself?

How many statements of outrage must we make before the Western community joins collectively and emphatically to proclaim: enough!

It is time for the Western nations and the Soviet Union, too, to stand and draw the line against these international criminals.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business in my district on Monday, October 7, 1985, I was unable to be present to cast my vote during Rollcall No. 338. Had I been present, I would have voted "no."

CRUISELINER HIJACKING SHOWS NEED FOR UNIFIED ACTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. FASCELL] is recognized for 5 minutes.

Mr. FASCELL. Mr. Speaker, the hijacking of an Italian cruiseliner with over 400 people on board demonstrates the urgency for coordinated action among the civilized nations of the world to halt the spread of international terrorism.

Only yesterday, in light of the recent events in Lebanon where both American and Soviet diplomats are now held hostage by terrorists, I wrote the President urging that he place this critical issue high on the agenda for the upcoming summit meeting in Geneva.

Hours after my letter was sent, the terrorists struck again.

While this latest incident shocks the sensibilities of people throughout the world, I think the time has come not to express condemnation but to take prompt and effective action as well.

This latest escalation of terrorism raises the entire issue of maritime security and the protection of Americans traveling abroad on U.S. or foreign ships. Just as we have done with airport security, in consultation with other appropriate committees, the Committee on Foreign Affairs, on an urgent basis, plans to review the adequacy of international treaties and other cooperative measures to combat terrorism at sea.

In addition, I have today urged the President to take two immediate steps to assure the safety of most Americans traveling by sea. The first is to form an interagency task force to assess and assure the adequacy of security at U.S. ports. The second is to immediately take all possible diplomatic steps to assure stepped up security at all ports visited by large numbers of Americans—especially ports visited by cruise ships arriving or departing from the United States.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. KILDEE] is recognized for 5 minutes.

Mr. KILDEE. Mr. Speaker, I was unavoidably absent during the House of Representatives' consideration of H.R. 2100, the Food Security Act of 1985 due to reasons of health. Had I been present I would have voted in the following manner on amendments to H.R. 2100: "Aye" on rollcall No. 342, on approval of the Petri amendment; "no" on rollcall No. 343, on approval of the Alexander amendment; "no" on rollcall No. 344, on approval of the Stangeland amendment; "no" on rollcall No. 345, on approval of the Alexander substitute amendment; "aye" on rollcall No. 346, on approval of the Miller amendment. Finally, I would have voted "aye" on rollcall No. 347, on approval of final passage of H.R. 2100.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. KOSTMAYER] is recognized for 5 minutes

Mr. KOSTMAYER. Mr. Speaker, last evening, October 7, 1985, I was unavoidably absent because I was meeting with my constituents in a town meeting held in Huntingdon Valley, Montgomery County, PA.

Had I been present I would have voted "yea" on rollcall No. 340, the Frank amendment to the honey support program.

Also, I would have voted "yea" on rollcall No. 341, H.R. 3174, the medical malpractice suits by members of armed services legislation.

KELWYNN GROUP LEADING THE WAY FOR EDUCATION IMPROVEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. MONTGOMERY] is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I am proud of the work being done by a Mississippi company to help schools all across the country improve their educational programs and create conditions that allow students to learn more effectively.

The KELWYNN Group of Jackson, MS, has been a leader in efforts to improve the quality of education. It has developed a series of programs which work cooperatively with educational researchers and practitioners. This is a great example of public/private sector partnership.

The KELWYNN Group has made a commitment to what is called the effective school movement and has embraced the concept that "all children can learn." KELWYNN has worked for the past 3 years with school officials and practitioners to develop this program.

In addition, the company publishes a newsletter entitled, "The Effective School Report," which is read by over 100,000 educators in the United States, Canada, Japan, and Australia.

In our State of Mississippi, KELWYNN has been very active. It has helped 23 school districts pool their financial resources to develop staff training programs based on its effective school research program. It used state-of-the-art video equipment and techniques, teaching materials and other training methods.

KELWYNN has worked with more than 6,000 educators and its programs have achieved great results. Test scores have increased at schools using the programs and student attendance has improved.

KELWYNN has recently developed a measurement instrument to validate effective schools. The KELWYNN Index will be used to indicate the areas in which a school needs to improve and how the school can make improvements.

Mr. Speaker, the accomplishments of this company are helping to improve the quality of education in school systems all across the country. I wanted to share their efforts with my colleagues.

SOCIAL SECURITY REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, the recent celebration of the 50th anniversary of Social Security has provided us with a welcome opportunity to recognize its great accomplishments. I join millions of Americans in honoring this successful program which has protected our families from misfortune due to death, disability or old age.

However, the system has not been flawless, and I believe certain changes must be made if we are to continue to enjoy the protection it affords us. Today I am introducing the Social Security Reform Act of 1985 to make the structural changes in the system's financing which I believe are absolutely essential to ensure its sound financial footing in the long run.

As you know, in 1983 the Congress passed the Social Security Act Amendments in response to the severe financial crisis then threatening the system's future. The amendments sought to remedy the situation through a combination of measures including a 6-month delay in the 1983 cost of living adjustment, taxation of benefits for higher-income recipients, increases in the payroll tax, expansion of coverage to new Federal employees, and a gradual increase in the retirement age. In my view, this

package, while temporarily relieving the immediate financial threats to the system, ignored the need for structural, reforms to guarantee its long-term solvency. Congress has asked the American people to make tough sacrifices without itself summoning up the political will to reform the system's structure on a permanent basis. As legislators, we have the responsibility to insure not only that Social Security's month-to-month obligations are met, but also that the system is stabilized, its fiscal integrity guaranteed, and current and future beneficiaries protected against the recurrence of the funding crises that led to the previous reforms.

The system was originally established in 1935 to pay pensions to retired workers and their dependents, and to protect families against the untimely death of their wage-earners. Americans now count on Social Security for many different kinds of assistance, but I think most taxpayers would agree that its primary purpose should remain the payment of retirement and related benefits. If the American people are to continue to have faith in the future of the system, I believe that we must return it to this original conception.

The legislation I am introducing today would accomplish such a goal. The bill will transfer the nonretirement components of Social Security—disability and Medicare—to general revenue financing. Because these programs serve broader public needs, they are more appropriately funded through a broader source of revenue. At the same time, by restoring Social Security's role as a retirement insurance program, the retirement fund would be guaranteed to remain solvent, stable, and self-sustaining well into the future.

Specifically, the Social Security Reform Act will repeal the future off-budget treatment for Social Security trust funds provided for in the 1983 amendments. Under current law, the old age and survivor's insurance trust fund [OASI], the Federal disability insurance fund [DI], and the Federal Health Insurance Fund [HI] will be treated as separate trust funds beginning October 1, 1992. My bill will instead establish a new trust fund, the Federal disability and health insurance trust fund [DHI], which is a combination of DI and HI. This fund would be transferred to general revenue financing as of October 1, 1986. OASI will remain a separate functional category of the budget, and would continue to be financed through payroll taxes. The immediate needs of the retirement programs will be met by crediting the OASI trust fund with whatever surplus remains in the DI and HI funds and by forgiving all loans between the funds.

The amount of funding appropriated to the DHI fund would be determined by the Secretary of the Treasury, based on recommendations from the Secretary of Health and Human Services, and would be targeted toward the specific needs of these programs. The rationale for such a move is simple: Since all Social Security taxpayers do not receive Medicare benefits, the funding for such programs should not come out of tax revenues.

Social Security taxpayers will contribute directly to OASI through a 5.1-percent payroll tax. According to actuarial estimates, this tax rate is sufficient to guarantee the system's solvency well into the 21st century. Furthermore, to guard against additional burdens on the already overextended general budget, my plan will provide for additional revenue to cover the costs of the DHI fund between now and the year 1994. During this period, a tax of 2.05 percent would be paid into the consolidated trust fund to cover its expenses. Taken together, this 7.15-percent tax rate is equal to or less than the rates under current laws, which are scheduled to increase to 7.65 percent by the year 1990.

Any shortfall in DHI during this period will be made up out of general revenues, and any surplus merged into the general fund. As a result, Federal outlays will increase in some years and decrease in others. However, the net effect on the Federal budget over the 1986–92 time span will be minimal. Furthermore, the Government's commitment to the ill and the disabled would not be weakened in any way.

Finally, my bill will repeal the 1983 provisions that base the COLA's on the Consumer Price Index, and would instead index such raises to the percentage increase in average wages minus 1.5 percent. Use of the wage index will provide a better reflection of the price increases actually experienced by Social Security recipients, and will help to stabilize the system by making outgoing benefits subject to the same economic conditions as incoming revenues. Social Security beneficiaries will be protected against inflation, yet without receiving better protection than the workers who support the system through their payroll taxes.

I believe Americans are willing to sacrifice in order to guarantee that stability, but at the same time they expect and deserve a comprehensive, humane, and responsible approach to the system's problems. We have dealt with the immediate shortfalls of the system. Now it is time to address the long-term structural deficiencies in order to guarantee that hard-earned benefits will continue to be available to our children and our grandchildren. My proposal meets this challenge, without placing too heavy a burden on any one sector of society. I urge my colleagues to join me in enacting this comprehensive and essential reform.

H.R. 3528

A bill to amend titles II and XVIII of the Social Security Act and the Internal Revenue Code of 1954 to establish as a permanent requirement that disbursements and receipts of the social security trust funds be set out as separate functional categories in the budget, to provide for financing from general revenues for the disability and hospital insurance programs and to consolidate the trust funds established for such programs, to adjust accordingly the employment and self-employment taxes, and to provide that social security cost-of-living adjustments be consistently based on a wage index

Be it enacted by the Senate and House of Representatives of the United States of America in Congress,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security Reform Act of 1985".

SEC. 2. REPEAL OF FUTURE OFF-BUDGET TREATMENT FOR THE SOCIAL SECURITY TRUST FUNDS AND MAINTENANCE OF TREATMENT AS SEPARATE FUNCTIONAL CATEGORIES.

(a) IN GENERAL.—Subsection (a)(2) of section 346 of the Social Security Amendments of 1983 (Public Law 98-21; 97 Stat. 137) is amended by striking out "and ending on or before September 30, 1992,".

(b) REPEAL.—Subsection (b) of such section 346 (including the amendment made thereby) is repealed.

SEC. 3. GENERAL REVENUE FINANCING FOR THE DISABILITY AND HEALTH INSURANCE PROGRAMS; CONSOLIDATION OF DISABILITY AND HEALTH INSURANCE TRUST FUNDS.

(a) OASDI PROVISIONS.—

(1) ESTABLISHMENT OF FEDERAL DISABILITY AND HEALTH INSURANCE TRUST FUND; ELIMINATION OF FEDERAL DISABILITY INSURANCE TRUST FUND; APPROPRIATIONS.—

(A) IN GENERAL.—Section 201(b) of the Social Security Act is amended to read as follows:

"(b)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Disability and Health Insurance Trust Fund'. The Federal Disability and Health Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in subsection (i)(1), and such amounts as may be appropriated to, or deposited in, such fund as provided in this section and section 3(d)(4) of the Social Security Reform Act of 1985.

"(2) There are hereby appropriated to the Federal Disability and Health Insurance Trust Fund for the fiscal year ending September 30, 1987, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of—

"(A) the taxes imposed by sections 3101(b) and 3111(b) of the Internal Revenue Code of 1954 with respect to wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code after December 31, 1986, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such chapter 21 (other than sections 3101(a) and 3111(a)) to such wages, which wages shall be certified by the Secretary of Health and Human Services on the basis of the records of wages established and maintained by the Secretary of Health and Human Services in accordance with such reports; and

"(B) these taxes imposed by section 1401(b) of the Internal Revenue Code of 1954 with respect to self-employment income reported to the Secretary of the

Treasury or his delegate on tax returns under subtitle F of such Code for taxable years beginning after December 31, 1986, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such section to such self-employment income, which self-employment income shall be certified by the Secretary of Health and Human Services on the basis of the records of self-employment established and maintained by the Secretary of Health and Human Services in accordance with such returns.

The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Federal Disability and Health Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

"(3) There are hereby appropriated to the Federal Disability and Health Insurance Trust Fund such sums, as determined by the Secretary of Health and Human Services and certified to the Secretary of the Treasury, as may be necessary from time to time to ensure that the payments described in subsection (h) are promptly made, to ensure the prompt payment of the administrative expenses incurred in connection therewith, and to provide (with respect to such benefits) an adequate contingency reserve.".

(B) PAYMENT OF BENEFITS FROM TRUST FUND.—Section 201(h) of such Act is amended to read as follows:

"(h) Benefit payments required to be made under section 223, benefit payments required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits, and payments for hospital insurance benefits under part A of title XVIII shall be made only from the Federal Disability and Health Insurance Trust Fund.".

(2) CONFORMING AMENDMENTS.—

(A) The heading of section 201 of such Act is amended by striking out "FEDERAL DISABILITY INSURANCE TRUST FUND" and inserting in lieu thereof "FEDERAL DISABILITY AND HEALTH INSURANCE TRUST FUND".

(B) Section 201(a)(3) of such Act is amended by striking out ", less the amounts specified in clause (1) of subsection (b) of this section".

(C) Section 201(a)(4) of such Act is amended by striking out ", less the amounts specified in clause (2) of subsection (b) of this section".

(D) The last sentence of section 201(a) of such Act is amended by striking out "and the amounts appropriated by clauses (1) and (2) of subsection (b) shall be transferred from time to time from the general fund in the Treasury to the Federal Disability Insurance Trust Fund,".

(E) The first sentence of section 201(c) of such Act is amended by inserting "and Health" after "Disability".

(F) Section 201(f) of such Act is amended by inserting "and Health" after "Disability" each place it appears.

(G) Section 221(e) of such Act is amended by inserting "and Health" after "Disability" each place it appears.

(H) Section 222(d)(1) of such Act is amended by inserting "and Health" after "Disability".

(I) Section 222(d)(4) of such Act is amended by inserting "and Health" after "Disability".

(b) HOSPITAL INSURANCE PROVISIONS.—

(1) ELIMINATION OF FEDERAL HOSPITAL INSURANCE TRUST FUND.—Section 1817 of the Social Security Act is amended to read as follows:

"CERTIFICATION OF PAYMENTS FOR BENEFITS

"SEC. 1817. The Managing Trustee of the Federal Disability and Health Insurance Trust Fund shall pay from time to time from the Trust Fund such amounts as the Secretary of Health and Human Services certifies are necessary to make the payments provided for by this part, and the payments with respect to administrative expenses in accordance with section 201(g)(1).".

(2) PAYMENT OF TRANSPORTATION EXPENSES.—Section 201 of such Act is amended by striking out all of subsection (j) down through "The amount available" and inserting in lieu thereof the following:

"(j) There are authorized to be .made available for expenditure, out of the Federal Old-Age and Survivors Insurance Trade Fund, or the Federal Disability and Health Insurance Trust Fund (as determined appropriate by the Secretary), such amounts as are required to pay travel expenses, either on an actual cost or commuted basis, to—

"(1) individuals for travel incident to medical examinations requested by the Secretary in connection with disability determinations under this title, and to parties, their representatives, and all reasonably necessary witnesses for travel within the United States (as defined in section 210(i)) to attend reconsideration interviews and proceedings before administrative law judges with respect to any determination under this title, and

"(2) parties, their representatives, and all reasonably necessary witnesses for travel within the United States (as defined in section 210(i)) to attend reconsideration interviews and proceedings before administrative law judges with respect to any determination under title XVIII.

The amount available".

(3) CONFORMING AMENDMENTS.—Section 1128A(e)(2) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under section 201(b)".

(4) Section 1870 of such Act is amended by adding at the end thereof the following new subsection:

"(h) There shall be transferred periodically (but not less often than once each fiscal year) to the Federal Disability and Health Insurance Trust Fund from the Federal Old-Age and Survivors Insurance Trust Fund amounts equivalent to the amounts not previously so transferred which the Secretary of Health and Human Services shall have certified as overpayments (other than amounts so certified to the Railroad Retirement Board) pursuant to subsection (b). There shall be transferred periodically (but not less often than once each fiscal year) to the Federal Disability and Health Insurance Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which the Secretary of Health and Human Services shall have certified as overpayments to the Railroad Retirement Board pursuant to subsection (b).".

(5) Section 1885(c) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under section 201(b)".

(6) Section 1914(e) of such Act is amended by striking out "under section 1817" and inserting in lieu thereof "under sections 201(b)".

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1)(A) Section 201(g)(1)(A) of such Act is amended, in the matter preceding clause (i), by striking out "the Federal Hospital Insurance Trust Fund and".

(B) Section 201(g)(2) of such Act is amended, in the last sentence, by inserting "and Health" after "Disability".

(2) Section 201(i)(1) of such Act is amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund".

(3) Section 201(l) of such Act (as in effect immediately before the effective date of this section) is repealed.

(4) Section 217(g) of such Act is amended by striking out "and the Federal Hospital Insurance Trust Fund" each place it appears.

(5) Section 218(h)(1) of such Act is amended—

(A) by striking out "and the Federal Hospital Insurance Trust Fund"; and

(B) by striking out ", subsection (b)(1) of such section, and subsection (a)(1) of section 1817" and inserting in lieu thereof "and subsection (b)(1) of such section".

(6) Section 229(b) of such Act is amended by striking out ", the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund" and inserting in lieu thereof "and the Federal Disability and Health Insurance Trust Fund".

(7) Sections 706(a) and 710 of such Act are each amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hosptial Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund,".

(8) Section 1106(b) of such Act is amended by striking out "the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund," and inserting in lieu thereof "the Federal Disability and Health Insurance Trust Fund,".

(d) TRANSFERS FROM TERMINATED TRUST FUNDS.—

(1) TRANSFER FROM FEDERAL DI TRUST FUND TO FEDERAL OASI TRUST FUND.—

(A) IN GENERAL.—There is hereby appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (and merged with any funds appropriated under section 201(a) of the Social Security Act) any balance remaining in the Federal Disability Insurance Trust Fund on the effective date of this subsection. The Federal Old-Age and survivors Insurance Trust Fund shall succeed to all title and interest in any obligations of the Federal Disability Insurance Trust Fund acquired under section 210(d) of the Social Security Act which are outstanding as of such effective date.

(B) TREATMENT OF LOANED AMOUNTS.—Any loan under section 201(l) of such Act (as in effect immediately before the effective date of this subsection)—

(i) from the Federal Old-Age and Survivors Insurance Trust Fund to the Federal Disability Insurance Trust Fund, or

(ii) from the Federal Disability Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund,

remaining unpaid (as of such date) shall be treated as paid in full, with any unpaid amount of such loan remaining as part of the balance of the borrowing trust fund.

(2) TRANSFER FROM FEDERAL HI TRUST FUND TO FEDERAL OASI TRUST FUND.—

(A) IN GENERAL.—There is hereby further appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (and merged with any funds appropriated under section 201(a) of the Social Security Act) any balance remaining in the Federal Hospital Insurance Trust Fund on the effective date of this subsection. The Federal Old-Age and Survivors Insurance Trust Fund shall succeed to all title and interest in any obligations of the Federal Hospital Insurance Trust Fund acquired under section 1817(c) of the Social Security Act which are outstanding as of such effective date.

(B) TREATMENT OF LOANED AMOUNTS.—Any loan under section 201(1) of such Act (as in effect immediately before the effective date of this subsection from the Federal Hospital Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund remaining unpaid as of such date shall be treated as paid in full, with any unpaid amount of such loan remaining as part of the balance of the borrowing trust fund.

(e) INTERIM TRANSFERS.—For the period beginning October 1, 1986, and ending December 31, 1986, of the amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund under section 201(a) of the Social Security Act (as amended by this Act), the Secretary of the Treasury shall immediately transfer from such Trust Fund to the Federal Disability and Health Insurance Trust Fund amounts which would be appropriated to the Federal Disability Insurance Trust Fund under section 201(b) of such Act but for the amendments made by this Act.

(f) EXPEDITED TRANSFERS.—The Secretary of the Treasury shall take such actions as are practicable to ensure that transfers from the general fund of the Treasury to the Federal Disability and Health Insurance Trust Fund pursuant to the appropriations under section 201(b) of the Social Security Act (as amended by this Act), transfers from the Federal Disability Insurance Trust Fund and the Federal Health Insurance Trust Fund to the Federal Old-Age and Survivors Insurance Trust Fund pursuant to subsection (d) of this section, and transfers from the Federal Old-Age and Survivors Insurance Trust Fund to the Federal Disability and Health Insurance Trust Fund pursuant to subsection (e) of this section are made in such manner as to provide for the timely payment of benefits and administrative expenses from the Trust Funds receiving such transfers.

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect October 1, 1986, and shall apply with respect to periods after September 30, 1986.

SEC. 4. ADJUSTMENTS TO EMPLOYMENT AND SELF-EMPLOYMENT TAXES.

(a) TAX ON EMPLOYEES.—Subsections (a) and (b) of section 3101 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under Federal Insurance Contributions Act) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to 5.1 percent of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b)).

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there is hereby imposed on the income of every individual a tax, with respect to wages (as defined in section 3121(a)) received by him before calendar year 1994 with respect to employment (as defined in section 3121(b)), equal to 2.05 percent of such wages.".

(b) TAX ON EMPLOYERS.—Subsections (a) and (b) of section 3111 of such Code (relating to rate of tax on employers under Federal Insurance Contributions Act) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 5.1 percent of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b)).

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, and with respect to wages (as defined in section 3121(a)) paid by him and received by such individuals before calendar year 1994 with respect to employment (as defined in section 3121(b)), equal to 2.05 percent of such wages.".

(c) SELF-EMPLOYMENT TAX.—Subsections (a) and (b) of section 1401 of such Code (relating to rate on tax on self-employment income) are amended to read as follows:

"(a) OLD-AGE AND SURVIVORS INSURANCE.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual a tax equal to 10.2 percent of the amount of the self-employment income for such taxable year.

"(b) DISABILITY AND HOSPITAL INSURANCE.—In addition to the tax imposed by subsection (a), there shall be imposed for each taxable year beginning before January 1, 1994, on the self-employment income of every individual, a tax equal to 4.1 percent of the amount of the self-employment income for such taxable year.".

(d) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply with respect to wages received after December 31, 1986.

(2) The amendment made by subsection (c) shall apply with respect to taxable years beginning after December 31, 1986.

SEC. 5. WAGE-BASED COST-OF-LIVING INCREASES IN BENEFITS.

(a) RESTORATION OF FORMER COLA PROVISIONS.—Section 215(i) of the Social Security Act is amended to read as such section read immediately before the date of the enactment of the Social Security Amendments of 1983.

(b) AMENDMENTS.—

(1) Section 215(i)(1)(C) of the Social Security Act (as amended by subsection (a)) is amended to read as follows:

"(C) the term 'adjusted wage increase percentage' means the excess (if any) of—

"(i) the percentage (rounded to the nearest one-tenth of 1 percent) by which the average hourly earnings index for total private nonfarm workers, prepared by the Department of Labor, for the calendar quarter immediately preceding such cost-of-living computation quarter, exceeds such index for the calendar quarter immediately preceding the most recent prior calendar quarter which was a base quarter under subparagraph (A)(ii) or, if later, the calendar quarter immediately preceding the most recent prior cost-of-living computation quarter under subparagraph (B), over

"(ii) 1.5 percent."

(2) Section 215(i)(2)(A)(ii) of such Act (as so amended) is amended by striking out "by the same percentage" and all that follows down through the semicolon, in the sentence immediately following subdivision (III), and inserting in lieu thereof "by the adjusted wage increase percentage;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after November 1986.

HEALTH CARE SAVINGS ACCOUNT ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. SLAUGHTER] is recognized for 60 minutes.

Mr. SLAUGHTER. Mr. Speaker, I have introduced, along with three of my distinguished colleagues, H.R. 3505, the Health Care Savings Account Act of 1985. I am joined in this introduction by the gentleman from Illinois [Mr. CRANE], the gentleman from California [Mr. DREIER], and the gentleman from Michigan [Mr. SILJANDER].

This bill would allow workers to establish health care savings accounts which are analogous to today's regular individual retirement accounts, the IRA's. The maximum contribution for health care savings accounts would be equal to the amount of hospital insurance taxes paid into that Medicare portion of Social Security by the worker; that is, that the worker will be entitled to contribute into his account each year an amount equal to 2.9 percent of income up to $39,800.

□ 1840

Workers would receive a 60-percent income tax credit for these contributions to health care savings accounts. An employer would be allowed to contribute to an employee's health care savings account in lieu of or in conjunction with the workers, so long as the annual limit is not exceeded, and to receive a 60-percent income tax credit for those contributions.

Sixty percent of the contributions and investment returns representing the proportion of contributions, offset by the credit, could not be withdrawn from the health care savings account before retirement or disability. The remaining 40 percent could only be withdrawn subject to a 10-percent penalty imposed on early withdrawals from IRA's.

Workers who exercise a health care savings account option to specified minimum levels, at least the one-third of the maximum over their careers, and at least 50 percent of the maximum over 10 years, would also receive catastrophic coverage under Medicare.

With today's limits and increasing coinsurance fees under Medicare eliminated, and the supplemental medical insurance, coinsurance fee kept, Medicare will begin to run into the red in the 1990's. The trustees for the Medicare trust fund, in their 1985 annual report, stated that current workers who retire in the next century will not only have to compensate for the shortfall due to the high current outlays, but will also derive significantly fewer benefits from their contributions. That is to say, they will have to pay higher Medicare taxes and receive less benefits if the system is to remain solvent beyond the 1990's.

Rather than pass new tax increases to cover a system destined for hard times, or to freeze Medicare fees indefinitely, or to cut benefits to Medicare recipients, we offer a new alternative, the development of health care savings accounts.

Mr. DREIER of California. Mr. Speaker, will the gentleman yield?

Mr. SLAUGHTER. I yield to the gentleman from California.

Mr. DREIER of California. I thank my friend for yielding. He has just given a very good explanation of this proposal, and I am pleased and honored to join him as a cosponsor of H.R. 3505.

What I would like to do at the outset is congratulate the gentleman in the well, a new Member, been here just a few months, and he has done a superb job of demonstrating leadership on this issue. It is one which obviously is very important and near and dear to all of us.

Mr. Speaker, what my colleagues—Mr. SLAUGHTER, Mr. CRANE, Mr. SILJANDER—and I are offering with H.R. 3505, the Health Care Savings Account Act of 1985, is more than a short-term quick-fix solution to Medicare's long-term financing troubles. It is a proposal based on sound economic judgment, using a proven vehicle—individual retirement accounts.

Currently, there is upward pressure on Medicare and Medicaid to provide greater benefits to meet the growing health care needs of the elderly. According to a July 1985 report of the Select Committee on Aging, entitled "America's Elderly at Risk," our Nation's elderly will spend an average of $1,660 in 1985 for health and long-term care. That's over 15 percent of their incomes—more than the elderly spent on health care when Medicare and Medicaid were enacted. By 1990, the Aging Committee projects that elderly out-of-pocket expenses for health care will grow to $2,583, or 18.9 percent of their income.

Along with this increased financial burden, the elderly are more vulnerable to the severe financial risks of catastrophic illness. According to the Aging Committee report:

Our current public and private insurance programs offer little, if any, coverage for long-term care, with the exception of Medicaid. The existing insurance systems are designed primarily to cover hospital care for acute illness and do little to protect the elderly from the costs of chronic illness.

These troubling trends have brought about demands for enhanced protection under Medicare and Medicaid. But at the same time, both programs face serious financial trouble.

According to the 1985 annual report of the Medicare trust fund's board of directors, the hospital insurance portion of Medicare is projected to incur massive deficits in the next 15 years which can only be solved by drastic cuts in benefits or massive payroll tax increases on today's workers. At the same time, the Office of Management and Budget projects that expenditures of the other part of Medicare, supplemental medical insurance, will double from $14.1 billion in 1983 to $27.1 billion in 1990.

Medicaid faces similar problems. Today, there are approximately 1.2 million elderly persons in nursing homes. That number is expected to increase to 2.2 million by the end of the century. At the same time, nursing home costs under Medicaid are expected to climb from $13 billion in 1982 to $45 billion in 1990. The Aging Committee report states that as many as two-thirds of nursing home patients who enter as private paying patients subsequently deplete their resources and have to turn to Medicaid. The thought of being so financially devastated has forced many of today's elderly to turn their assets over to family members in an effort to qualify for long-term coverage under Medicaid.

Mr. Speaker, what we have is a situation where, on one hand, out-of-pocket expenses for health care are becoming a serious financial hardship for our Nation's elderly. On the other hand, we have a public "insurance" system which is not only incapable of meeting the growing medical needs of the elderly, but faces insolvency in the near future without tremendous Government subsidies and/or forcing massive payroll tax increases on today's workers.

My colleagues and I have introduced a unique and challenging proposal that could free both working and retired Americans from these major deficiencies in our public health care programs. Essentially, or health care savings account proposal would allow workers to establish tax-free savings accounts, modeled after the popular individual retirement accounts, specifically for the purpose of providing for medical expenses upon retirement. The maximum contribution would be equal to the annual Medicare HI payroll taxes paid by the worker and his employer. As an incentive to invest in a health care savings account, the worker would receive a 60-percent income tax credit for contributions made to the account.

Workers would then use the funds accumulated in their health care savings accounts for medical expenses during retirement. In turn, their Medicare deductible in retirement would be increased under a proportional formula. That formula would be based on the amount of private medical insurance the retiree can be expected to buy each year with an annuity from accumulated funds. Also, workers who contribute a set minimum would be eligible for catastrophic benefits through Medicare.

Like regular individual retirement accounts, health care savings accounts are specifically designed to attract low-income workers. And the overwhelming success of IRA's since they were liberalized in 1982 is a clear indication of the potential willingness of workers to invest in a similar program to provide adequate health care coverage upon retirement. By the end of 1984, nearly 23 million households, or 28 percent, owned an IRA. Of that, nearly two-thirds have household incomes of less than $40,000 per year.

Beyond their important retirement benefits, diversified IRA options provide a significant benefit to the national economy through increased savings and investment, resulting in greater economic growth and increased Federal revenues. Since 1982, IRA's have helped to expand our Nation's pool of capital by over $135 billion.

Mr. Speaker, providing Americans with expanded opportunities to become self-sufficient upon retirement is a policy this Congress should continue to pursue vigorously. The health care savings account option should be an integral part of this policy. As I have said, and my colleagues before and after me will tell you, health care savings accounts could drastically improve the health and standard-of-living among the elderly, without a massive drain on the earnings of today's workers. It would sharply reduce and potentially eliminate altogether the long-term financing problems of Medicare. In addition, it will help to increase competition and consumer choice in the health care market. This can only result in reduced medical costs for consumers, and greater savings in our public insurance programs.

□ 1850

Mr. SILJANDER: Will the gentleman yield?

Mr. SLAUGHTER. I am happy to yield to the gentleman from Michigan [Mr. SILJANDER].

Mr. SILJANDER. I would like to thank the gentleman for yielding, and my friend and colleague Congressman DREIER, for your leadership with an in-

spiring new idea, a new concept, to bring a new dynamic to the crises that we are inevitably facing in Medicare, is reassuring to some Members of this body who feel there are some new ideas that can come out of Congress.

Medicare does face staggering financial problems. Right now, Medicare seems solvent enough; that is only for the moment. There is a slight surplus for now, but when one projects beyond the present, there is an obvious, inevitable crisis that is before us.

Those revenues, the surpluses, could vanish within a very short time. What are the options? They could be—a friend of mine on the Budget Committee had a remarkable experience. He was ascended into heaven, and God was there and said "I want to show you a little bit of what heaven looks like, but you are not dead; I am not taking you yet; I want you to go back down and implement this idea, this kingdom of heaven idea back on earth."

So here he was up in heaven and God is showing him around the heavenly realms, and he was quite impressed. He said, "By the way, I have always wondered, God, what is time like in heaven versus on earth? Because we are always late for meetings in Congress and have these problems with punctuality." God said, "Well, one minute on earth is like 1,000 years in heaven." He said, "That's amazing. One minute on earth is as a thousand years in heaven."

Well, they continued showing the differences back and forth, and just upon his readiness for his departure back to Earth, the member of the Budget Committee thought, "Now wait a minute. If a minute is worth 1,000 in heaven, I wonder what a dollar is worth?"

So he said, "God, what is a dollar from earth worth in heaven?" "Well," God said, "it's worth a million."

He thought to himself, "What a great deal." God said just before he left, "Is there anything you want before you leave?"

He said, "I'm glad you offered, God, because I would like to take about, oh, $50 or $60 home with me."

God said, "Absolutely no problem; just wait 1 minute, and you'll have it."

The moral of the story is, it is not very likely, not very likely at all that anyone on the Committee on Aging that I serve on, or other committees in Congress, will have such a supernatural opportunity to bring home the bacon; and Medicare is in serious crisis both in the long term and short term.

So our options, of course, beyond the experiences of my friend on the Budget Committee, would be to raise taxes; which many in this body as well as the American people find an unacceptable option; continue to freeze hospital and doctors' fees, which has been the result of serious controversies, not only for the doctors and hospitals involved, but for the quality of care of the patients.

Of course the third and final option, the final option beyond what we are considering on the floor would be to cut benefits to Medicare recipients, and that is unacceptable to this gentleman and so many others.

This new option, the fourth concept, has now arisen, and I am so thankful for it. It is a very simple idea of having health care savings accounts as has been outlined clearly by the two gentlemen.

They are much like the IRA accounts. They would be tax-free savings; they would earn investments, as any other account; unlike the pay-as-you-go Medicare system, however, one could take up to 2.9 percent of income up to $39,600 and put it into the tax-free account and receive a tax credit for up to 60 percent of that amount, that 2.9 percent of the $29,600.

An employer would be allowed to contribute in lieu or in conjunction with that of an employee's account, but in no case could it be higher than this 2.9 percent.

Now the funds, of course, would be used in retirement years to purchase private medical insurance and/or to pay for health expense during retirement years.

Now of course if there are catastrophic problems prior to the retirement years, some of those funds may be released in a certain formula to assist in that way.

Is not it logical for those who can afford and need tax dodges and tax help to place money in a private sector bank account to be used in their retirement years?

Now obviously, some of the Medicare funds would be deducted if they were not necessary later on in retirement. In other words, if the health savings account were drawn off of during an illness, there would not be Medicare coverage up to the point of the establishment of the account, or when the account is finally depleted.

So the idea is it saves in Medicare funding but those who can better afford it and for those who need those types of tax advantages, it saves the Medicare system for those who are truly poor, truly needy, and helps make the system far more solvent.

Mr. DREIER of California. Will the gentleman yield?

Mr. SLAUGHTER. I yield to the gentleman.

Mr. DREIER of California. I think that we have also seen, as I was saying earlier, that there is a tremendous benefit accrued to those who are not necessarily poor, but those who are on the lower income level because of the fact that we saw two-thirds of the individual retirement accounts which have been initiated since 1982, going to those who are earning less than $40,000.

If the gentleman would continue to yield, I would like to ask him a question: In one of our planning meetings we were discussing this legislation he told us how he had tested out the idea of a health-based individual retirement account in some of his town meetings in Michigan, and I wondered if he might share some of the response from those town meetings with us.

Mr. SILJANDER. I would be thrilled. I have held a series of town hall meetings across the district; provided every constituent in my district through the postcards we are allowed to send—we had tremendous participation.

I asked the question: Who would be interested and willing to participate? And almost every person raised their hand. There were a few that did not, and I asked why. They said, "Well, I don't have the extra revenues to participate," but, they said, this makes it 100 percent—"I think it's a great idea, because that means there will be more money left in the future for me."

□ 1900

So they were thrilled with the idea, as of course were so many of the others in the audience.

Mr. DREIER of California. One of the other attractive aspects of the proposal is that that benefit can also be passed on to heirs, which obviously cannot now take place with the present Medicare system.

Mr. SILJANDER. That is an excellent point to be made. I do not know how many of the Members have town hall meetings, but if you do, I encourage you strongly to throw out the question to your constituents, see what they feel about the health care savings account concept. See what they think about it, and I am certain you will find that whether it is New York, California, Michigan, or Virginia, I think one would find clearly that the majority of Americans, the vast majority, would support an alternative. One last point that I would like to make that I think is paramount: This does not in any way affect the present Medicare system. It does not draw off of it, does not deplete it, does not change the criteria at all. What it does is to supplement, is a supplemental idea to help make the system more solvent for those the system is truly directed to help.

I think that is an important point. We are not attempting to disrupt Social Security or Medicare in any way whatsoever. This is a totally voluntary supplemental extra added bonus.

Mr. DREIER of California. I would like to ask my friend from Michigan, who is well aware of the fact that we are faced with a real crisis for Medicare, and I know he is aware of the

fact that the present Medicare that we now have in a major way discriminates against minorities. We have found that if—and this came out in the study that I referred to earlier from the National Center for Policy Analysis—that the average life expectancy for a black male is 64.8 years of age. The average life expentancy for a Hispanic is 66.6 years. The average age of a white male is 71 years.

Yet, there is absolutely no consideration for that lifespan taken into account when the fee is paid and when the benefits are actually accrued.

So based on that 64.8 years you can see that it is unbelievable that the average black male American is, unfortunately, in a situation where he will not benefit at all from Medicare. So while he is required to pay the exact same amount and his employer is required to pay the exact same amount into the system, he is less likely to receive the benefits that white male Americans are.

I believe that that is one of the reasons we have to provide equitable alternatives to this crisis because it is a crisis. While the gentleman said that is does not in any way tamper with the present system, it is incumbent upon us and many other people around the country in those town hall meetings and here on the floor of the Congress to point out the fact that while Social Security was supposedly addressed nearly 3 years ago, we did in fact see at that time that the Medicare system is faced toward a crisis into the next decade which will make the Social Security crisis look miniscule. That is why it is very important that we work together to try to address this problem.

I thank the gentleman for his contribution, and I thank the gentleman from Virginia for yielding me this time.

Mr. SLAUGHTER. I thank the gentleman from Michigan, and I also thank the gentleman from California.

Certainly this legislation is a product of the work and thoughts of all of us who are sponsoring this bill, the gentleman from Michigan [Mr. SILJANDER], the gentleman from California [Mr. DREIER], and the gentleman from Illinois [Mr. CRANE]. They and all of our staffs have worked on this legislation, and we have a workable concept embodied in this legislation.

It will save the Medicare system as it now exists, because, as the gentleman from California and the gentleman from Michigan have pointed out, Medicare is now running in the black, but the Board of Trustees of the system and all who have studied and who are familiar with the system say that it will run out of funds in the 1990's. The result; there can only be two things or a combination of these two things: One is to increase the Medicare taxes; the other is to reduce benefits; or do both.

This bill offers a way out, because Medicare will continue to receive all of the revenue it receives under present law. The contributions that an individual makes into his Health Care Savings Act will give him a credit against his Federal income taxes. But the Medicare taxes that he pays as a part of the overall, along with the Social Security taxes, the 2.9 percent that it will be next year, will continue to be paid. They are payroll taxes that will continue to be paid into the Medicare fund.

As the years go on, because of the people who will exercise the option to have the health savings account, there will be fewer people putting in claims for Medicare benefits. They will be using the funds from their own private savings account, and Medicare will continue to receive the revenue it now receives and will be paying out less in benefits because of the number of people who have chosen to use the health care savings account.

Certainly today most young people who pay their Medicare taxes will receive less in Medicare benefits than they pay into the Medicaid fund.

In the instance of the user of the health care savings account, those young people will have an income tax incentive to invest in the health care savings account, and they will be able to accumulate more money than they could possibly receive in Medicare benefits.

If they do not use the money in the health care savings account for medical expenses in retirement, the money passes on to their estate in the event of their deaths.

Now there are a number of interesting figures on Medicare, not only dealing with the revenues expected and the benefits expected to be paid out but some other things affecting the individual taxpayers who are now paying the Medicare taxes.

About 40 percent of those people, 40 percent of all the beneficiaries under Medicare, do not receive any benefits. That is, fortunately, they do not have the illness or the hospitalization that requires them to call upon Medicare benefits during their retirement years.

This is all to the good in the sense that they are healthy and do not need to spend that money, the Medicare benefits, for health care.

But, again, they have paid these taxes over many years, have received no benefits, and with the health care savings account at least they would have received interest on their investments which can be used and spent so long as they do not expend funds that they had used a tax credit for in their account.

They must maintain that much in the account, that which is equal to the taxes they have taken credit for will remain in the account. But at the time of the death of such person who has selected the health care savings account, those funds will pass on to his heirs.

The health care savings accounts enable the workers to develop their own resources to meet their retirement medical expenses. Now for those who do not choose to use the health care savings account, and it can be opened at any time, does not have to be contributed to every year, in the same manner as the individual retirement accounts, but for those who do not exercise that option there are no changes in the Medicare benefits for any of the people who do not take the option of the health care savings account. And if they choose not to, their Medicare benefits continue, as is the case now. In addition, as I say, in future years it is unquestionably true that the Medicare fund will grow stronger and sounder under this bill and will accumulate funds to pay the benefits, and something has got to be done, and this alternative is far preferable in every way to reducing the Medicare benefits in the 1990's or increasing Medicare taxes at that time.

□ 1910

The funds that are put into the health care savings account can be invested as the participant may decide to purchase private medical insurance or to make investments and the interest can accumulate on those investments and the account will grow until retirement years.

Now, we have some figures that assume a certain rate of interest on money that is put into an account. If you assume it at 8 percent, a person 55 years old putting in the maximum contribution to the health savings account for 10 years would accumulate over $22,000. A person who is 40 years of age and earning $7,000 annually, putting in one-third of the maximum, would contribute over $8,000 at the end of 25 years. That same person 40 years of age, if earning approximately $17,000 and putting in one-third of the maximum contribution, which would have a tax advantage under this legislation, and, accumulated until retirement at age 55, would have $20,000 in the account. A person 40 years old puting in the maximum for 25 years would have a value at the end of 25 years in that account of $140,000.

So the accumulation and growth of the health care savings account tax free, it will be of great advantage to those who choose the health care savings account. But if a person chooses not to, then his Medicare benefits continue as is the case now. His Medicare taxes continue, as is the case now. But he will have a much sounder Medicare fund to look forward to paying his medical benefits in retirement.

The health care savings account legislation is drafted so as to encourage Americans to save funds for use on health care and retirement, part of which could certainly go toward the purchase of long-term-care insurance.

The legislation allows for tax-free withdrawal of health care savings account funds so long as these funds go toward the purchase of medical care either directly or indirectly through private medical insurance.

Again, to refer to the financial condition of the Medicare fund, the most widely cited assumption, which does not predict any recessions but predicts that the economy will continue at its present level, that is, on a static basis, in order to pay all of the promised benefits to people, to young workers now employed, the total employer-employee tax rate would have to be raised to 7.4 percent, which is almost three times today's rate, that is, in 1985, of 2.7 percent. This is an almost triple 7.4 percent as compared to 2.7 percent. The cost burden of health care, as we all know, is increasing; so certainly we cannot expect any decrease in the cost of medical care and hospitalization. This legislation gives the opportunity, and the tax incentive, and encouragement for Americans to save for their own health care costs in retirement. In return, they will be given a tax incentive, but they will also be contributing to the soundness of the Medicare financial system, financial resources, and enable Medicare in the 1990's to pay the obligations, to pay the benefits to the beneficiaries of medical care who are paying in their benefits today and will not be able to look forward to a fund which is able to pay their benefits in the 1990's unless something is done to relieve the situation for medical care.

This legislation does not increase taxes, it will not increase taxes, it does not reduce benefits and will not reduce benefits, but it will make Medicare sounder because the payroll taxes for Medicare will continue to be collected as is now the case by the Federal Government, and there will be lesser numbers of people, Medicare beneficiaries, and, therefore, there will be a lesser number of people who will be putting in claims for medical benefits.

Mr. Speaker, I urge that all of my colleagues carefully consider this legislation and their support and suggestions are indeed welcome.

THE FEDERAL DEFICIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. MACK] is recognized for 60 minutes.

GENERAL LEAVE

Mr. MACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MACK. Mr. Speaker, it is my intention during my special order to discuss legislation that has been introduced into the House that begins to deal with the deficit and deal with it in a very specific way, in a method which has teeth in the proposal to in fact get something done, instead of to continue with the process of where we have just literally talked about the problem every day since I have been here, which is now completing my third year.

There are many reasons that one could argue why we need to deal with the deficit. There is the debate that we just concluded today on the agriculture bill. Many people said we had to do that in order to solve the problem, the crisis, that is in existence today in our farms. Others say that we have to deal with the issue of trade.

I was rather surprised, I guess, when I came back from the recess, to hear so many people running around talking about the trade issue, the trade issue, the trade issue, and, at the same time, saying that there was a concern about the deficit.

I also heard people, but not with the same degree of enthusiasm or the same degree of concern, talking about what was happening with the Third World debt, what was happening in our banking communities, the problems that were in existence as a result of the problems on our farms, the problems created by our trade imbalance, all relating, in my opinion, to the deficit.

The surprise that I had was that people kept coming back and talking about trade, when we were trying to bring the tax issue to the American people, to the attention of the American people. I think most Members were surprised, frankly, because, if you will recall, we passed the so-called deficit reduction plan just before we took that break, and everybody went home with the feeling that they were going to be able to say to the American people, "We have done something of significance, something serious about reducing the size of the deficit. We have set the course in a downward direction. We are going to save, we are going to reduce the deficit this first year by $52 billion to $54 billion."

And before they could even get settled into that speech at home, the Congressional Budget Office was already telling the country that, no, it was not $52 billion or $53 billion or $54 billion, it was, at best, $39 billion.

Now, that did not include the supplemental that we passed, if you recall. There was a supplemental of about $15 billion. So already we began to eat away at those so-called savings.

I want to, I guess, move on to a little bit more of a personal message as to why I think we have to do something and do it now. I want to tell a couple of stories as to how they related to my entry into the U.S. Congress, and I am going to start with the very first vote that I cast in 1983. It was not a vote that was going to change the direction of the country, it was not a major issue of any kind; it was a very simple question. Some of you may recall that. You may recall that first vote in 1983 was really a question of whether we were going to establish another committee in Congress. Again, I was a brandnew Member, had never been involved in politics before, so, therefore, I was not in the State legislature, and I was not so sure about how this was going to work, what might be entailed in that vote, and so I asked other Members on both sides of the aisle what their attitudes were about whether we should establish a new committee in the Congress. And the reaction I got was, "We don't need another committee, we already have too many committees." Some people said, "we write too much legislation." Others said, "We spend too much money on staffs, therefore, we really didn't need it."

□ 1920

I was convinced that I was going to cast my first vote in the Congress with a great majority of others. So I walked over, placed my voting card in the machine, and voted "no."

Then I looked up on the board behind us, and what a shock it was to me to find that I was one of 35 that had voted against the establishment of this new committee. There are two bits of information that I failed to give you. The first was the name of the committee. The name of the committee was the Committee on Families and Children. The second bit of advice that I got was "Connie, you do not go back home after you voted against families and children and run for reelection.

To me, that was a fairly impressive memory that I have of that first vote. It really established in my mind this misconception of pressure that is on the Members of the Congress to vote for different things. Imagine now, people basically voted for that particular committee because of the name: The Committee on Families and Children.

Well, the second set of hearings that I attended was with the Budget Committee. I come from a banking background, and that is where I wanted to end up, on the Budget Committee. By the way, I happen to know Congressman SILJANDER. I am a good friend of his, I am on the Budget Committee,

but I am not the individual that he referred to a little earlier as making quite a junket.

During that first set of hearings on the Budget Committee, I listened to David Stockman, Martin Feldstein, Donald Regan and others talking about what was going to happen in 1984 and 1985 and 1986 and 1987 if we did not do something; if we did not change the spending pattern of this country. If we did not really begin to reduce the scope of government and begin to make decisions about which program should be included and which one should be deleted.

They estimated in February of 1983 that in fact there were going to be $200 billion worth of deficits for the years to come. There should be no surprise in this House, each year as we vote on this budget deficit question because the information was given to us in February of 1983. We were also told that if we did not do anything in 1984 that 94 percent of the net private savings of this country were going to be consumed by the Federal Government, and over that 4 or 5-year period, basically 50 percent of the net private savings of this country would be consumed by the Federal Government.

What does that mean? Well, net private savings are the dollars that you and I save, put into an investment, whatever, so that they can be used by others to purchase automobiles, to mortgage homes, to invest in businesses, to create new businesses and create jobs. If the Government is consuming all of those, then there is not anything left for you and I and for business in this country to establish and create those new enterprises and those new jobs.

So there again, those two points. One was the first vote, the perception that was created about the political pressure about why you had to vote for something. The second was the establishment of the criteria of what we were going to be looking at for the years to come if we did not act, and clearly we did not act, because now we are facing the third year of where the deficits are going to be approximately $200 billion.

So the time has come for us to act, but let me add another point of view as to why the time has come for us to act now. When I was in the banking business, when people would come in with a problem, whether that was dealing with their family or whether it was a crisis in a business, and they would make a request that I should, through the bank, provide them with working capital or assistance for their family crisis, the very first thing I wanted to know was what created the problem, and what they were going to do to change the situation so that they would be able to take the capital that they were able to get from the bank, solve the problem and pay it back. Very straightforward; very simple. What is the problem out there; what are the corrective measures that you have taken.

We would ask for financial statements; we would ask for operating statements. We would look at credit reports. We also looked at, did the people in the past in essence do what they said they were going to do in dealing with those financial problems. If the answer was yes, the credit was available. If the answer was no, the credit was not. Here is the point.

If you look back at the history of the follow-through of the things that we have said in this Congress and in the years past, the answer is pretty clear that we say one thing and we do another. Again, I think the time has come that we act and act now.

Mr. PURSELL. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman.

Mr. PURSELL. It is very fitting tonight, on the eve of the baseball playoffs, that we have a discussion with CONNIE MACK of Florida. Is the gentleman suggesting that maybe if we took our budget with our great deficit and our past historical track record of borrowing almost 20 percent of our revenue, that if we took that to the average banker today that we would be denied any additional credit, like the small businessman is denied his because historically he has not been responsible fiscally?

Are we any different than the family or the small businessman or corporation?

Mr. MACK. I think you are making my point for me. I do not think that we are, but the interesting thing is that we are not even asked today really what is the plan to create a change, to bring about a change that we can solve the problem. We just go on year after year. That is what is being asked over in the Senate; that is what is being asked in the House today. That we just increase the debt ceiling, no strings attached they say. Just increase that debt ceiling and we will solve the problem.

I promise you next time, when we have an opportunity in the Budget Committee we are going to solve that problem; we are going to get that budget out here to the floor; we are going to reduce spending; we are going to reduce the deficit; we are going to solve the problem.

But we do not even really ask the tough questions about how are you going to change it. I remember listening to Peter Grace making a presentation to the Republican Study Committee, and his conclusion really brought to my attention the relationship of the similarity between the situation of a corporate or a family borrower who has a problem, and he is not going to get the money unless he has come up with the solution about how he is going to change things.

The analogy is correct. I think probably if most bankers were to look at the spending patterns of this Government and were asked to borrow additional money, they ought to be turned down.

Mr. PURSELL. If the gentleman will yield further, I was looking at recent adjustments in the CBO report in respect to your earlier comment that were hoping that the Senate Budget House Conference Committee would achieve a $55 billion or a $56 billion or a $51 billion deficit savings this year in our agreement with the Senate. You alluded to the fact that it came down to about $39 billion. The estimate was correct that evening and I reported that in the House when we voted for that limited budget savings.

I understand subsequent to that that there has been an adjustment further by CBO, that it is now down to $37 billion. So it is going the wrong way, and I appreciate the gentleman's leadership for tonight suggesting a way out of this for both the leadership in the House and Senate in your proposal that you are offering this evening.

Mr. MACK. I thank the gentleman for his comments, and believe it or not, we will get into a description of the plan here briefly. But I thought it was important to set the stage as to why we need to begin to act now and why we need to be doing something different than we have done in the past.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman.

Mr. BARTON of Texas. I thank my distinguished colleague from Florida. I want to commend the gentleman for taking out this special order to bring to the other Members of this body the most primary and important need to finally begin to address the deficit problem.

I am a freshman Member of this body and in my campaign I promised that if elected I would come to Washington and do everything possible to bring the deficit under control. My congressional district is shaped like the great State of Florida, it is long and skinny. It is bounded on one side by the Trinity River, and on the other side by the Brazos River. There is a book out by James Michener called Texas that most of the action in that book takes place, a large part of it in my congressional district.

□ 1930

The people in my district, some are native Texans but some are also people that have chosen to come to Texas and to lead their lives there. There are small-town farmers, there are small-town businessmen, there are

oil and gas people and there are educators, a broad cross section.

And once I got elected and once I began to go back and report on what is happening here in Washington, the questions at my town meetings began to come up, "Well, why can't you do something about the deficit? Why can't you get things under control?" I really did not have an answer for them until this package the gentleman is the sponsor of in the House and Senator GRAMM and Senator RUDMAN in the other body are the sponsors of came along.

Mr. MACK. If I could reclaim my time for just a minute, because I do want to touch on the point about the town meetings. I think my experience was the same as the gentleman's.

As I alluded to a minute ago, going back home right after the passage of that budget, and basically the people in my district were saying, "We don't think you did enough. We don't think you did anything. You really need to go back there and attempt to solve that problem and seriously attempt to solve that problem."

The reason I wanted to interrupt you there for a moment was because I want to thank the gentleman for giving me that message when the gentleman got back. It was part of that stimulus that said we have to work together. That is how we found ourselves over with Senator GRAMM and working on this particular issue. So I just wanted to take this moment to thank the gentleman's input and encouragement.

Mr. BARTON of Texas. I thank the gentleman.

Anyway, people just cannot comprehend what seems to be the beltway mentality here in our Nation's Capital. When they look at the facts and they see that in the last 20 to 25 years, we have had 1 year that we actually have had a balanced budget, and I believe that was in fiscal year 1969; when we see a need to reduce the spending and yet the budget resolution that this body passed increases spending. And as our colleague just mentioned, we said that we had a deficit reduction package of $55 billion. Now they are talking about $37 billion. And I think before it is all said and done, under the reconciliation procedure in the House, we may come up with the $17 billion to $18 billion worth of savings over some phantom baseline.

So the people, at least in my district, are fed up. They do not have a lot of faith in what we are doing here in Washington, DC.

And now the proposal that you brought forth and introduced is a balanced budget, the Emergency Deficit Control Act of 1985 here on the House side, very specifically says next year the deficit will be no larger than $180 billion; the year after that, $144 billion; the year after that, $108; the year after that $72 billion; the year after that, $36 billion; and finally, zero. And it gives the President and the Congress the power to make these across-the-board cuts that we seem incapable of doing collectively as a body on an individual basis. It gives us the discipline to make these decisions.

I, as the gentleman has, have been speaking with other Members in the last week to gather support for this. There are some technical questions about it and there are some concerns about how it impacts defense and how it impacts other spending programs, but it does protect totally Social Security so our senior citizens do not have to worry about their Social Security checks, and it gives us a framework.

If we cannot come together as a body on something as simple and equitable and doable as this bill, then I am not sure that we will ever be able to get a handle on spending. With the debt right now right at $1.7 trillion, $1.8 trillion, our national debt and the need to raise that debt to $2 trillion in the next week or so, I think it is imperative that we seriously address this, act upon it expeditiously and then work with the President and the other body to make the decision and to make the cuts that need to be made.

I commend you for taking the leadership position and hope that we can get our colleagues involved and pass this in a bipartisan fashion in the very near future.

Mr. MACK. I thank the gentleman for his comments.

Let me just expand just one thought. I believe the real significance of the legislation really has to do with changing the focus and changing the focus in this manner. Right now if the three of us became involved in a debate about how to solve the problem and then we got involved in the debate with our colleagues on the other side of the aisle, and then we finally agreed that we ought to get into debate with the folks at the other end of the building, and months and months and months go by and eventually we come to some agreement something like what we passed just several months ago that really does not do anything to send us in that direction that we want to go in reducing deficits, what has happened is nothing has been accomplished. But the change that happens in this particular legislation says, "While you guys are arguing, while you are debating from side to side, while you are debating from here down to the other body, guess what happens, spending is automatically reduced."

It is interesting how we have in the past allowed spending to automatically increase, how we have allowed tax revenues to automatically increase, and it is about time we changed the pattern that we put ourselves into an automatic reduction in spending.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield for a question?

Mr. MACK. I would be glad to yield.

Mr. BARTON of Texas. As someone who has seniority in this body, is it or is it not true that in most cases the compromise in the various conferences when spending is under consideration, is the compromise on the higher spending number or in some cases to split the difference, but very rarely, if ever, is a compromise agreed to to spend the lesser of the amounts in the discussion between the two bodies?

Mr. MACK. I think that is a pretty fair statement, that probably most of the time it is split the difference, some of the time it is an increase, but very rarely is the conclusion reached that the reduction should be made in that lower figure.

Mr. PURSELL. Mr. Speaker, will the gentleman yield?

Mr. MACK. I would be glad to yield.

Mr. PURSELL. On the gentleman's earlier comment here, Warren T. Brooks today said in a syndicated column, he is an economist, that:

> Americans should already know that tax increases won't cut the deficit, only spending cuts will. The best proof is what has happened during this fiscal year just ended. Through the last 11 months of fiscal year 1985, Federal revenues have risen 10.4 percent, one of the strongest rises in our country. Our economic recovery because of our reduction of tax rates have started to stimulate the job market and new growth. But Federal spending also soared by 9.2 percent, nearly double the fiscal year 1984, which was the rate of 5.4 percent.

I am just suggesting the gentleman is absolutely right that spending levels are still on the increase.

I come from the auto industry center, and we build cars and trucks. I think we got to get tough now. The gentleman from Florida is going to be my leader in this leadership effort and the fight in the next few weeks. I think the gentleman's name is appropriate.

I think we are going to need a Mack truck to move this to the top of the agenda fiscally so that everyone here ought to be scared regardless of party to lead a bipartisan effort on your leadership and others and on the Democratic side to take this No. 1 agenda item that is facing this Nation and our international markets—and your earlier comments are appropriate—and face this squarely and take this proposal, tie it to the debt ceiling amendment and address this up front honestly, and hope that we can salvage something out of this fiscal year, because we have not been well up to this point in addressing that No. 1 issue.

So I really congratulate the gentleman outlining how that Mack truck is going to roll here. Maybe your comments on what those key provisions

are would be appropriate for our audience.

Mr. MACK. Let me just, if I could, build on the one point that the gentleman made about taxes. I just have one other comment that I want to make before I get into the specifics of it.

What the gentleman basically said was if we reduce the tax burden on both individuals and business, that that is a stimulus to economic activity. People feel that they can keep more of what they have earned, that they can either save it or invest it. And it is through those savings and investments that we create the capital necessary to build this great Nation that we have been building for all these years.

□ 1940

What is going to happen if we do not become forceful, if we do not develop this Mack truck approach that the gentleman referred to is that at some point, whether that is the end of this year or early next year or the year following that, those who want to get out here and talk about raising taxes as the solution will eventually win, and that is what my real motivation is, to take away their incentive to raise taxes.

Let me just give you some information that I picked up again at a hearing that was held by the Republican Study Committee that Peter Graves testified before. It basically tells what happens to a family of four. This family of four had a $16,000 income in 1971. What it shows is how taxes increased from 1971 to 1976 to 1981. It shows it as a percentage of spending, OK?

During that period of time, in 1971 that family paid taxes to the tune of 19.1 percent of their spending; in 1976, that increased to 23 percent; in 1981, that increased to 29.8 percent.

Even if you did not get upset with that fact that you were having to pay those higher taxes relative to what you had to spend, here is the bottom line: What is its effect on the other end? That is, how do you spend your money? I think people ought to be interested in this. It is a decrease in the amount of funds spent for food; it is a 3.5-percent decrease. Housing, 11.6-percent reduction in the funds available for housing. Personal care, 17.4 percent less money available for personal care. For clothing, 40 percent.

So the point is this. Some people always ask that question, why should we be concerned about the deficit? Well, as I indicated when I first started into this discussion, there is the question of trade, there is the question of agriculture, there is the question of the Third World debt, there is the question of banking as it relates to agriculture and to trade, and you can go on and on and on. But to put it right where it makes a difference, what it means is as your Government spends more and taxes more, you have less to spend on the things that you want to do. I think that is really where it all comes down.

Well, let us get to the proposal. What are we talking about? Well, basically again what we have said as if we are going to be asked to raise the debt ceiling of this country, we are saying we are going to do it on one condition, and that is we can put certain specific spending limitations on the expenditures of the Federal Government. We are saying, as the gentleman from Texas indicated a minute ago, that we are going to establish targets for the deficit. We are going to take that deficit starting in 1986, fiscal year 1986, which we have just started, and reduce it from $180 billion down to zero. We are going to reduce it by $36 billion a year.

Now, having set the target at $180 billion and these other targets over the next 6 years, which gets us to a balanced budget, the second thing we say is that the President and the House and the Senate must submit budgets that do not reach those targets, and while we are working on putting those proposals together and eventually coming up with a budget resolution that is within those targets, the next step that would occur is that the Office of Management and Budget, known as the OMB, and the Congressional Budget Office, the CBO, would make projections as of October 1.

In this particular case it would be November 1 for the first year. They would make projections about what those budget resolutions would do relative to the proposed deficit. They would make an estimate of what the deficit would be under those budget proposals. If the proposal as passed for 1986 were to breach the upper $180 billion figure, then the enforcement mechanism goes into effect.

Let me just kind of stop for a moment. A number of people say, "Well, what is different about this legislative proposal to balance the budget? We have done this plenty of times in the past."

Well, the difference is that this particular piece of legislation, first, has an enforcement mechanism in it. It says that something is going to happen, in effect, in relation to what you do with the budget resolution.

Second, it does something a little bit different than what we have done in the past. Right now the Budget Act really has its power from the rules of the House, and as each of us know, we come out here almost daily to see the rules of the House waived, you know, just waive them, so the Budget Act really does not mean anything.

This is a separate piece of legislation that sets targets and would require that if this target is broken that the President would sequester funds sufficient to bring the deficit number back down to the target that we have established.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield for a question?

Mr. MACK. I am glad to yield.

Mr. BARTON of Texas. To clarify that point, as I understand it, whereas now we can waive the Budget Act by getting a rule or a simple majority for a waiver of the rule on the House floor, under the legislation of which the gentleman is the chief sponsor in the House, it would take an act of Congress in both bodies, sustained by the President not vetoing it in order to override the budget; is that correct?

Mr. MACK. Well, let me clarify it, because I think there may be some confusion. I do not mean to imply that the House will not be able to find a way that it could waive some particular point set up by this particular act.

For example, let us use 1987, $144 billion target established for fiscal year 1987. It is possible that this House may decide to waive that particular target. Now, that may come as a shock, but let me make the gentleman feel comfortable by saying they can only get away with it temporarily. If they waive that target of $144 billion and say, "No, we can't live with that. We are going to establish a budget that will produce $164 billion in deficits."

Now, they will get away with it until October 1 and that is when the Congressional Budget Office and the Office of Management and Budget will make its projections for the upcoming year.

Let us assume for a minute that they are on target with their projection and it shows $164 billion. Fourteen days later the President has to sequester $20 billion in spending in order to get back down to the target. They can waive it as far as the rules of the House are concerned, but they cannot waive it as far as the law is concerned.

Mr. BARTON of Texas. Unless they actually pass a repeal of the law, is that correct or incorrect?

Mr. MACK. In essence, it would require the passage of a separate piece of legislation by both Houses and signed by the President.

Mr. BARTON of Texas. That is different than the procedure we operate under today, is that not correct?

Mr. MACK. The gentleman is correct.

Mr. BARTON of Texas. I thank the gentleman. Would that go into effect for the fiscal year that we are currently in, that is fiscal year 1986?

Mr. MACK. That is correct.

Mr. BARTON of Texas. The gentleman's legislation would be binding for fiscal year 1986?

Mr. MACK. Right. There is one slight modification. It is binding, yes, but the target, we use a trigger of 5 percent for all the out years. We use a trigger of 7 percent for the first year.

What we are saying is that there ought to be some leeway in requiring the bill to be in force. In other words, if we made a $180 billion projection for the deficit and we were off by 6 percent this first year, it would not trigger the mechanism. If it is off by 8 percent, the answer is yes, it would.

The second, third, fourth, fifth, and sixth years, we have narrowed it down to 5 percent and anything greater than 5 percent would automatically require the triggering mechanism, but the act goes into effect in fiscal year 1986.

Mr. PURSELL. A further question to the sponsor. Some say that this is a shift of power to the executive branch. Personally, as a cosponsor, I do not see that, but the gentleman might like to outline the arguments that defeat that idea, that it is not a major shift of power. It is a balance and it is a moderating force between the two major branches.

Mr. MACK. Well, I thank the gentleman for raising that point. That is an issue that others are saying what we are doing here is we are shifting power from the legislative branch to the executive branch. I would say to the gentleman that I do not see that that is the case at all. In fact, we have been very careful to maintain the balance between the legislative and the executive branch, and unlike the arguments that are made for line-item veto, for example, where people say we have shifted too much responsibility, too much authority to the President, that is not the case here.

Notice the words, at least I hope I used the words a little bit earlier, that the President in essence has no discretion with the sequester order. Fourteen days after OMB and CBO have given their report indicating the breaching of the target on the deficit, the President must sign the sequester order.

The second point I would make is that the President does not have a choice about where to make the reduction. It is across the board. Let me explain how that works.

We basically have divided Federal spending into two categories, the one category being those that increase automatically, that are tied to some kind of formula for automatic increase, and we say that 50 percent of the savings that we have to come up with will come out of that category, but not below the COLA. In other words, if you had to go down say from the 3-percent COLA down to zero, that is as far as you would go. It would not eat into any of the established programs.

□ 1950

On the other side, the other 50 percent would be taken out of basically what is called controllable accounts, which would include defense, so everything is included with the exception of two items. One is Social Security, and the second, we have said those areas where we have contractual obligations, multiyear contracts, that we should not just arbitrarily reduce those by a percentage; that those would be left intact but everything else would be included.

Mr. PURSELL. If the gentleman would yield, one of the comments concerns me historically here, that this year our deadlines were October 1 in the Budget Act, to get the appropriation bills through the House, through the Senate, and to the President. Any sitting President ought to have the opportunity to look at that set of appropriation bills, 13 in number, to look at the spending levels, high, low, satisfactory, whether he or she should not veto any bills that are too high.

In all the years I have been here, I cannot recall a single year of the 9 years in which all of the spending appropriation bills, only 13, have been to the President by October 1. Tonight, at this point in time and history this year, irrespective of the deficit, the House I understand has passed 10 of the 13 bills. Our colleagues in the other body have passed 3 that have gone to conference committees, but not a single appropriation bill of the 13 has reached the President's desk, and they have passed the October 1 fiscal year.

So I am only pointing that out to my colleagues to suggest that it is a crisis. Whether it is a Mack truck, whatever vehicle we have, it is not perfect, it needs fine tuning, probably needs some appropriate compromises with our colleagues on the other side of the aisle, but I think the genesis of this proposal is such that this period of history tells us very clearly that, yes, this is the No. 1 agenda item in this Nation, in the free world; and two, that we have got to come up with constructive solutions to the problem as soon as possible.

So I hope that our colleagues who are here, and those who are not here this evening, will join with us and cosponsor your proposal and take this issue to the floor, along with the Senate, and with your leadership I think the Nation deserves this attention and this constructive proposal to resolve the single greatest domestic problem of this young Nation, which is only 200 years old, with a deficit of $2 trillion. Personally, I have trouble sleeping nights as a family man, to think my children and my children's children are paying one of the highest costs of the interest on the national debt, something like $130 billion out of our general fund this budget year, coming up in 1986, just to pay the interest on the national debt. That is almost 13 cents of every dollar going for the interest on the national debt. That is one of the fastest growing programs in our general fund expenditures that is mandatory, that we take right off the top of our spending levels and appropriations.

So I really welcome the gentleman's leadersip on a proposal that is timely and historically needed in this country.

Mr. MACK. I thank the gentleman for his remarks.

Let me make some additional points. It is interesting how you begin to work on a piece of legislation and you find that there are other benefits that come out of it as you are trying to solve a given problem. What I am referring to is that I have supported a constitutional amendment for a balanced budget and feel very strongly, especially in light of that story that I told about the first vote, again, that if Members are going to feel that kind of pressure on that small issue, imagine what it is like on a big issue, and what that says to me is that there really is no way to solve the question of balancing spending and revenues without some kind of an outside constraint.

The point that I am making here is that one of the things that would always be said to us when we raised the idea of a balanced budget amendment, one of two things, was: "How are you ever going to get there? Here we are with these deficits. How in the world would you ever get there?" they would say. Clearly, I think that this particular proposal, the Balanced Budget Deficit Reduction Act, basically lays out how we would get from where we are today to a balanced budget.

The second point that comes out of it is the other question that they ask, and that is, "If you had a balanced budget, how would you operate with it? Suppose you make these projections about growth and suppose you make these projections about what a particular program is going to cost and you make an error, you grow less, your revenues are less and you spend more, and all of a sudden you have a deficit where you have not anticipated one under the balanced budget constitutional amendment."

Well, the answer is right here. What we basically have done is, we have tried to structure something that most of the States in this great Nation of ours do. Forty-three States have a proposal, a working document basically like this, that says in essence that if you spend more than you had anticipated, if in fact there is that deficit out there, there is that automatic sequestering of funds that brings you back down into the target that you have established. So I think clearly it

not only begins to solve the problem about how we get there; it also begins to answer the question about, in essence, about "What would you do if you really got there?"

So again, I think we are getting things out of this proposal more than we had thought in the beginning.

I would just like to make a couple of additional remarks. The question has come up, "What about supplementals? What would you do about supplementals?" I guess there are a couple kinds of reactions. One is that maybe we would not see supplementals any more. What this act would require is what many of us are referring to as truth in budgeting, not just truth in the assumptions that we make about economic activity dealing with GNP and unemployment and interest rates and inflation, but truth in the assumptions about what things are going to cost, what the spending programs would be. The truth in budgeting program is exactly what we have put together here.

Mr. PURSELL. If the gentleman would yield on that point about supplementals, I am intrigued with the whole historical development of supplementals. It is a way around the basic appropriation process of putting those 13 appropriation bills together with final base numbers based on our budget proposal, and then passing them on over to the Senate. Then we come back later with supplementals.

What has really happened here is that all the agencies know that, so the appropriations have less meaning in those early appropriation bills because the department heads can come back and say, "Well, we need additional money." So the responsibility for supplementals historically has grown over the years so we have put a task force together this fall to study that for the upcoming budget process next year, a bipartisan group, Democrats and Republicans, and we are looking at the history and development of supplementals and how a few people, in all honesty, can sit here later in the fall and plug in spending projects and programs throughout all those appropriations bills process through the mechanism called supplementals.

I think every taxpayer should be aware that the supplemental process is a second tier track of going through the appropriation bills, passing those, and then lo and behold we come back and appropriate more money through the vehicle entitled supplementals. It is a cycle that needs to be checked and, as the gentleman says, truth in spending may emerge as a way to avoid this.

I understand supplementals for emergency purposes, wartime or some emergency crisis. I think Ethiopia might have been a classical example of that. Those are appropriate, but not the common, everyday patterns that are developing historically in the process called the new supplementals.

Mr. MACK. The interesting thing is that this proposal really does not say that an individual cannot come forward with a supplemental, but what it does say is that, in essence, if you are going to come forward with that supplemental, you either have to show how you are going to pay for it with revenues, or you are going to have to reduce expenditures someplace else.

So again, I think that there should be a process to handle emergency situations, but not just come in and say, "We have an emergency and, therefore, we are going to spend several billion dollars more." This says supplementals can be done. It just says that if you are going to bring those supplementals forward, you have to show how they are going to be paid for or where you are going to reduce spending elsewhere to take care of it.

Two other points, I guess, should be made, again with some of the specifics of the act. As with the balanced budget amendment proposal, there is a provision that says in the case of war that there would be the option for the President to suspend the provisions of the act; for example to take care of the additional defense build-up, if necessary.

The second area where we decided to make an exception is in the area of a negative GNP growth. In other words, if OMB and CBO were to project a negative growth in GNP for the upcoming year, a recession, then the President has the option of suspending the act in case there are other emergency types of spending that he thinks need to be taken care of. We have attempted to allow some leeway in there for those kinds of emergency situations.

□ 2000

I think that I have covered most of the details, but let me just kind of run through the proposal one more time.

Basically what we are saying is under this act we are going to establish targets for the deficit, $180 billion the first year, $144 billion the second year, $108 billion in the third year, $72 billion the fourth year, $36 billion the fifth year and zero the sixth year, 1991.

After we have set those targets, we then say to the President and to the Congress that they must submit budget resolutions that are within those targets. After that, and after the budget resolution has been enacted, the OMB and the CBO may make projections as to what the deficit would be in that next fiscal year as impacted by the budgets that had been adopted. And if, in fact, they see that the targets have been broken, there would be an automatic sequestering of funds across the board to reduce spending down to that target.

One of the things I failed to mention a little bit earlier is that there is also a provision in here that says, in essence, if the House or the other body, the Democrats or the Republicans, or the President for that matter, says I do not like the way that this has been established, this automatic sequestering of funds, the President can come back with an alternative. He can say here is my idea about how I think we ought to reduce the amount that the deficit has been or the target has been breached. And the other body and this House can come back and do the same thing. The Budget Committees can pass additional legislation requiring different spending or taxing plans, for that matter.

But again, the kicker in this is while we are arguing about which one of those plans we ought to approve, or some modification of all three, some compromise position, the sequestering portion of the act has taken place, spending is reduced down to the level necessary to reach the target. I think that is the real significant difference.

Again, we have made two exceptions dealing one with Social Security, and two, with saying that any contracts, multiyear contracts ought to be exempted from the program. And we have also provided a provision for supplementals. But if you are going to offer supplementals, one must in fact say either where you are going to reduce spending in order to allow the new spending, or where you are going to bring in the tax revenues to take care of the new program.

Finally, we have established the two areas where in the case of say an emergency or a recession, we have the option of the President suspending the act and offering a different alternative within a 30-day period after he does that.

So that, in essence, is the plan. It is really not that complicated. Yes; the details of having to work it out and to make sure that it functions properly could be somewhat difficult. But the basic thrust of the plan is, in my opinion, relatively simple.

Mr. PURSELL. Will the gentleman yield?

Mr. MACK. I will be glad to yield to the gentleman from Michigan.

Mr. PURSELL. I know the hour is late. I think it is appropriate to suggest that there are some very talented legislators, key responsible Members who have served a long-time in this body who are cosponsors. I was just looking at the list. I have a list of about 120 here in front of me, and I will not read all of the names.

But I was looking at people like JIM BROYHILL, who has been here a long time, a senior Member.

Mr. MACK. And a very active Member in helping us along with this.

Mr. PURSELL. DAN BURTON of Indiana and CARROLL CAMPBELL of Ways and Means, ROD CHANDLER of Washington, DICK CHENEY, one of our leaders, LARRY COUGHLIN, a colleague of mine on the Appropriations Committee, LARRY CRAIG, HAL DAUB. I could go through the whole list. BILL FRENZEL of Minnesota, a long-time veteran here. BILL GRADISON, a very mature leader of the Ways and Means Committee. HENRY HYDE, an outstanding leader from Illinios. JACK KEMP, TOM KINDNESS.

And just a few others that are in our group 92 I see here, JOHN ROWLAND, MARGE ROUKEMA from New Jersey, CLAUDINE SCHNEIDER of Connecticut, BILL SCHUETTE from Michigan, MARK SILJANDER from Michigan, OLYMPIA SNOWE from Maine. I am just going to suggest that these are not hardline, extreme people. They are concerned about the direction of this Nation, and I think they have felt concern enough to cosponsor your proposal and help lead this effort. I know we need to reach out for concerned Members on the other side of the aisle. I believe and I have always believed in the principle of bipartisan efforts to develop good public policy.

This is not a partisan issue, but a development of public policy for the good of this Nation that is in the best interests of every family and every taxpayer in the United States, whether they be Democrats, Republicans, Independents, or from every race, color or creed.

So I think you have a proposal that is moderate; $36 billion a year is all we are asking here. My gosh, I might even be a little bit disappointed personally because I think it ought to be more.

Mr. MACK. It is about 3.6 percent of the spending we currently have on an annual basis.

Mr. PURSELL. I think people should not get too excited that this is the kind of proposal that anybody is going to try to ram down anybody's throat. We have time. The other body is going to take some time. We can fine-tune it.

But I call on all of my colleagues on both sides of the aisle to join with us in supporting your great leadership on this proposal to improve the budget process and get our country back onto a balanced budget.

Mr. MACK. I thank the gentleman from Michigan for his support. I thank you for participating in this special order this evening.

I would also add that in addition to the group, the 92 Group, that the COS group, the Conservative Opportunity Society, is active. I think what we have done, frankly, CARL, is we have touched all of the different groups in the Republican Party, and as you read through that list, clearly you know we have many, many people from many different groups that are supporting this particular initiative.

I might also add we have begun reaching across the aisle to get the support of the Democrats. We have not made a great headway, but we have gotten several, three of their members to date to sign on this with us, and we are going to be working with others to try to expand that.

Another point I would like to make is I think we certainly did not make this a partisan railing of either the cause, who was responsible for it or who created the problem. You know, we could probably spend another hour just doing that, but that is not the important thing. The important thing is we do have a problem today, it has to be dealt with, and there is no sense getting too involved in partisan statements. And as a matter of fact, as you have indicated, we do want to reach out, we do want to get the support from our colleagues on the other side of the aisle.

Mr. PURSELL. I also understand there are organizations throughout the country that are starting to call their Congressmen and legislators. I would encourage that if they are concerned about the future of this country, to get in contact with their congressional staffs back home and talk, or have lunch or breakfast or whatever. I think it is so critical that the personal attention of every American is brought to this issue, and it is important at this time to generate public support, as well as colleague-to-colleague support so that we can develop a constructive resolution of this natinal dilemma.

Mr. MACK. As the gentleman has mentioned, there are a lot of outside groups that are assisting us, the Chamber of Commerce, the National Association of Manufacturers, NFIB, and many others, and I just cannot think of all of them off the top of my head. But as you know, we had at the meeting today quite a few prople that were involved, committed to go out and make those contacts and let the people back home know of the importance and of the need of their input in order to make a difference here.

If I could, let me just close with this: In 1981, this was before I became involved, in 1981, there were some commitments made by the President and the Republican Party. We basically said that if you elect us, we are going to bring down interest rates, and did. We said if you elect us, we are going to bring down the unemployment rate, and we did. We said if you elect us, we are going to strengthen national defense, and we did. And we said if you elect us, we are going to get this country moving again and we are going to create jobs and opportunity, and we created over 8 million new jobs.

The last thing we have to do is that commitment to balance the budget. This is a reasonable, calculated, well-done proposal that will get us exactly where we should be. I think with your help of a number of others that have already started participating in this, we are going to get this job done, and I thank the gentleman for participating.

Mr. PURSELL. I also suggest that "MACK TRUCK" has room for additional riders, so I welcome every colleague to climb aboard. Rather than being in the front of the truck, be with us, and join with us, and we can see some light ahead of us in our national future.

Mr. MACK. I thank the gentleman very much.

Mr. MICHEL. Mr. Speaker, I welcome this opportunity to join with CONNIE MACK and other colleagues in discussing the Gramm-Rudman-Mack amendment for a balanced budget.

I know that my colleagues will speak of the specific measures called for by this proposal. I just want to discuss briefly what this initiative can mean for the Congress and for the country.

Someone once said that human beings cannot avoid discipline—either it is going to come from within the person himself or else it will be imposed upon him.

It is a law of nature—no person and no institution can survive and prosper unless there is a willingness to curb appetites and live within means.

We in the Congress have for too many years failed to impose budgetary self-discipline on our selves the result has been larger deficits and a loss of respect by the people for this great institution.

Historians can debate the degree of blame that must be shared by various administrations—including this present one—for large deficits. There can be no doubt that administrations of both parties have shared our unwillingness to make tough budgetary decisions.

But the fact remains that in balancing the budget—the major area in which the Congress has responsibility for self-discipline—we have failed—and failed repeatedly.

This failure has been the major cause of those public opinion surveys that show Congress held in such low esteem by the American people.

Time after time I have had an experience I know many of you have shared. I return to my district, eager to discuss some topic of great concern—but I find that all the people want to talk about is the unbalanced budget.

Central America, arms reduction talks, tax, reform—so far as most people in my district are concerned, these are secondary issues.

What they want to know is: Why can't you guys balance the budget? What's the matter in Congress?

And when you attempt to answer the question, no matter how complicated the answer may be, no matter how many sophisticated economic theories you use, the ultimate answer is always the same.

We in Congress don't have the discipline to curb the appetites of special interests. We don't have the discipline to make our budget process work. We don't have the discipline to make reconciliation work.

And so here we are, subject to that same natural law of human development—we have not disciplined ourselves, so now we are forced to take measures to impose discipline upon our budget process by stringent measures.

The President of the United States will also be required to join with us in this new lesson in self-discipline. The Gramm-Rudman-Mack approach makes it clear: If the Congress doesn't live up to its responsibilities, the President is required to sequester funds in order to meet budget targets.

He can't select the funds he'd like to sequester. Everything except Social Security is subject to this process.

When I first saw that word "sequester", I wondered if it was one of those weasel words we often use in Washington, a word that really didn't mean much but sounded nice.

But don't let the gentle-sounding word fool you. It has teeth and claws. The above-budget funds will be set apart, seized for the purpose of keeping them out of the hands of all concerned.

Someone once said that nothing so concentrates a man's mind than the knowledge that he is to be hanged in the morning.

And nothing will so concentrate the minds of those of us in Congress than the knowledge that the funds we vote for above the rigid budget figures are going to be seized and set aside. That knowledge should make all of us think twice before we revert to bad habits.

There is a marvelous simplicity at the heart of this proposal, a simplicity that is refreshing and much needed in the House. It is not the simplicity of irresponsibility or simple mindedness. It is, to the contrary, the kind of simplicity we associate with such elegantly simple scientific formulas as E=MC squared. It gets to the heart of the matter, directly and swiftly.

Under this amendment, if you want to add spending proposals over and above the budget limit, you are going to have to show corresponding reductions.

Only in Washington could such a commonsense proposal be seen as a radical reform.

The proposed deficit limitation process will take place over a 6-year period. During that time, working within the requirements of law, we in Congress will learn the value of self-discipline once again.

The American people will once again begin to respect a Congress that shows itself ready and willing to curb its appetite and brave enough to curb the appetites of special interests.

This respect will give all of us a better image of ourselves and of the legislative process through which we seek to meet the Nation's needs. And, in turn, this new self-respect, earned through the rigorous trials of budget discipline, will make us better public servants.

There are certain technical mechanics in this act that make it less rigid than I have perhaps suggested.

The Gramm-Rudman-Mack amendment is something more than tinkering with the legislative machinery. It is a reminder to us that this institution needs the stern, unflinching will to do what's right. That willpower can be developed only through the discipline this approach promises to impose.

Mr. GOODLING. Mr. Speaker, Congress is in the midst of raising the federal debt ceiling from the current level of $1,823 trillion to $2,079 trillion. Many of my colleagues on the other side of the aisle have been faulting the President for this amount. They accuse him of increasing the defense budget and thereby raising the national debt. We all know, however, no matter what side of the aisle, that it is the U.S. Congress that has the voting power to spend money.

Now we all have the opportunity to bring in the reins, and harness the runaway horse. The legislation which provides the solution is called "The Balanced Budget and Emergency Deficit Control Act of 1985." The budget process would be altered in order to correct its weaknesses by adopting deficit limits for the next 6 fiscal years. The bill is no less a blueprint than any well-organized private organization would follow by passing a budget and having to live up to it or the President has the power to cut spending across-the-board, including defense, except for Social Security recipients.

There is a very funny twist to this measure. After presentation to the Congress, who are the voices raised in opposition? They are the self-proclaimed protectors of the underdog, they are the real big spenders in the Congress. I am sure a check of their voting record would show their votes adding up to more dollars than most other members. The irony is that when we vote for these huge spending bills, whether it is defense or domestic spending, the deficit is increased and interest rates go higher and competing on the foreign market for U.S. goods becomes even more difficult, and our economy suffers. Who is hurt the most by instability in the economy? The very poor that they claim to be protecting, rather than try to streamline and make programs more effective, these big spenders want to increase Federal taxes so they can throw more money into their own special interests. Well I represent a rather well-rounded district and I believe all my constituents deserve my utmost on their behalf. I will not and can not face the voters and tell them, "Sorry but we have too many selfish people in the Congress * * * nobody wants their programs reduced or eliminated, whether they are necessary or not * * * so cough up some more money for the children in Congress to play more games, and buy more toys." My voters are too smart for that and I certainly hope the rest of the Nation can see through any nonsensical rhetoric which is trying to tell constituents that this legislation to balance the Federal budget by 1991 is a trick by some of the people in Congress. Come on, stand up, be counted, stop grandstanding and vote for what you know in your heart is right. Try to take a step beyond politics, and if I may paraphrase a famous quote which seems to fit the occasion, and "a step for mankind."

Mr. LOEFFLER. Mr. Speaker, I thank my colleagues for scheduling this special order to allow Members of the House to discuss a matter of critical importance to our Nation—legislation which will establish the framework and rules requiring the Congress and the President to balance the Federal budget by 1991.

Our colleagues in the other body have been debating this legislation for the past 5 days. During this time we have been deluged with protests from both our own House majority leadership and the Senate minority leadership that there has not been sufficient time to fully assess the impact of this legislation. The impact of this legislation is quite clear: it results in a balanced budget by 1991.

The legislation under discussion is titled the "Balanced Budget and Emergency Deficit Control Act of 1985"—quite a mouthful which can be boiled down to two words: "fiscal discipline." This measure sets out in law a specific and steady reduction in the budget deficit, and it imposes virtually ironclad procedures and requirements on the Congress and the President to ensure that these deficit reductions actually take place.

It has become more and more apparent that the current budget process is totally inadequate to deal with the fiscal crisis facing this Nation. After almost 7 months of debate, the Congress adopted a budget resolution for fiscal year 1986 which still leaves a deficit of over $100 billion in 1990. We have still not passed a reconciliation bill, not one appropriation bill has been signed into law and we are 8 days into the new fiscal year. The Budget Resolution called for a deficit of $172 billion for fiscal year 1986; CBO has reestimated the budget resolution deficit at closer to $175 billion, while the OMB has estimated that the actual deficit may be $187 billion, or even higher. It seems to me that under the existing process we are going in the wrong direction. I believe we have reached the limits of what the current budget process can accomplish. We need a process with some teeth in it and with some truth in it, and this legislation has both in abundance.

A balanced budget in the near future is not outside our grasp; it depends on the collective will of the Congress. If Congress cannot summon the will to balance the budget, then it must enact stringent rules forcing it to do so. Congress needs some good tough budget rules that can't be bent, broken, or simply ignored as they are now. Both parties must agree to dispense with partisan objections and institutional jealousies and act in the national interest.

Up to this point, we have heard nothing but carping from the perpetual critics of effective budget reform in the House and in the other body. They object to a constitutional amendment for a balanced budget as

being too radical. They object to line-item veto authority as too radical. They object to this proposal as too radical. We can argue from here until the year 2000 about potential biases or impacts on various programs, but it would be a waste of valuable time because we would be dealing in a set of hypotheticals that are really outside the scope of what this proposal is all about. This proposal, with the exception of Social Security, provides for no special treatment among Federal spending programs. The legislation mandates a balanced budget, by means of a stick, and the stick is the sequestering of certain accounts by the President. But how the balanced budget outcome is achieved is still left to Congress. The Congress can enact legislation to supersede the sequestering of accounts. It is the threat of automatic sequestering of funds which is central to the self-enforcing aspect of this proposal. If that sequestering is unacceptable to a majority of the Congress and to the President, other ways will be found to achieve the required deficit reduction. If sequestering is the most palatable solution, then it will remain in effect. The opportunity will be there for Congress to work its will but the deficit will be reduced nevertheless.

Yes; we need radical surgery because the congressional budget process is in a coma and fading fast. Federal budget deficits will just as certainly kill our economy and our hopes for future economic growth and prosperity. If we do not resolve the deficit crisis, there will no longer be moneys with which to legitimately fund the essential responsibilities of Government. Instead, more and more revenues will go toward servicing our monstrous national debt. In fiscal year 1986, one-half of all taxes paid by individuals will go to pay the interest costs of servicing a $2 trillion debt.

We must not allow delaying tactics by the perpetual critics of responsible fiscal policy to weaken this vital legislation. Otherwise, this effective, action-forcing mechanism to lock us into a balanced budget will be diluted into a meaningless document. For the sake of all Americans—for ourselves and for generations to come—Congress must take a stand, pass these tough budget rules and balance the budget.

Mr. FRENZEL. Mr. Speaker, I am pleased to be an original cosponsor of H.R. 3520, the Balanced Budget and Emergency Deficit Control Act of 1985.

This legislation is a sensible and straightforward approach to what is truly a fiscal emergency. Profligate spending has doubled the national debt in the last 5 years, and despite an increase in budget rhetoric, we have yet to accomplish anything of substance to correct the situation.

Again this year we enacted a creampuff budget. Again we seem likely to fail to meet its lenient provisions. Congress has succumbed to fiscal inebriation. We need to get dried out.

The legislation which we now have before us simply mandates that we do our job. It provides a tight but feasible schedule of deficit reduction. It is not perfect, but it will help impose fiscal discipline and it insists that we live up to that schedule.

If we miss our deficit target, the President can "sequester" funds except for Social Security. The closest comparison to this new power is the Presidental impoundment power repealed in 1974. That is strong medicine, but that medicine is necessary to wean us from our addiction to limitless spending. And, the sequestering power cannot be used at all if the Congress meets the deficit targets.

Lately Congress has treated the Budget and Appropriations process as a shell game in which to hide excessive spending, while making a lot of noise about fiscal responsibility and deficit reduction. This bill is controversial because it reveals that nonsense as nonsense, and requires real performance from Congress.

We owe that kind of performance to our constituents. I, we continue to spend irresponsibly, this bill will help us to correct our behavior automatically. I wish that this measure was not necessary. Sadly, I must say that it is necessary. It is critical. Given the urgency of the fiscal crisis, I congratulate the creators of this proposal and I enthusiastically support their agenda for fiscal sobriety.

Mr. HAMMERSCHMIDT. Mr. Speaker, once again Congress is struggling to raise the debt ceiling, this time to over $2 trillion. It is for this reason that I am an original cosponsor of H.R. 3520, an initiative which mandates annual reductions in the Federal deficit to produce a balanced budget by fiscal 1991.

Although many have called for large tax increases as the way to reduce our huge deficit, I have always believed that true deficit reduction can only be achieved by reducing Federal spending. Obviously, the budget process under which we now operate has not imposed the necessary fiscal discipline on Members of Congress. If it had, the other body would not be debating the Gramm amendment and the House would not have before it the Balanced Budget and Emergency Deficit Control Act.

H.R. 3520 would establish maximum deficit ceilings by law while simultaneously providing a mechanism for automatic spending reductions if the ceilings are breached. Critics say this approach is radical. I say it is a necessary action considering the emergency facing us. In my view, Congress must act decisively now to bring spending under control. The Balanced Budget and Emergency Deficit Control Act is a reasonable and realistic approach to eliminating the deficit over 5 years.

Mr. Speaker, as a long-time supporter of legislation to balance the budget, I truly believe that H.R. 3520 gives us the opportunity to finally achieve that goal. Therefore, I urge my colleagues to support this vital legislation.

Mr. MACK. I yield back the balance of my time.

DEMOCRATS ON TRADE: CONGRESSMAN DAN BONKER RESPONDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 15 minutes.

Mr. ALEXANDER. Mr. Speaker, next week the Democratic Trade Task Force, chaired by our colleague from Washington State [Mr. BONKER], will announce the trade program for the majority in the House. I believe the Members and the public will see that the Democratic Party has not abandoned its traditional support of international trade and indeed, offers an effective and practical alternative to President Reagan's failed policies.

In a series of speeches to Democratic groups this week, Representative BONKER has attempted to portray our party's position on the key trades that face Congress.

Still it offers a keen insight to the perceptions and realities of how Democratic leaders are relating to one of todays most challenging issues.

SPEECH BY HON. DON L. BONKER

DEMOCRATS ON TRADE: A TIME FOR SELF-APPRAISAL

In a recent Outlook section of the Washington Post, Michael Barone laid a heavy one on the Democrats: What gives? Why have the Democrats switched from free trade to protectionism?

Since many reporters and editorial writers share Mr. Barone's view, it should give pause to any Democrats concerned about the long-term best interests of the party. The title itself is an indictment: "Democrats' Protectionism: It Won't Win Elections or Help the Economy".

In my view, this is not a fair assessment of where the Democratic Party stands today on trade issues, but there is enough evidence to make a case.

So it is time for self appraisal as we Democrats prepare an alternative to Ronald Reagan's failed policies on one of the most critical issues in the 1980s.

I don't believe we are ready to abandon our historical commitment to international trade. As Mr. Barone noted, for more than 100 years the one issue that distinguished the two parties more consistently than any other has been trade, and it has been the Republicans—not Democrats—who have persisted in erecting protectionist barriers over the years.

The infamous Smoot-Hawley Tariff Act of 1930 was pushed through Congress by Republicans and promptly signed by Herbert Hoover, despite the warnings of America's most prominent economists and FDR's prediction that it would be ruinous.

Within one year, 26 nations retaliated, which precipitated the collapse of the world trading system. It took a newly-elected Democratic President to dismantle the GOP handiwork and restore normal trade relations based on reciprocal agreements.

Now the Democrats are being called protectionists, but the label does not fit our party's tradition nor where a majority of Democrats stand on the issue today.

Congressmen in both parties have been guilty of playing to the protectionist sentiments in their constituencies. But it is the GOP leaders in the Senate, such as Senators Thurmond, Danforth, and Gorton, who

are notable for Japan-bashing and advancing protectionists bills. While President Reagan appears blindly commited to free trade, it is due more to the supply-siders in his Administration who have guided his policies than to his party's philosophy about international trade.

I think it is fair to say that trade is something of a non-partisan issue. Both parties have their share of free traders and protectionists and there are a number of members in-between. The 300 plus trade bills pending in Congress carry sponsors that run across the political spectrum.

However, the trade issue is decidedly political in the sense that Ronald Reagan's virtual neglect of this issue has given us the greatest trade deficit in our history, put the United States in the unlikely category of a debtor nation and, if you are to believe the Department of Commerce statistics, has undermined our industrial base and cost our nation 3.7 million manufacturing jobs.

Even Republicans are alarmed and extremely critical of this Administration, which chooses to ignore this impending plague upon our domestic economy and our competitive position in the world.

There has been, of course, a damaging impact in our domestic economy. Despite all the positive indicators and good news flowing out of Federal departments and bureaus, our economy is in serious trouble and everybody except the supply-siders knows it.

However you view the economic landscape in this nation, our industrial base is declining, vital manufacturing jobs are being lost, capital and plant investment is stalled (despite the generous tax breaks of the President's 1981 tax bill), people are out of work in many key manufacturing sectors, our overall tax base is contracting, and people everywhere are concerned.

To quote Gary Hart from a speech on the Senate floor last month: "From the assembly lines in Illinois, to the farms in Iowa, to the laboratories in New England, Americans feel that our ability to compete has disappeared." One could add: from the machine tool and auto plants in the Midwest, to the wood products mills in the Pacific Northwest, millions more Americans share these fears.

Trade is a political issue that gives Democrats not only an opportunity but indeed the obligation to develop alternatives. However, putting forth bad policies is no substitute for failed ones, so Democrats must approach this task cautiously and responsibly.

One of the greatest ironies of this political era is that the Reagan Administration has become responsible for such huge deficits. He came in 1981 complaining about Jimmy Carter's $30 billion budget deficit and now Reagan has given us a $200 billion tide of red ink for as far as the eye can see.

And there is the merchandise trade deficit, now projected to be $150 billion this year, and the accompanying external debt projected at a trillion dollars by 1990.

However the President gets away blaming Democrats and past Congresses for the budget deficit, he must shoulder the lion's share of the responsibility for the gloomy trade picture.

Here is how the Reagan Administration has allowed the United States to get into our worst trade crisis in half a century.

The Overvalued Dollar, according to private analysts, accounts for roughly three-fourths of the problem (former USTR Bill Brock said 80% is caused by the strong dollar). Yet President Reagan has continually extolled the high flying dollar as though it were a godsend to our domestic economy. Just two weeks ago, the Administration finally acknowledged that something should be done, but this action comes too late and there is little likelihood that one meeting of the IMF Group of Five will bring the dollar into proper alignment with other currencies.

Unfair Trade Practices of other countries have sharply curtailed our export potential. Since 1974, Congress has systematically given the Executive Branch more authority to act, but this President has consistently ignored these new powers, encouraging other countries to maintain trade barriers. Representative Gephardt says we need "a stick in the closet". But the fact is that there are already many sticks in Ronald Reagan's closet, but he refuses to even open the door.

Export Control Policies under this Administration have handicapped our high tech export position. Once considered the bright light in an otherwise gloomy industrial base, U.S. technology firms themselves will post a sizeable trade deficit this year. Also, economic sanctions on the Soviet Union, Nicaragua, and other Eastern Bloc countries are costly to our business community, with little effect upon the intended targets. All together, these policies are responsible for $12 billion in lost sales last year, according to the President's Commission on Industrial Competitiveness.

The absence of a trade policy has exacerbated our trade problem. Until very recently, the issue of trade has languished low on the White House policy agenda. Mixed signals and lack of coordination add to the confusion. First, the Secretary of Commerce, Baldrige was responsible for trade policy; then USTR Bill Brock asserted the natural authority of his office; now apparently the Treasury Department under James Baker is calling the shots yet everyone knows that in the end it's Secretary Shultz who weighs in on highly sensitive matters; regrettably it is usually in favor of our trading partners.

Let's be honest: Ronald Reagan is not responsible for all or our current difficulties. First, fundamental, if not inevitable, changes are greatly altering the character and direction of our national economy. We are moving from a labor-intensive, heavy manufacturing emphasis to an information and service economy. As someone who represents a district with unemployment double the national average, I know that this adjustment is painful for many regions of the country.

Second, the Third World debt problem has strangled growth and demand in many less-developed nations, trimming about $15 billion from what the U.S. export total otherwise would have been. Incidentally, the meeting of IMF and World Bank officials in Seoul underscores the seriousness of the issue. Latin America's $360 billion debt poses severe constraint on their growth and future development.

Third, while the stronger economic growth rate in this country compared with the rest of the world is not, as the Administration has maintained, the only problem, it does account for another $20 billion of the trade deficit.

Finally, the phenomenal growth of the emerging industrial nations (notably in the Pacific Rim) has caught everyone off balance and challenged our competitive position. With their cheap labor and advanced technological bases, these countries have enhanced their exports with targeting and dumping activities.

Again, we cannot blame President Reagan for all of this, but much of it has occurred during his "watch," and for years many in the private sector and Congress have been sounding the alarm.

Several years ago the House Democrats, under the co-chairmanship of Stan Lundine and Les AuCoin, prepared an excellent report with specific recommendations on how to restore America's competitive position.

Both the Senate and House Democratic leadership have set up special trade units to study the issue and make recommendations to the standing committees.

Rep. Steve Neal and Sen. Bradley long ago recognized the currency problem and have pushed for international negotiations to stabilize exchange rates.

Since before trade was fashionable, Rep. Sam Gibbons and his Subcommittee have been working to strengthen trade laws. Rep. Frank Guarini has introduced the so-called LICIT (Labor-Industry Coalition for International Trade) bill to respond to unfair trade practices. Rep. John Murtha has a similar proposal to make the application of existing trade laws against predatory trade activities more effective.

Reps. John LaFalce and Tim Wirth have taken the longer look by promoting an industrial policy for our country.

Others, including myself, have concentrated on export promotion (ETCs, Mixed Credits, etc.) and removing unnecessary controls on technology transfers.

Rep. Don Pease has been pushing to help workers displaced by imports, including a proposal to collect a small ad valorem import fee to fund trade adjustment assistance.

The Democratic Leadership Council last week pointed to other causes of the trade imbalance, by noting America's dramatic decline in productivity growth, and inadequate spending on research and development, and education.

These are not protectionists measures. They are fully within GATT guidelines and generally compatible with international trade law. These Democrats have advanced a number of thoughtful and constructive proposals to deal with a very complex problem.

That is why it's distressing to see the media single out one proposal to label the Democrats protectionists.

Sen. Bentsen and Reps. Rostenkowski and Gephardt are leaders in Congress, but their surcharge proposal was not endorsed by the Trade Task Force, the Caucus or leadership, nor does it carry the sponsorship of all their Democratic colleagues who are prominent on trade issues.

Moreover, the bill was not as bad as made out to be by the press. The proposal would raise tariffs by 25% or less only if other countries did not open their markets, stop subsidizing exports, or end other unfair trading practices. It reminds me of what Mark Twain once said about the music of Richard Wagner: "It's not as bad as it sounds."

Finally, the Democratic Trade Task Force, set up by Speaker Tip O'Neill and Majority Leader Jim Wright, which I chair, will be releasing its trade package shortly. This report, more than anything else to date, will represent where the House Democrats stand—as a party—on international trade.

While I cannot reveal all the specifics at this time, I can give you an idea of what will be in the report:

The Dollar: The President and his administration have repeatedly embraced the "strong" dollar as a validation of their economic policies, and until recently they have refused to seriously discuss reform for the outdated and inadequate international monetary system.

To deal with the overvalued dollar, our report will call for firmly linking President Reagan's request to Congress for a new round of talks at the GATT with the convening of a mulilateral conference to discuss international monetary reform. Our recommendations will also include several options like target zones and a foreign currency reserve to help bring the dollar back down to earth.

Unfair Trade Practices: Mr. Reagan has had ample authority and plenty of time to right the wrongs in America's floundering trade policy. Instead, he has steadfastly a posture of indifference, while America's trade deficit soars to new heights.

We will attempt to be more explicit in our trade remedy laws so that the Executive Branch will be compelled to deal with foreign industrial targeting, natural resource subsidies, and counterfeiting. As part of this package we will recommend substituting the President's discretionary powers with mandated authority to the International Trade Commission and the USTR so that rulings can be made on their merits.

Export Promotion: Throughout its tenure in office, the Reagan Administration has vigorously opposed a strong export promotion program. In this year's budget request, the President called for the elimination of the Export-Import Bank's direct loan window and severe reductions in the Commodity Credit Corporation's export financing program. While attacking the federal government's export promotion efforts, the Reagan Administration has also added to the burdens of American's exporters by improperly expanding the scope of U.S. export controls.

To promote exports we will recommend an expansion of financing assistance through the Eximbank and beefing up the mixed credit program that Congress set up in 1983. We will present a detailed plan to enhance agricultural exports, and will suggest ways to reduce the Reagan Administration's unfair and unnecessary impediments to our high-technology exports.

Adjustment to a Global Economy: In its first term the Reagan Administration decimated the Trade Adjustment Assistance Program, the most effective means at our disposal for facilitating economic adjustment without import protection.

We will propose reviving Trade Adjustment Assistance by expanding its coverage, improving its retraining program for displaced workers, and applying a nominal import fee to provide a long-term source of adequate funding. We will also reaffirm the Democratic Party's support for the creation of an economic cooperation council to focus the attention of business, labor, and government on the vital issues of industrial competitiveness.

CONCLUSION

These recommendations simply complement what Democratic leaders have been saying an attempting to put into a legislative program. They represent sound policy and a responsible approach to our trade problems.

There is nothing that could be termed "protectionist" in the package. It may even be notable for what it doesn't recommend.

Importantly, our trade agenda is entirely consistent with the Democratic Party's tradition and values. True, we are attempting to deal with complex and illusive problems in this fiercely competitive global economy, but Democrats are not about to betray our historical perspective on this issue.

During a 1932 campaign stop in Seattle, Washington, Presidential candidate Franklin Delano Roosevelt stressed the importance of international trade:

"In this whole matter of restoration of export trade. . . I am absolutely determined that our nation take the initiative and the leadership. That constitutes the application of the rules of common sense. It constitutes what I conceive to be a new deal in the restoration of foreign trade; and with it goes a partial restoration in our own country. It is the way to economic peace and stability; it is the way to a reasonable and sound prosperity. My friends, it is the way of fairness and justice, too—fairness to our customers abroad, justice to our own citizens who have suffered so bitterly because of the loss of this export trade."

FDR's words are an eloquent testimony to the long-standing commitment of the Democratic Party to encouraging global prosperity through world trade.

We must again commit ourselves to a course of promoting fair and open trade worldwide, while taking swift action to eliminate unfair trade barriers wherever they exist.

This is an enduring legacy of our Party and must remain one of its fundamental tenets—not only for our country's economic well-being, but for the political well-being of the party as well.

□ 2010

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCCAIN) to revise and extend their remarks and include extraneous material:)

Mr. PASHAYAN, for 60 minutes, on October 9.

Mrs. BENTLEY, for 10 minutes, on October 9.

Mr. ECKERT of New York, for 20 minutes, on October 10.

(The following Members (at the request of Mr. BRUCE) to revise and extend their remarks and include extraneous material:)

Mr. JONES of Oklahoma, for 5 minutes, today.

Mr. ECKART of Ohio, for 5 minutes, today.

Mr. MOAKLEY, for 5 minutes, today.

Mr. MAVROULES, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. FASCELL, for 5 minutes, today.

Mr. KILDEE, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. KOSTMAYER, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. ALEXANDER, for 15 minutes, today.

Mr. NEAL, for 60 minutes, today.

Mr. NEAL, for 60 minutes, on October 9.

Mr. HOYER, for 60 minutes, on October 17.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ALEXANDER, following the remarks of Mr. LEACH of Iowa on the Leach of Iowa amendment in the Committee of the Whole, today.

Mr. MCCURDY, prior to final passage of H.R. 2100, in the Committee of the Whole, today.

Mr. MICHEL, on H.R. 2100, prior to the Committee of the Whole rising, today.

(The following Members (at the request of Mr. MCCAIN) and to include extraneous matter:)

Mr. VANDER JAGT.
Mr. COURTER.
Mr. GEKAS.
Mr. COBEY.
Mr. SCHULZE.
Mr. HYDE.
Mr. EVANS of Iowa.
Mrs. SCHNEIDER.
Ms. FIEDLER.
Mr. COATS.
Mr. LEWIS of Florida.
Mr. O'BRIEN.
Mrs. HOLT.
Mr. STUMP.
Mr. FRENZEL in three instances.
Mr. PORTER.

(The following Members (at the request of Mr. BRUCE) and to include extraneous matter:)

Mrs. BURTON of California.
Mr. SMITH of Florida.
Mr. WHEAT.
Mr. STUDDS.
Mr. MARKEY.
Mr. LIPINSKI in two instances.
Mr. DORGAN of North Dakota.
Mr. PEASE.
Mr. LANTOS.
Mr. WAXMAN.
Mr. STOKES.
Mr. HAWKINS.
Mr. GARCIA.
Mr. TORRES.
Mr. STARK.
Mr. MORRISON of Connecticut.
Mr. MOODY.
Mr. EDGAR.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did not on the following day present to the President,

for his approval, a joint resolution of the House of the following title:

On October 7, 1985:

H.J. Res. 393. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

ADJOURNMENT

Mr. MACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 9, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2111. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report of political contributions for Fred L. Hartley, of California, for the rank of Ambassador during the tenure of his service as Commissioner General of the United States Exhibition for the International Exposition, Vancouver, British Columbia, Canada, 1986, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2112. A letter from the Assistant Attorney General for Administration, transmitting notice of a new system of records entitled, "Office of Special Investigations Displaced Persons Listing, JUSTICE/CRM-027", pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2113. A letter from the Assistant Secretary of the Treasury for Management, transmitting notice of a new system of records entitled, "Debtor Master File (DMF)", pursuant to 5 U.S.C 552a(o); to the Committee on Government Operations.

2114. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to the Act of August 7, 1953, chapter 345, section 10(b); to the Committee on Interior and Insular Affairs.

2115. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to the act of August 7, 1953, chapter 345, section 10(b); to the Committee on Interior and Insular Affairs.

2116. A letter from the Clerk, U.S. Claims Court, transmitting a copy of the court's judgment ordered in the case of the Minnesota Chippewa Tribe, et al. versus United States, docket No. 188, pursuant to 28 U.S.C. 2509; to the Committee on Interior and Insular Affairs.

2117. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to require the licensing of operators of vessels that tow disabled vessels for consideration; to the Committee on Merchant Marine and Fisheries.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOUCHER (for himself and Mr. HYDE):

H.R. 3521. A bill to amend title 17, United States Code, to prohibit the conveyance of the right to perform publicly syndicated television programs without conveying the right to perform accompanying music; to the Committee on the Judiciary.

By Mr. MICHEL (for himself, Mr. LOTT, Mr. KEMP, Mr. CHENEY, Mr. LEWIS of California, Mrs. MARTIN of Illinois, Mr. LAGOMARSINO, Mr. VANDER JAGT, Mr. LATTA, Mr. DUNCAN, Mr. CRANE, Mr. ARCHER, Mr. FRENZEL, Mr. BADHAM, Mr. BARTLETT, Mr. BARTON of Texas, Mr. BEREUTER, Mr. BLILEY, Mr. BOEHLERT, Mr. BOULTER, Mr. BROWN of Colorado, Mr. BROYHILL, Mr. CHANDLER, Mr. CLINGER, Mr. COBLE, Mr. CONTE, Mr. COLEMAN of Missouri, Mr. COMBEST, Mr. COURTER, Mr. DAUB, Mr. DEWINE, Mr. DICKINSON, Mr. DREIER of California, Mr. ECKERT of New York, Mr. EDWARDS of Oklahoma, Mr. EMERSON, Mr. EVANS of Iowa, Mr. FRANKLIN, Mr. GALLO, Mr. GEKAS, Mr. GOODLING, Mr. GRADISON, Mr. GREEN, Mr. GROTBERG, Mr. GUNDERSON, Mr. HARTNETT, Mr. HENRY, Mr. HILER, Mr. HILLIS, Mrs. HOLT, Mr. HORTON, Mr. HYDE, Mr. IRELAND, Mrs. JOHNSON, Mr. KINDNESS, Mr. KOLBE, Mr. KRAMER, Mr. LEACH of Iowa, Mr. LEWIS of Florida, Mr. LIGHTFOOT, Mr. LOEFFLER, Mr. LOWERY of California, Mr. LUJAN, Mr. LUNGREN, Mr. MCCOLLUM, Mr. MCEWEN, Mr. MCKERNAN, Mr. MCMILLAN, Mr. MILLER of Ohio, Mr. MONSON, Mr. MOORE, Mr. MOORHEAD, Mr. MORRISON of Washington, Mr. NIELSON of Utah, Mr. OXLEY, Mr. PASHAYAN, Mr. PORTER, Mr. ROBERTS, Mr. ROGERS, Mr. ROWLAND of Connecticut, Mr. SCHAEFER, Mrs. SCHNEIDER, Mr. SCHUETTE, Mr. SENSENBRENNER, Mr. SHAW, Mr. SHUMWAY, Mr. SILJANDER, Mr. DENNY SMITH, Mr. SOLOMON, Mr. STANGELAND, Mr. STRANG, Mr. SUNDQUIST, Mr. TAUKE, Mr. THOMAS of California, Mrs. VUCANOVICH, Mr. WHITEHURST, Mr. WYLIE, Mr. YOUNG of Alaska, and Mr. ZSCHAU):

H.R. 3522. A bill entitled: "The Trade Partnership Act of 1985"; jointly, to the Committees on Ways and Means, Banking, Finance and Urban Affairs, the Judiciary, and Energy and Commerce.

By Mr. CONTE (for himself, Ms. SNOWE, and Mr. LEWIS of Florida):

H.R. 3523. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax for expenses incurred in the care of certain family members with Alzheimer's disease or related organic brain disorders; to the Committee on Ways and Means.

By Mr. FIELDS:

H.R. 3524. A bill to remedy violations of bilateral steel products trade agreements with the European Communities; to the Committee on Ways and Means.

By Mr. SWIFT (for himself, and Mr. THOMAS of California):

H.R. 3525. A bill to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections; to the Committee on House Administration.

By Mr. McCAIN (for himself, Mr. UDALL, and Mr. RUDD):

H.R. 3526. A bill to provide for the settlement of certain claims respecting the San Carlos Apache Tribe of Arizona; to the Committee on Interior and Insular Affairs.

By Mr. PANETTA:

H.R. 3527. A bill to amend title II of the Social Security Act to provide that a child's insurance benefit shall not be payable to an insured individual's stepchild or stepgrandchild, after such child's parents are divorced, for any period during which such child is receiving support from another source; to the Committee on Ways and Means.

H.R. 3528. A bill to amend titles II and XVIII of the Social Security Act and the Internal Revenue Code of 1954 to establish as a permanent requirements that disbursements and receipts of the social security trust funds be set out as separate functional categories in the budget, to provide for financing from general revenues for the disability and hospital insurance programs and to consolidate the trust funds established for such programs, to adjust accordingly the employment and self-employment taxes, and to provide that social security cost-of-living adjustments be consistently based on a wage index; to the Committee on Ways and Means.

By Mr. STUDDS (for himself, and Mr. YOUNG of Alaska):

H.R. 3529. A bill to permit vessels forfeited to the United States to be transferred to educational institutions with commercial fishing programs for use in Coast Guard-approved vessel safety and seamanship courses; to the Committee on Merchant Marine and Fisheries.

By Mr. LEACH of Iowa:

H.J. Res. 417. Joint resolution to establish a U.S. Commission on Improving the Effectiveness of the United Nations; to the Committee on Foreign Affairs.

By Mr. MURPHY:

H.J. Res. 418. Joint resolution to provide for the designation of a congressional flag; to the Committee on House Administration.

By Mr. COURTER (for himself, Mr. BATEMAN, Mr. BOLAND, Mr. ANNUNZIO, Mr. CONTE, Mrs. COLLINS, Mr. NOWAK, Mr. SAXTON, Mr. LAGOMARSINO, Mr. KLECZKA, Mr. DIOGUARDI, Mr. MORRISON of Connecticut, Mr. HUNTER, Mr. WALKER, Mr. GINGRICH, Mr. ROE, Mr. WORTLEY, Mr. WEISS, Mr. FRANK, Mr. SMITH of Florida, Mr. PORTER, Mrs. BENTLEY, Mr. BERMAN, Mr. WHITTAKER, Mr. VOLKMER, Mr. ECKART of Ohio, Mr. DELAY, Mr. WEBER, Mr. BURTON of Indiana, and Mr. ARMEY):

H. Con. Res. 209. Concurrent resolution asking that the President bring the rights of the Polish people to the attention of the Soviet Government; to the Committee on Foreign Affairs.

By Mr. MICHEL:

H. Res. 291. Resolution electing Representative Rowland of Connecticut to the Committee on Public Works and Transportation; considered and agreed to.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. COLEMAN of Texas and Mr. ARMEY.

H.R. 235: Mr. FORD of Michigan and Mr. WHITLEY.

H.R. 512: Mr. ROE.

H.R. 524: Mr. ACKERMAN, Mr. ADDABBO, Mr. APPLEGATE, Mr. BARNARD, Mr. BARNES, Mr. BATES, Mrs. BENTLEY, Mr. BERMAN, Mr. BEVILL, Mr. BIAGGI, Mrs. BOGGS, Mr. BONIOR of Michigan, Mr. BONKER, Mr. BORSKI, Mr. BROWN of California, Mrs. BURTON of California, Mr. BUSTAMANTE, Mrs. BYRON, Mr. CARR, Mr. CLAY, Mr. CLINGER, Mr. COLEMAN of Texas, Mrs. COLLINS, Mr. CONYERS, Mr. CROCKETT, Mr. DARDEN, Mr. DE LA GARZA, Mr. DELLUMS, Mr. DE LUGO, Mr. DIXON, Mr. DYMALLY, Mr. EDGAR, Mr. FASCELL, Mr. FAUNTROY, Mr. FAZIO, Mr. FEIGHAN, Mr. FISH, Mr. FLORIO, Mr. FOGLIETTA, Mr. FORD of Michigan, Mr. FRANK, Mr. FROST, Mr. GEJDENSON, Mr. BEILENSON, Mr. GONZALEZ, Mr. HAMMERSCHMIDT, Mr. HAWKINS, Mr. HEFTEL of Hawaii, Mr. HERTEL of Michigan, Mr. HUTTO, Mr. JACOBS, Mr. JEFFORDS, Mr. KANJORSKI, Ms. KAPTUR, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LANTOS, Mr. LEHMAN of Florida, Mr. LELAND, Mr. LEVINE of California, Mr. LIPINSKI, Mrs. LLOYD, Mrs. LONG, Mr. MACK, Mr. MADIGAN, Mr. MATSUI, Mr. MAVROULES, Ms. MIKULSKI, Mr. MITCHELL, Mr. MOAKLEY, Mr. MOLLOHAN, Mr. MRAZEK, Mr. MURPHY, Mr. NELSON of Florida, Ms. OAKAR, Mr. OWENS, Mr. PANETTA, Mr. PERKINS, Mr. PRICE, Mr. QUILLEN, Mr. RAHALL, Mr. RANGEL, Mr. REGULA, Mr. REID, Mr. RICHARDSON, Mr. RIDGE, Mr. RINALDO, Mr. ROBINSON, Mr. RODINO, Mr. ROE, Mr. ROWLAND of Georgia, Mr. ROYBAL, Mr. SCHEUER, Mr. SISISKY, Mr. SKELTON, Mr. SMITH of Florida, Mr. SOLARZ, Mr. STANGELAND, Mr. STARK, Mr. STOKES, Mr. SYNAR, Mr. SWINDALL, Mr. TALLON, Mr. TORRICELLI, Mr. TOWNS, Mr. VALENTINE, Mr. VENTO, Mr. WAXMAN, Mr. WEAVER, Mr. WIRTH, Mr. YATES, Mr. YOUNG of Alaska, Mr. WORTLEY, Mr. COELHO, Mr. EDWARDS of California, Mr. TRAXLER, and Mr. OBERSTAR.

H.R. 585: Mr. DORNAN of California.

H.R. 692: Mr. STUMP, Mr. PRICE, Mr. NIELSON of Utah, Mr. GUNDERSON, Mr. ANDREWS, Mr. LAGOMARSINO, Mr. MRAZEK, Mr. HENRY, Mr. HENDON, Mr. BERMAN, Mr. WATKINS, Mr. HYDE, Mr. FOGLIETTA, Mrs. BENTLEY, and Mr. STUDDS.

H.R. 1017: Mr. EVANS of Illinois.

H.R. 1019: Mr. SAXTON.

H.R. 1145: Mr. ROSE.

H.R. 1197: Mr. MOAKLEY, Mr. HAWKINS, Mr. BOSCO, Mrs. BOXER, Mr. TRAFICANT, and Mr. ADDABBO.

H.R. 1613: Mr. WISE.

H.R. 1616: Mr. GRAY of Pennsylvania and Mr. CARPER.

H.R. 1917: Mr. GAYDOS, Mr. LATTA, Mr. KINDNESS, and Mr. KILDEE.

H.R. 1918: Mr. FUSTER, Mr. GRAY of Illinois, Mr. LIGHTFOOT, and Mr. OLIN.

H.R. 2684: Mr. MCCOLLUM, Mr. COELHO, Mr. CARNEY, Mrs. LLOYD, Mr. MCGRATH, Mr. WALKER, Mrs. VUCANOVICH, Mr. CHANDLER, Mr. MRAZEK, Mr. DWYER of New Jersey, Mr. FOGLIETTA, Mr. WILLIAMS, Mr. ASPIN, Mrs. BENTLEY, Mr. SLATTERY, Mr. MANTON, Mr. CRAIG, and Mr. DENNY SMITH.

H.R. 2748: Mr. KANJORSKI.

H.R. 2814: Mrs. MARTIN of Illinois.

H.R. 2907: Mr. BONIOR of Michigan, Mr. BEVILL, and Mrs. BOGGS.

H.R. 2943: Mr. GLICKMAN, Mr. SYNAR, Mr. STAGGERS, Mr. SABO, Mr. ARCHER, Mr. DIOGUARDI, and Mr. SHAW.

H.R. 2999: Mr. BRYANT, Mr. GEJDENSON, Mr. DARDEN, Mr. BUSTAMANTE, Mr. HORTON, Mr. SCHEUER, Mr. HEFTEL of Hawaii, Mr. NELSON of Florida, Mr. BADHAM, Mr. MORRISON of Washington, and Mr. BARTLETT.

H.R. 3040: Mr. EVANS of Illinois.

H.R. 3102: Mr. ROWLAND of Connecticut, Mr. GUNDERSON, Mr. MARTINEZ, Mr. HORTON, Mrs. BURTON of California, Mr. JONES of North Carolina, and Mr. REID.

H.R. 3109: Mr. VALENTINE, Mr. KINDNESS, Mr. BARTON of Texas, Mr. NIELSON of Utah, and Mrs. MARTIN of Illinois.

H.R. 3195: Ms. MIKULSKI.

H.R. 3259: Mr. BEILENSON, Mr. BERMAN, Mr. DEWINE, Mrs. BENTLEY, Mr. CONYERS, and Mr. WEISS.

H.R. 3268: Mr. MRAZEK, Mr. BURTON of Indiana, Mr. GUNDERSON, Mr. NIELSON of Utah, Mr. GINGRICH, Mr. OLIN, and Mr. BLILEY.

H.R. 3339: Mrs. SCHNEIDER.

H.R. 3379: Mr. LAGOMARSINO, Mr. WORTLEY, Mrs. SMITH of Nebraska, Mr. DIOGUARDI, Mrs. JOHNSON, Mr. FUSTER, Mr. SENSENBRENNER, Mrs. BENTLEY, Mr. PORTER, and Mr. GINGRICH.

H.R. 3492: Mr. LUKEN, Mr. SIKORSKI, Mr. CONYERS, and Mr. ASPIN.

H.R. 3502: Mr. RAHALL, Mr. KANJORSKI, and Mrs. BYRON.

H.J. Res. 1: Mr. SUNIA.

H.J. Res. 17: Mr. HEFTEL of Hawaii.

H.J. Res. 172: Mr. SHARP and Mr. MONTGOMERY.

H.J. Res. 284: Mr. BARTON of Texas, and Mr. REID.

H.J. Res. 314: Mr. NELSON of Florida, Mr. SYNAR, Mr. HAMILTON, Mr. KRAMER, Mrs. MEYERS of Kansas, Mr. FRANK, Mr. PICKLE, Mr. SKELTON, Mr. SLAUGHTER, Mr. SCHAEFER, Mr. RINALDO, Mr. GREGG, Mr. RUSSO, Mr. STAGGERS, Mr. SAVAGE, Mr. STRANG, Mr. COLEMAN of Missouri, Mr. MCEWEN, Mr. LEVIN of Michigan, Mr. WISE, Mr. BENNETT, Mr. FRENZEL, Mr. WHEAT, Mr. HAWKINS, and Mr. WEBER.

H.J. Res. 369: Mr. MATSUI, Mr. LEVIN of Michigan, Mr. DARDEN, Mr. TALLON, Mr. GILMAN, Mr. LAGOMARSINO, and Mr. ORTIZ.

H.J. Res. 381: Mr. GILMAN.

H.J. Res. 386: Mr. PRICE, Mr. WEAVER, Mr. KANJORSKI, Mr. ROSE, Mr. LEACH of Iowa, Mr. STANGELAND, Mr. HILLIS, Mr. MADIGAN, Mr. HENRY, Mr. BEREUTER, Mr. BEDELL, Mr. PARRIS, Mr. GLICKMAN, Mr. FRANK, Mr. SMITH of Florida, Mr. THOMAS of Georgia, Mr. ROWLAND of Georgia, Ms. MIKULSKI, Mrs. KENNELLY, Mr. SKELTON, Mr. MCCOLLUM, Mr. DYSON, Mr. WILSON, Mr. REGULA, Mr. LENT, Mr. LELAND, Mr. KOLTER, Mr. WHEAT, Mr. MOLLOHAN, Mr. BREAUX, Mr. ANTHONY, Mr. JONES of Oklahoma, Mr. RAY, Mr. DE LA GARZA, Mr. BOSCO, Mr. GILMAN, and Mr. MILLER of California.

H.J. Res. 400: Mr. LIVINGSTON, Mr. THOMAS of California, Mr. WHITEHURST, Mr. DEWINE, Mr. KASICH, and Mr. ARMEY.

H. Con. Res. 69: Mr. GRAY of Pennsylvania.

H. Con. Res. 173: Mr. RAHALL, Mr. CHAPPELL, Mr. BOUCHER, Mrs. BENTLEY, Mr. LIGHTFOOT, Mr. DIOGUARDI, Mr. YOUNG of Florida, Mr. MAVROULES, Mr. MCEWEN, Mr. KRAMER, Mr. TAUZIN, Mr. SHUMWAY, Mr. BEVILL, Mr. EVANS of Illinois, Mr. WEISS, Mr. TORRICELLI, and Mr. SMITH of New Hampshire.

H. Res. 132: Mr. SAXTON.

H. Res. 219: Mrs. LLOYD, Mr. GEJDENSON, Mr. BORSKI, Mr. ROBINSON, Mr. GARCIA, Mr. SCHUETTE, Mr. ORTIZ, Mr. DOWNEY of New York, Mr. MRAZEK, Mr. BONKER, Mr. COLEMAN of Texas, Mr. RANGEL, Mr. LAFALCE, and Mr. MCHUGH.

H. Res. 264: Mr. DORGAN of North Dakota, Mr. RAHALL, Mr. HORTON, Mr. SYNAR, Mr. BATES, Mr. WOLPE, Mr. HUGHES, Mr. WHITTAKER, Mr. ROE, Mr. NOWAK, Mr. STENHOLM, Ms. KAPTUR, Mr. ECKART of Ohio, Mr. JEFFORDS, Mr. BILIRAKIS, Mr. EVANS of Illinois, and Mr. BEDELL.

H. Res. 268: Mr. OWENS, Mr. BERMAN, Mrs. MEYERS of Kansas, Mr. LEVINE of California, Mr. COBEY, Mr. COOPER, Mr. SKEEN, Mr. DENNY SMITH, Mr. COLEMAN of Missouri, Mr. SLATTERY, Mr. ROWLAND of Georgia, Mr. GLICKMAN, Mr. HEFTEL of Hawaii, Mr. DURBIN, Mr. LOEFFLER, Mr. STRATTON, Mr. FOWLER, Mr. SCHUETTE, Mr. MINETA, Mr. DE LUGO, Mr. GEKAS, Mr. CARNEY, Mr. CHAPMAN, and Mr. HARTNETT.

PETITIONS, ETC.

Under clause 1 of rule XXII,

0230. The SPEAKER presented a petition of Pennington County, Thief River Falls, MN, relative to the farm crisis; to the Committee on Agriculture.