The Senate's 'landmark' Farm Bill... a summary

WASHINGTON – The Senate Saturday, by a vote of 61-28, passed and sent to a House-Senate conference H.R. 2100, an omnibus farm bill reauthorizing the major Federal farm programs.

The four-year farm bill reduces loan rates for wheat, feed grains, cotton and rice, sets target prices for those program commodities, reauthorizes other commodity programs, extends and expands export programs of the U.S. Department of Agriculture, contains strong, new, soil conservation provisions and strengthens the credit programs of the Farmers Home Administration.

The cost of the main commodity provisions of the bill is projected to be more than $50 billion over the next three fiscal years. The Congressional Budget Resolution, passed the beginning of August, assumes $38.8 billion for agriculture programs.

Senator Jesse Helms, Chairman of the Agriculture Committee, voted against final passage of the bill, and said that despite improvements made to the bill during Senate action, it still fails to make changes in farm programs necessary to restore health to American agriculture.

"The bill passed by the Senate contains many improvements over the bill reported by the Agriculture Committee," said Helms. "Fortunately, we were able to reduce the cost of the bill by about $10 billion through the amendment process, and other desirable changes were made in the bill."

"As I have said, there is much in this bill that is good. However, it continues many policy flaws found in current law. While the movement to market-oriented loan rates makes this landmark legislation by setting the stage for American agriculture to become competitive again, the direct subsidies are still set at levels that will encourage surplus production. Billions of dollars of income supports will still be paid out indiscriminately, resulting in billions of dollars of payments to the largest farmers who need the help the least. And, the bill calls for spending far in excess of the targets set by Congress in the budget resolution."

"I am encouraged by the progress and improvement made on the floor. I think we have a very good chance to shape a bill in conference that will be both good policy and fiscally sound. These are the two tests that must be met if we are to produce a bill the President will be able to sign," said Helms.

"The conference committee should begin its work by the first or second week in December. If the conferees can work together toward the goal of a bill that is good policy without breaking the budget, I believe we can have a farm bill enacted by the end of the year," concluded the Chairman.

Major provisions of the bill include:

EXPORT TITLES:

--Expands the intermediate export credit program to authorize the guarantee of loans of 3 to 10 years and requires loan guarantees at the following levels: no less than $500 million for fiscal years 1986-88, and no more than $500 million for fiscal year 1989.

--Requires the Commodity Credit Corporation to make available at least $5 billion in short-term export credit guarantees for each of the fiscal years 1986-89.

--Extends the Agricultural Export Credit Revolving Fund.

--Requires the Secretary to use at least $325 million of CCC funds or CCC commodities in each of the fiscal years 1986-88, and such funds and commodities as the Secretary deems necessary for each of the fiscal years 1989-91, for export assistance for U.S. commodities adversely affected by the foreign subsidies, import quotas, or unfair trade practices used by other countries.

--Requires the Secretary to sell for export at least 150,000 metric tons of CCC-owned dairy products in each of the fiscal years 1986-88.

--Requires that at least $2 billion of CCC-owned commodities be used to enhance and encourage the export sales of U.S. agricultural commodities during fiscal years 1986-88.

--Exempts certain U.S. Department of Agriculture export programs – those referred to as "commercial" sales programs– from cargo preference requirements, including those which use CCC stocks to enhance U.S. agricultural exports, the "blended credit" program, and short-term credit programs. Cargo preference requirements on "concessional" sales programs (Public Law 480 and section 416 of the Agricultural Act of 1949) will be increased from the current 50 percent requirement of 75 percent over a period of three years, as follows: a 10 percent increase in 1986 and 1987, and a third increase of 5 percent in 1988. Funding for the increased share in Cargo preference requirements will be through the establishment of a borrowing authority in the Department of Transportation.

P.L. 480:

--Requires that at least 25 percent of the value of title I sales, or 500,000 metric tons (whichever is greater), but not more than 50 percent of such sales be sales for foreign currencies. The foreign currency generated by these sales will be converted into dollars over a 10- to 30-year time period, the conversion to begin on a date 10 years after the sale of the commodities.

--Authorizes the President to enter into agreements with financial intermediaries in foreign countries under which the President would lend the foreign currency generated from commodity sales to the intermediary for the purpose of making loans to finance private enterprise investment within a developing country at reasonable rates of interest.

--Under title II, requires the distribution for nonemergency purposes of 1.9 million metric tons in each of fiscal years 1986 through 1989, of which at least 1.425 million metric tons must be distributed

(Turn to Page D12)