

House sends 1985 Farm Bill to Senate for action

WASHINGTON — The House has passed an omnibus five year farm bill in an effort to protect farm income during an economic crunch which—in some parts of the rural economy—is the most severe since the Great Depression, Chairman Kika de la Garza, D-Tex., of the House Agriculture Committee announced.

The Food Security Act of 1985, H.R. 2100, was approved Oct. 8 by a 282 to 141 roll call vote. It will go next to the Senate where an omnibus bill approved by that body's Agriculture Committee is awaiting floor action.

"The key word is survival. The House action includes what amounts to a five-year ban on reductions in target prices for major commodities. This says to the nation that we recognize the depth of the crisis in agriculture. It says we do not intend to abandon the American farmer. It says we want to do everything we can, within the bounds of fiscal responsibility, to help efficient farmers survive today's troubles and work their way back to a situation in which they can earn a fair living in a fair market," de la Garza said.

"Obviously, the bill does not please everybody. No farm bill ever does that, and there are still some important steps ahead before we get a final Congressional product. I had hoped the bill would include a provision approved by the House Agriculture Committee allowing wheat and feed grain farmers to vote in a referendum on whether to switch to a program including voluntary surplus control and higher supports. But the package approved Tuesday represents the best consensus we could get in the House. I realize that the administration has opposed some features of this bill in the past, but I hope that the President will now recognize—in view of the depth of the crisis in agriculture—that what we have produced deserves support," de la Garza added.

In addition to income protection and surplus control programs for major crops, the bill includes sections on exports, conservation, food assistance for needy Americans, and other programs

including agricultural credit and research.

"For commodities like grains, cotton and rice the bill preserves the basic income protection which farmers need in these dangerous times while also taking steps toward making the market prices of American products more competitive on world markets.

"The bottom line is that the House bill preserves a farmer safety net, but it also moves toward reducing the federal deficit by holding spending for agriculture within the bounds set by the overall Congressional Budget Resolution," de la Garza said.

The House bill provides that for five crop years beginning in 1986, market prices of major crops including wheat, corn, cotton and rice would be made more competitive by linking commodity price support loan rates more closely to market conditions, and by several export expansion programs. At the same time, however, the actual income return to farmers who cooperate with strengthened voluntary acreage surplus-control programs will be protected. This will be done by retaining a system of target prices and providing that these targets

cannot be cut from current levels for the 1986 and 1987 crop years and probably for the following three years as well. The bill would allow 5 percent target price reductions for 1988, 1989 and 1990 crops—but these cuts could not take effect unless farmers' costs first declined by the same amount.

Additionally, the legislation includes:

— A market-oriented dairy program with provisions for a farmer-financed surplus reduction program, and programs for other commodities including soybeans, peanuts, sugar and wool.

— Conservation programs including a long-term Conservation Reserve to shift fragile cropland into less intensive use; a sodbuster program to discourage conversion of fragile land into crop use; and a swampbuster plan to discourage draining of wetlands for crop use.

— Trade expansion programs including the use of surplus crops as export bonus payments to meet unfair foreign competition in commercial markets and provisions which extend and expand the Food for Peace and related programs.

— Agricultural credit and rural development provisions including new regulations for handling

farmland acquired by the Agriculture Department in loan foreclosures.

— Extension of domestic food assistance programs, including extension of the Food Stamp program with some modest restoration of past benefit cuts for the needy.

— Extension of agricultural research authority with some new research priority guidelines, and a provision requiring a study of the need for continued use of leaded fuel in farm machinery before the EPA could impose any further cut in lead levels for farm fuel.

Major provisions of the bill include:

COMMODITY STABILIZATION PROGRAMS

— FOR WHEAT, FEED GRAINS, COTTON AND RICE, the target price and commodity support loan programs which the bill provides for those commodities would adopt for 1986 through 1990 crops a market-oriented system for setting price support loans at levels that would make American crops competitive in international markets, coupled with continued target price protection. Basic initial loan rates for grains, cotton and rice would be set each year on the basis of formulas using

average market prices of recent years (with any declines limited to 5 percent a year). After calculating the basic initial rates, the Secretary could then further reduce the rate for any year by up to 20 percent if market prices in the previous season had failed to top 105 percent of the previous year's basic loan rate, or the further cut was needed to compete on world markets. These potential final loan rate reductions would be discretionary for wheat and feed grains but mandatory for cotton and rice. (Also, for wheat and feed grains only, the Secretary would have discretionary authority to operate a "marketing loan" system instead of using standard "non-recourse" price support loans for any year. Under the marketing loan plan, the Secretary would keep wheat and feed grain loan rates at the basic formula level and would require repayment of the loans, but he would allow repayment at market-price levels instead of the loan level.) For cotton and rice, the bill provides that if world markets sink below final U.S. loan levels, the government would make a special additional market payment to bring

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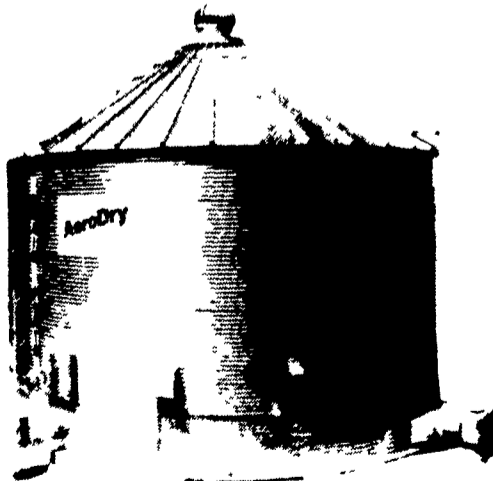
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