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GENERAL FARM AND FOOD LEGISLATION

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HEARINGS

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BEFORE THE

COMMITTEE ON

AGRICULTURE, NUTRITION, AND

FORESTRY

UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

S. 203

A BILL TO AMEND AND EXTEND THE AGRICULTURAL ACT
OF 1970

AND

S. 275

A BILL TO PROVIDE PRICE AND INCOME PROTECTION FOR
FARMERS AND ASSURE CONSUMERS OF AN ABUNDANCE
OF FOOD AND FIBER AT REASONABLE PRICES, AND FOR
OTHER PURPOSES

FEBRUARY 16, 1977

RALEIGH, N.C.

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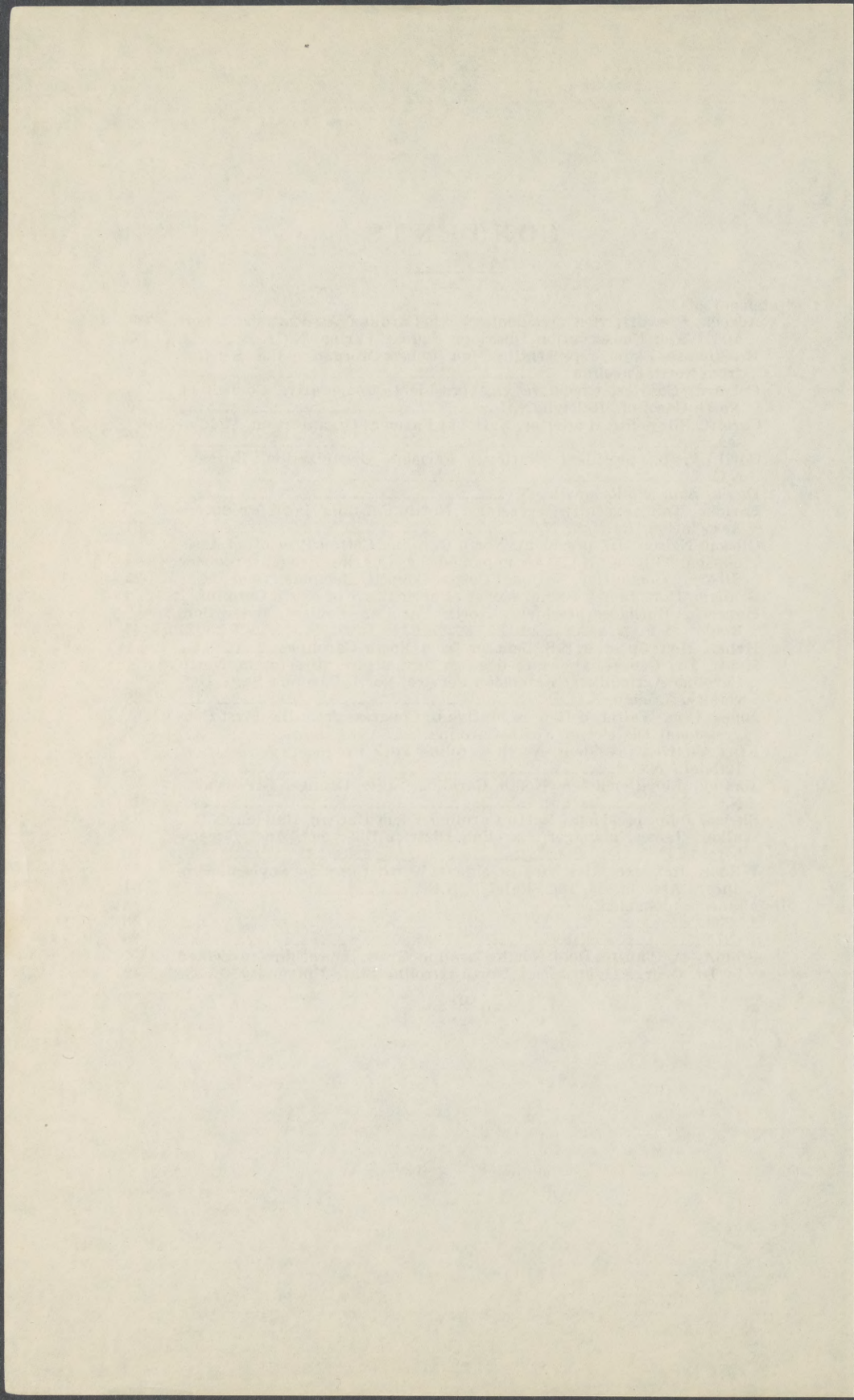
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GENERAL FARM AND FOOD LEGISLATION

WEDNESDAY, FEBRUARY 16, 1977

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Raleigh, N.C.

The committee met, pursuant to notice, in the McKimmon Center, North Carolina State University, at 10 a.m.; Hon. Jesse Helms presiding.

Present: Senator Helms.

Also present: Representative Walter Jones.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

Senator HELMS. Good morning, ladies and gentlemen. Congressman Jones will be here momentarily, but in the interest of preserving your time, we will proceed. The meeting this morning is an official field hearing of the Senate Committee on Agriculture, Nutrition, and Forestry.

Too often, I feel the Congress enacts legislation which is largely the handiwork of well-intentioned people in Washington, but regrettably, people who too often really do not have a practical understanding of the problems of citizens back home who are directly affected by the legislation.

Several weeks ago Senator Talmadge and I were talking about this very thing. He and I decided that it would be good for farmers and the leadership of the farming community to have an input into the farm bill to monitor the development of this legislation which will have a substantial impact on the people who produce the food and fiber of our Nation.

I am grateful to all of you for sharing your time and your know-how with us. This is just the beginning; we will be calling on each of you again and again as the consideration of the new farm bill proceeds. I am especially grateful to Congressman Jones for his willingness to participate in this meeting.

I have enjoyed my relationship in Washington with Walter, and I appreciate his coming this morning. Two members of my staff are present this morning. Mr. Doug Jackson and Mr. George Dunlop, where are you?

Mr. JACKSON. Right here, sir.

Senator HELMS. And George, if you will stand up in case someone does not know you. They are here to be of assistance to you. If you

have any questions, or if there are any ways they can be helpful to you, please do not hesitate to let them know. I have arranged this official meeting of the Committee on Agriculture and Forestry to give North Carolina farmers and farm leaders an opportunity to present their views to the Senate on the extension of the omnibus farm bill.

This is not just an idle exercise. Everything that is said here, everything that is submitted later will become a part of the official record of the U.S. Senate. As you know, the current legislation expires later this year and the new bill will establish national farm and agriculture policy for the next 5 years.

This hearing will provide the Senate with firsthand information in establishing an official record of the sentiments and opinions of what North Carolina believes the new legislation should contain. Briefly, the bill that we have before us has 13 titles. It covers a variety of issues from corn and wheat to insecticides and food stamps. It does not—as I am sure all of you know—cover tobacco or peanuts, which are two of North Carolina's most important crops.

These commodities are covered by separate legislation on which hearings will be held in Washington later this spring, and if necessary, here in North Carolina. The legislation to which we will address ourselves this morning is entitled the Food and Agricultural Act of 1977. Its number, if you want to make a note of it, is S. 275.*

I have joined Senator Talmadge, who is the chairman of the committee, as the cosponsor. As I have indicated to the news media this morning this bill is a working document, a starting point, which will strengthen and improve, particularly in those areas that are most important to our State and to our farmers' agriculture policy.

The bill extends for 5 years the target price and loan programs for wheat, cotton, and feed grains, with proposed increases in target prices and loan levels to reflect increased production costs. While there is a strong feeling that the proposed increases will assure farmers more price protection, many farmers are concerned that the Congress must be careful not to raise the support level too high, which could destroy markets and cause a buildup of Government-owned stocks of wheat, feed grains, and cotton.

Particularly attractive to me are the commodity promotion and market development provisions in title 9 of this bill, which is known as the "Food for Peace" program. Our farmers need the export markets that this program generates, and I have made every effort to insure that this program continues to encourage foreign countries to buy North Carolina produced crops such as tobacco, cotton, corn, soybeans and others.

The omnibus farm bill makes major changes in food stamp eligibility standards. I strongly support tightening the eligibility requirements so that only the truly needy of our society receives them.

I might say, parenthetically, that I had a conversation with the new Secretary of Agriculture, Mr. Bergland, who, by the way, to me is a very impressive man, about the confusion that exists in the minds of so many of the American people about the cost of the farm program.

*See p. 53 for S. 203 as introduced by Senator Bellmon, and p. 75 for S. 275 as introduced by Senator Talmadge.

The food stamp program, of course, is lumped into it. The urban Congressmen, urban Senators, sometimes are inclined to look at the total cost including the food stamp program and other things which really have nothing to do with the agriculture bill. They say, "Oh, the farmers are ripping off the American people," which simply is not so.

The Secretary and I agreed that we ought to consider some method of delineated submission of the budget request so that there could be a clear understanding of what is being spent to help the farmers, and what is being spent to help other people who are not farmers. I think that would clear a lot of confusion that exists.

The Food and Agriculture Act of 1977 covers a variety of other areas, and Walter Jones and I have come this morning to find out what you think and what North Carolina farmers believe the legislation should contain. We need and we solicit your advice not only today, but in the weeks and months to come.

Now then, we have a list of distinguished witnesses whose testimony will establish a record to be used in Agriculture Committee deliberations on this bill. Twelve witnesses have been scheduled to testify, and our hearing is scheduled to conclude by 1 p.m. this afternoon, but if at the arrival of that hour we have not heard from everybody, Walter Jones and I will stay right here.

However, I have been cautioned by the staff that it will be necessary to limit oral testimony today to those on our witness list. But anyone who would like to submit written testimony may do so, and it will be made a part of the record, and we will be grateful to all who do so.

Mr. JONES. Good morning, Senator. I am sorry I am late.

Senator HELMS. Glad to see you, Congressman. I appreciate your coming. I was just explaining the procedures for our hearing. Because of the time limit, I have been asked to suggest that each witness limit himself or herself to 10 minutes of oral testimony. Your entire statement will be made a part of the official record in the event you are not able to finish your whole statement.

Now Walter, I have paid my respects to you, and I have commented on the pleasure it is to work with you in Washington, and I have stated that I appreciate your coming and participating in these hearings. I will let you address your friends, now.

**STATEMENT OF HON. WALTER JONES, A REPRESENTATIVE IN
CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF
NORTH CAROLINA**

Mr. JONES. Well, Senator, I just want to thank you for inviting me here to share this privilege with you to listen to our constituents, most of whom are yours, I expect, rather than mine, but certainly, we want to be guided by the feelings of those we represent, and I want to commend you for your interest in agricultural problems and thank you for the cooperation my office receives from your office from time to time. I want to assure all present that it is an honor and a pleasure to work with Senator Jesse Helms.

Senator HELMS. I can say the same thing about Walter. He is a distinguished Congressman, and he has been a great help to me. My distinguished colleague Bob Morgan has sent his regrets at not being here. He is attending to that Banking Committee business in Atlanta. I might say parenthetically that Senator Morgan and I had been serving on the Banking Committee together.

However, in the shuffle following the election of last November, Senator Stennis asked me to join the Armed Services Committee, which I did. This meant that I had to leave Banking, but Senator Morgan is a member of the Banking, Housing, and Urban Affairs Committee, so North Carolina will continue to be well represented.

I believe Eston Brickhouse is here, and I would like to call on him for any comments he may have, representing Senator Morgan.

STATEMENT OF ESTON BRICKHOUSE, REPRESENTING HON. ROBERT MORGAN, A U.S. SENATOR FROM NORTH CAROLINA

Mr. BRICKHOUSE. Thank you, Senator Helms. Ladies and gentlemen, Senator Morgan asked me to come here today on his behalf to express his regrets that he could not be here because of a previous commitment. He is holding SB hearings in Atlanta, and he asked me to say to all of you that he supports the farm legislation and will be glad to support what legislation that Senator Helms and Congressman Jones and you people decide that you want, and will be glad to work with you in any way that he can.

Senator HELMS. Thank you, Eston. Are there representatives of any other members of the congressional delegation from North Carolina here? I do not see anybody. All right. Now we get down to the brass tacks. We are pleased to have as our first scheduled witness a longtime friend of mine who needs no introduction to anybody, Hon. Jim Graham, commissioner of agriculture of North Carolina. Jim, we welcome you.

STATEMENT OF HON. JAMES A. GRAHAM, COMMISSIONER OF AGRICULTURE OF NORTH CAROLINA

Mr. GRAHAM. Senator Helms and Congressman Jones, ladies and gentlemen, I want to thank you, Senator for providing this opportunity for this field hearing to be held in Raleigh, N.C. As you can tell by the attendance here, there is a very distinctive interest in this great industry of agriculture.

I am very grateful for the opportunity to open this hearing on the Food and Agriculture Act of 1977—1977 is a very significant year, Senator and Congressman Jones, because 1877 is the year the North Carolina Department of Agriculture was formed, and 1877 was the beginning of the Board of Agriculture.

1977 is significant as 100 years that we have had a strong, vital industry of agriculture in North Carolina. Hopefully, we can continue that. I am certainly pleased that you had the hearing here in Raleigh because it means so much. Agriculture is certainly at a crossroads at a time when the action of Congress is more important than ever to this industry.

We are extremely fortunate, in my judgment, to have representatives in the Congress who take interest in the farmer and consumer alike. I wish to emphasize in a pertinent way, Senator and Congressman Jones, that what we are talking about is not just for farmer-producer and other interested people here today, but this vitally concerns so many people in North Carolina, so many people in this Nation and around the world.

As we express our various views today on this bill, I hope we will not forget the stated purpose of this bill as you so described, Senator. The Senate summary itself sets forth the purpose of Senate bill 275 as follows: "To provide the price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices and for other purposes."

These are worthy objectives of any legislation, and I sincerely feel that this bill can meet both of these needs. It is in the public interest to provide measure of price and income protection for the farmer as a means of assuring a continued abundance of food supply. It is also in the public interest to provide target prices and loan levels at sufficient levels to provide some measure of protection for the farmer and producer when circumstances—I emphasize—when circumstances beyond his control take the floor out of farm prices.

Just the same, it has got to work both ways; you put ceilings on exports. In other words, if you are going to put a ceiling, you have to have something under there that will maintain some stability. It is time that legislation such as this provides some real sharing of the risk in all our farm production.

Farmers do not want to be guaranteed a profit on every sale regardless of his cost of production or other situation, but he does want and demand some protection from things that are beyond his control. I have said many times, Senator, to you and Congressman Jones, that we must remember that farmers and producers must make a net profit, and you cannot get it out of gross profits.

No way could we have the great products that are made in North Carolina without this small number of people making a profit. It is my honest and considered opinion that this proposed bill provides target prices that are level, a level that provides some measure of stability to a wildly fluctuating market, at the same time, not prices out of the international market.

I appreciate your comments, Senator Helms, about Mr. Bergland. I was very impressed with the gentleman, and he talked right along these lines. Up to now, I think he is going to make a good Secretary, but time will tell. Not only do I think it well that cost of production be considered in determining target prices, but I am glad to see more realistic land values considered in these costs.

It is a well known fact that much of the net worth of many farmers is the appreciation of their farm lands. This is a production cost and must be included. While I am generally agreeable to the bill that is proposed, there are a couple of points not included that I feel should be considered, and I shall be brief, because you have many more talented people than I am that will discuss things in particular.

Generally speaking, a major concern of mine is a slow but sure loss of farms, farmlands. Our agricultural land in North Carolina and around this country is our most valuable natural resource. I think it is the most valuable resource after our people. After our people, our greatest natural resource is agricultural land.

If we do not soon adopt some effective and reasonable, sensible, practical policy to protect the land for use in agricultural production, we will be missing a real need of this industry. Every day in this regard, we lose valuable farmland to development that can never be reclaimed, like the Sun went down on it, and it is gone forever.

The other thing I want to mention—and I have a hangup on this, Senator Helms and Congressman Walter Jones—is disaster, situations and crop production insurance. This is a vital area and must be considered. You read in the news media about a disaster area, disaster here, there. What does it really mean? What can be declared a disaster area? It does not mean a blasted thing when you get out trying to help the people there you are supposed to help. Very little when the whole picture is considered.

Crop insurance has been very effective in tobacco, and I see no reason that an effective program of this type cannot be designed for other crops and maybe make some low income money, maybe get some hay or some oats. Right now in northern North Carolina they have some dairy cattle up there that may not have feed at the end of this week.

These are the kinds of things, I think, for goodness sake, cut out the redtape and get on with it. You have more people to administrate the money than you have trying to get the job done in this area. I have already asked Secretary Bergland about this, and he agreed to try to do something about it.

I see no reason why an effective program cannot be designed for other crops such as insurance on tobacco. Now then, winding down, regarding the amended Federal Insecticide, Fungicide, and Rodenticide Act, which has been made a part of the farm bill, which is known as FIFRA, we have overly stringent regulations and policies. The EPA has placed unreasonable requirements on the pesticide industry and the industry of agriculture.

In addition, these regulations and policies have resulted in self-imposed review responsibilities beyond the capabilities of the Agency. Now I have no hostilities or prejudice against any individual, but tell it like it is. We must do that. EPA, therefore, is not able to meet many of the deadlines established by Congress. It is appalling and very disgusting to me to hear that EPA indicates it will take 5 to 10 more years to complete this task in the manner intended by Congress.

Until previous oversight hearings were held, which resulted in money restraints being placed on the EPA, they showed absolutely no concern or sensitivity or responsibility, if you please, for the practical needs of the North Carolina farmer, the American farmer, and, I have decided, the North Carolina people.

Indirectly, I think, affecting not the farmer, not the producer, but what is known as so desperately neglected today, the productive

consumer. I sincerely feel that there was no need for FIFRA in North Carolina at the time it was adopted. We already had a strong program, a university program in the North Carolina Department of Agriculture through the licensing of commercial applicators and pesticide dealers.

When an Agency like EPA asked 80,000 North Carolina farmers to go to a school, take a test and then have to go through what we had already done, as much as we had in this State in pest control, is absolute duplication and utter frustration. This is the very type of Government overregulation, Senator Helms, that is the dread of this State and this Nation today. This is why we are in some of the predicaments we are in right now, in the energy crisis, that very thing of regulations.

Now back to this EPA regulation, it took much hard work and cooperation and unstinted efforts of a lot of people, and perseverance, to get the change made to something we could live with. We have across North Carolina right now pesticide schools by the university extension service in the counties. They go in there and stay for 4 weeks, get certified by the pesticide board of the Department of Agriculture to go on with their production on their tobacco, peanuts, rose bushes, gardens, soybeans, whatever they have.

I am proud of the fact that North Carolina, Alabama, and Nebraska were the last three States—not trying to be hardheaded—but trying to cut out some of this cost, and we have stood alone up there in front of your committee, you remember, Congressman, on this. This is not a popular thing to say, but I feel really determined about it, and am glad to have this opportunity.

Let me express myself and be understood. While the original congressional intent of FIFRA was good and was drawn in a manner that the industry of agriculture could live with, the implementation and interpretation of the act has resulted in requirements beyond what I believe was the intent of you fine gentlemen in the Congress, or ladies and gentlemen.

Therefore, my advice to you, Senator Helms, is to place again such restraints as may be necessary to assure that these regulations and policies are such that we may continue to have available those pesticides so necessary to the production of ample agricultural commodities and products, and particularly food and fiber.

Among those restraints I would also urge Congress, and I mean this in fact, not to extend FIFRA organization beyond 18 months. We do not need it; we have too much of that blasted mess now. I want also to mention that we in North Carolina are very much interested in the boll weevil eradication program, and that is not just for cotton. That is an energy saving thing.

It takes—I forget how much more energy to produce a synthetic shirt, but cotton will save in that respect, plus the fact that it will cut down on the need for chemicals. Cotton uses somewhere around 40 or 50 percent of all the chemicals we use in North Carolina at this time. So you are talking about something environmental.

We strongly urge the organization of this program to allow the Federal Government to secure a major portion of the cost because

it is a Federal program, and it is high time we recognized that. It covers not only a little of Virginia, the Carolinas, Alabama, and Georgia, but on into Texas and all around.

One other final thing we are missing—the lack of assurance of input from State departments of agriculture, no reflection on our fine land-grant institution, no reflection on anybody. But you have 50 States in this Nation and they have State departments in every one of them. Yet they are always talking about wanting to use State input—do this and do that.

We have too much Federal interference right now. You need to call in, when you have these advisory committees or policy councils or whatever you have, any time you make an agriculture policy, making or shaping, the body should have at least some representation from State departments of agriculture.

With that, I close, I thank you again; I do not want to take too much time, but I am intensely interested in this whole bill. It is needed. I will not dwell on energy or the things about it, but I hope people are getting a lesson today. I hear people complain about being cold in the office; but just remember, it would be a heck of a lot worse with an empty belly. Thank you very much.

Senator HELMS. Jim, thank you so much for an excellent statement.

Mr. GRAHAM. Do you have any questions? Do not forget the peanut fellow in the back—I have to get that in, Congressman.

Mr. JONES. Commissioner, you referred to the redtape—I guess that is the best word—in connection with the pesticide program, that they had to go 4 weeks and then take a test. Are you referring to the selfapplicators or the professional applicators?

Mr. GRAHAM. Referring to the private applicators. We already have the commercial applicators—they have to go through that.

Mr. JONES. I thought it survived, and I believe it certainly did, by putting the amendment in—last year, I believe it was, when it was before the House Committee—that under no circumstances would a private applicator be forced to take a test to treat his own farm.

Mr. GRAHAM. Right. And I appreciate that very much. This is the thing that helped do it. We had the support of our people here in North Carolina on this. Let me say this. I am not anticonservationist or environmentalist. I am just asking that someone must realize who is going to pay. You put these things on our people. It is hard enough now.

It is just unreal sometimes, and I am sincerely interested. I know they want to do a good job, but sometimes they just—well, we are seeing the results of it right now. Tobacco and peanuts mean so much to us, as the Senator referred to, plus the fact that the thing about this, to have a garden or have a farm or anything, that just means you cannot do it, and it is just unreal. I am glad we have got it working; I think we are making progress. I just hope that—the way to get a man's attention is to cut off—you have such a bureaucracy up there.

I recognize the problems with it, but hopefully we will get a little more attention, because if you keep on—I am not panicking anybody, but you have to keep your people in business. You cannot keep

them out there putting all these regulations, such as EPA on and on and on. I appreciate your question.

Senator HELMS. Mr. Commissioner, Secretary Bergland, during his confirmation hearings, gave me absolute unqualified assurance about the tobacco and peanut programs. Of course, we have some work to do on the peanut program in my judgment, but he was unequivocal in his assurance to me that he understood the value of both of these programs.

On the crop insurance aspect, Senator Dole has introduced legislation similar to your suggestion. I agree with your comments on that. Let me ask you this. Do you feel that target prices should be based on cost of production rather than the parity formula?

Mr. GRAHAM. That is going to be one of the important things, Senator. I am not an economist, but that can be debated pro and con. I think it should be tied at some point to—as I stated in my statement—the cost of production is a situation beyond his control. That is the thing that I am concerned with. There are so many formulas in there that really I do not understand it. I do not think the people up there understand it. I do not think the man that wrote the thing understands it.

Nevertheless, it is vitally affecting people out here in the field. I am not trying to be evasive to your question, but we want to keep it tied to production cost, but certainly not—as you so aptly described in your opening statement—to where we have people producing extra commodities just for the sake of producing it and building up surpluses.

Senator HELMS. You mentioned the energy situation and that is a great concern of mine, a great concern of everybody.

Mr. GRAHAM. It is a great concern of ours, Senator, right now, because the agriculture industry is supposed to be a priority, and they put a fertilizer plant right at the very bottom. If a fertilizer plant is not agriculture, I do not know what in the Sam Hill is.

Senator HELMS. I was asking a sort of leading question and you responded to it but—

Mr. GRAHAM. I am trying to state it, but you are smarter than I am.

Senator HELMS. I am just wondering if you have an assessment that you would be willing to give the committee as to the impact on the agriculture section energy crisis will have.

Mr. GRAHAM. Senator, I do not know the answer to this thing. For the last 6 years we have been fighting this battle every year. It gets worse and worse. I think they are getting the message up there in the northeast, and I think they are getting the message around this country. You debate about deregulation and all this stuff. I want to say this to you.

The old saying up there in the mountain country, you study long; you study wrong. They have studied long enough. It is time to get some action in this thing and go on. If it is going to take deregulation, so be it, if it is deregulation of the oil supplies. But unfortunately—and you should know this—you go out here and get a cup of coffee. I can take you to the stores and service stations across this State, and they do not believe there is a shortage.

They say they are getting ripped off. They say, just watch. When they get the price high enough, there will be plenty of it. Now that is what the people say. That is what the people on the street say. I do not know the answer. If I did, I would not be sitting here—I would be somewhere to help solve it.

But I do not mean to be critical. You know it is easy to criticize. But I do know one thing. I can cite you—well, the central Carolina farmers over here. At one time within 24 to 36 hours we were able to get some gas. They had between 4 and 5 million chickens that were going to die if we did not get this, this natural gas.

These are the things you work with. There is no question that something has to be done. I do not mean to say this about fertilizer costs, but how else could you expect but that liquid nitrogen is going to cost more money? We have plenty of mixed goods. We just started our fertilizer people out in the State inspecting for the proper analysis, proper labeling. They all went out this morning.

I think at this time, there is no need to say. Who can tell? But right now we have enough mixed fertilizer goods in storage probably to get our crops out in North Carolina this year, at least that is what I am told. But 30 percent is supplied by a plant over here in Ahsokie that serves Virginia and the Carolinas.

Commonsense tells you if they do not crank up again, it is bound to have an effect on it. No other way. We could go on and on, Senator. But I think it is something we are going to have to address ourselves to, and at a later time I will discuss it with you. You need to hear some people that have more sense than I have.

Senator HELMS. Thank you for your excellent statement. I appreciate your coming. Before we get to our next witness, Walter, let me say that we will be taking the witnesses in order as they appear on the list. However, if any witness has scheduling problems and needs to testify at this time or needs to be moved to a later part of the hearing, let me know.

I have just been handed a slip that Mr. Walker has a problem in that connection. So without objection, we will hear you, sir.

STATEMENT OF JAMES WALKER, MANAGER, CAROLINA DISTRICT DAIRYMEN, INC., GREENSBORO, N.C.

Mr. WALKER. Senator, this is Mr. Colvard. He is down on the list with me.

Senator HELMS. Yes. Well, great.

Mr. WALKER. Senator Helms, Congressman Jones, we appreciate your calling this hearing for us to appear before you. Certainly, we support the commissioner in his statements here this morning.

Extension and amendment of the Agriculture and Consumer Protection Act of 1973 will be one of the most important legislative issues considered in the current session of Congress. This law provides the basic authority for wheat, feed grains, and cotton programs now in effect.

In addition, it includes a number of provisions important to dairy farmers. As an employee of farmers, I am concerned with the strength

and stability of all segments of agriculture, and support the action necessary to achieve these ends. However, my comments today will be directed primarily toward the dairy provisions of the act and those Government programs and policies which dairy farmers view as necessary for the development of stable markets into which they can sell their production.

Dairymen I represent market milk through a cooperative marketing association, Dairymen, Inc. Dairy farmers across the country have organized and developed cooperatives for one purpose—to assure themselves of a market for their milk so they can be more than mere price takers in the market.

These efforts have not been without setbacks or sacrifices. The concept of farmers acting together in the market has never been fully accepted by some. While great progress has been made and we can view with pride the development of cooperatives such as Dairymen, Inc., there are those today that would turn the clock back and deny farmers the ability to have any effective voice in their marketing.

The Capper-Volstead Act granted farmers the right to organize together to market their production without the threat of being held in violation of antitrust laws. Today, some in Government offices and other segments of the industry are calling for restrictions that would curtail that opportunity. It seems that they view cooperatives as useful organizations when they provide needed services to the market, but harmful when, along with these services, they are able to effectively price their member-owners' production.

Restriction of the limited authority granted farmers in Capper-Volstead must not be allowed. This is the very cornerstone of the great efficiency the dairy farmer has shown over the years. Without the assurance of market provided by the cooperative, no dairy farmer can undertake the investment needed, or accept the risks involved to raise production in the manner it has over the last 30 years.

The dairy price support program is designed to provide a minimum level of price assurance that will assure the production of an adequate supply of milk and maintain sufficient productive capacity to meet future anticipated needs. The program has worked well over the years, and given adequate administration, can continue to serve the dairy industry and the consumers of the Nation. We do not at this time recommend any change in the basic law.

On three occasions during 1974 and 1975, the Congress acted to legislate a minimum price support level higher than the 75 percent of parity called for in the law. The actions were based on the recognized need to maintain or increase farm income so as to secure needed levels of milk production. While each of these measures were subjects of Presidential vetoes, they did spur administrative action to hold the price support level above the legal minimum.

The dairy situation has changed markedly over the last year. Milk production has expanded in response to improved market prices and other factors. Following a careful review of the current situation, we of Dairymen have concluded that the dairy price support level for the 1977-78 marketing year beginning April 1 should be set at 80 percent of parity.

As a part of this, the secretary should review the price support program quarterly and make those adjustments necessary to maintain farm income and milk production. These actions are fully within the scope of the current law, and no new legislation is needed to carry them out.

Dairymen, Inc. supports the continuation of the authority to transfer dairy products to military and veterans' hospitals.

The dairy indemnity program authority in the 1973 act requires on June 30th. The program authorizes indemnity payments to farmers whose milk is removed from the market due to the presence of pesticide residues if they resulted from no misuse on the part of the farmer. While the program has been used by a relatively small number of producers, it has been the difference between survival and being forced out of business for most who have had to call on it.

We would recommend that the Congress expand this program to include indemnification for producers whose milk is forced off the market due to the presence of other environmental contaminants, including radioactive fallout, in cases where producers have no control over the contaminant and where recourse to other means of legal relief can be had.

Last summer, great concern was expressed over the safety of milk supplies in the northeast and northwest due to radioactive fallout following the Chinese nuclear tests. We are witnessing today isolated instances where farm water supplies and feed stocks are being threatened by the presence of chemicals such as PCB's from unknown sources. The dairy farmer is fully aware of the need to assure the safety of his product and great care is taken to accomplish this. When circumstances arise that are fully beyond his control, however, there is need for some assistance of this type.

We fully support continued operation of base plans under Federal milk orders. North Carolina is not included in the marketing area of any Federal milk market order. However, a large number of our member producers whose farms are located in North Carolina do market their milk under the Georgia Federal milk order. As a matter of fact, this amounts to about 4 million pounds of milk monthly.

These producers do hold bases under the Georgia order. The proposed farm bill would extend authority for base Federal order plans. Contrary to some charges, these market order base plans do not limit production by individual farmers. They seek to encourage producers to tailor their operations to more nearly meet the needs of the market throughout the year. To the extent they are successful, this results in a more efficient use of resources both on the farm and in the marketing system.

A second Federal market order related provision in the farm bill deals with the legal status of producer-handlers under market orders. These are farmers who market milk of their own production directly to consumers. Present law allows these operations to be brought under the regulation of milk market orders, however, it has been determined administratively that they can be exempted so long as their marketings consist of milk of their own production. Some have argued that this should be broadened to allow anyone who could

claim producer-handler status to be exempted under market orders. Such a change would create a loophole in the market order program that would effectively wreck it. This would open the way to a return to the day when one group of farmers was played against another and farmers had no way of determining the use their milk was put to.

The 1973 act contains a provision making it clear that the legislation in no way alters the legal status of these operations. This should be continued.

In brief, we are not opposed to a 5-year extension of the dairy provisions of the Agriculture and Consumer Protection Act of 1973. However, possibly a 1, 2, or 3 year extension might be appropriate. We leave that to the Senate and the House to resolve. These provisions, coupled with other laws and programs, provide a framework within which dairy farmers have been able to develop production and marketing programs that served the Nation well.

One other issue I would like to call to your attention today is the proposed reduction in the scope of the special milk program. This program is one of the most widely accepted and beneficial of our system of child nutrition programs. The Federal budget for fiscal year 1978 calls for a reduction in funding of the program from \$155 million for the current year to \$34.9 million in the next year. Along with the funding cut, the program would be available only in those cases where other child nutrition programs are not offered.

This would be a step backward in our child nutrition efforts and seriously limit a program that has effectively and economically raised the level of child nutrition over the last 22 years. One point which should be carefully considered in looking at any Government program is the cost of administering the activity. In this regard, the special milk program stands as a model.

Of the \$155 million that will be spent this year, less than 1 percent is allocated for operating expenses. The balance is devoted to helping to meet the cost of additional milk served in schools, day care centers, summer camps, and other child care institutions, thus improving our children's diet and establishing nutritional habits that will serve them a lifetime.

I would urge that this program be continued as originally intended, and that adequate funding be provided for it. Again, I would like to thank you. Mr. Colvard will wind up on the dairy aspect.

**STATEMENT OF CHARLES COLVARD, EXECUTIVE VICE PRESIDENT,
COOPERATIVE COUNCIL OF NORTH CAROLINA, RALEIGH, N.C.**

Mr. COLVARD. Senator Helms, Congressman Jones, ladies and gentlemen, my name is C. D. Colvard, executive vice president of the Cooperative Council of North Carolina. The council is an association of 82 cooperative marketing, purchasing, and servicing organizations with about 90 percent of the farmers in the State in its membership.

The council, too, views the Food and Agricultural Act of 1977 as being the most important piece of legislation to come before the Congress this year. It will provide the framework for conditions

under which agriculture, the Nation's most important industry, will advance.

The council supports target prices maintained at levels that will assure growers a price to meet production costs, and loan rates that are consistent with rising production costs.

The council endorses the 5-year extension of the current program for milk-marketing orders, the authority for making dairy products available to veterans' hospitals and to military establishments, and the authority for making indemnity payments to farmers for losses due to pesticide residues in milk and milk products from sources beyond their control.

The basic purpose of market orders is to provide stable, dependable markets for farmers, and to assure consumers of the quantities needed, when and where they are needed, and in the form demanded. Many years of effort by many people have gone into building and refining a marketing system which accomplishes this purpose. It is a sound and workable system and is capable of responding to changing conditions in the market. It allows each market the flexibility to meet needs of the area.

The complexity of milk marketing is not readily understood and sometimes leads to criticism by the less informed. It should be clearly understood that marketing orders do not restrict the production of milk.

For more than 20 years, nutritious dairy products have been made available to the Armed Forces and veterans' hospitals. This has been considered an act of good management of a commodity acquired under the price-support program, and we believe this practice should be continued.

The pesticide indemnity program has not been a costly one, yet it has prevented severe economic losses to those few producers who have been affected. The council concurs with the statement presented by Mr. Walker of Dairymen, Inc. It is also in agreement with the statement to be presented later by Mr. Nelson Gibson of the North Carolina Cotton Promotion Association.

Senator HELMS. I thank both of you gentlemen for excellent statements. Any questions, Walter?

Mr. JONES. No questions, Mr. Chairman.

Senator HELMS. Thank you very much. We will now recognize Mr. Lloyd Massey, who is master of the State Grange. We welcome you, sir, and we appreciate your coming.

STATEMENT BY LLOYD MASSEY, MASTER, NORTH CAROLINA STATE GRANGE, GREENSBORO, N.C.

Mr. MASSEY. Senator Helms, Congressman Walter Jones, I am Lloyd Massey, master of the North Carolina State Grange. I am really a farmer at heart; that is where I belong, in eastern North Carolina on a general farm down there, but somehow I got into this job as master of the North Carolina State Grange.

I find, as I go about over the State, that there are real opportunities for service, if we are minded to be of service. So I am here

representing, making a statement on behalf of the North Carolina State Grange this morning. The statement that I am going to give you is the agriculture policy statement that was established at our last State Grange convention.

It is a very broad policy statement that I think will let you know something about the interest of the Grange people in the agriculture program. The North Carolina State Grange has been for many years convinced that almost any agricultural policy needed to be dealt with on a commodity basis. We do not feel that one policy can take care of all the needs of all of the different commodities.

But there is an overall policy that is necessary. Grange members continue to be concerned about the production of food in quantities adequate to satisfy the needs of our people and for the hunger abroad. While American farmers have not yet reached a level of maximum production, the Grange believes that the greatest benefits will accrue from a system which sustains and carries out the family farm.

As a family farm operator, I feel that that is the most efficient and effective way to produce the food and fiber for our people and to help feed people around the world, and I believe that is the family farm. The rising costs of production inputs and the increasing capital investment requirements mandate a level of price stability which will allow reasonable expectations for profit.

The wide fluctuations in prices received by farmers during the past 2 years and the increase in consumers have created a new awareness of public policy. There are many reasons for developing a more specific national policy regarding agriculture. A positive role for Government is implied by a few things that we want to call to your attention now.

I think if we look at the world today, we see that food is a very important part of international policy. So we need to have some kind of food reserves. Consumers would generally approve of more adequate domestic food reserves. But again I feel like the initiative needs to be taken by farmers' representatives. In order to make a reserve plan work, there needs to be an agreement on the methods and conditions under which stocks will be released.

The need for world food reserves has received a great deal of attention. Although no single plan has emerged yet, there seems to be a clear indication that there needs to be some kind of coordination program for developing food reserves on an international level.

We are opposed to any kind of Government-held grain or soybean reserves without adequate safeguards to protect the farmers' price schedule in the marketplace. There needs to be some kind of stabilization in our economy, including food supplies and prices.

Special hazards face the agricultural industry. Weather and other natural conditions are beyond the control of farmers. Yet, farmers are asked to produce abundantly, and too often they face the brunt of depressed prices. Consequently, Government action is needed to reward, rather than penalize farmers for their risk-taking and productivity.

There are tools that we have now in the law, and there are three major ones in the present agricultural legislation: loan rates, target prices, and land diversion. We do not believe these tools have been used in the past as much as they should have been used. Therefore, a program to maintain farm income is needed to encourage farmers to increase production.

Agriculture is increasingly affected by various forces at home and abroad. Often, there is a plea for full production from the farm. When such demands are placed on American agriculture, there must be appropriate measures taken to assure that the farmer does not suffer from loss in prices because of his own overproduction, or his ability to be very productive.

If market demand does not yield reasonable returns to the farmer, either direct payments or surplus management tools should be employed. The farmer should not bear the responsibility alone in holding inflation under control and helping to supply agricultural products to an expanding world population. The long-run solution to a productive agriculture is to assure farmers a stable and reasonable income.

As this new program is debated, an effort should be made to have the income of the farmer given full attention. If the target price concept is continued, prices should be raised to a more realistic level. Price supports, loan rates, and other farm program provisions need to achieve for farmers earning power on a par with other sectors of the economy.

Grange members continue to emphasize the need for agricultural expanded education, research, and extension at the land grant institution and encourage proper funding. The benefits of a strong program in all of these areas will accrue to all segments of the economy, not just to agriculture. Through research and extension, agriculture can reach its maximum production, which will be necessary to produce the food and fiber for our people and help feed the rest of the world.

We further recommend that strict guidelines be established and that these guidelines be adhered to in establishing eligibility for food stamps. We feel that the present program that is being proposed would mean a great deal to the farm people.

I was home this past weekend, and I sat down with a young farmer. He is about 26 years old. He borrows money. He says, unless we make a good crop and are assured of a reasonable income, this will be my last year of farming. He said that he knows of another one that did not pay out this past year. Unless some assurance is given that he is going to make a reasonable profit, then it will be that individual's last experience at farming.

I hate to see these young farmers who have come out of colleges and high schools, community colleges with a good agricultural education be hampered when they have to put so much in it, and the price is not there to make a profit. So I feel that the Congress has a responsibility to provide this protection for the agricultural areas.

I also hate to see these young farmers being put out because it is simply going to mean that somewhere along the way, that farm is

going to be made a larger farm. I am a firm believer in the family type farm. I think it is the best way to produce the food and fiber to feed our people.

I appreciate the opportunity of visiting with you people here. This is quite a new experience for me, Senator. I am supposed to be milking cows, or something like that, but we learn as we go along.

Senator HELMS. I will tell you one thing. I do not know how good a cow milker you are, but you are a good presenter of information, and we appreciate your being here. Did you have a question for him, Walter?

Mr. JONES. Yes, thank you, Senator. Lloyd, I do not think anybody has touched on this. The Senate version of this extension of the Agricultural Act covers a 5-year period, contrary to the 3-year period under which we have been operating. What would be the position of your organization on that?

Mr. MASSEY. We would be in favor of a 5-year extension if it is fixed so that it would be kept up to date. If the loan rates are tied to production costs. And that is a scary thing, when you think about tying production costs. With inflation going as it is, we may find ourselves with products that we cannot sell on the foreign market. So there has to be somebody with brains enough to know where that danger point is, and stop there.

Mr. JONES. Do you feel comfortable with the Senate version of the cost of production written into the target price?

Mr. MASSEY. Well, the best I understand it, I would be satisfied with that; yes.

Mr. JONES. Thank you.

Senator HELMS. In your statement, sir, you expressed opposition to "any type of Government-held grain and soybean reserves without adequate safeguards to protect the farmers prices in the marketplace."

Mr. MASSEY. Yes, sir.

Senator HELMS. Would you give me, if you have developed any thinking along that line, how to define proper safeguards?

Mr. MASSEY. I think, the way I feel about it, there has got to be some arrangements made so that that producer can hold that commodity in his possession until the market demands it, and that it be released on a systematic basis. Maybe you should not hold all of it, but a big portion of it, either in his own storage or in some other facility.

Mr. HELMS. One other question. Would you favor a Federal crop insurance program that covered all major commodities rather than the current disaster program to which Jim Graham alluded?

Mr. MASSEY. Well, I think that when a person plants a crop of corn or wheat or what have you, he needs some protection. I think if you could extend the Federal crop insurance program to give him some relief in those areas, I think it would be great.

Senator HELMS. Fine. Thank you for your fine statement there. I appreciate your coming. Next on our list is a longtime friend of all of us, the distinguished president of the North Carolina Farm Bureau, John Sledge.

STATEMENT OF JOHN SLEDGE, PRESIDENT, NORTH CAROLINA
FARM BUREAU, RALEIGH, N.C.

Mr. SLEDGE. Thank you, Senator Helms and Congressman Jones. It is a real delight to see you gentlemen in North Carolina this morning, and to talk about something that is of tremendous interest to all of us. We are thankful for your consideration in coming to Raleigh and listening to a group of farmers, and by the way, I am one from Barton, as Congressman Jones knows. He is my Congressman. I am a general crops and livestock farmer.

Speaking on the farm bill as has been proposed. I have to say that all farmers in North Carolina are tremendously interested in what happens in general farm legislation. Not only that, but as well, other commodity legislation from time to time. We have some 125,000 farms in North Carolina with some 13 million acres.

Of course, agriculture places as a high priority in the North Carolina economy. We have some of the most productive agricultural resources in America and our farmers are prepared to produce an abundance of food and fiber for our consumers, if they are provided with the monetary incentive to make a profit. The profit motive is a necessary ingredient for a progressive and dynamic agriculture.

We are safeguarding the interests of consumers through: (1) The tremendous productive capacity of American agriculture; (2) the stocks carried by farmers, processors, and the trade; (3) the fact that major crops are produced over wide geographic areas; and (4) the flexibility that goes with a livestock economy.

We oppose the creation of a Government-controlled food reserve in the United States and U.S. participation in any internationally controlled reserve.

In order to provide opportunity for more orderly marketing and to avoid Government-controlled reserves, we would favor provisions that would include loans at favorable interest rates for the construction of new storage facilities, longer term CCC loans, and storage payments for grain that is kept in storage by the producer for more than 1 year.

Foreign buyers of U.S. farm products should be encouraged to make long-term commitments for these commodities through arrangements with producers of the private trade. Foreign nations desiring to maintain food reserves in excess of their current needs should make their own arrangements for the maintenance of such reserves.

We favor the extension of Public Law 480 to permit the United States to continue to provide food assistance to needy countries. The USDA should announce in advance the quantities of farm commodities that will be distributed by the Government under Public Law 480 and the quantities that will be made available for distribution by private welfare groups.

I might mention here, too, that there was some concern, I think, in the agricultural sector of our economy about the 75-25 provision that was implemented last year under Public Law 480 which could hamper our ability to export to some of the deserving nations because of the \$300 average gross national product figured as required.

To meet emergency needs throughout the world, we favor the establishment of an international fund to be used for the purchase of agricultural commodities only in the amounts needed, and when needed. Government programs with respect to agriculture should be designed to create conditions which will permit farmers to operate under the market system.

The essential elements of a sound national program include measures to assure and improve farmers' access to domestic and foreign markets; programs to help farmers to obtain needed crop and market information, research, educational assistance and credit; programs to provide workable grades and standards and to safeguard product quality through inspection services; programs to help farmers to eradicate or control plant and animal pests and diseases; programs to encourage the conservation of land and water resources; and programs to prevent the exercise of monopoly power.

Support programs must be carefully designed and implemented to avoid conditions which are self-perpetuating, to protect our competitive position in world markets, and to avoid undue interferences with market-directed adjustments in production and marketing.

Government programs to improve farm income should be designed and administered to enhance market opportunities to the end that farmers will earn higher incomes in the marketplace and will not be dependent on Government payments for a portion of their income.

Farm income has increased substantially since the market was relieved of the surpluses accumulated under previous programs. So we would have to say that the market system is working. We have confidence that the system will continue to work. We support the extension of the principal provisions of the act of 1973 with respect to wheat, cotton, and feed grains, provided that this act is not amended in ways that would make farmers dependent on Government payments on a continuing basis, or establish a Government-controlled stockpile of agricultural commodities.

We favor continuation of the authority for acreage set-aside programs contingent upon the extension of the act of 1973, and the effective use of this authority, if necessary, to avoid burdensome surpluses. Farmers should be encouraged to participate in set-aside programs through per acre payments for performance.

We continue to oppose per farm limitations on any payments that may be made to farmers under Government farm programs.

The disaster payment provisions of the 1973 Farm Act should be allowed to expire. The need for all-risk crop insurance—it is needed, of course—should be met by private insurance carriers through an expanded crop insurance program, reinsured by the Federal Crop Insurance Corporation.

We oppose acreage controls or marketing quotas on soybeans. We recommend that soybean loan rates be set at a level which will not stimulate overproduction.

If not restricted by Government controls, American farmers will continue to meet the food needs of this Nation and a large portion of the world. Embargoes and moratoriums on agricultural exports will only inhibit food production and antagonize foreign customers.

Such controls will contribute to a U.S. balance-of-payments deficit, foster inflation, and reduce our ability to purchase needed products, such as petroleum, which are in short supply here.

We vigorously oppose all governmental restrictions on the sale of agricultural products in world markets. Agricultural exports must not be held hostage in the name of political expediency of foreign policy. Decisions affecting agricultural exports should be made with full participation by farmers and the Secretary of Agriculture.

Such decisions must not be made by labor leaders or Government agencies, such as the Department of State, which are primarily interested in foreign policy considerations.

The growing demand for food caused by population growth and the desire to upgrade diets requires maximum efficiency and a high level of food production. Efforts are being made to persuade Americans to consume less meat and eat more grain. Advocates of this diet shift assume that it would increase the total food supply. This is an erroneous assumption.

When all aspects of the production of food are considered, the feeding of some grain to livestock is both efficient and desirable and adds to the total supply of high quality food. We are opposed to any attempt to mislead the consuming public and cause a decrease in the consumption of meat.

There are in the United States approximately 800 million acres of nontillable lands that cannot be used for the direct production of food for human consumption. We have a considerable acreage of this in North Carolina. In order to utilize fully the great amount of forage grown on these types of land, the grazing of ruminant animals followed by a reasonable period of grain feeding is a desirable practice.

Grain feeding improves quality, adds to quantity, and makes it possible to salvage many feeds, such as crop residues and byproducts that otherwise would be wasted. Grain feeding also improves the distribution of the meat supply as grass production is seasonal.

We feel that the new farm bill should be of such longevity that it will provide a stabilizing influence on the agricultural economy in America. At the same time, sufficient flexibility should be incorporated in any legislation to make it adaptable and workable for a changing domestic and international agriculture.

Senator Helms and Congressman Jones, there are many areas of this bill we could discuss, but I know our time limits it. I will try to handle any questions you may have.

Senator HELMS. Thank you for an excellent statement. Walter?

Mr. JONES. Thank you, Senator. I come back to the same question as to there being a sufficient longevity that it will provide a stabilizing influence. Are you referring to 3 years, 5 years, or what?

Mr. SLEDGE. Former programs have been of reasonably short duration considering the importance of them, something like 3 years. We would support a 5-year type of bill.

Mr. JONES. Senator, the reason I am asking this particular ques-

tion, I rather sense on the House side that we have a little flak on the 3 and 5.

Mr. SLEDGE. I think, though, Congressman Jones, coupled with any lengthy type bill we should be very careful that we do build in the kind of flexibility that our changing economy might dictate we have.

Mr. JONES. Well, again, do you feel comfortable with the cost of production feature in the Senate bill as it relates to the problem you just mentioned?

Mr. SLEDGE. The cost of production feature in my own mind is a very questionable thing. We have tried to look at a number of figures furnished primarily, I suppose, by the Department of Agriculture, and we note, for example, that in corn production we have the cost of production including maybe land cost in one area of the country which—let us say the Midwest—would be much lower than it would be here in the Southeast.

It costs us simply more to produce corn here in North Carolina or in the Southeast. Fertilizer costs, perhaps. I do not know about land costs as compared to those, but this is a questionable area. I do not think we really need to get married to this too tightly, though. We need to really examine this particular term that we are using.

Mr. JONES. Thank you.

Senator HELMS. John, you and I have talked about this on many occasions. Let us talk for the record now. We are all concerned about an adequate price for commodities. I think everybody has agreed that we must expand our export markets. What needs to be done to continue to expand our foreign markets?

Mr. SLEDGE. Well, to continue to expand our foreign markets, I think one of the main things is to let the foreign markets know of the dependability of the supply that we might have on hand. I think the moratorium and embargoes have given the United States a great setback. You see these customers who were former customers of ours wholly for their supplies going to other areas, other nations—Brazil, for example, in the case of soybeans.

When you lose something, it is always hard to gain it back. I think this is one of the main things we have to be careful with, Senator.

Senator HELMS. Do you have any other question?

Mr. JONES. After you finish.

Senator HELMS. I am just going to ask you about surplus stocks, if and when they develop, do you think the consumer interest would allow a set-aside program? You know the politics of the situation and the pressure they exert.

Mr. SLEDGE. I do not know whether they would permit this sort of thing. They might raise a howl about it, but we would favor a set-aside provision in there, in the act, yes, sir.

Senator HELMS. Sometimes I feel that "the tail is wagging the dog" in this business of feeding this country, clothing this country.

Mr. SLEDGE. This is where we maybe have not done our complete job of telling the consumers of our farm products—food and fiber, that we do need a measure of protection and some adjustments to go

along, and someone has got to pay the bill. We cannot produce food and fiber for this country, for the American consumer, at a loss—that is for sure. Or even at the cost of production, if you expect us to stay in the business.

Mr. JONES. Does the North Carolina Farm Bureau, John, entertain any apprehension or fears of pricing ourselves out of the world market in certain commodities?

Mr. SLEDGE. Not really, no, I would not think that we have a fear of pricing ourselves out of the world market, no. Not in the commodities that we are talking about, nor any that I can possibly think of at the time.

Senator HELMS. Thank you very much, John, for your excellent testimony. Now we have three gentlemen next on the list representing the National Farmers Organization; Bill Corbitt, V. S. Covil, and Bill Sullivan, if they will come forward.

I want to welcome each of you gentlemen and thank you for your participation in this meeting.

STATEMENT OF BILL CORBITT, POLITICAL ADVISOR, NATIONAL FARMERS ORGANIZATION, MIDDLESEX, N.C.

Mr. CORBITT. Thank you, Senator. I am not going to make a statement. I have a voice problem, for one thing. We have a recently elected State president, Mr. V. S. Covil.

Senator HELMS. Would you identify yourself for the stenographer?

Mr. CORBITT. I am Bill Corbitt, the political advisor for the National Farmers Organization. We also have Mr. Bill Sullivan, one of our national directors, and Mr. V. S. Covil, our State president.

STATEMENT OF V. S. COVIL, PRESIDENT, NATIONAL FARMERS ORGANIZATION, BURGAW, N.C.

Mr. COVIL. Thank you. It is a privilege to be here this morning, and also a privilege to represent our organization. We are quite concerned about the farm dilemma in the United States, and certainly, being farmers, we are quite concerned about the economic situation of the American farmer.

We do feel that we need a more comprehensive farm bill that relates to the farmer and his farm needs. Our position as farmers—and this is not just North Carolina, now—comes from across the country and our recent national convention. We feel that a new farm bill should be a 4 to 5 year program on wheat, feed grains, and cotton.

The major price support loans should be related to the cost of production. Farm bases for grains and cotton must be updated to reflect recent farming patterns. An index or escalator provision must be included to move support levels annually to reflect our ever increasing cost of production.

Some adequate disaster provisions could be retained to protect our individual farm owners and operators from bankruptcy when they are hit with a flood or a drought. It should reaffirm the farm stored loan concept for wheat and feed grains as a means of stabi-

lizing the market and managing stock when we have temporary excesses over and above the amounts that may be absorbed into the domestic and export markets. The current tobacco and peanut programs should be continued.

I want to make a statement, if you will permit me, concerning the proposed farm act as Mr. Talmadge has stated. He says that in determining the cost of production from a national level, that he feels that corn as an example—the target price should be \$2.28 with a loan level of \$1.71, and he uses 75 percent of that.

That gives us the \$1.71. I would like to go a little bit further and make this statement in regards to that, and to show the gentlemen here in the event that they do not know it, and to use corn again as an example of what 100 percent of parity is if corn was bringing that today on the market. It would be \$3.28.

In December we had a 68 percent parity; these are USDA figures, too, incidentally. This is way low, we know, for us to continue to farm and produce corn at a 68 percent parity, when we consider the cost of machinery, the interest which we pay, and in most cases, do not get it all paid that year by some percent.

The price received for corn, average price received in November, December, was \$2.24. If we use Mr. Talmadge's figures here—and certainly, the National Farmers Organization would not want to consent to anything less than the \$1.71 loan level. The more realistic figure, though, to cover the cost of production, would be more in line with his target price of \$2.28, still using corn as an example.

This should be the loan level, and not the target price. This would give us cost of production, if it was \$2.28, the loan level, which would put us what? About \$2.60 or \$2.55 target price on corn. He uses also wheat, which he says at the target price would be \$2.91, and the loan level is \$2.18.

If you will permit me, let me use what parity is. This is way, way low. We grow practically no wheat in North Carolina except for feed use, but wheat is 49 percent of parity in December. No man can produce wheat at this kind of figure. One hundred percent of parity should be \$4.89, and the price that they received was \$2.39.

This is every indication why the farm situation in America is as it is. I do agree, and I think all of us farmers are quite concerned about the economic stability of agriculture. But we also are concerned about the consumers out here who have to pay one-third and more of their salaries for food.

Hopefully, somewhere in here in the very near future, we are going to find a way that the farm system as we know it, the family farm system, the most productive system in the world, that it will not be destroyed because of these everlasting low prices and higher costs of production. Thank you, gentlemen.

Senator HELMS. I would like to have your opinion on the two questions I posed to Mr. Sledge a moment ago. Do you think that we can get together and counteract the flak that is bound to erupt from the organized consumer interests in reference to a set-aside program? Do you understand what I am saying?

Mr. COVIL. I do not believe I do.

Senator HELMS. It is anticipated that there will be a great deal of publicity and charges by consumer groups that the farmers are being coddled if a set-aside is declared. I just wonder if you think that we can get a program of public education about the farmer's problems, his economic plight.

I so often think that the psychological tail is wagging the dog when I hear criticism of the farmers. I had a man not long ago at a dinner in Washington—I do not know how I happened to be seated with him, but he was a Congressman from one of the urban districts. He was an enormous man, and he was fussing—knowing that I was from North Carolina—about the rip-off that the farmers were perpetrating.

I sat there in utter astonishment. He was shoveling food like nobody's business, and he said, "You have to admit, Senator, that your farmers are living off the fat of the land." I looked at him, that great big corpulent fellow, and I wanted to say, "It is the other way around. The fat of the land are living off the farmers."

Would you favor a Federal crop insurance program that covered all major commodities?

Mr. COVIL. Would I? I would have to give this a lot of serious thought. Let me say this in regards to the consumer out here. I was in Washington, an invited guest, I believe it was 3 years ago. It was a consumer federation. This gentleman here and I were guests who represented the NFO, and I made some statements there in regards to the farmer, the position that he held in our Nation, the costs of production, and related these types of things to them.

It got picked up, if you do not mind my saying, in all of the papers throughout the country. They were quite impressed with what I had to say, simply because I was telling them things that they had never heard, and really did not know. I do think and I do feel that if we could set up some means of getting the facts to the consumers and letting them know exactly what it does cost to produce a bushel of corn.

The fact that—take for instance, wheat. When the farmer does not get but about 5 to 6 cents for the wheat that went into that loaf of bread, and they are paying 60, they can readily understand that we are not getting our share of that 60 cents. So they simply said, "Well, looks like it is not the farmers who are reaping the benefits; it is somebody in here between us."

Some type of insurance—I would have to give this a lot of serious thought.

Senator HELMS. If you have further thoughts, I wish you would give them to me in writing so we can include those in the record. I thank you very much for coming. Now we will hear from Mr. Nelson Gibson from Gibson, N.C., if you will come forward.

Mr. GIBSON. Senator, may I bring with me Mr. Charlie Bragg from the National Cotton Council?

Senator HELMS. Well, I hope you will. Yes, sir. I welcome both of you. Would you identify yourselves to the reporter?

STATEMENT OF NELSON GIBSON, JR., PRESIDENT, NORTH CAROLINA COTTON PROMOTION ASSOCIATION, GIBSON, N.C.; ACCOMPANIED BY CHARLIE BRAGG, PRODUCER STEERING COMMITTEE, NATIONAL COTTON COUNCIL, MEMPHIS, TENN.

Mr. GIBSON. Senator Helms, Congressman Jones, I am Nelson Gibson from Gibson, N.C., and this is Mr. Charlie Bragg, who is the producer representative of the Producer Steering Committee of the National Cotton Council from Memphis. We would like for him to be here with me.

Mr. Chairman, my name is J. Nelson Gibson, and I am a cotton farmer. I also serve as president of the North Carolina Cotton Promotion Association, and appear before you today in that capacity. I might say before I begin that at the meeting in Florida of the National Cotton Council, the Secretary of Agriculture was there, and we cotton people were very delighted to hear him say that he knew nothing about cotton, but since he had become Secretary, he had found that cotton and feed grains and other agricultural commodities were quite different. We are glad that he has that recognition.

I would like to state in the beginning that cotton farmers in North Carolina are generally pleased with the farm bill under which we are now operating although we know that some improvements in the present act can be made. We appreciate the efforts that you and the other members of the Senate Agriculture Committee are making in this legislation under discussion today along those lines.

Of course, Congressman Jones, we will be before you, hopefully, when your hearings are being held in Washington.

We endorse the principle of extending the current program for 5 years because this gives us assurance that we can make plans for the future with more certainty, and with the costs of farming at such high levels, that is a necessity in arranging for financing.

That the target price should reflect the cost of production we also approve. We are aware that costs of production vary from area to area. But we are confident that a way can be arrived at for determining costs that will be equitable.

We would approve the setting of the loan rate at not less than 75 percent of the cost of production. The rate should be higher than that but not as high as the cost of production. Cotton farmers have no desire to return to the days when loan rates were high enough to justify growing cotton just to get the loan rate thus filling our warehouses with unmanageable surpluses. We do not wish to go that road again.

We would like to see written into the bill provisions to extend the loan beyond the 10 month period for at least an additional 8 months. We believe that this will enable more orderly marketing of cotton and help much in creating a more stable price as opposed to the widely fluctuating prices of the past few years.

Our customers here and overseas are concerned with such fluctuations and so are we. A lengthened loan period we believe is essential. It serves the purposes of a reserve but without the dangers of political control.

To protect cotton farmers from disasters, we believe an economically sound insurance program should be made available and offered across the belt, being based on historical yields and with premiums determined on a sound basis. There should be no limitations on payments under such a program because the farmer is paying for his protection.

However, until such a program can be devised, we would urge the continuance of the current disaster program with stricter adherence to proper administration. Because of inflation and the rapidly escalating costs of production, the limitation of payments should be raised from \$20,000 to \$30,000.

Cotton, being a natural fiber and requiring less energy to produce than artificial fibers, becomes more important to the national economy every day not only as a fiber but also as a food source. Thus it is essential that additional money be made available in the field of research to lower costs of production and to increase yields.

In this connection, we would urge that the Congress increase its share of the trial boll weevil eradication program from 25 to 40 percent. I am sure that I need not remind you gentlemen from North Carolina who serve us in Congress of the financial problems confronting North Carolina where the eradication program is to begin. We are very happy that it is beginning here, incidentally.

Our membership includes the textile industry, and thus we are concerned about the importation of excessive amounts of cotton goods. We join with the National Cotton Council in asking for Federal action to hold imports at levels that will not interfere excessively with domestic markets. By the same token, we do not feel that embargoes are a desirable tool for proper cotton marketing.

We would urge the committee to give earnest attention to the increasingly stringent rules and regulations being promulgated by some Federal Agencies that tend to push backward our production and are unrealistic. We think there are no more dedicated environmentalists than farmers.

We live directly in and must continue to improve our environment. Our children and grandchildren live amidst the cottonfields. Surely we have the greatest stake in their safety. However, standards for some materials and practices are set at tolerance levels which are quite impractical and unreasonable.

I speak on behalf of the members of our association—and we met yesterday. This paper was approved by our board of directors and by our membership in its annual meeting—growers, ginners, crushers of seed, merchants, mill operators, pesticide and machinery dealers, even bankers. We thank you for this opportunity to make our opinions known.

Mr. Bragg and I will be happy to try to answer any questions you might have of us, sir.

Senator HELMS. Thank you for a fine statement. Walter?

Mr. JONES. Mr. Chairman, I do not believe I have any questions. Thank you.

Senator HELMS. We have been up and down the road about the boll weevil eradication program.

Mr. GIBSON. Thanks to you, sir, you and the other Members of Congress. We are happy you got it for us in North Carolina.

Senator HELMS. Well, we had a lot of contestants for the beginning of that, as you know.

Mr. GIBSON. I am quite aware of it.

Senator HELMS. I am delighted that it worked out. Just for the record, I think it would be useful, Walter, to have a description of the eradication program, how it will work and so forth, just so the other Members of the Senate can have it available. Would you like to address yourself to that?

Mr. GIBSON. Well, sir, that will take quite a while, but in essence, there has been a small-scale eradication program carried on down in Mississippi. This was almost 99.9 percent successful. The entomologists and scientists across the Nation who are interested in boll weevils and in boll weevil control have come to the conclusion that we need a trial in an area where success might be—where there might be complete success in eradicating the boll weevil, as I think was pointed out by the Commissioner and others.

Most of the insecticides used in the United States are used by cotton producers. If we could eliminate the use of insecticides, we would do two things. We would drastically reduce our costs, so much so that we would be in competition with anybody in the world as far as the cost of producing cotton. We could compete with India or Brazil. We cannot compete with Russia because they set the price wherever they want to set it.

But that would be one factor. The other factor would be the environmental factor. I point here to the fact that we live in the midst of cottonfields. My grandchildren are sprayed within 100 feet 10 to 12 times this year. I want to do away with that.

The program would be in the eastern part of North Carolina, the northeastern part of North Carolina and a little bit in Virginia. The Department of Agriculture and the North Carolina Department of Agriculture and several other agencies would engage in the highly intensified program of eliminating the boll weevil. This program would last for 3 years.

The first year would involve the practices that we now engage in—spraying and the normal kind of spraying, and using essentially the same materials we now use. In the fall, the spraying would be intensified in an effort to wipe out the boll weevils before they go into hibernation.

The entomologists have found that for a period during the latter part of September and October, boll weevils do not lay eggs. They feed and get fat to survive the winter. If we can kill them before they go into hibernation, we have that much less problem come the spring.

The second year of the program, spraying would still be continued where necessary, but then we would begin to use new materials, some sex lures and traps and various other things to seek to wipe them out before they ever get to be a problem. Hopefully, by the third year, there simply would not be any, but there might be still a few.

These few would be—if you find one in a county, you would spray the county and treat it as if it was an epidemic breaking out, to get rid of it. This involves participation by the farmer. As now planned, the farmer will pay half of the cost of this program, and his cost as estimated now as best we know how, would be about \$65 an acre, which is a rather high cost.

As of now, the State would pay 25 percent of the cost, and the Federal Government 25 percent. We feel like in North Carolina, this is a test program that would be a benefit not only just to North Carolina, enormous though it will be, that it will be of benefit to the whole cotton industry, all the way from here to California.

Consequently, the Federal Government ought to bear more of a share of its cost than the 25 percent that we now anticipate. I could go on and on sir, as you know.

Senator HELMS. That is good. Let me ask you one more quick question, then I will let you go. I am looking here at the cost of production figures as computed by the USDA. Do you think they accurately reflect the costs here in North Carolina?

Mr. GIBSON. Mr. Bragg has some figures from his organization that are greatly different from those. Charlie, you came up with what?

Mr. BRAGG. Senator Helms, as you know, the cost of production varies greatly from farm to farm.

Senator HELMS. Right.

Mr. BRAGG. We believe that probably in the Southeastern States as a whole, USDA's figures underestimate the cost of production to some extent. They are closer, perhaps, than our figures would indicate because they take away from the cost of production the value of the cotton seed.

Of course, our figures do not do that. We just include the total cost of production. Therefore, our figures are somewhat higher than USDA's.

Senator HELMS. Walter?

Mr. JONES. No questions.

Senator HELMS. Thank you very much. We appreciate your participation.

Mr. BRAGG. Senator and Mr. Jones, before we leave, I just want to say that C. Hoke Leggett from Hobgood, N.C., is the chairman of the producers steering committee, and is your good friend and constituent. He wanted to be here today, but was not able to come, and so in addition to associating myself with Mr. Gibson's testimony, I just wanted to bring you greetings from Hoke and his best wishes. He will see you later.

Senator HELMS. Thank you very much. We are sorry he could not be here, but we appreciate your coming. Mr. Sam Davis of Pollocksville, N.C., and Thurman Burleson of New London, if you gentlemen will come forward.

Mr. DAVIS. I do not know if Mr. Burleson made it or not.

Senator HELMS. Mr. Davis, we welcome you and appreciate your participation. Please identify yourself to the reporter. We are glad to hear from you.

STATEMENT OF SAM DAVIS, POLLOCKSVILLE, N.C.

Mr. DAVIS. I am Sam Davis from Pollocksville, N.C. I am a general farmer—corn, soybeans, tobacco, hogs, cows. I grow some seed from all these commodities. Today I am here to speak on corn and some of my feelings about the proposed program.

We have discussed this thing this morning, or you all have, and we have been hitting at this thing of target price and how it is to be arrived at. Basically, I am against basing target price for corn on production cost estimates, flatly.

Target price based on some percentage of the previous 3 year market average would be much more realistic and considerably easier to obtain. If target price is based on cost of production, which varies greatly in this country, farming could become a no risk proposition in some areas, and I do not want to compete with farmers in this position.

You, the Congress, seems to be driving for higher price supports. This sounds good, but it could lead to increased Government stocks, acreage restrictions and reduced exports. Supply and demand set the price of corn, and if we as farmers cannot sell corn for a profit, we should not plant it.

To help minimize the risk when we do plant—we will probably plant sometimes when we should not. It is human nature for most farmers. We should have a realistic crop insurance program and Federal disaster programs need to be available. For a loan rate on corn to be fair, base allotments need to be updated. It has been some 15, 16, 17 years since they were established, I think.

If the target price is based on a floating market average, the loan rate could be set high enough that it is more useful to farmers but would not encourage large reserves. The limits now on the Public Law 480 programs need to be raised or eliminated in the event we need to move more grain through these channels.

I also question whether wheat, feed grains, and cotton should be treated alike in regard to target price and loan level. They have different problems at different times, and may be best handled separately, within one bill of course, but the target prices and loan prices could be based on different formulas of some type.

Also, it has been pointed out before this morning that tobacco and peanuts should be kept out of the bill and I agree. They are controlled markets. We just do not have the wide range of markets we have for corn, wheat, and cotton. I think most of us in this room realize that, and this is what we are working for.

To me, price has to be based on supply and demand. There is just no other way to do it in the free enterprise system which we try to live under. It makes it hard at times, and some people will go out of business if they cannot keep their costs down. We also are striving for and hope for more and expanded research.

We seem to be getting budget cuts on research and not progressing as fast as we should in research. Research budgets don't keep up with inflation. To maintain a reasonable food policy in this country, we have to have the research to help increase our yields and lower our

costs of production. That is the name of the game. We cannot live with a cheap food policy. I think we have tried that and it just does not work. It can be the most expensive in the long run.

You were speaking of variable costs in establishing target price. It is just too wide a range to really get a handle on it, in my opinion. I have figures from different types of publications I subscribe to, and it is so varied—for instance, in "Top Farmer," a newsletter I get. In the Southeast they say the cost of production ranges are from \$2.53 to \$3.11 on corn.

All right. For the United States they say the average is \$2.12 to \$2.60. That means I cannot produce corn and compete with those guys, if these are realistic. Target price based on cost of production; is just almost impossible to ask.

Senator HELMS. Walter?

Mr. JONES. Thank you, Senator. Sam, I am glad to see you here this morning. On your testimony here, can I conclude that you would prefer the present act under which we have lived for the past 3 years, rather than the Talmadge version?

Mr. DAVIS. I think we probably need some modifications. One of my problems is that I am more concerned with production practices than with farm policy. As a farmer, this is where I stand. I am becoming involved with policy, and I am really just learning. Target price really does not mean a thing to me in my operation. I think the prices are too low—they just have no meaning for me now. They need to be changed. I think the act possibly could be extended. For this coming year we really do not have much choice, the way things are going.

I really do not know. I am just opposed to basing the target on cost of production.

Mr. JONES. Perhaps, are you saying that as far as agriculture is concerned, that that which governs least governs best? To get the Government out of your hair?

Mr. DAVIS. I would sure like that. Commissioner Graham testified on this very heavily this morning. We want to produce reasonably priced food for the people in the United States. We need Government help to do it. But we do not want bureaucracies.

Mr. JONES. Would you qualify that just a little? What kind of Government help?

Mr. DAVIS. Disaster loans. If the price goes all to heck, we can get a loan. If we have a complete crop wipeout, we can get some type of payment that would sustain us.

Mr. JONES. Thank you, Senator.

Senator HELMS. I certainly agree with you about the research, and I am sure everybody else does. Should this be done in the private sector or by the Federal Government, or both?

Mr. DAVIS. I think it needs to be both. We are making strides in corn, and I think—I saw a publication the other day, we are looking at 300 bushel corn in the next 5 to 10 years. That is Senator Talmadge's country that is coming out of, I think. They are going to irrigation. The farmer is going to get his cost of production way down, he hopes.

Most of the seed companies are doing expanded research on corn. I think we all remember the blight year. In the United States corn production was peaking and our genetic base was narrowing. The universities and the Federal Government have a place.

What they are doing now is trying to maintain a broad base of genetic stock, because a good portion of the corn grown in the United States had one basic inbred in them, because it was a high yielder. When the blight came across, it just wiped us out on that particular line. The universities have to maintain the basic research and stocks for diversification.

I think most of the—well, I will not say most, but a good part of the practical research and advances have to be done in the universities and Federal Agencies. It is hard for the private sector to pay for it, because it is tremendously expensive, as we all know.

Senator HELMS. The USDA computes a cost of \$2.13 per bushel for corn. They do not include the land in this, and I am like you. I get confused about trying to compare apples and oranges.

Mr. DAVIS. There is no way.

Senator HELMS. Many a night I will take a briefcase full of figures home and try to make heads or tails of them. Do you have any opinion about the cost of \$2.13 per bushel leaving out the land?

Mr. DAVIS. If we do go to a target price based on cost of production, I think the land almost has to be excluded.

Senator HELMS. I agree with you.

Mr. DAVIS. Target price based on cost of production with or without land cost, I just do not like it, period. I know a lot of people favor it because it gives the farmer a guarantee, he puts money in production and he knows he can get it out, if you have target based on cost of production, but it is dangerous, in my opinion. I keep qualifying that, because I speak for myself. I have asked around and read as much as I could for the last few days. But I believe in free enterprise as much as possible. You produce when you are paid to produce, not because there is a base support put under it.

Senator HELMS. Very good. Thank you very much. We appreciate your coming. Let me inquire again if anybody has a crucial time problem. We want to accommodate anyone we can. If not, we will follow the list as it is before us. Mr. Charles King, president of the North Carolina Pork Producers. If you gentlemen will identify yourselves for the reporter.

STATEMENT OF TOM FARMER, EXECUTIVE SECRETARY, NORTH CAROLINA PORK PRODUCERS ASSOCIATION, RALEIGH, N.C.

Mr. FARMER. Senator Helms and Congressman Jones, my name is Tom Farmer. I am the executive secretary for the North Carolina Pork Producers Association. I want to express to each of you our sincere appreciation for the opportunity to make comments at this hearing this morning.

I have with me the president of our association, Mr. Charles King, who will testify on behalf of the North Carolina swine industry. Mr. King is a farmer and is a resident of Wake County. He produces corn, soybeans, tobacco, yams, and pork. Mr. King.

**STATEMENT OF CHARLES KING, PRESIDENT, NORTH CAROLINA
PORK PRODUCERS ASSOCIATION, RALEIGH, N.C.**

Mr. KING. Senator Helms and Congressman Jones, it is a pleasure for me to appear before you for the pork industry. First, I would like to make a few comments on the importance of the pork industry in North Carolina. North Carolina is the fastest growing pork producing State in the United States. We rank seventh in the Nation. We have approximately 20,000 pork producers producing about 3 million market hogs and 450,000 feeder pigs a year.

Pork production is worth more than \$300 million to the animal agriculture in North Carolina. North Carolina has more large pork producing units producing 5,000 or more market hogs than any other State in the Union.

With reference to your bill, we are generally pleased with the bill if it will stay as it is written. I would like to make comments on a few areas. The main one is probably in research. We were pleased to see the money available for research based on income for the commodity in an area.

For example, just last week we discovered a case of pseudorabies. Also, this week we found a case of pseudorabies in a dog. Immediate attention is needed and research is required for control and prevention of this dreadful disease. Continual animal health programs such as the one which made North Carolina hog cholera free. In case of massive outbreaks, this is really important.

I was also pleased to see that you were asking that committee to make recommendations in certain areas. Animal waste disposal is a real important problem of the pork producer. Farmers are willing to abide by regulations and standards; however, it is hoped that EPA will not pass such strenuous regulations as to put the pork producers out of business.

Of course, mentioning my personal problems that develop on the farm, next to me is a housing development. I do not know what can be done about this, but it has put me in the position that I just hate to keep spending money because I am getting complaints. At certain times of the year you get an odor that some people do not particularly like.

So far, I do not think they have come up with anything to do about this, but it puts a man like me in a bad position. If you are going to farm, it does not matter what you are farming in, you have to keep up. If you do not keep up, then you cannot produce. When you get in a position like I am in, you do not know exactly which way to go. This puts us in a bad position.

I would like to make one comment, too, on FDA regulations. Antibiotics and medications are really important to the pork producer. If they were taken away from us, the consumer would do the suffering in the windup, because it would just mean higher production costs.

I would like to make one comment, too, or I would like to ask your help. I do not know what you can do about it, but the farmer right now needs assurance that he can have nitrogen for corn production. This needs doing as quickly as possible, because it is going

to be planting time before long, and there is already a lot of talk about—of course, I do not know what this will do to the soybean industry, if everybody turned from corn to soybeans.

They need natural gas for nitrogen production and this is important to the pork producer. I certainly appreciate the opportunity to appear before you for the pork producers.

Senator HELMS. Thank you, sir. Walter?

Mr. JONES. I have no questions, Mr. Chairman.

Senator HELMS. Corn prices operate under free market condition. Can pork live with the price instability that has resulted from the free market?

Mr. KING. Well, pork production is on supply and demand. This is more or less the same way as corn operation. Yes; eventually, it would hurt some years. I do not know how familiar you are with pork production, but when prices get down like they have been a few years ago, that can really hurt a little man like me.

Of course, the prices we have had for the last year or so, then if you can suffer those, you can get over it. This is what I am trying to say. If you had free market, I think we could live with that, because if you hurt a year, somebody is going to get out, or cut their production down. Normally, prices are not as high as we have had for the last year or two, but anyhow, above cost of production.

Senator HELMS. Thank you very much. We appreciate your coming.

Mr. KING. Thank you for the opportunity.*

Senator HELMS. Mr. Stewart Adcock. Would you identify yourself to the reporter?

STATEMENT OF STEWART ADCOCK, VICE PRESIDENT, NORTH CAROLINA ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS, FUQUAY-VARINA, N.C.

Mr. ADCOCK. Senator Helms, Congressman Jones, I am Stewart Adcock from Wake County. I am vice president of the North Carolina Association of Soil and Water Conservation Districts, which I represent today. I would also like to say that I am a farmer; 100 percent of my income comes from the land and its resources.

In studying this bill, we made a sort of hurried study due to limited time. There were two questions we had in regards to priority. Maybe we did not understand the bill well enough, but in the staff summary on page 2, items F and G authorize a pilot project on elimination of the purchase requirement and establishing a new Assistant Secretary of Agriculture for food and nutrition programs.

We do not object at all, gentlemen, but we just wondered if there should be more emphasis put on other research and other things rather than creating a new job.

Our next question came on page 3 of the summary, item 12, amend the Watershed Protection and Flood Prevention Act to provide that prior congressional approval of watershed projects would be required on it when and where Federal contribution is in excess of \$750,000. Under existing law, projects involving an estimated Federal contribution of more than \$250,000 require prior congressional approval.

*See p. 173 for the prepared statement of Mr. King.

This \$250,000 figure is a 1954 figure. We would like for that to read just as is except raise that \$750,000 to \$1 million. Overall, we think this is an excellent bill, and we of the association endorse it.

However, in this farm bill and future farm bills, we would like to see more emphasis put on soil and water conservation and the conservation of our natural resources. We feel that conservation is one of the most important areas. We have heard for years, "production, production," and production is beginning to drop.

Without proper conservation, we are going to have a sharp reduction in production. In the future, at any time, we would appreciate any help that you could give us on soil conservation, plus, we would like to recommend to you that the SCS personnel ceiling be lifted.

We have a great need for this, and all the help we could get along this line, we will greatly appreciate.

Senator HELMS. I was going to ask you about that, if it had interfered with your practices, the ceiling.

Mr. ADCOCK. Yes, sir, Senator, it has. We have counties here in North Carolina for example, about 75 percent of them—I think my figures are correct—only about 75 percent of them have a district conservationist. Now there is a person in each county, a technician or secretary or something to this effect.

But on the Federal level, we are having to get part-time help any way we can. In Wake County we are very fortunate. Our commissioners have provided us with some employees, but we have numerous counties over the State that are suffering. You take one person being secretary, district conservationist, technician, as well as having several thousand acres of land in charge to protect, and by the time he gets through with the paperwork and all this, he does not have much time for the care of the land.

Any relief that we could get along these lines we would greatly appreciate. I thank you for your time, and I appreciate the opportunity of appearing before you.

Senator HELMS. To the contrary, we thank you for your time. Thank you very much.

Jim Wilder. We are glad to see you, Jim.

Mr. WILDER. Thank you, sir.

Senator HELMS. Let the reporter know who you are.

Mr. WILDER. Yes, I will, Senator.

Mr. JONES. Good morning, Jim.

STATEMENT OF JIM WILDER, EXECUTIVE VICE PRESIDENT, NORTH CAROLINA SOYBEAN PRODUCERS ASSOCIATION, INC., RALEIGH, N.C.

Mr. WILDER. We appreciate being here. I am Jim Wilder; I am with the North Carolina Soybean Producers Association. I am executive vice president.

On January 21st of this year, the U.S. Department of Agriculture Statistical Reporting Service announced that 1977 soybean acreage in the United States would increase by 6 percent to around 53.1 million acres. In North Carolina, planted acres are expected to increase some 13 percent to 1.35 million acres.

The North Carolina acreage is roughly 21½ percent of our national acreage. The value of the 1976 crop to North Carolina farmers has been pegged at roughly \$157.3 million. The value of soybeans to U.S. farmers in 1976 is estimated at \$8.487 billion. As you can see, the crop is of tremendous importance to all soybean farmers at the State and national level as a cash commodity.

Unlike so many other agricultural commodities produced in this country, soybeans have continued to enjoy unparalleled growth and worldwide demand, at a generally increasing price level to our producers. This is true, we feel, due to well planned and coordinated efforts of the American Soybean Association—of which North Carolina is closely affiliated—in promotion of soybeans on a global basis.

This successful market development program is made possible by self-help funds from soybean producers, combined with moneys from the Foreign Agricultural Service and third party cooperators. The North Carolina Soybean Producers Association has been asked to present some views which may be considered as you undertake to write a new farm bill in 1977.

Our position is fairly simple, to the point, and should be representative in any State in the soybean belt. The following are five topics that most concern our membership:

One: You have heard this one before, and you will hear it again, is export embargoes and restrictive controls;

Two: Grain and soybean reserves and who should control them;

Three: Target prices and loan rates;

Four: Financial support of foreign competition; and

Five: Federal assistance for market development and agronomic research.

First, let me elaborate on our position regarding grain and soybean export embargoes and other restrictive controls. Grain and soybean farmers are still fuming from federally imposed export embargoes of 1973, 1974, and 1975. Possible tight supplies this year may again tempt our Government leaders to consider such an option.

However, we cannot emphasize enough our strongest opposition to such unwarranted steps. Soybeans have traditionally been produced in a fairly free market environment, and even though we have experienced the export embargoes, this commodity has been generally the brightest note in U.S. agriculture.

We export 50 percent or more of the crop annually. Soybeans alone account for more than one-fourth of our total dollar income from agricultural exports. In order to retain our foreign customers and assure them that the United States is a reliable supplier, we must keep our doors of trade open. No more export embargoes.

Likewise, we would discourage any type of supply management or acreage controls for our commodity. To support our concept of freedom to market, we accept the consequences of freedom to plant. We prefer to let the marketplace dictate size of our national production. We are opposed to any type of Government owned or Government held grain reserves.

Farmers still remember the consequences of the Government grain programs of the 1960's, and want no more part of that. Rather, we

would submit that it should be Government's role to stimulate on-farm storage of grain under farmer control. This can be done with Government backed meaningful, low interest loan programs for construction of storage facilities by farmers, combined with a realistic loan program that does not become an incentive to produce, or an umbrella to establish world prices for soybeans.

Our national policy calls for a loan program on soybeans of 65 percent of average production costs, including land costs. We have been through that already this morning. While we are discussing Government, we wish also to express opposition to Commodity Credit Corporation or any other Government agency becoming the sole negotiator in export sales of U.S. produced soybeans and grains.

This is in keeping with our freedom to market philosophy. Fourth, we would like to express our continued opposition to use of taxpayer dollars to support foreign competition for our crop. Research and development for such commodities as palm oil and coconut oil are being supported by U.S. tax dollars through the World Bank and our Agency for International Development programs.

As we understand it, Senator and Congressman, such financial support continues to this very day in spite of a congressional resolution last year which called for an end to this activity. It is inconceivable that General Motors, Ford, or Chrysler Corporation would aid foreign competitors such as Toyota or Volkswagen.

Why should we encourage competitors for soybean farmers which in turn weakens our balance of trade position? Finally, we wish to speak out in favor of strong increased Federal funding for agronomic research, variety development, and market development programs. Soybeans are the Nation's No. 1 cash crop, and yet trail cotton, sugar, peanuts, grain sorghum, tobacco, wheat and rice in terms of research dollars spent versus value of production.

Likewise, soybean production has increased least on a per-acre basis among the major crops produced in this country. More research dollars are needed now to boost profitable production. Likewise, more funds should be appropriated to the Foreign Agricultural Service of the U.S. Department of Agriculture in its cooperative soybean market development program. Market development dollars benefit all our citizens through increased demand for soybeans, thus making our imported items less expensive.

Basically, we would support continuation of the 1973 farm bill with the above-stated modifications.

Finally, we wish to express our appreciation for this opportunity to appear at this hearing. We encourage you to be diligent in your effort to write a farm bill that will provide for economic justice to our Nation's farmers. We must keep this most important segment of our economy healthy, and avoid making agriculture the Nation's economic shock absorber due to any mistakes and/or excesses of other segments of commerce, labor, or industry.

A viable U.S. agriculture is essential for good health and safety of this country and the entire world. Thank you. That is my formal statement. I will answer questions.

Mr. JONES. Jim, has the palm oil problem gone away?

Mr. WILDER. It has diminished some for the time being, Congressman, but they are still planting those plantations in Malaysia and Indonesia, and African countries are beginning to produce; they are still getting the financial support that I alluded to in my statement, and it is going to become greater. It—palm oil import decline—is just a temporary thing, as we see it.

One thing you mentioned this morning about if we get loan rates—what was your question? Something about pricing ourselves out of the world market. My view is this, Congressman. If we are given the opportunity to plant in this country and then have freedom to market without threats of embargoes or restricted export opportunities, we will undercompete anybody else in the world, and that would not be a major factor over the long run.

We may see some temporary problems, but in the long run the U.S. farmer is the most efficient of any anywhere in the world, and given the opportunity to compete, we will do our job.

Mr. JONES. Thank you, Jim.

Senator HELMS. What you are saying, basically, is leave us alone. Let us sell.

Mr. WILDER. True. I asked some of my producers yesterday, what do you want me to say to those gentlemen tomorrow? They said, get the Government out of our business and off our back, and cut out these embargoes that we are having to face every year, or two or three.

Senator HELMS. Mr. Jackson of my staff has handed me the publication "Feedstuffs". This is the issue of February 7, 1977, page 65. The question is asked Mr. Bergland by the "Feedstuffs" editor:

Some in the trade think the U.S. is going to run short of soybeans by the end of the summer and that bean prices might rise to \$10, \$12, or even \$15 a bushel. Is USDA working on any contingency plan in the event a shortage does run up the prices?"

Mr. Bergland's answer, and I quote:

No, we are not yet. I am watching the reports on exports, of course, and I am being briefed from time to time on what is really going on. I do not have any insight or any reports that tell me anything that anybody else does not know. I get my best information out of the market signals I see. And undoubtedly, without knowing for sure, I suspect that if we see danger signals starting to show up, we will be able to take appropriate action.

I have two questions for you. First, what is your feeling about a contingency plan?

Mr. WILDER. I have not heard or know about that, but as I stated in here, there are already rumors that we are going to run out of soybeans before the end of the summer, by September 1. That is the beginning of the new crop year. It is going to run close, but our feeling is that the market will ration supplies, that prices will ration supplies if left alone.

And it will correct itself. We already are looking at the potential for increased production in 1977. That alone is going to moderate the Chicago futures price. It will not have any effect over supplies that are currently available, true, but Brazilian production is coming in later on in the spring. That is going to have an impact on the world price.

We do not see at this point, I would say, that there is any need to be alarmed. I think that price will ration and that it will not unduly imbalance things. Then, if prices rise from now into spring when farmers are making decisions to plant, that means that they will plant more soybeans. Then in the long run, the supply will come back in balance.

Senator HELMS. I think when I get back to Washington I will ask Secretary Bergland what he meant by his answer.

Mr. WILDER. I would like to know.

Senator HELMS. I will let you know.

Mr. WILDER. Thank you very much.

Senator HELMS. Thank you very much for appearing here, and for an excellent statement.

Mr. WILDER. Thank you.

Senator HELMS. Burnace Hancock, Jr., president of the North Carolina Poultry Federation.

Mr. WOODHOUSE. Senator, Mr. Hancock is out momentarily. He may get here, but if not, we will file a statement. In the meantime, we would yield to the next witness.

Senator HELMS. Very well, Ed. Thank you very much. George, if you will come forward and identify yourself to the reporter.

STATEMENT OF DR. GEORGE HYATT, ASSOCIATE DEAN OF AGRICULTURE, DIRECTOR OF NORTH CAROLINA AGRICULTURAL EXTENSION SERVICE, NORTH CAROLINA STATE UNIVERSITY, RALEIGH, N.C.

Dr. HYATT. Senator Helms, Congressman Jones, we appreciate this chance to make a few comments this morning. Incidentally, we welcome you to your land grant institution in North Carolina.

Senator HELMS. Let me say this. We appreciate your hospitality. Walter, we wish we had facilities like this in Washington.

Mr. JONES. We certainly do, sir. I would like to inject into the record at this time that I am the only graduate of N.C. State in the entire U.S. Congress, of which I am very proud.

Dr. HYATT. The only one. Well, we are proud to have you back here, a good Wolf Packer, too. This is known as the McKimmon Center for Extension and Continuing Education. McKimmon is the name of a lady that was a pioneer in extension in North Carolina.

I am George Hyatt, Jr., associate dean of the School of Agriculture and Life Sciences, and director of the North Carolina Agriculture Extension Service, Dr. J. E. Legates, dean, School of Agriculture and Life Sciences, regrets that he had an unavoidable conflict on this date. He is in Washington today.

Our program in the school encompasses three functions: Research, extension and resident instruction. Our mission is twofold: First, to increase the productivity of agriculture; and second, to help build a stronger rural America. Lest this thrust sound too provincial, let me emphasize its meaning to our citizens.

Anything that diminishes the food supply affects every consumer. Currently, we are feeling the impact of winter freezes in Florida

and drought in California on the availability and cost of fruits and vegetables. Similarly, without the know-how generated and put into practice through our research and extension programs, the real cost of basic necessities to the American public would be substantially increased.

With that background, I direct your attention to two overall needs of agriculture:

One: Rising costs place a premium on technical efficiency and improved management in the organization of agricultural production and marketing. Agriculture, like other economic sectors, is affected by inflation.

On the cost side, it faces some special pressures. The supply of natural resources, including energy, is vital. For example, much of the increased productivity in the last two decades was from innovations in fertilizers and other agricultural chemicals. Both restricted supplies of essential raw materials and environmental concerns impact upon costs of production.

Two: Economic uncertainty has disturbed farmers as well as consumers, and this has been referred to a good many times today. The early 1970's are unmatched in recent history for volatile conditions. Instability has been observed in prices of farm products, in the availability of production inputs, including credit, and in the vacillation of Government policies.

Whether it is imposition of export embargoes or target prices set so low as to be meaningless, it is important to remember that Government actions can reduce the incentive for production. Conversely, policies that offer more stability enhance productivity.

For North Carolina agriculture in particular, there are some critical problems. The weather and energy situation may be translated into feed shortages for livestock, supply problems for energy for tobacco curing and crop drying, and reduced quantities and higher costs for fertilizers.

Regarding the latter point, the manufacture of nitrogen in a major North Carolina plant has been drastically cut by the natural gas reallocations. Cold weather has curtailed barge transportation of potash materials from Canada, which will affect mixed fertilizers.

Tobacco is North Carolina's most important farm crop and even though the value of Flue-cured sales in 1976 was at a record level, there are areas of concern. Export demand did not increase as anticipated when quotas were hiked by 10, and 15 percent respectively from 1973 to 1975.

The Flue Cured Tobacco Cooperative Stabilization Corp. acquired a large share of the 1975 and 1976 crops, and a disproportionate part of its holdings are in downstalk grades.

As you know, there has been mixed reaction to recent discussions about legislation to alter the tobacco price support method. Let me state what may have been the principal reservations of many North Carolina growers; namely, that legislative action affecting the 1977 crop would unilaterally cut net income of growers who had committed their rental costs.

Rental rates were negotiated with knowledge of the price support increase to be expected under the current formula and the reduced

quota for 1977. So, rather than assuming wholesale objections to any change in the price-support formula, I would suggest that enough leadtime be allowed for full deliberation and action on needed program changes in this session of Congress, to permit farmers to do sound planning in advance of subsequent crop years.

The rate of increase in farm prices has tapered off. For some commodities, such as hogs and wheat, absolute declines in price are forecast. Therefore, we do not see agricultural prospects, from the viewpoint of net returns, to be as bright in the near future as in the early 1970's. We are convinced that these circumstances warrant your most diligent efforts in the formulation of future agricultural policy.

The direction of the research and extension programs of the School of Agriculture and Life Sciences is vital to the people of North Carolina. We, as well as other States, depend on Federal support which began with the Hatch Act of 1887 and the Smith-Lever Act of 1914. Funding has not kept pace with inflation while the challenge facing our scientists and educators continues to grow.

For example, it is estimated by our land-grant institutions that in the 7 years following 1966, the research capacity of all State agricultural experiment stations had been reduced by 232 scientist years. A similar reduction has occurred in Extension. In addition to dwindling the reserve of basic and applied research, the reduction in the real resources devoted to research and education places extra pressures upon us, as farmers seek to shorten the time lag between scientific discovery and application.

Why is this trend critical? The technological problems facing agriculture have become more complex. The easier, self-evident means of increasing efficiency have been exploited. Further breakthroughs require more intricate investigation and adaptation to farms.

Just as a reminder, a few years ago I am sure you heard about the corn blight. The corn blight problem appeared to be a very serious one, but fortunately a young man at NCSU had worked on this problem some 10 or 12 years ago in this research, and had pointed out the danger of the narrow genetic base that had been developed by our corn breeders.

As a result, the corn blight problem was resolved almost within the year, or two at the most, because of the research that had been accomplished previous to the arrival of this problem on the scene.

The land-grant university system has been flexible in responding to and providing solutions to emerging issues such as environmental quality and food safety research. For example, the various State agricultural experiment stations have shifted approximately 350 scientist years into these fields of research.

Shifts of equal magnitude have been made within the Extension Service. But the transfer of personnel to these concerns without compensating funding has reduced the effort devoted to increasing agricultural productivity.

Despite these limitations, we are proud of our accomplishments and of our opportunities for future service. In 1977, the North Carolina Agricultural Experiment Station is celebrating its 100th anniversary. Yes, organized agricultural research in the Tar Heel State predates the Hatch Act by 10 years.

With a similar view of enthusiasm, the North Carolina Agricultural Extension Service has just launched a new long-range educational program. The program is named "4-Sight," which signifies our efforts to solicit the views of citizens in each county of the State regarding priority educational needs of the future. I would like to leave a brochure describing the long-range plan with your committee as an exhibit.

The 4-Sight program also denotes an anticipated \$4.1 billion plus goal for gross agricultural income in North Carolina by 1982, a 38-percent increase over 1975. It denotes emphasis on four major program areas: agriculture, home economics, 4-H and community resource development. This is the fourth long-range plan to help us attune our educational resources to the key problems of the people.

Let me conclude by summarizing the high payoffs to investments in agricultural research and extension education. These efforts help to lower food costs, contribute to a favorable balance of trade, and provide an essential reserve capacity for food production to meet our own and urgent world needs.

Let me take this opportunity, Senator Helms and Congressman Jones, to thank you for giving the university its chance to present its observations.

Senator HELMS. Thank you. Without objection, this brochure is to be printed in the record at the conclusion of Dr. Hyatt's remarks.* I would like the Senators and Members of the House to have access to it.

Dr. Hyatt, we have mentioned research several times this morning. You and I both agree that this is the name of the game in agricultural progress.

Dr. HYATT. Right.

Senator HELMS. Are the land-grant universities sufficiently involved in research, or do they need to go further?

Dr. HYATT. You mean by this question are they sufficiently involved, or are we at a plane that we need to increase?

Senator HELMS. Correct.

Dr. HYATT. Obviously, we need to increase. Really, the point here is that we are not keeping even with our costs of inflation. I saw some figures recently that Dr. Keller, the director of research, presented, indicating that we have lost approximately \$800,000 in the past 3 to 5 years due to inflation.

This has reduced our ability to produce with the man scientists we presently have. I think the other point that I would like to emphasize is the fact that our scientists, as we have pointed out here, have been pulled off into many other areas of research—in the areas of environment, pesticides, et cetera, and directly away from many of the agricultural areas that we are deeply concerned with.

So really, at this experimental station, and university, in extension and research and also in the academic affairs area, we are losing ground if you were to measure our resources and purchasing power against say, 5 to 10 years ago.

Senator HELMS. Is there any national study indicating the cost of restoring an appropriate level of research nationwide?

*See p. 42.

Dr. HYATT. I do not know that any figures can be given you, but I have drawn the figures here on man-scientist years that we have lost from a study made by the land-grant association.

Senator HELMS. Would you let me borrow your copy of this study?

Dr. HYATT. Yes; on this one of shortages of scientists. I can secure this through our dean of agriculture. It was just updated a few months ago. Dean Legates gave me the new figures just before he left for Washington, indicating that the shortage had gone from 192 scientist years to the latest figure of 232.

Mr. JONES. George, thanks for being here. I am certainly not going to open up that sensitive question about the tobacco program at this point.

Dr. HYATT. I was going to say if you did, I have some good colleagues here that can help answer the questions.

Mr. JONES. It seems I have heard enough recently. In our research, are we moving to a state of harvesting where the mechanical harvester can do any better job, produce a cleaner leaf, that sort of thing?

Dr. HYATT. I think we are making progress in that area.

Mr. JONES. You would agree it is needed, would you not?

Dr. HYATT. Yes, sir, certainly, very badly. I think we are making real good progress, if I understand and hear correctly.

Mr. JONES. I believe that is all.

Dr. HYATT. Thank you again.

AN EXPLANATION OF 4-SIGHT

WHAT IS 4-SIGHT?

The long-range plan of the North Carolina Agricultural Extension Service, 4-Sight establishes specific county and state goals for (1) agriculture and natural resource development, (2) home economics, (3) 4-H and (4) community resource development. It is a six-year plan, terminating in 1982.

HOW WAS 4-SIGHT DEVELOPED?

By planning committees in each county and at the state level. These committees identified the most pressing farm, family and community problems, and then developed an educational program to deal with each problem. An average of 91 private citizens served on the planning committees in each county.

HOW WILL 4-SIGHT BENEFIT FARMERS?

By identifying farm opportunities and offering solutions to farm obstacles. 4-Sight indicates that poultry, cattle, sweet potatoes, pick-your-own strawberries and greenhouse crops offer possibilities for the fastest rate of expansion. However, the biggest dollar gains can be expected from flue-cured tobacco, broilers, turkeys, soybeans and swine. 4-Sight should help North Carolina farmers compete with farmers in other parts of the nation by offering educational programs on efficiency, preservation of the environment, better business management and improved marketing.

HOW WILL 4-SIGHT BENEFIT CONSUMERS?

By helping farmers to grow more food and fiber at a time when the world is increasingly concerned about food supplies. For example, 4-Sight indicates that Tar Heel farmers could by 1982 produce enough peanuts to feed 37 million people, enough sweet potatoes for 107 million people, enough pork for 6.5 million people, and enough turkeys for 37 million people. 4-Sight offers remedies for problems, such as low soil fertility and pest infestation which reduce farm efficiency. Therefore, the program should help farmers produce food more economically.

HOW WILL 4-SIGHT BENEFIT NORTH CAROLINA'S ECONOMY?

By providing a bigger market for farm supplies and services, more raw materials for industry, and a larger flow of farm products for export. For example, the \$1.1 billion increase in farm production projected by 4-Sight will require \$800 million more in farm supplies and services and will generate \$2-3 billion in total business by the time the products are processed and marketed.

WHAT ARE THE BIGGEST NEEDS FACING AGRICULTURE OVER THE NEXT SIX YEARS?

To obtain better coordination of good production, processing and marketing so that products can flow from the farmer to the consumer as efficiently and economically as possible.

To use chemicals in a manner that will protect the health of farmers, the nation's food supply and the environment.

To reduce energy requirements for farm production.

To preserve good farmland through wise land-use planning, taxation and other public policies.

To assist small and part time farmers to either increase their net income or find alternative employment.

To continue research and education that will provide the know-how required to feed, clothe and shelter more and more people.

EXTENSION SERVICE AT A GLANCE

The North Carolina Agricultural Extension Service operates in all 100 counties and on the Cherokee Reservation as an arm of the state's two land grant universities—North Carolina State University at Raleigh and North Carolina A. & T. State University at Greensboro. Extension's financial support comes from county governments, the state government and the U.S. Department of Agriculture.

The main goal of Extension is to provide information that will help people with everyday problems. Much of this information relates to the production and marketing of agricultural, forestry and seafood products. Extension offers families information on such things as nutrition, housing, clothing and gardening. Community groups can draw upon Extension for information on water systems, landfills, housing sites and other concerns. In addition, Extension sponsors one of North Carolina's largest youth organizations—4-H.

Extension reaches people through agents located in each county and subject matter specialists located at NCSU and A&T. Helping Extension to disseminate its information are 1,750 Extension Homemakers Clubs, 3,300 4-H Clubs, 750 Community Development Clubs and numerous farm organizations. Farm and home demonstrations, public meetings, newsletter, bulletins and the mass media are also used extensively by Extension in the dissemination of information.

HOME ECONOMICS

The goal of Extension home economists is to help all family members achieve a full and satisfying life, whether they live on a farm or in a city apartment. Over the next six years, Extension home economists will emphasize educational programs dealing with family health and nutrition, family resource use, human development, and human environment.

Health and nutrition programs will highlight the preventive aspects of health, wise food buying and preparation, and safe food preservation practices. Family resource use will focus on planning, budgeting and buymanship to help families cope with inflation, unemployment and confusion in the marketplace. Human development programs will pay special attention to marriage education, and to the needs of older people and parents of young children. Human environment programs will concentrate on housing and the need for all families, especially the disadvantaged, to have satisfying living surroundings.

4-H

The primary objective of 4-H is to help young people to become more capable members of their community. The need for young people to develop a set of life skills emerges as a major focus in 4-H for the next six years. The life skills that seem most critical are becoming self-reliant, learning how to learn and to use knowledge, relating to change, and helping and sharing with others.

To assist youth in the mastery of these life skills, emphasis will be placed on the acquisition of knowledge and development of specific skills relating to vocation, leisure, physical and mental health, communication and leadership. The goal for 1982 is to boost 4-H participation from 90,000 to 160,000. To reach this goal, citizen support for 4-H must be greatly increased. Extension will need to recruit and train another 15,000 volunteer leaders to assist the 11,000 who already work with the program.

COMMUNITY RESOURCE DEVELOPMENT

Community resource development (CRD) is concerned with problems which can best be solved through group study, group decision-making and group action. Extension's basic responsibility in CRD over the next six years is to provide information that will help rural communities and small towns improve the

quality of life. This information will focus on land use planning, economic and manpower development, health facilities and services, housing, community recreation, community services and facilities, environmental quality, and crime prevention.

FARM INCOME BY COUNTIES

County	1982 goal in millions of dollars	Percent increase over 1975	County	1982 goal in millions of dollars	Percent increase over 1975
Alamance.....	31.6	28	Jones.....	31.9	55
Alexander.....	30.9	38	Lee.....	16.4	30
Alleghany.....	11.8	16	Lenoir.....	79.5	22
Anson.....	28.8	21	Lincoln.....	19.5	26
Ashe.....	17.6	12	Macon.....	10.7	27
Avery.....	8.7	33	Madison.....	12.4	22
Beaufort.....	99.6	82	Martin.....	59.3	24
Bertie.....	74.5	91	McDowell.....	4.6	21
Bladen.....	51.4	30	Mecklenburg.....	9.6	34
Brunswick.....	19.2	15	Mitchell.....	8.2	15
Buncombe.....	21.4	20	Montgomery.....	23.5	43
Burke.....	8.2	40	Moore.....	66.7	26
Cabarrus.....	11.4	18	Nash.....	103.8	59
Caldwell.....	14.8	6	New Hanover.....	2.9	26
Camden.....	17.1	36	Northampton.....	67.8	47
Carteret.....	9.0	27	Onslow.....	27.2	8
Caswell.....	25.0	35	Orange.....	26.9	62
Catawba.....	13.5	22	Pamlico.....	17.3	37
Chatham.....	70.3	21	Pasquotank.....	34.2	34
Cherokee.....	7.5	12	Pender.....	34.0	40
Chowan.....	17.0	9	Perquimans.....	26.0	30
Clay.....	7.4	21	Person.....	25.3	18
Cleveland.....	32.6	50	Pitt.....	135.5	50
Columbus.....	145.9	71	Polk.....	7.4	39
Craven.....	43.1	16	Randolph.....	56.2	25
Cumberland.....	40.7	41	Richmond.....	22.6	44
Currituck.....	23.3	31	Robeson.....	151.8	48
Dare.....	0.2	9	Rockingham.....	52.5	72
Davidson.....	21.7	36	Rowan.....	22.9	12
Davie.....	17.6	2	Rutherford.....	8.3	15
Duplin.....	209.6	23	Sampson.....	174.0	39
Durham.....	10.1	17	Scotland.....	19.0	32
Edgecombe.....	62.0	21	Stanly.....	58.6	62
Forsyth.....	19.0	19	Stokes.....	25.6	17
Franklin.....	48.2	24	Surry.....	58.5	39
Gaston.....	9.3	27	Swain.....	2.1	9
Gates.....	22.1	34	Transylvania.....	4.6	35
Graham.....	1.2	17	Tyrrell.....	15.5	54
Granville.....	45.0	67	Union.....	98.1	45
Greene.....	72.3	38	Vance.....	19.7	22
Guilford.....	35.4	26	Wake.....	82.0	45
Halifax.....	50.0	21	Warren.....	20.6	46
Harnett.....	80.5	57	Washington.....	30.2	61
Haywood.....	15.6	25	Watauga.....	10.6	34
Henderson.....	40.7	45	Wayne.....	154.0	58
Hertford.....	25.7	39	Wilkes.....	104.1	23
Hoke.....	25.8	59	Wilson.....	72.6	16
Hyde.....	18.1	25	Yadkin.....	48.5	55
Iredell.....	48.9	39	Yancey.....	8.8	52
Jackson.....	3.9	18	Cherokee Reservation ¹	0.3	N.A.
Johnston.....	149.9	33			

¹ 1975 income figures for Cherokee Reservation are included with Jackson and Swain counties.

FARM INCOME GOALS BY COMMODITIES

Commodity	1982 goal in millions of dollars	Percent increase over 1975
Swine.....	401.3	19.4
Milk.....	188.4	17.2
Cattle and other livestock.....	141.6	52.9
Total livestock.....	731.3	24.1
Broilers.....	440.0	54.3
Commercial eggs.....	113.2	29.8
Hatching eggs.....	105.9	104.4
Turkeys.....	180.8	66.6
Other poultry.....	53.5	145.4
Total poultry.....	893.4	61.1
Flue-cured tobacco.....	1,312.5	40.5
Burley tobacco.....	28.9	27.9
Peanuts.....	100.0	37.9
Cotton ¹	46.0	283.3
Corn.....	283.5	22.5
Soybeans.....	250.8	45.3
Wheat.....	38.3	53.2
Other field crops.....	37.9	-3.6
Total field crops.....	2,097.9	39.0
Apples.....	30.0	39.5
Other fruits and nuts.....	26.9	32.5
Sweet potatoes.....	47.3	45.1
Other vegetables.....	129.0	27.2
Flowers and greenhouse crops.....	35.5	49.2
Ornamental shrubs.....	20.0	37.9
Total horticulture.....	288.7	34.8
Farm forestry ²	88.5	-15.1
Trout and catfish.....	2.2	22.2
Total natural resource products from farms.....	90.7	-14.5
Total farm income.....	4,102.1	38.0
Government payments.....	7.6	same
Total farm income and government payments.....	4,109.7	37.9
Nonfarm forestry ²	104.3	122.3
Seafood and fee fishing.....	31.3	60.7

¹ The 1975 base year was extremely poor for cotton.

² Total forestry income goal is up 27.2 pct to \$192.8 million by 1982, but the proportion attributed to farms is reduced between 1975 and 1982.

WHY WE DEVELOPED 4-SIGHT

Extension workers believe people function best when they have clear goals based on careful study. This is why the Extension Service developed 4-Sight, and our earlier long-range programs: 1.6 in '66, Target 2 and Impact '76.

Extension workers also believe that their programs should be closely aligned with the needs of people. This is why we involved 9,120 private citizens in the development of 4-Sight. These citizens have helped to make 4-Sight a program of the people geared to their problems and concerns.

Six years is a long time to project into the future. Therefore, we have decided to reappraise our goals at the end of three years. If new circumstances require that changes be made, we will be flexible enough to make them.

GEORGE HYATT, JR., Director,
N.C. Agricultural Extension Service.

Senator HELMS. If you will come forward, Mr. Hancock. We appreciate your coming, sir. Please identify yourself to the reporter.

**STATEMENT OF BURNACE HANCOCK, PRESIDENT, NORTH
CAROLINA POULTRY FEDERATION, BONLEE, N.C.**

Mr. HANCOCK. Thank you very much. I appreciate this opportunity to be here this morning and to speak to you on behalf of the North Carolina poultry industry, the formal organization (N.C. Poultry Federation), of which I am fortunate to be president this year. I have a statement which I would like to present on behalf of the poultry industry.

Do you all have copies of this statement? I just came in and am not familiar with the procedure.

Senator HELMS. I believe I have a copy.

Mr. HANCOCK. Good. I shall proceed. I realize, of course, that you are primarily interested today in acquiring some input into the Food and Agriculture Act of 1977 as proposed in the farm bill being considered today from those who will be most affected by its provisions as eventually passed into law—that is, the producers of the various commodities included in the price-support programs of past bills as well as that presently under consideration and scrutiny.

As far as I know, poultry as such is not included in the present bill, nor, for that matter, has it ever been covered under any similar bill previously enacted into law. Accordingly, I am afraid that our views on same will be of relatively little value to you as you consider this most important legislation.

Be that as it may, our industry is, nonetheless, interested in the said bill, particularly the price-support level which will eventually be agreed upon for corn and other grains included therein. The poultry industry, of course, is a major user of many of these feed grains.

Obviously, any legislation or government policy which might tend to increase the price of such grains would have a corresponding effect on the cost of producing not only broilers, turkeys, eggs, and other such poultry products, but all meats which have come to constitute such an important part of the average American's diet.

Thus, while we are not necessarily opposed to the concept of a price-support program for feed grains as such, we do think that in setting the price-support level of each, due consideration should be given to the impact thereof on the cost of producing poultry and other meats, and in turn, the price to the American public.

Ideally, it would seem that, as always, the price-support level for each said commodity should be high enough to offer sufficient incentive or inducement to the farmer to plant and produce by assuring him of recovering or recouping at least a reasonable part of his cost, even in the face of adversity over which he may have little or no control, but still low enough to keep the cost of producing meat and poultry, and thus the price thereof also within reason.

However, except as and to the extent so stated, the poultry industry takes no firm position on the matter of price supports envisioned by the said bill or the level at which they may eventually be set.

Turning now to another matter of the proposed farm bill, I recently received a summary of the bill prepared by the staff of the Senate Committee on Agriculture and Forestry, and note with inter-

est the paragraph therein which states, among other things, that it will "authorize annual appropriations for the award of discretionary grants to institutions for research projects dealing with national or regional animal health problems."

For the last 3 or 4 years, we have been seeking through our State legislature the appropriation of funds to the Poultry Sciences Department of the School of Agriculture and Life Sciences at North Carolina State University for research both in the area of finding ways in which losses to our industry from toxins, molds, and other environmental contaminants in feed and poultry products might be minimized, and, also, improving the reproductive efficiency of turkeys.

North Carolina, I might inject, having recently taken over as the second leading turkey-producing State in the Union, also ranks fourth nationally in the production of broilers at a rate of some 330,000,000 annually.

Unfortunately, while each of these research projects has generated a lot of support in the legislature, there continues to be a general lack or shortage of revenues available for funding such programs on the State level, but the aforementioned provision of the new farm bill offers us some degree of hope that we may be able to obtain Federal funding for these most important poultry research projects.

Assuming that the said provision survives passage of the farm bill intact, we are hopeful that we will be able to count on the support of both of you, as well as that of the rest of our North Carolina delegation in Washington, in our efforts to secure the desired funding for each of the said projects.

As previously suggested, we as poultrymen are not really directly affected by the legislation under consideration, except, of course, to the limited extent already mentioned, and, accordingly, prefer to leave to those here who are obviously more directly affected by its provisions than we—the task of convincing you of the shape or form that the said bill as finally enacted should take.

However, I would like to take this opportunity to mention briefly a couple or so matters of particular interest or concern to our industry with respect to which you may now or later be in a position to help or assist us.

The first has to do with the critical shortage of both natural and liquid propane gas normally used to heat poultry houses which we, both as a nation and as an industry, now find ourselves confronted with. No doubt, both of you have in recent weeks been literally flooded with urgent calls, letters, telegrams, and other forms of communication about the said shortage and the resulting closing of many offices, plants, and other facilities throughout the State and Nation, with its accompanying severely adverse impact upon both our economy and the unemployment problem.

Certainly in such a situation it is not easy to make the decision as to who gets a part of the very limited supply of gas necessary to continue operations, and who does not. I do not know that there is really any fair way to handle such a problem. However, it is our understanding that under current regulations, agricultural operations are accorded top priority in the distribution of such gas and other fuels

as may be necessary to keep them running and producing the food so necessary and vital to our very existence.

In this connection, I might point out that while there may possibly be some activities generally classified as agricultural in nature, and normally requiring the utilization of gas or other fuels in their performance that could be reduced, curtailed, or perhaps even totally eliminated without any serious effect on agricultural production, and consequently, our food supply, such is by no means the case with poultry.

To the contrary, unlike cattle, hogs, sheep, and other large animals, broiler chicks are rather fragile creatures extremely vulnerable to cold weather, and requiring a relatively warm environment throughout their life cycle for survival.

Accordingly, as Congress drafts, debates, and considers the energy bill with which it is almost certain to be involved in the very near future, we would very much appreciate your seeing that the priority now accorded agriculture, and particularly poultry, in the allocation of available fuel supplies is retained, keeping in mind again that poultry is North Carolina's No. 1 food industry, and still growing.

Another thing that we would like for you to keep in mind and help us with when the opportunity presents itself, is getting a much greater quantity of poultry products purchased under and included in the Federal school lunchroom program—poultry, of course, not only being a clean, wholesome, nutritious, protein-rich food which has always been a favorite with children, but, additionally, probably being the best buy, all things considered, in the supermarket today.

Third and finally, those of us engaged in the poultry industry have long cherished the relative freedom from burdensome Government regulations and controls, along with the usual abundant paperwork required in connection therewith, in which we have historically been allowed to operate—something to which we attribute our ability to consistently produce a pound of wholesome meat both more cheaply and more efficiently than any competing industry, an accomplishment in which I think we justifiably take great pride.

Without being critical of price support, indemnity, and other similar programs, which I suppose may be nice and have their place and benefits in our increasingly complex agricultural production system, we much prefer and are quite content to continue to operate on as much of a true free enterprise system or basis as is possible, even with all of its attendant risks, as we have been doing for years.

This of course, is not to say that we should not be regulated to any extent. To the contrary, we have for many years operated under the jurisdiction of such governmental agencies as the Federal Food and Drug Administration and the U.S. Department of Agriculture, and now, in addition, the Environmental Protection Agency and OSHA, among others, most of which have proven to be of mutual benefit both to us and the public.

However, many of the regulations which were originally drafted and imposed upon our industry by these Federal Agencies and the bureaucrats charged with their enforcement many years ago have now been rendered obsolete, unnecessary, counterproductive, and com-

pletely void of value by the various changes and technological advances that have taken place in the poultry industry over the years.

Nevertheless, most of them still remain in effect. Many, of course, can and should be revised if the poultry industry is to continue to perform its primary function of providing vital, wholesome food at a reasonable price or cost to the American people.

Most of our pleas for reform and relief center around or are directed at both the organizational structure of, and regulations imposed upon our industry by, the Animal Plant Health Inspection Service set up under the Poultry Production Inspection Act of 1957. Unquestionably, however, Federal inspection of poultry during processing has benefited producers and consumers alike in terms of quality improvement and assured wholesomeness of poultry products reaching the American public.

Be that as it may, the organizational structure of the Inspection Service has over the years become unduly complex, excessive, and uneconomical, and now some of its functions can be totally eliminated while others can and should be fully decentralized. The resultant savings would amount to many millions of dollars annually to both industry and the Government.

Inspection criteria and methods have remained virtually unchanged for more than 20 years despite great technological progress in the production and processing of poultry, meat, and, consequently, need to be upgraded and improved. Further, coordination of the Inspection Service with other Federal Agencies, notably OSHA and EPA, is essential.

Conflicting regulations presently result in massive waste of natural, human and dollar resources which benefit no one—least of all the consumer. In short, application of the law as intended—to assure product wholesomeness without impairment of growth and prosperity of the poultry industry—rather than as interpreted through ambiguous and outdated regulations written by a gang of bureaucrats in Washington, is needed and should be required.

Again, it is not that we necessarily want to do away with all regulation of our industry. Such would neither be practical nor desirable. It is just that we want to do away with those regulations for which there is no longer any need, as well as those seemingly imposed upon us just for the sake of regulation or to give somebody a job to perform which has no real value to industry, the consumer, or anyone else—something that is obviously extremely costly to all business, a cost which, I might point out, must eventually be borne or absorbed by the consumer.

The reform needed in both the structure and regulations of the Inspection Service as already mentioned, I think, points up well once again the serious need for periodic review by Congress of the legislation which it enacts from time to time to make sure that the particular law in question is being interpreted and carried out by the Agency charged with its enforcement in the manner originally intended—something that if implemented properly, would likely have the most desirable result of helping free not only the poultry industry, but business in general, from the shackles of those burdensome controls still imposed upon them in many cases by long outdated, valueless,

and senseless regulations similar to those mentioned in connection with the complaint about the Inspection Service mentioned above.

Again, Senator Helms and Congressman Jones, I want to thank each of you for the courtesies extended in permitting me to testify before you today, for the attention and consideration you will give each of the matters mentioned, and of course, for your continued interest in and support of our industry and its needs.

Should either of you have any questions about what I have said, or any related matter, I will be happy to answer them for you. If not, that concludes my testimony in this hearing.

Senator HELMS. Thank you for an excellent statement. Walter?

Mr. JONES. Senator, I know I express your views when I say that we share with our witness his concern about the regulation, harassment, and interference.

Senator HELMS. It is time to regulate the regulators, is it not?

Mr. JONES. It is, if you are going to get to it, that is the problem now.

Mr. HANCOCK. What we would like to see is—like I pointed out, we realize that we have to have some regulation. But I think some of them are getting far afield from what was intended by the original act. I know that you all there in Congress are extremely busy, but it would seem to me that there ought to be some provision for a lot of these regulations to be reviewed by Congress to make sure that the bureaucrats charged with their responsibility, or charged with the responsibility of enforcing these laws, are really doing what you intended to start with. I do not think that is the case in the poultry industry, though.

Mr. JONES. This does not affect what has occurred in the past, but by way of encouragement, the Congress has gotten around last year to passing legislation which requires certain bureaucracy to let us approve or veto certain regulations which they impose. That is a new departure, that we are trying to get some control over the bureaucracy.

Senator HELMS. Let me make this suggestion. We could talk in general about these excessive controls and ridiculous controls, but it would be helpful to me in trying to help you if we could have specific instances, and I would expect you to be entirely objective, making a list of the things that ought to be eliminated because they are no longer necessary.

Mr. HANCOCK. I have attached to and filed with the written copy of this statement a statement recently submitted by the National Broiler Council, to an advisory committee of the U.S. Department of Agriculture which, I understand, is currently studying and considering the revamping of some of these regulations, and I think that points out some of the things that we have mentioned or been talking about in this testimony this morning.

Senator HELMS. Fine. We will give our attention to the specific recommendations.

I find myself somewhat concerned, having already said that I have been impressed with Secretary Bergland thus far, by his proposed appointment of Carol Foreman for Assistant Secretary for Marketing and Consumer Services.

Again, returning to the February 7 issue of "Feedstuffs," I notice that Carol Foreman, who is one of the leading consumerists in Washington, D.C., is going to be nominated by Mr. Bergland, and as Assistant Secretary for Food, Nutrition and Consumer Affairs, he says, "whose major mission would be to try to bring some order out of this chaotic feeding program."

He goes on to say that 17 Federal laws dealing with public feeding are a mess, "I know there is waste and inefficiency." I am not able to pass judgment on Ms. Foreman, because I do not know her. But I do hope that if she is nominated, which seems to be a certainty, and if she is confirmed, that she will exercise reason in terms of what is really beneficial to the consumer.

Do you have any knowledge about this lady?

Mr. HANCOCK. No; I'm sorry, but I really do not.

Mr. JONES. I do not, Senator.

Senator HELMS. Thank you very much. I appreciate your testimony. Walter, I think you will agree with me that we have heard a substantially higher level of information here this morning than we normally get in Washington, D.C.

Mr. JONES. I think too, Senator, if I may say so, it has been helpful in that we have seen more people. We have heard more witnesses. We did not have four committees here with questions and answers. I just think it has been very beneficial, and I want to commend you for the idea of staging this hearing, and thank you personally for inviting me to share it with you.

Senator HELMS. It is the other way around; I thank you for coming. I have an immense respect for you, and as I said earlier, I enjoy working with you.

Mr. JONES. It is a pleasure, sir.

Senator HELMS. This concludes the list of witnesses we have, George. Have we missed anybody?

Mr. DUNLOP. I do not believe we have.

Senator HELMS. I want to thank North Carolina State University of which Congressman Jones is the only graduate in the Congress, for being such a gracious host in this fine facility. I want to emphasize again that anyone, present or not present, who desires to submit testimony in writing, is welcome to do so and it will be included in the record.

Today's proceedings will be printed as part of the official hearing record of the Committee on Agriculture, Nutrition, and Forestry. Each witness will have an opportunity to correct any errors that may appear in the transcript. Ladies and gentlemen, I thank you all. The meeting is adjourned.

[Whereupon, the hearing was adjourned at 1:05 p.m., subject to call of the Chair.]

95TH CONGRESS
1ST SESSION

S. 203

IN THE SENATE OF THE UNITED STATES

JANUARY 12 (legislative day, JANUARY 10), 1977

Mr. BELLMON (for himself and Mr. DOMENICI) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend and extend the Agricultural Act of 1970.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 AMENDMENTS TO THE AGRICULTURAL ACT OF 1970

4 SEC. 3. The Agricultural Act of 1970 is amended as
5 follows:

6 (1) Section 101 (1), as amended by paragraph (1) of
7 the first section of the Agriculture and Consumer Protection
8 Act of 1973, is amended by striking out "1977" and in-
9 serting in lieu thereof "1981"; and by striking out "\$20,-
10 000" and inserting in lieu thereof "\$30,000".

11 (2) Section 201, as amended by paragraph (2) of the

1 first section of the Agriculture and Consumer Protection
2 Act of 1973, is amended by—

3 (A) striking out “1977” and “1980” in subsection
4 (e) and inserting in lieu thereof “1981” and “1984”,
5 respectively; and

6 (B) adding at the end of such section a new sub-
7 section as follows:

8 “(g) Section 201 of the Agricultural Act of 1949 is
9 amended by adding at the end thereof a new subsection as
10 follows:

11 “(d) Notwithstanding the foregoing provisions of this
12 section, effective for the period beginning with the date of
13 enactment of this subsection and ending on March 31, 1981,
14 the support price of milk shall be established at no less than
15 80 per centum of the parity price therefor, on the date of
16 enactment, and the support price shall be adjusted there-
17 after by the Secretary at the beginning of each quarter,
18 beginning with the second quarter of the calendar year 1977,
19 to reflect any estimated change during the immediately pre-
20 ceding quarter in the production costs of dairy farmers. Such
21 support prices shall be announced by the Secretary not
22 more than thirty, nor less than twenty, days prior to the
23 beginning of each quarter.’”.

24 (3) Section 203, as amended by paragraph (4) of the
25 first section of the Agriculture and Consumer Protection Act

1 of 1973, is amended by striking out "1977" and inserting in
2 lieu thereof "1981".

3 (4) Section 301, as amended by paragraph (7) of the
4 first section of the Agriculture and Consumer Protection Act
5 of 1973, is amended by striking out "1977" each place it
6 occurs therein and inserting in lieu thereof "1981".

7 (5) Effective beginning with the 1978 crop of wheat,
8 section 401, as amended by paragraph (8) of the first sec-
9 tion of the Agriculture and Consumer Protection Act of
10 1973, is amended by striking out "1977" and inserting in
11 lieu thereof "1981" and section 107 of the Agricultural Act
12 of 1949, as it appears in such section 401, is amended by—

13 (A) striking out "\$1.37 per bushel" in section 107

14 (a) and inserting in lieu thereof "\$2.25 per bushel, plus
15 the amount per bushel necessary to cover storage, in-
16 terest, transportation, and other handling costs";

17 (B) amending the first sentence of section 107

18 (c) to read as follows: "Payments shall be made for
19 each crop of wheat to the producers on each farm in an
20 amount determined by multiplying (1) the amount by
21 which the higher of—

22 " (A) the national weighted average market
23 price received by farmers during the first five
24 months of the marketing year for such crop, as
25 determined by the Secretary, or

1 “(B) the loan level determined under sub-
2 section (a) for such crop
3 is less than the established price of \$3.10 per bushel in
4 the case of the 1978 crop, and \$3.10 per bushel in the
5 case of the 1979, 1980, and 1981 crops, adjusted each
6 such year to reflect any changes in the production costs
7 of farmers after the calendar year 1977, times in each
8 case (2) the allotment for the farm for such crop, times
9 (3) the projected yield established for the farm with
10 such adjustments as the Secretary determines necessary
11 to provide a fair and equitable yield.”; and

12 (C) amending subsection (e) by adding at the
13 end thereof the following: “Loans made under authority
14 of this subsection shall be made for any period, not
15 exceeding five years, specified by the producer-borrower
16 and shall bear interest at a rate not greater than 5 per
17 centum per annum. The Secretary shall pay an amount
18 equal to 50 per centum of the storage costs incurred by
19 the producer for the storage of wheat under the price
20 support program provided for in this subsection.”.

21 (6) (A) Section 402, as amended by paragraph (9)
22 of the first section of the Agriculture and Consumer Protec-
23 tion Act of 1973, is amended by striking out “1977” each
24 time it appears in such section and in the amendments made
25 to section 379b of the Agricultural Adjustment Act of 1938,

1 other than in the third sentence of such section 379b (c) (1),
2 and inserting in lieu thereof "1981".

3 (B) Such section 402 is further amended by inserting
4 after subparagraph (vii) of subsection (b) (B) a new sub-
5 paragraph as follows:

6 " (viii) The fourth sentence is redesignated as
7 subparagraph (J) and the first three sentences are
8 amended to read as follows:

9 " (A) Whenever the Secretary determines with respect
10 to any crop of wheat that the carryover stocks of wheat will
11 be of such quantity as to seriously depress the price of wheat
12 and will result in a disincentive to produce such commodity,
13 he shall give producers the option of either (i) setting aside
14 and devoting to approved conservation uses an acreage of
15 cropland equal to such percentage of the wheat allotment for
16 the farm as may be specified by the Secretary, plus, if re-
17 quired by the Secretary, the acreage of cropland on the farm
18 devoted in the preceding years to soil conserving uses, as
19 determined by the Secretary, or (ii) planting for harvest the
20 full wheat acreage allotment for the farm subject to an agree-
21 ment with the Secretary that a percentage of the wheat crop
22 (based on farm yield) shall be stored on the farm under seal
23 or in a bonded warehouse and be subject to the other provi-
24 sions of this paragraph. Whenever the Secretary gives pro-
25 ducers an option under this subparagraph, then as a condi-

1 tion of eligibility for loans, purchases, and payments author-
2 ized by section 107 (c) of the Agricultural Act of 1949, the
3 producers on the farm must elect to participate under clause
4 (i) and (ii) of this subparagraph and comply with the terms
5 of such election.

6 “(B) In the case of producers who elect the option
7 under subparagraph (A) (i), the Secretary is authorized to
8 limit the acreage planted to wheat on the farm to a percent-
9 age of the farm acreage allotment.

10 “(C) Notwithstanding any other provision of this Act,
11 the amount of any loan which may be made by the Secre-
12 tary on any portion of the wheat crop stored pursuant to an
13 election made under subparagraph (A) (ii) shall be \$2.25
14 per bushel, plus the amount per bushel necessary to cover
15 storage, interest, transportation, and other handling costs.
16 Any such loan shall be a nonrecourse loan, shall be for a
17 period of five years, renewable thereafter on an annual basis,
18 and shall bear interest at a rate of 5 per centum per annum.

19 “(D) The Secretary shall pay an amount equal to 50
20 per centum of the storage costs incurred by any producer
21 when such costs are incurred by such producer pursuant to
22 an election made by him under subparagraph (A) (ii); and
23 the Secretary is authorized to make such advances to any
24 producer as may be necessary to assist such producer to
25 meet such producer's share of storage cost until such time as

1 the stored commodities are sold by such producer. In any
2 case in which a producer wishes to construct facilities for
3 the storage of any wheat grown on the farm in accordance
4 with an agreement entered into with the Secretary after an
5 election under subparagraph (A) (ii), the Secretary is
6 authorized to guarantee a loan made to the producer by a
7 commercial lending institution for such purpose. Such loans
8 shall be guaranteed with respect to 90 per centum of the
9 total construction cost of any such facility, including plans
10 and site preparation. The term of any such loan shall be any
11 period, not in excess of 10 years, specified by the borrower.
12 The Secretary shall pay any interest on any such loan in
13 excess of 5 per centum per annum. The size of the facility
14 for which a loan may be guaranteed under this subpara-
15 graph shall be based upon the amount of space required to
16 store the average quantity of wheat produced by the bor-
17 rower during the two preceding crop years. The loan guar-
18 anty program provided for herein shall be administered by
19 the Secretary through the facilities of the Commodity Credit
20 Corporation.

21 “(E) Wheat stored under an election made pursuant to
22 subparagraph (A) (ii) may be rotated by the producer
23 to avoid spoilage and deterioration under such conditions
24 as may be prescribed by the Secretary.

25 “(F) Such wheat may be removed from storage and

1 sold at any time, at the option of the producer, that the
2 price for wheat attains a price equal to 150 per centum
3 of the loan rate on such wheat. The producer shall repay
4 the Secretary out of the proceeds of any such sale the
5 amount of the loan, interest thereon, and the amount of
6 advances made to the producer to meet storage costs.

7 “(G) At any time the market price for wheat exceeds
8 the loan level of wheat in storage by more than 200 per
9 centum, the Secretary may require producers to pay the loan
10 on such wheat, including interest, and the amount of any
11 advances made by the Secretary for the payment of stor-
12 age costs. If the Secretary determines that all such loans
13 should not be called simultaneously, he shall specify which
14 loans are to be called, taking into consideration the length
15 of time any such loan has been outstanding.

16 “(H) Notwithstanding any other provision of law,
17 whenever the equivalent of three hundred and fifty million
18 bushels of wheat is under storage pursuant to elections
19 made by producers under subparagraph (A) (ii), no pro-
20 hibition or limitation may be imposed on the export of wheat.
21 The foregoing provision shall not apply in the case of ex-
22 ports of wheat to any foreign country if the President has
23 prohibited the export of all agricultural commodities to such
24 country because of national security or foreign relations
25 reasons.

1 “(I) Payments provided under section 107 (c) of the
2 Agricultural Act of 1949 shall be made available to produc-
3 ers on wheat placed in storage pursuant to an election under
4 subparagraph (A) (ii).”.

5 (7) Section 403 (b), as amended by paragraph (10) of
6 the first sentence of the Agriculture and Consumer Protection
7 Act of 1973, is amended by striking out “June 30, 1978”
8 and inserting in lieu thereof “June 30, 1982”.

9 (8) Section 404, as amended by paragraph (11) of the
10 first section of the Agriculture and Consumer Protection Act
11 of 1973, is amended by striking out “1977” wherever it
12 appears therein and inserting “1981”.

13 (9) Section 405, as amended by paragraph (12) of the
14 first section of the Agriculture and Consumer Protection Act
15 of 1973, is amended by striking out “1977” each time it ap-
16 pears therein and inserting in lieu thereof “1981”.

17 (10) Section 406, as amended by paragraph (13) of
18 the first section of the Agriculture and Consumer Protection
19 Act of 1973, is amended by striking out “1977” and insert-
20 ing in lieu thereof “1981”.

21 (11) Section 408, as amended by paragraph (15) of
22 the first section of the Agriculture and Consumer Protection
23 Act of 1973, is amended by striking out “1977” and insert-
24 ing in lieu thereof “1981”.

25 (12) Section 409, as amended by paragraph (16) of

1 the first section of the Agriculture and Consumer Protection
2 Act of 1973, is amended by striking out "1977" and insert-
3 ing in lieu thereof "1981".

4 (13) Section 410 as amended by paragraph (17) of the
5 first section of the Agriculture and Consumer Protection Act
6 of 1973, is amended by striking out "1977" and inserting
7 in lieu thereof "1981".

8 (14) Effective only with respect to the 1978 through
9 1981 crops of feed grains, section 501, as amended by para-
10 graph (18) of the first section of the Agriculture and Con-
11 sumer Protection Act of 1973, is amended by—

12 (A) striking out "1977" in the language preceding
13 the first colon and inserting in lieu thereof "1981";

14 (B) striking out "\$1.10 per bushel" in section 105
15 (a) (1) of the Agricultural Act of 1949 (as it appears
16 in such section 501) and inserting in lieu thereof "\$1.87
17 per bushel, plus the amount per bushel necessary to
18 cover storage, interest, transportation, and other han-
19 dling costs";

20 (C) striking out the second sentence of section 105
21 (b) (1) of the Agricultural Act of 1949 (as it appears
22 in such section 501) and inserting in lieu thereof the fol-
23 lowing: "The payment rate for corn shall be the amount
24 by which the higher of—

25 (A) the national weighted average market

1 price received by farmers during the first five months
2 of the marketing year for such crop, as determined
3 by the Secretary, or

4 "(B) the loan level determined under subsec-
5 tion (a) for such crop

6 is less than the established price of \$2.25 per bushel in
7 the case of the 1978 crop, and \$2.25 per bushel in the
8 case of the 1979, 1980, and 1981 crops, adjusted each
9 such year to reflect any changes in the production costs
10 of farmers after the calendar year 1977.";

11 (D) by adding at the end of section 105 (b) (1)
12 of the Agricultural Act of 1949 (as it appears in such
13 section 501) the following: "Loans made under au-
14 thority of this subsection shall be made for any period,
15 not exceeding five years, specified by the producer-
16 borrower and shall bear interest at a rate not greater
17 than 5 per centum per annum. The Secretary shall pay
18 an amount equal to 50 per centum of the storage costs
19 incurred by the producer for the storage of feed grains
20 under the price support program provided for under this
21 subsection.";

22 (E) striking out "1977" in the fifth sentence of
23 section 105 (c) (1) of the Agricultural Act of 1949 (as
24 such section appears in such section 501); redesignat-
25 ing the fourth and fifth sentences of such section 105

1 (c) (1) as subparagraph (J) ; redesignating the sixth
2 sentence of such section 105 (c) (1) as subparagraph
3 (K) ; and striking out the first three sentences and in-
4 serting in lieu thereof the following:

5 “(A) Whenever the Secretary determines with respect
6 to any crop of feed grains that the carryover stocks of feed
7 grains will be of such a quantity as to seriously depress
8 the price of feed grains and will result in a disincentive to
9 produce such commodities, he shall give producers the option
10 of either (i) setting aside and devoting to approved con-
11 servation uses an acreage of cropland equal to such per-
12 centage of the feed grain allotment for the farm as may be
13 specified by the Secretary, plus, if required by the Secretary,
14 the acreage of cropland on the farm devoted in preceding
15 years to soil conserving uses, as determined by the Secre-
16 tary, or (ii) planting for harvest the full feed grain acreage
17 allotment for the farm subject to an agreement with the
18 Secretary that a percentage of the feed grain crop (based
19 on farm yield) shall be stored on the farm under seal or in
20 a bonded warehouse and be subject to the other provisions
21 of this paragraph. Whenever the Secretary gives producers
22 an option under this subparagraph, then as a condition of
23 eligibility for loans, purchases, and payments on corn, grain
24 sorghums, and if designated by the Secretary, barley, re-
25 spectively, the producers on the farm must elect to partici-

1 pate under clause (i) or (ii) of this subparagraph and
2 comply with the terms of such election.

3 “(B) In the case of producers who elect the option
4 under subparagraph (A) (i), the Secretary is authorized
5 to limit the acreage planted to feed grains on the farm to
6 a percentage of the farm acreage allotment.

7 “(C) Notwithstanding any other provision of this Act,
8 the amount of any loan which may be made by the Secre-
9 tary on any portion of the feed grain crop stored pursuant
10 to an election made under subparagraph (A) (ii) shall be
11 \$1.87 a bushel for corn (and the equivalent thereof in the
12 case of other feed grains), plus the amount per bushel nec-
13 essary to cover storage, interest, transportation, and other
14 handling costs. Any such loan shall be a nonrecourse loan,
15 shall be for a period of five years, renewable thereafter on
16 an annual basis, and shall bear interest at a rate of 5 per
17 centum per annum.

18 “(D) The Secretary shall pay an amount equal to 50
19 per centum of the storage costs incurred by any producer
20 when such costs are incurred by such producer pursuant to
21 an election made by him under subparagraph (A) (ii); and
22 the Secretary is authorized to make such advances to any
23 producer as may be necessary to assist such producer to
24 meet such producer's share of storage cost until such time as
25 the stored commodities are sold by such producer. In any

1 case in which a producer wishes to construct facilities for
2 the storage of feed grains on the farm in accordance with
3 an agreement entered into with the Secretary after an
4 election under subparagraph (A) (ii), the Secretary is
5 authorized to guarantee a loan made to the producer by a
6 commercial lending institution for such purpose. Such loans
7 shall be guaranteed with respect to 90 per centum of the
8 total construction cost of any such facility, including plans
9 and site preparation. The term of any such loan shall be any
10 period, not in excess of ten years, specified by the borrower.
11 The Secretary shall pay any interest on any such loan in
12 excess of 5 per centum per annum. The size of the facility
13 for which a loan may be guaranteed under this subparagraph
14 shall be based upon the amount of space required to store
15 the average quantity of the feed grain concerned produced by
16 the borrower during the two preceding crop years. The loan
17 guaranty program provided for herein shall be administered
18 by the Secretary through the facilities of the Commodity
19 Credit Corporation.

20 “(E) Feed grains stored under an election made pur-
21 suant to subparagraph (A) (ii) may be rotated by the pro-
22 ducer to avoid spoilage and deterioration under such condi-
23 tions as may be prescribed by the Secretary.

24 “(F) Such feed grains may be removed from storage
25 and sold at any time, at the option of the producer, that the

1 price for such feed grains attains a price equal to 150 per
2 centum of the loan rate on such grain. The producer shall
3 repay the Secretary out of the proceeds of any such sale the
4 amount of the loan, interest thereon, and the amount of
5 advances made to the producer to meet storage costs.

6 “(G) At any time the market price for feed grains
7 exceeds the loan level of feed grains in storage by more than
8 200 per centum, the Secretary may require producers to
9 pay the loan on such grain, including interest, and the
10 amount of any advances made by the Secretary for the pay-
11 ment of storage costs. If the Secretary determines that all
12 such loans should not be called simultaneously, he shall
13 specify which loans are to be called, taking into considera-
14 tion the length of time any such loan has been outstanding.

15 “(H) Notwithstanding any other provision of law,
16 whenever the equivalent of five hundred million bushels of
17 any feed grain is under storage pursuant to elections
18 made by producers under subparagraph (A) (ii), no prohi-
19 bition or limitation may be imposed on the export of such
20 feed grain. The foregoing provision shall not apply in the
21 case of exports of feed grains to any foreign country if the
22 President has prohibited the export of all agricultural com-
23 modities to such country because of national security or
24 foreign relations reasons.

25 “(I) Payments provided under subsection (b) of this

1 section shall be made available to producers on feed grains
2 placed in storage pursuant to an election under subparagraph
3 (A) (ii).”, and

4 (F) striking out “1977” in the third sentence of
5 section 105 (c) (3) of the Agricultural Act of 1949
6 (as it appears in such section 501) and inserting
7 in lieu thereof “1981”.

8 (15) Section 601, as amended by paragraph (19) of
9 the first section of the Agriculture and Consumer Protection
10 Act of 1973, is amended by—

11 (A) striking out “1977” wherever it appears in the
12 amendments made by such section and inserting in lieu
13 thereof “1981”; and

14 (B) striking out “1976” in the first sentence of sec-
15 tion 342a of the Agricultural Adjustment Act of 1938
16 (as it appears in such section 601) and inserting in lieu
17 thereof “1980”.

18 (16) Section 602, as amended by paragraph (20) of
19 the first section of the Agriculture and Consumer Protection
20 Act of 1973, is amended by—

21 (A) striking out “1977” wherever it appears in the
22 amendments made by such section, except in the amend-
23 ment to section 103 (e) (2) of the Agricultural Act of
24 1949, and inserting in lieu thereof “1981”;

25 (B) striking out the first sentence of clause (2) of

1 section 103 (e) of the Agricultural Act of 1949 (as it
 2 appears in such section 602) and inserting in lieu there-
 3 of the following: "Payments shall be made for each crop
 4 of cotton to the producers on each farm at a rate equal
 5 to the amount by which is the higher of—

6 " (1) the average market price received by
 7 farmers for upland cotton during the calendar year
 8 which includes the first five months of the market-
 9 ing year for such crop, as determined by the
 10 Secretary, or

11 " (2) the loan level of 38 cents per pound for
 12 upland cotton, plus the amount per pound neces-
 13 sary to cover storage, interests, transportation, and
 14 other handling costs

15 is less than the established price of 48 cents per pound
 16 in the case of the 1978 crop, and 48 cents per pound in
 17 the case of the 1979, 1980, and 1981 crops, adjusted
 18 each such year to reflect any changes in the production
 19 costs of farmers after the calendar year 1977."; and

20 (C) adding at the end of paragraph (2) of sec-
 21 tion 103 (e) of the Agricultural Act of 1949 (as it
 22 appears in such section 602) the following: "Loans
 23 made under authority of this subsection shall be made
 24 for any period, not exceeding five years, specified by the
 25 producer-borrower and shall bear interest at the rate of

1 5 per centum per annum. The Secretary shall pay an
2 amount equal to 50 per centum of the storage costs
3 incurred by the producer for the storage of cotton under
4 the price support program provided for under this sub-
5 section.”.

6 (17) Section 603, as amended by paragraph (21) of
7 the first section of the Agriculture and Consumer Protec-
8 tion Act of 1973, is amended by striking out “1978” and
9 inserting in lieu thereof “1982”.

10 (18) Sections 604, 605, 606, 607, and 608, as
11 amended by paragraph (22) of the first section of the
12 Agriculture and Consumer Protection Act of 1973, are each
13 amended by striking out “1977” and inserting in lieu thereof
14 “1981”.

15 (19) Section 612, as added by paragraph (25) of the
16 first section of the Agriculture and Consumer Protection Act
17 of 1973, is amended by striking out “1977” in the amend-
18 ment made by such section to section 374 (a) of the Agri-
19 cultural Adjustment Act of 1938 and inserting in lieu
20 thereof “1981”.

21 PRICE SUPPORT FOR SOYBEANS

22 SEC. 4. Title I of the Agricultural Act of 1949 is further
23 amended by adding at the end thereof a new section as
24 follows:

25 “SEC. 108. The Secretary shall make available to pro-

1 ducers loans and purchases on the 1978 through 1981 crops
2 of soybeans at such level as reflects the historical average
3 relationship of soybean support levels to corn support levels
4 during the immediately preceding three years.”.

5 FOOD RESERVE

6 SEC. 5. (a) The Secretary of Agriculture shall establish
7 an emergency human nutrition food reserve (hereinafter in
8 this section referred to as the “reserve”) which shall be
9 available to help meet emergency food conditions in any area
10 of the United States or in any foreign country which suffers
11 a severe loss of its food supply as the result of a natural
12 disaster.

13 (b) The Secretary is authorized to acquire for the
14 reserve any amount of grain not in excess of the equivalent
15 of one hundred million bushels and to process such grain into
16 balanced food supplements.

17 (c) The Secretary shall provide for the periodic rota-
18 tion of supplements in the reserve to avoid spoilage and
19 deterioration thereof. Any quantity of food supplements re-
20 moved from the reserve for rotation purposes shall be
21 promptly replaced with an equivalent quantity purchased on
22 the open market.

23 (d) Except as provided in subsection (c), supplements
24 contained in the reserve may not be sold through normal
25 commercial channels in the United States.

1 (e) Food grain supplements contained in the reserve
2 shall be in addition to any other reserve stocks of agricul-
3 tural commodities provided for by law.

4 FOREIGN PARTICIPATION IN RESERVE PROGRAM

5 SEC. 6. (a) In order that foreign countries which are
6 traditional buyers of grain from the United States and other
7 foreign countries may insure themselves of a dependable
8 and stable supply of grain, and in order to reduce the cost
9 to producers and consumers in the United States of main-
10 taining reserve supplies of grain, the Secretary of Agriculture
11 is authorized, in accordance with such rules and regulations
12 as he may prescribe, to permit foreign countries to partici-
13 pate in the program providing for the storage of feed grains
14 under section 105 (c) of the Agricultural Adjustment Act of
15 1949, as amended by this Act, and the storage of wheat
16 under section 379b (c) of the Agricultural Adjustment Act
17 of 1938, as amended by this Act. A foreign country
18 may participate in any such program by purchasing the
19 commodity concerned and paying the required storage and
20 other handling costs involved. Any commodities so stored
21 shall not be subject to any embargo placed on the export
22 market by the Secretary. The Secretary shall, in permitting
23 any foreign country to participate in such program, impose
24 such reasonable terms and conditions as he determines neces-
25 sary to prevent undue disruption of the normal channels of

1 trade in the commodities concerned and to protect producers
2 and consumers in the United States against undue price fluc-
3 tuations and increases.

4 (b) The Secretary of Agriculture shall submit a report
5 to the Committee on Agriculture and Forestry of the Senate
6 and to the Committee on Agriculture of the House of Rep-
7 resentatives within ninety days after the date of enactment
8 of this Act indicating the action he has taken to implement
9 this section together with any recommendations for addi-
10 tional legislative action necessary to improve the program.

11 AUTHORIZATION FOR APPROPRIATIONS

12 SEC. 7. There are authorized to be appropriated such
13 sums as may be necessary to carry out the provisions of this
14 Act.

15 CROP LOANS FOR WHEAT, FEED GRAINS, AND COTTON

16 EXCLUDED FROM BUDGET TOTALS

17 SEC. 8. Loans made by the Secretary of Agriculture in
18 carrying out the feed grain program provided under section
19 105 of the Agricultural Act of 1949, as amended by the
20 Agriculture and Consumer Protection Act of 1973 and this
21 Act, in carrying out the wheat program provided for in
22 section 107 of the Agricultural Act of 1949, as amended by
23 the Agriculture and Consumer Protection Act of 1973 and
24 this Act, and in carrying out the cotton program under sec-
25 tion 602 of the Agricultural Act of 1949, as amended by the

1 Agriculture and Consumer Protection Act of 1973 and this
2 Act, and the repayment of such loans, shall not be included
3 in the totals of the budget of the United States Government
4 and shall be exempt from any general limitation imposed by
5 statute on expenditures and net lending (budget outlays) of
6 the United States.

95TH CONGRESS
1ST SESSION

S. 275

IN THE SENATE OF THE UNITED STATES

JANUARY 18, 1977

Mr. TALMADGE (for himself, Mr. ALLEN, Mr. DOLE, Mr. DOMENICI, Mr. EASTLAND, Mr. HELMS, Mr. HUDDLESTON, and Mr. STONE) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To provide price and income protection for farmers and assure consumers of an abundance of food and fiber at reasonable prices, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food and Agriculture
4 Act of 1977".

5 TITLE I—PAYMENT LIMITATION FOR WHEAT,
6 FEED GRAINS, AND UPLAND COTTON

7 SEC. 101. Section 101 (1) of the Agricultural Act of
8 1970, as amended, is amended by striking out "1974
9 through 1977" and inserting in lieu thereof "1974 through
10 1982".

1 TITLE II—DAIRY

2 DAIRY BASE PLANS

3 SEC. 201. Section 201 (e) of the Agricultural Act of
4 1970, as amended, is amended by striking out "1977" and
5 inserting in lieu thereof "1982", and by striking out "1980"
6 and inserting in lieu thereof "1985".

7 TRANSFER OF DAIRY PRODUCTS TO THE
8 MILITARY AND VETERANS HOSPITALS

9 SEC. 202. Section 203 of the Agricultural Act of 1970, as
10 amended, is amended by striking out "1977" and inserting
11 in lieu thereof "1982".

12 DAIRY INDEMNITY PROGRAM

13 SEC. 203. Section 204 of the Agricultural Act of 1970,
14 as amended, is amended by striking out "June 30, 1977"
15 and inserting in lieu thereof "September 30, 1982".

16 PRODUCER HANDLERS

17 SEC. 204. Section 206 of the Agricultural Act of 1970,
18 as amended, is amended by inserting after "Agriculture
19 and Consumer Protection Act of 1973" the following: "and
20 the Food and Agriculture Act of 1977".

21 TITLE III—WOOL PROGRAM

22 SEC. 301. Section 301 of the Agricultural Act of 1970,
23 as amended, is amended by striking out "1977" each place
24 it occurs and inserting in lieu thereof "1982".

1 TITLE IV—WHEAT PROGRAM

2 LOAN RATE AND TARGET PRICE

3 SEC. 401. Effective beginning with the 1978 crop, sec-
4 tion 401 of the Agricultural Act of 1970, as amended, is
5 amended by striking out "1971 through 1977" and inserting
6 in lieu thereof "1971 through 1982", and section 107 of the
7 Agricultural Act of 1949, as it appears therein, is amended
8 to read as follows:

9 "SEC. 107. Notwithstanding any other provision of
10 law—

11 "(a) Loans and purchases on each crop of wheat shall
12 be made available at not less than 75 per centum of the cost
13 of production per bushel, except that if the loan rate so
14 calculated is higher than the estimated average world price
15 for wheat for the marketing year for which the loan deter-
16 mination is made, the Secretary is authorized to adjust the
17 loan rate for wheat to not less than 90 per centum of the
18 estimated average world price.

19 "(b) If a set-aside program is in effect for any crop of
20 wheat under section 379b (c) of the Agricultural Adjust-
21 ment Act of 1938, as amended, payments, loans and pur-
22 chases shall be made available on such crop only to producers
23 who comply with the provisions of such program.

24 "(c) Payments shall be made for each crop of wheat

1 to the producers on each farm in an amount determined
2 by multiplying (i) the amount by which the higher of—
3 “(1) the national weighted average market price
4 received by farmers during the first five months of the
5 marketing year for such crop, as determined by the
6 Secretary, or
7 “(2) the loan level determined under subsection
8 (a) for such crop
9 is less than the cost of production per bushel, times in each
10 case (ii) the allotment for the farm for such crop, times (iii)
11 the projected yield established for the farm with such adjust-
12 ments as the Secretary determines necessary to provide a fair
13 and equitable yield. The cost of production per bushel for
14 the 1978 crop of wheat is determined to be \$2.91. For each
15 of the 1979 through 1982 crops, the cost of production shall
16 be determined by the Secretary in accordance with section
17 411 of the Agricultural Act of 1970. If the Secretary deter-
18 mines that the producers are prevented from planting any
19 portion of the farm acreage allotment to wheat or other
20 nonconserving crop, because of drought, flood, or other nat-
21 ural disaster or condition beyond the control of the pro-
22 ducer, the rate of payment on such portion shall be the
23 larger of (A) the foregoing rate, or (B) one-third of the
24 cost of production. If the Secretary determines that, be-
25 cause of such a disaster or condition, the total quantity of

1 wheat (or of cotton, corn, grain sorghums, or barley planted
 2 in lieu of wheat) which the producers are able to harvest on
 3 any farm is less than $66\frac{2}{3}$ per centum of the farm acreage
 4 allotment times the projected yield of wheat (or of cotton,
 5 corn, grain sorghums, or barley planted in lieu of wheat)
 6 for the farm, the rate of payment for the deficiency in pro-
 7 duction below 100 per centum shall be the larger of (A) the
 8 foregoing rate, or (B) one-third of the cost of production.
 9 The Secretary shall provide for the sharing of payments
 10 made under this subsection for any farm among the pro-
 11 ducers on the farm on a fair and equitable basis.”.

12 ALLOTMENT AND SET-ASIDE

13 SEC. 402. Section 402 (b) of the Agricultural Act of
 14 1970, as amended, is amended by—

15 (a) striking out “1974 through 1977” each place
 16 it occurs and inserting in lieu thereof “1974 through
 17 1982”; and

18 (b) striking out “1971 through 1977” and insert-
 19 ing in lieu thereof “1971 through 1982”.

20 NONAPPLICABILITY OF PROCESSOR CERTIFICATE

21 REQUIREMENT

22 SEC. 403. Section 403 (b) of the Agricultural Act of
 23 1970, as amended, is amended by striking out “July 1,
 24 1973 through June 30, 1978” and inserting in lieu thereof
 25 “July 1, 1973, through June 30, 1983”.

1 COMMODITY CREDIT CORPORATION SALES PRICE

2 RESTRICTIONS FOR WHEAT AND FEED GRAINS

3 SEC. 408. Section 409 of the Agricultural Act of 1970,
4 as amended, is amended by striking out "1971 through
5 1977" and inserting in lieu thereof "1971 through 1982".

6 SET-ASIDE ON SUMMER FALLOW FARMS

7 SEC. 409. Section 410 of the Agricultural Act of 1970,
8 as amended, is amended by striking out "1971 through
9 1977" and inserting in lieu thereof "1971 through 1982".

10 COST OF PRODUCTION

11 SEC. 410. Title IV of the Agricultural Act of 1970, as
12 amended, is amended by adding at the end thereof a new
13 section 411 as follows:

14 "COST OF PRODUCTION

15 "SEC. 411. (a) The Secretary of Agriculture shall
16 determine for each of the 1979 through 1982 crops of
17 wheat, corn, and upland cotton the cost of production to be
18 used in the establishment of loan and payment rates for each
19 commodity. The determination shall be based on the Secre-
20 tary's estimate of the costs incurred in the production of the
21 crop, taking into consideration joint products such as the
22 value of cottonseed and the value of grazing in the case of
23 wheat, and shall include, but not be limited to—

24 "(1) a charge for all direct or variable costs, such
25 as labor, power and machinery, seed, fertilizer and

1 chemicals, custom services, irrigation, interest on operat-
2 ing capital, and other materials;

3 “(2) a charge for overhead costs (a proportionate
4 share, if applicable), such as personal property taxes,
5 electricity, sales taxes, insurance, farm auto costs, and
6 other such costs not directly related to the production of
7 a specific crop;

8 “(3) a charge for management; and

9 “(4) a charge for land based on a composite land
10 allocation using share rent, cash rent, and average
11 acquisition value.

12 “(b) Yields used in determining per unit costs shall be
13 based on the most recent 5-year weighted national average
14 harvested yields for wheat and cotton and the most recent
15 5-year weighted national average yields of corn harvested
16 for grain.”

17 TITLE V—FEED GRAIN PROGRAM

18 LOAN RATE AND TARGET PRICE

19 SEC. 501. (a) Paragraph (18) of section 1 of the Agri-
20 culture and Consumer Protection Act of 1973 is amended by
21 striking out “1974 through 1977” and inserting in lieu there-
22 of “1974 through 1982”.

23 (b) Effective only with respect to the 1978 through
24 1982 crops of feed grains, section 501 of the Agricultural Act

1 of 1970, as amended by the Agriculture and Consumer Pro-
2 tection Act of 1973, is amended by—

3 (1) striking out "1971 through 1977" each place it
4 occurs and inserting in lieu thereof "1971 through
5 1982";

6 (2) striking out "1974 through 1977" each place it
7 occurs and inserting in lieu thereof "1974 through
8 1982";

9 (3) amending section 105 (a) (1) of the Agricul-
10 tural Act of 1949, as it appears therein; to read as
11 follows:

12 "(a) (1) The Secretary shall make available to pro-
13 ducers loans and purchases on each crop of corn at not less
14 than 75 per centum of the cost of production, except that
15 the Secretary may adjust such level if he determines that
16 such level will discourage the exportation of feed grains or
17 result in excessive total stocks of feed grains in the United
18 States."; and

19 (4) amending section 105 (b) (1) of the Agricul-
20 tural Act of 1949, as it appears therein, to read as
21 follows:

22 "(b) (1) In addition, the Secretary shall make avail-
23 able to producers payments for each crop of corn, grain

1 sorghums, and, if designated by the Secretary, barley, com-
2 puted by multiplying (i) the payment rate, times (ii) the
3 allotment for the farm for such crop, times (iii) the yield
4 established for the farm for the preceding crop with such
5 adjustments as the Secretary determines necessary to provide
6 a fair and equitable yield. The payment rate for corn shall be
7 the amount by which the higher of—

8 “(A) the national weighted average market price
9 received by farmers during the first five months of the
10 marketing year for such crop, as determined by the
11 Secretary, or

12 “(B) the loan level determined under subsection
13 (a) for such crop

14 is less than the cost of production per bushel. The cost of
15 production per bushel for the 1978 crop of corn is deter-
16 mined to be \$2.28. For each of the 1979 through 1982
17 crops, the cost of production shall be determined by the
18 Secretary in accordance with section 411 of the Agricul-
19 tural Act of 1970. The payment rate for grain sorghums
20 and, if designated by the Secretary, barley, shall be such
21 rate as the Secretary determines fair and reasonable in rela-
22 tion to the rate at which payments are made available for
23 corn. If the Secretary determines that the producers on a
24 farm are prevented from planting any portion of the farm
25 acreage allotment to feed grains or other nonconserving crop,

1 because of drought, flood, or other natural disaster or con-
 2 dition beyond the control of the producer, the rate of pay-
 3 ment on such portion shall be the larger of (A) the fore-
 4 going rate, or (B) one-third of the cost of production. If the
 5 Secretary determines that, because of such a disaster or
 6 condition, the total quantity of feed grains (or of wheat, or
 7 cotton planted in lieu of the allotted crop) which the
 8 producers are able to harvest on any farm is less than $66\frac{2}{3}$
 9 per centum of the farm acreage allotment times the yield of
 10 feed grains (or of wheat, or cotton planted in lieu of the
 11 allotted crop) established for the farm, the rate of payment
 12 for the deficiency in production below 100 per centum shall
 13 be the larger of (A) the foregoing rate, or (B) one-third
 14 of the cost of production.”

15 TITLE VI—UPLAND COTTON PROGRAM

16 SUSPENSION OF MARKETING QUOTAS; MINIMUM BASE

17 ACREAGE ALLOTMENTS

18 SEC. 601. Section 601 of the Agricultural Act of 1970,
 19 as amended, is amended by—

20 (a) striking out “1971 through 1977” each place
 21 it occurs and inserting in lieu thereof “1971 through
 22 1982”;

23 (b) striking out from paragraph (2) “1970
 24 through 1976” and inserting in lieu thereof “1970
 25 through 1981”;

1 1982 crops of upland cotton to cooperators nonrecourse
2 loans for a term of 10 months from the first day of the month
3 in which the loan is made at such level as will reflect for
4 Middling one-inch upland cotton (micronaire 3.5 through
5 4.9) at average location in the United States not less than 75
6 per centum of the cost of production, except that if the loan
7 rate so calculated is higher than the estimated average world
8 price for American cotton of such quality for the market-
9 ing year for which the loan determination is made, the Sec-
10 retary may adjust the loan rate for upland cotton to not less
11 than 90 per centum of the estimated world price. The
12 loan level for any crop of upland cotton shall be determined
13 and announced not later than November 1 of the calendar
14 year preceding the marketing year for which such loan
15 is to be effective. Notwithstanding the foregoing, if the carry-
16 over of upland cotton as of the beginning of the marketing
17 year for any of the 1972 through 1982 crops exceeds 7.2
18 million bales, producers on any farm harvesting cotton of
19 such crop from an acreage in excess of the base acreage
20 allotment for such farm shall be entitled to loans and pur-
21 chases only on an amount of the cotton of such crop pro-
22 duced on such farm determined by multiplying the yield used
23 in computing payments for such farm by the base acreage
24 allotment for such farm.

1 “(2) Payments shall be made for each crop of cotton
2 to the producers on each farm at a rate equal to the amount
3 by which the higher of—

4 “(A) the average market price received by farmers
5 for upland cotton during the calendar year which in-
6 cludes the first five months of the marketing year for
7 such crop, as determined by the Secretary, or

8 “(B) the loan level determined under paragraph
9 (1) for such crop

10 is less than the cost of production per pound. The cost of
11 production per pound for the 1978 crop is determined to be
12 51.1 cents per pound. For each of the 1979 through 1982
13 crops, the cost of production shall be determined by the
14 Secretary in accordance with section 411 of the Agricultural
15 Act of 1970. If the Secretary determines that the producers
16 on a farm are prevented from planting any portion of the
17 allotment to cotton because of drought, flood, or other
18 natural disaster, or condition beyond the control of the
19 producer, the rate of payment for such portion shall be the
20 larger of (A) the foregoing rate, or (B) one-third of the
21 cost of production. If the Secretary determines that, because
22 of such a disaster or condition, the total quantity of cotton
23 which the producers are able to harvest on any farm is less
24 than $66\frac{2}{3}$ per centum of the farm base acreage allotment
25 times the average yield established for the farm, the rate of

1 payment for the deficiency in production below 100 per
2 centum shall be the larger of (A) the foregoing rate, or
3 (B) one-third of the cost of production. The payment rate
4 with respect to any producer who (i) is on a small farm
5 (that is, a farm on which the base acreage allotment is ten
6 acres or less, or on which the yield used in making payments
7 times the farm base acreage allotment is five thousand
8 pounds or less, and for which the base acreage allotment
9 has not been reduced under section 350 (f)), (ii) resides
10 on such farm, and (iii) derives his principal income from
11 cotton produced on such farm, shall be increased by 30 per
12 centum; but, notwithstanding paragraph (3), such increase
13 shall be made only with respect to his share of cotton actually
14 harvested on such farm within the quantity specified in
15 paragraph (3).”.

16 COMMODITY CREDIT CORPORATION SALES PRICE

17 RESTRICTIONS

18 SEC. 603. Section 603 of the Agricultural Act of 1970,
19 as amended, is amended by striking out “1978” and insert-
20 ing in lieu thereof “1983”.

21 MISCELLANEOUS COTTON PROVISIONS

22 SEC. 604. Sections 604, 605, 606, 607, and 608 of the
23 Agricultural Act of 1970, as amended, are each amended by
24 striking out “1971 through 1977” and inserting in lieu
25 thereof “1971 through 1982”.

SKIPROW PRACTICES

1
2 SEC. 605. Section 612 of the Agricultural Act of 1970 is
3 amended by striking out "1974 through 1977" and inserting
4 in lieu thereof "1974 through 1982".

TITLE VII—RICE

NATIONAL ACREAGE ALLOTMENT AND ALLOCATION

6
7 SEC. 701. Section 101 of the Rice Production Act of
8 1975 is amended by striking out "1976 and 1977" each
9 place it occurs and inserting in lieu thereof "1976 through
10 1982".

LOAN RATE AND TARGET PRICE

11
12 SEC. 702. Section 102 of the Rice Production Act of
13 1975 is amended by—

14 (a) striking out "1976 and 1977" each place it
15 occurs and inserting in lieu thereof "1976 through
16 1982"; and

17 (b) amending paragraphs (1) and (2) of section
18 101 (g) of the Agricultural Act of 1949, as they appear
19 therein, to read as follows:

20 " (1) The established price for the purpose of making
21 payments on rice under this subsection shall be \$8 per
22 hundredweight in the case of the 1976 crop, adjusted to
23 reflect any changes in the index of prices paid by farmers
24 for production items, interest, taxes, and wage rates during
25 the period beginning on the date of enactment of the Rice

1 Production Act of 1975, and ending July 31, 1976; for
2 each of the 1977 through 1982 crops, the established price
3 shall be the established price for the preceding year's crop
4 adjusted to reflect any changes in the index of prices paid
5 by farmers for production items, interest, taxes, and wage
6 rates during the 12-month period immediately preceding
7 July 31 of the crop year for which the established price is
8 determined: *Provided*, That any increase that would other-
9 wise be made in the established price for the 1976 through
10 1982 crops to reflect a change in the index of prices paid by
11 farmers may be further adjusted to reflect any change in
12 (i) the national average yield per acre of rice for the three
13 calendar years preceding the year for which the determina-
14 tion is made, over (ii) the national average yield per acre
15 for the three calendar years preceding the year previous to
16 the one for which the determination is made.

17 “(2) The Secretary shall make available to cooperators
18 in the several States of the United States, loans and pur-
19 chases on the 1976 crop of rice at a rate equal to \$6 per
20 hundredweight, adjusted to reflect any changes in the index
21 of prices paid by farmers for production items, interest, taxes,
22 and wage rates during the period beginning on the date of
23 enactment of the Rice Production Act of 1975 and ending
24 July 31, 1976: *Provided*, That any increase in the rate of
25 loans and purchases for the 1976 crop to reflect a change

1 ferent times in response to different and specific needs,
2 and their work is not fully coordinated;

3 (4) these agencies have only been partially success-
4 ful in responding to the needs of all persons affected by
5 their research;

6 (5) useful information produced through federally
7 supported food and agricultural research is not being
8 efficiently transferred to the people of the United States;

9 (6) Federal funding levels for food and agricul-
10 tural research in recent years have not been commensur-
11 ate with needs stemming from changes in United States
12 agricultural practices and the world food and agricul-
13 tural situation;

14 (7) new research initiatives are needed in the areas
15 of food and human nutrition, animal health, and
16 aquaculture;

17 (8) increased research efforts are necessary to find
18 solutions to environmental problems and alternatives to
19 the technologies that have contributed to these problems;
20 and

21 (9) expanded research is needed to improve the
22 management and use of the Nation's natural and re-
23 newable resources, and promote improved living stand-
24 ards in rural America.

25 (b) Congress hereby declares that it is the policy of

1 the Federal Government of the United States that special
2 measures as set forth in this subtitle shall be undertaken to
3 improve the coordination, planning, and dissemination of
4 food and agricultural research, identify needs and establish
5 priorities for such research, and assure the full achievement
6 of national food and agricultural research objectives.

7 (c) Congress further declares that the Secretary of Agri-
8 culture should have the primary role in the overall national
9 food and agricultural research effort and implementing the
10 intent of Congress as expressed in this subtitle, in cooperation
11 with other Federal departments and agencies, the States,
12 colleges and universities, and user groups.

13 DEFINITIONS

14 SEC. 802. When used in this subtitle—

15 (a) the term “food and agricultural research” means
16 research in the fields of agriculture, silviculture, aquacul-
17 ture, associated marketing systems, water and soil re-
18 sources, home economics, human nutrition, and animal
19 health;

20 (b) the term “Secretary” means the Secretary of
21 Agriculture of the United States;

22 (c) the term “Department of Agriculture” means
23 the United States Department of Agriculture;

24 (d) the term “Policy Council” means the Federal
25 Food and Agricultural Research Policy Council;

1 (e) the term "Operations Committee" means the
2 Federal Food and Agricultural Research Operations and
3 Advisory Committee;

4 (f) the term "Users Advisory Board" means the
5 Users Advisory Board for Food and Agricultural
6 Research;

7 (g) the term "State agricultural experiment
8 stations" means those institutions eligible to receive funds
9 under the Act of March 2, 1887, as amended (24 Stat.
10 440, as amended; 7 U.S.C. 361a-361i), and the Re-
11 search Facilities Act (77 Stat. 90; 7 U.S.C. 390-390k);
12 and

13 (h) the term "agricultural and mechanical colleges"
14 means those institutions eligible to receive funds under
15 the Act of July 2, 1862 (12 Stat. 503, as amended;
16 7 U.S.C. 301-305, 307, and 308), or the Act of August
17 30, 1890 (26 Stat. 419, as amended; 7 U.S.C. 321-
18 326 and 328), including the Tuskegee Institute.

19 FEDERAL FOOD AND AGRICULTURAL RESEARCH POLICY
20 COUNCIL

21 SEC. 803. (a) To aid in the development, implementa-
22 tion, and coordination of Federal food and agricultural re-
23 search programs, there is hereby created and established
24 within the executive branch of the Government of the United

1 States a permanent council to be known as the Federal
2 Food and Agricultural Research Policy Council.

3 (b) The Policy Council shall be composed of the fol-
4 lowing eight persons—

5 (1) the Director of the Office of Science and Tech-
6 nology Policy, who shall serve as the Chairperson;

7 (2) the Assistant Secretary of Agriculture who has
8 jurisdiction over food and agricultural research, who
9 shall serve as Vice Chairperson;

10 (3) the Assistant Secretary of Health of the De-
11 partment of Health, Education, and Welfare;

12 (4) the Deputy Administrator of the Agency for
13 International Development of the Department of State;

14 (5) the Deputy Administrator of the Environ-
15 mental Protection Agency;

16 (6) the Deputy Director of the Office of Manage-
17 ment and Budget;

18 (7) the Deputy Administrator of the Energy Re-
19 search and Development Administration; and

20 (8) the Deputy Director of the National Science
21 Foundation.

22 (c) The Policy Council shall meet at the call of the
23 Chairperson, but at least once during each three-month
24 period.

1 (d) The Secretary shall provide clerical assistance and
2 staff personnel to the Policy Council to carry out its duties.
3 The Director of the Office of Research and Competitive
4 Grants of the Department of Agriculture shall serve as
5 executive secretary to the Policy Council.

6 (e) The Policy Council shall—

7 (1) periodically review Federal food and agri-
8 cultural research programs in order to insure that there
9 is maximum coordination and cooperation among Fed-
10 eral departments and agencies in their food and agri-
11 cultural research efforts; and

12 (2) annually prepare and submit to the Secretary
13 of Agriculture, not later than January 31 of each year,
14 a statement of the recommendations of the Policy Coun-
15 cil developed pursuant to the requirements of section 808

16 (a) of this title. The statement shall include, as neces-
17 sary, the recommendations of the Policy Council with
18 respect to supplemental funding or organizational
19 changes necessary to achieve the objectives of this
20 subtitle.

21 FEDERAL FOOD AND AGRICULTURAL RESEARCH OPERA-
22 TIONS AND ADVISORY COMMITTEE

23 SEC. 804. (a) There is hereby created and established
24 in the Department of Agriculture a permanent committee

1 to be known as the Federal Food and Agricultural Research
2 Operations and Advisory Committee.

3 (b) The Operations Committee shall be composed of
4 the following twenty-three members who are directly in-
5 volved in the national food and agricultural research effort—

6 (1) seven members from the Department of Agri-
7 culture designated by the Secretary, including the As-
8 sistant Secretary who has jurisdiction over food and
9 agricultural research, who shall serve as Co-Chairperson,
10 and the administrators of the major research and ex-
11 tension agencies or bureaus within the Department of
12 Agriculture;

13 (2) the following seven members from other Fed-
14 eral departments and agencies—

15 (A) the Assistant Administrator for Pesticides
16 of the Environmental Protection Agency;

17 (B) a representative designated by the Admin-
18 istrator of the Agency for International Develop-
19 ment of the Department of State;

20 (C) a representative of the Food and Drug
21 Administration of the Department of Health, Edu-
22 cation, and Welfare, and a representative of the Na-
23 tional Institutes of Health of the Department of

1 Health, Education, and Welfare, designated by the
2 Secretary of the Department of Health, Education,
3 and Welfare;

4 (D) a representative designated by the Ad-
5 ministrator of the National Oceanic and Atmos-
6 pheric Administration of the Department of Com-
7 merce;

8 (E) a representative designated by the Ad-
9 ministrator of the Energy Research and Develop-
10 ment Administration; and

11 (F) a representative designated by the Direc-
12 tor of the National Science Foundation;

13 (3) a representative designated by the Executive
14 Committee for the Division of Agriculture of the National
15 Association of State Universities and Land-Grant Col-
16 leges (who shall serve as Co-Chairperson) ;

17 (4) a representative designated by the Experiment
18 Station Committee on Organization and Policy;

19 (5) a representative designated by the Chairper-
20 son of the Association of State Colleges and University
21 Forestry Research Organization;

22 (6) a representative designated by the Extension
23 Committee on Organization and Policy;

24 (7) a representative designated by the Commission

1 on Home Economics of the National Association of
2 State Universities and Land-Grant Colleges;

3 (8) the Chairperson of the Animal Health Science
4 Research Advisory Board;

5 (9) a representative designated by the agricultural
6 and mechanical colleges eligible to receive funds under
7 the Act of August 30, 1890 (26 Stat. 419, as amended;
8 7 U.S.C. 321-326 and 328) ;

9 (10) a representative designated by the American
10 Association of Universities; and

11 (11) a representative designated by the Board on
12 Agriculture and Renewable Resources of the National
13 Academy of Sciences.

14 (c) (1) The Secretary is authorized to appoint ex
15 officio members to the Operations Committee.

16 (2) The Director of the Office of Research and Com-
17 petitive Grants of the Department of Agriculture shall be an
18 ex officio member of the Operations Committee.

19 (d) The Operations Committee shall meet at least once
20 during each three-month period. At least one meeting each
21 year shall be a joint meeting with the Users Advisory Board.

22 (e) The Secretary shall provide clerical assistance and
23 staff personnel to the Operations Committee to carry out its
24 duties. The Director of the Office of Research and Competi-

1 tive Grants of the Department of Agriculture shall serve as
2 executive secretary to the Operations Committee.

3 (f) The Operations Committee shall—

4 (1) provide a forum for the interchange of
5 information among the organizations represented by the
6 members of the Operations Committee that will assure
7 maximum awareness among these organizations con-
8 cerning the research programs, results, and directions
9 of each organization;

10 (2) develop, and periodically review the effective-
11 ness of, a system for compiling, maintaining, and dis-
12 seminating information about each federally supported
13 food and agricultural research project and, to the maxi-
14 mum extent possible, information about private re-
15 search projects conducted by colleges and universities,
16 foundations, contract research groups, businesses, and
17 others. Information about private research projects shall
18 not be included in this system unless they are partially
19 or entirely funded by the Federal Government or the
20 organizations sponsoring the projects request in writing
21 the inclusion of information about such research projects;

22 (3) develop and recommend methods for expanding
23 bases of cooperation in planning and implementing na-
24 tional, regional, and interstate research programs, for
25 submission to the Department of Agriculture and other

1 agencies and institutions conducting food and agri-
2 cultural research;

3 (4) develop a system for reviewing and evaluating
4 food and agricultural research programs;

5 (5) develop, and periodically review the effective-
6 ness of, guidelines for use by the Secretary in making
7 competitive grants under section 813 of this title;

8 (6) periodically review developments in food and
9 agricultural research and determine the high-priority re-
10 search areas, and submit an annual report identifying the
11 high-priority research areas to the Office of Research and
12 Competitive Grants of the Department of Agriculture for
13 use by the Secretary in making competitive grants; and

14 (7) prepare and submit to the Secretary, not later
15 than December 31 of each year, a statement of the rec-
16 ommendations of the Operations Committee developed
17 pursuant to the requirements of section 808 (a) of this
18 title. The statement shall also include—

19 (A) the committee's recommendations as to
20 unified food and agricultural research programs to
21 be implemented during the following fiscal year,
22 delineating suggested areas of responsibility for
23 Federal and State agencies in carrying out such
24 programs, and the overall planning, evaluation,

1 coordination, and support necessary for such pro-
2 grams, and

3 (B) a summary of food and agricultural re-
4 search achievements made during, and the status of
5 on-going projects as of the end of, the prior fiscal
6 year for the research programs conducted by the
7 organizations represented by the members of the
8 Operations Committee. Minority views, if timely
9 submitted, shall be included in the submission.

10 The Secretary shall make the statement available to the
11 Policy Council and Users Advisory Board.

12 USERS ADVISORY BOARD FOR FOOD AND AGRICULTURAL
13 RESEARCH; WORKING PANELS

14 SEC. 805. (a) The Secretary shall establish within the
15 Department of Agriculture a permanent board to be known
16 as the Users Advisory Board for Food and Agricultural
17 Research.

18 (b) The Users Advisory Board shall be composed of
19 the following twenty-five members to be appointed by the
20 Secretary—

21 (1) four members representing producers of agri-
22 cultural commodities and aquaculture;

23 (2) four members representing consumer interests;

24 (3) four members representing farm suppliers and
25 food and fiber processors;

1 (4) four members representing food marketing
2 organizations;

3 (5) two members representing environmental
4 groups;

5 (6) two members representing animal health
6 groups;

7 (7) two members engaged in rural development
8 work;

9 (8) two members engaged in human nutrition
10 work; and

11 (9) one member representing organized labor.

12 Members of the Users Advisory Board shall be appointed
13 for three-year terms and may be reappointed only after an
14 absence from the Users Advisory Board of at least three
15 years: *Provided*, That original appointments shall be for
16 one, two, and three years, on a proportional basis, and any
17 person appointed for less than a full term may be reap-
18 pointed after the expiration of such term for a successive
19 appointment for a full three-year term.

20 (c) The Users Advisory Board shall select a Chair-
21 person and Vice-Chairperson from its membership, at its
22 first meeting each year, who shall serve in those positions
23 for a term of one year.

24 (d) The Users Advisory Board shall meet at least once

1 during every six-month period. At least one meeting each
2 year shall be a joint meeting with the Operations Committee.

3 (e) (1) The Users Advisory Board shall be divided,
4 for the performance of the duties prescribed in subsection
5 (i) of this section, into five working panels, each composed
6 of five members of the Users Advisory Board, with general
7 responsibilities, respectively, as follows—

8 (A) user group 1—agricultural input requirements;

9 (B) user group 2—agricultural and food produc-
10 tion;

11 (C) user group 3—food marketing;

12 (D) user group 4—human nutrition; and

13 (E) user group 5—renewable resources.

14 (2) Membership on the working panels shall be for a
15 term of one year and members may select the working panel
16 on which to serve. However, whenever more than five mem-
17 bers of the Users Advisory Board wish to serve on the
18 same working panel, membership shall be determined by
19 drawing lots.

20 (3) Determination of the membership of the working
21 panels shall be made, under the supervision of the Chair-
22 person of the Users Advisory Board, at the first meeting of
23 the Users Advisory Board each year.

24 (4) The working panels shall each select a Chairperson.
25 The Chairperson and Vice-Chairperson of the Users Advisory
26 Board may not serve as Chairperson of a working panel.

1 (5) The working panels shall meet at least once during
2 every four-month period. All members of the Users Advisory
3 Board shall be advised of each meeting of the working panels
4 and, if they are not members of the working panel holding the
5 meeting, may participate in the meeting on a nonvoting basis.

6 (f) The Chairperson and Vice-Chairperson of the Users
7 Advisory Board and the Chairpersons of the working panels
8 shall constitute an executive board.

9 (g) The Secretary shall, after consultation with the
10 executive board, provide clerical assistance and staff personnel
11 to the Users Advisory Board to carry out its duties. In addi-
12 tion, the Secretary shall employ, with the advice and con-
13 sent of the executive board, a person to serve as staff director
14 for the Users Advisory Board. The staff director shall be
15 deemed to be a confidential or policymaking position excepted
16 from the Civil Service competitive service requirements of
17 title 5 of the United States Code. The staff director shall be
18 an ex officio member of the Users Advisory Board and all
19 working panels.

20 (h) The Users Advisory Board shall—

21 (1) develop and submit recommendations as to
22 appropriate subjects and issues for consideration by the
23 Policy Council;

24 (2) annually review and assess for the Policy Coun-
25 cil and Operations Committee—

1 (A) the policies, programs, goals, and priorities
2 of Federal departments and agencies performing
3 food and agricultural research;

4 (B) the relationship of the Federal Govern-
5 ment with the agricultural and mechanical colleges
6 and State agricultural experiment stations, and with
7 other colleges and universities in the United States
8 which conduct or have the capacity to conduct food
9 and agricultural research with Federal support; and

10 (C) the extent of food and agricultural research
11 being conducted by other entities, including private
12 foundations and businesses, and the relationships of
13 such research to federally supported food and agri-
14 cultural research; and

15 (3) prepare and submit to the Secretary, not later
16 than November 30 of each year, a statement of the rec-
17 ommendations of the Users Advisory Board developed
18 pursuant to the requirements of section 808 (a) of this
19 title. The statement shall also include a review and an
20 assessment of the allocation of funds for food and agricul-
21 tural research by the organization represented on the
22 Operations Committee for the preceding fiscal year.
23 Minority views, if timely submitted, shall be included in
24 the submission. The Secretary shall make the statement
25 available to the Policy Council and Operations Com-
26 mittee.

1 (i) The working panels shall—

2 (1) conduct public workshops and meetings with
3 interested persons, to assure that, to the maximum ex-
4 tent possible, the views and comments of all such per-
5 sons are obtained; and

6 (2) transmit summaries of the views and opinions
7 obtained to the Policy Council.

8 ESTABLISHMENT OF THE OFFICE OF RESEARCH AND COM-
9 PETITIVE GRANTS AND DUTIES OF THE DIRECTOR

10 SEC. 806. (a) The Secretary shall establish in the De-
11 partment of Agriculture an office to be known as the Office
12 of Research and Competitive Grants. This Office shall be
13 headed by a Director who shall be appointed by the Presi-
14 dent, by and with the advice and consent of the Senate, and
15 who shall report generally to the Assistant Secretary of Ag-
16 riculture with jurisdiction over food and agricultural re-
17 search. The Director shall possess demonstrated competence
18 in research administration and professional experience in one
19 or more of the sciences involved in food and agricultural
20 research.

21 (b) The Director shall provide executive secretarial
22 support to the Policy Council and the Operations Committee
23 and shall serve as an ex officio member of the Operations
24 Committee.

1 (c) The Director shall compile, maintain, and dissemi-
2 nate information about each federally supported research
3 project and, to the maximum extent possible, information
4 about private research projects, pursuant to the system de-
5 veloped by the Operations Committee under section 804 (f)
6 (2) of this title.

7 (d) The Director shall administer the competitive
8 grants provided for in section 813 of this title.

9 FUNDING OF FOOD AND AGRICULTURAL RESEARCH

10 PROGRAMS

11 SEC. 807. It is the sense of Congress that Federal
12 funding for food and agricultural research programs should
13 equal, in any fiscal year, an amount not less than one-half
14 of 1 per centum of the total value of personal consumption
15 expenditures for food in the United States for the preceding
16 calendar year plus one-half of 1 per centum of the gross value
17 of agricultural exports from the United States for the pre-
18 ceding calendar year, as reported by the Department of
19 Commerce. Nothing herein shall prevent the President or
20 Congress from requesting or appropriating amounts greater
21 than the level specified by this section.

22 EXAMINATIONS AND RECOMMENDATIONS WITH RESPECT
23 TO APPROPRIATIONS

24 SEC. 808. (a) The Policy Council, Operations Commit-
25 tee, and Users Advisory Board shall annually examine fed-

1 erally supported food and agricultural research and educa-
2 tion programs, identify the priority needs for those programs,
3 and make recommendations as to allocations of responsibilities
4 and levels of funding among these programs. The recom-
5 mendations shall be submitted to the Secretary as provided
6 in this subtitle.

7 (b) A statement of the recommendations shall be sub-
8 mitted by the Secretary of Agriculture to the President, the
9 Speaker of the House of Representatives, and the President
10 of the Senate not later than February 15 of each year, except
11 that the first statement shall not be due until February 15
12 of the second fiscal year following the fiscal year in which
13 this Act becomes effective.

14 RULES AND REGULATIONS

15 SEC. 809. The Secretary of Agriculture is authorized to
16 prescribe such rules and regulations as the Secretary deems
17 necessary to carry out the provisions of this subtitle.

18 GENERAL PROVISIONS

19 SEC. 810. (a) Any vacancy in the Policy Council, Op-
20 erations Committee, or the Users Advisory Board shall not
21 affect their powers under this subtitle and shall be filled in
22 the same manner as the original position.

23 (b) Members of the Policy Council and the Operations
24 Committee may designate representatives to attend meetings

1 of the Policy Council or Operations Committee whenever
2 they are unable to attend.

3 (c) The Policy Council, Operations Committee, and
4 Users Advisory Board are authorized to delegate any func-
5 tions to their individual members, and to make such rules
6 and regulations as are necessary for the conduct of business,
7 except as herein otherwise provided.

8 (d) Members of the Policy Council, Operations Com-
9 mittee, and Users Advisory Board shall serve without com-
10 pensation, if not otherwise officers or employees of the United
11 States, except that members of the Operations Committee
12 and Users Advisory Board shall, while away from their
13 homes or regular places of business in the performance of
14 services under this subtitle, be allowed travel expenses, in-
15 cluding per diem in lieu of subsistence, as authorized under
16 section 5703 of title 5 of the United States Code.

17 DIRECTOR—EXECUTIVE LEVEL V

18 SEC. 811. Section 5316 of title 5 of the United States
19 Code, as amended, is amended by adding at the end thereof
20 a new paragraph (141) as follows:

21 “(141) Director, Office of Research and Competi-
22 tive Grants, Department of Agriculture.”

23 APPROPRIATIONS

24 SEC. 812. There are hereby authorized to be appro-
25 priated such sums as are necessary to carry out the provisions
26 of this subtitle.

1 Subtitle B—Food and Agricultural Research

2 Grants and Contingency Funds

3 RESEARCH GRANTS

4 SEC. 813. Section 2 of the Act of August 4, 1965 (79
5 Stat. 431; 7 U.S.C. 450i), is amended to read as follows:

6 “SEC. 2. (a) In order to promote research in food,
7 agriculture, and related areas, a research grants program is
8 hereby established in the Department of Agriculture.

9 “(b) The Secretary of Agriculture is authorized to
10 make competitive grants, for periods not to exceed five
11 years duration, to State agricultural experiment stations,
12 colleges, universities, other research institutions and orga-
13 nizations, and to Federal and private organizations or cor-
14 porations and individuals, for research to further the pro-
15 grams of the Department of Agriculture. Not less than 50
16 per centum of the funds extended for competitive grants
17 shall be allocated by the Secretary to high-priority research
18 taking into consideration the determinations made by the
19 Federal Food and Agricultural Research Operations and Ad-
20 visory Committee identifying high-priority research areas.

21 “(c) The Secretary of Agriculture is authorized to
22 make grants, for periods not to exceed three year’ duration,
23 to agricultural and mechanical colleges eligible to receive
24 funds under the Act of July 2, 1862 (12 Stat. 503, as
25 amended; 7 U.S.C. 301-305, 307, and 308) or the Act

1 of August 30, 1890 (26 Stat. 419, as amended; 7 U.S.C.
2 321-326 and 328), including the Tuskegee Institute, and
3 State agricultural experiment stations, to facilitate or ex-
4 pand on-going State-Federal research programs that (1)
5 require funding in excess of normal program levels, (2)
6 promote excellence in research, (3) promote the develop-
7 ment of regional research centers, or (4) promote the
8 research partnership between the Department of Agriculture
9 and such colleges, or the State agricultural experiment
10 stations.

11 “(d) The Secretary of Agriculture shall make annual
12 grants to support the purchase of equipment and supplies
13 and the construction, alteration, or renovation of buildings
14 necessary for the conduct of food and agricultural research,
15 to—

16 “(1) each State agricultural experiment station in
17 an amount of \$100,000 or an amount which is equal
18 to 10 per centum of the funds received by such station
19 under the Act of March 2, 1887 (24 Stat. 440, as
20 amended; 7 U.S.C. 361a-361i), and the Act of Octo-
21 ber 10, 1962 (76 Stat. 806; 16 U.S.C. 582a-7), which-
22 ever is greater: *Provided*, That of any amount in excess
23 of \$50,000 made available under this paragraph during
24 any year for allotment to a State agricultural experiment
25 station, no payment thereof shall be made in excess of

1 the amount which the station makes available during
2 that year for the establishment and maintenance of
3 facilities; and

4 “(2) each accredited college of veterinary medi-
5 cine and State agricultural experiment station which
6 receives funds from the Federal Government for animal
7 health research, in an amount which is equal to 10 per
8 centum of the animal health research funds received from
9 the Federal Government during the previous fiscal year.

10 Any State agricultural experiment station or college eligible
11 for annual grants under this section may elect to defer the
12 receipt of an annual grant for any fiscal year for up to five
13 years: *Provided*, That the total amounts deferred may not
14 exceed \$1,000,000. Application may be made for receipt
15 of deferred grants at any time during the five years, subject
16 to the matching funds requirement of this section and the
17 availability of appropriations under this section.

18 “(e) Each recipient of assistance under this section shall
19 keep such records as the Secretary of Agriculture shall, by
20 regulation, prescribe, including records which fully disclose
21 the amount and disposition by such recipient of the proceeds
22 of such grants, the total cost of the project or undertaking
23 in connection with which such funds are given or used, and
24 the amount of that portion of the costs of the project or
25 undertaking supplied by other sources, and such other records

1 as will facilitate an effective audit. The Secretary of Agricul-
2 ture and the Comptroller General of the United States or
3 any of their duly authorized representatives shall have access
4 for the purpose of audit and examination to any books, docu-
5 ments, papers, and records of the recipients that are pertinent
6 to the grants received under this section.

7 “(f) The Secretary of Agriculture shall limit allowable
8 overhead costs, with respect to grants awarded under this
9 section, to those necessary to carry out the purposes of the
10 grants.

11 “(g) There are hereby authorized to be appropriated
12 such sums as are necessary to carry out the provisions of
13 this section.

14 “(h) The Secretary of Agriculture is authorized to pre-
15 scribe such rules and regulations as the Secretary deems
16 necessary to carry out the provisions of this section.”.

17 **CONTINGENCY FUND**

18 **SEC. 814.** A contingency fund for the Department of
19 Agriculture shall be established in the United States Treasury
20 to be called the “Department of Agriculture-Contingency
21 Research Fund”, and there are hereby authorized to be
22 appropriated such sums as are necessary to maintain such
23 fund at a minimum level of \$5,000,000. The fund shall be
24 available to the Secretary of Agriculture without fiscal year

1 limitation to meet irregular or unexpected research needs of
2 any service agency within the Department of Agriculture
3 and emergency food and agricultural research needs, includ-
4 ing national or regional conferences in connection with
5 emergency problems or situations.

6 Subtitle C—National Food and Human Nutrition Research
7 and Extension Program

8 FINDINGS AND DECLARATIONS

9 SEC. 815. (a) Congress hereby finds that there is in-
10 creasing evidence of a relationship between diet and many
11 of the leading causes of death in the United States; that
12 improved nutrition is an integral component of preventive
13 health care; that there is a serious need for research on the
14 chronic effects of diet on degenerative diseases and related
15 disorders; that nutrition and health considerations are im-
16 portant to United States agricultural policy; that there is
17 insufficient knowledge concerning precise human nutritional
18 requirements, the interaction of the various nutritional con-
19 stituents of food, and differences in nutritional requirements
20 among different population groups such as infants, children,
21 adolescents, elderly men and women, and pregnant women;
22 and that there is a critical need for objective data concerning
23 food safety, the potential of food enrichment, and means to
24 encourage better nutritional practices.

1 (b) It is hereby declared to be the policy of the United
2 States, for the promotion and protection of the general wel-
3 fare of its people, that the United States Department of Ag-
4 riculture conduct research in the fields of human nutrition
5 and the nutritive value of foods and conduct human nutri-
6 tion education activities, as provided in this subtitle.

7 AUTHORIZATIONS TO THE SECRETARY OF AGRICULTURE

8 SEC. 816. In order to carry out the policy of this sub-
9 title, the Secretary of Agriculture of the United States shall
10 develop and implement a national food and human nutrition
11 research and extension program that shall include, but not
12 be limited to—

13 (a) research on human nutritional requirements;

14 (b) research on the nutrient composition of foods
15 and the effects of agricultural practices, handling, food
16 processing, and cooking on the nutrients they contain;

17 (c) surveillance of the nutritional benefits pro-
18 vided to participants in the food programs administered
19 by the Department of Agriculture;

20 (d) research on the factors affecting food prefer-
21 ences and habits; and

22 (e) the development of techniques and equipment
23 to assist consumers in the home or in institutions in se-
24 lecting food that supplies a nutritionally adequate diet.

1 RESEARCH BY THE AGRICULTURAL RESEARCH SERVICE

2 SEC. 817. (a) The Secretary of Agriculture shall estab-
3 lish research into food and human nutrition as a separate
4 and distinct mission of the Agricultural Research Service,
5 and the Secretary shall increase support for such research
6 to a level that provides resources adequate to meet the policy
7 of this subtitle.

8 (b) The Secretary, in administering food and human
9 nutrition research within the Agricultural Research Service,
10 shall periodically consult with the administrators of the
11 Federal agencies that have responsibility for programs deal-
12 ing with human food and nutrition, as to the specific research
13 needs of those agencies.

14 (c) Not less than 2 per centum of the funds appro-
15 priated to the Agricultural Research Service for food and
16 human nutrition research in any fiscal year shall be allocated
17 and be available to carry out needed research to improve the
18 operations of the programs of the Food and Nutrition Serv-
19 ice, as jointly determined by the Administrators of the Agri-
20 cultural Research Service and the Food and Nutrition
21 Service.

22 STUDY

23 SEC. 818. The Secretary of Agriculture shall perform a
24 study assessing the potential value and cost of establishing

1 regional food and human nutrition research centers in the
 2 United States. This assessment shall examine the feasibility
 3 of using existing Federal facilities in establishing such centers.
 4 The Secretary shall complete this study and submit a report
 5 setting forth the findings of the study and recommendations
 6 for the implementation of these findings, as a part of the
 7 plan the Secretary is required to submit to Congress pur-
 8 suant to section 822 of this subtitle, not later than one year
 9 after the effective date of this Act.

10 RESEARCH BY STATE AGRICULTURAL EXPERIMENT
 11 STATIONS

12 SEC. 819. Section 3 (c) of the Act of March 2, 1887
 13 (24 Stat. 441, as amended; 7 U.S.C. 361c (e)) is
 14 amended—

15 (a) by redesignating paragraph 5 as paragraph 6
 16 and inserting immediately before redesignated paragraph
 17 6 a new paragraph 5 as follows:

18 "5. Not less than 15 per centum of any funds appro-
 19 priated pursuant to this subsection for distribution to States
 20 shall be used by State agricultural experiment stations for
 21 conducting food and human nutrition research projects ap-
 22 proved by the Secretary of Agriculture;"; and

23 (b) by striking out "20" in paragraph 4 and
 24 inserting "10".

NUTRITION EDUCATION

1

2 SEC. 820. (a) The Extension Service of the Department
3 of Agriculture shall establish a national education program
4 which shall include, but not be limited to, the dissemination
5 of the results of food and human nutrition research per-
6 formed by the Agricultural Research Service and the State
7 agricultural experiment stations under the direction of the
8 Cooperative State Research Service.

9 (b) In order to enable low-income individuals and
10 families to engage in nutritionally sound food purchasing and
11 preparation practices, the expanded Federal nutrition educa-
12 tion program conducted under section 3 (d) of the Smith-
13 Lever Act, as amended (7 U.S.C. 343 (d)), shall be
14 expanded to provide for the employment and training of
15 professional and paraprofessional aides to engage in direct
16 nutrition education of enrolled families. Funds for carrying
17 out the provisions of this subsection shall be allocated to each
18 State, in an amount which bears the same ratio to the total
19 amount to be allocated as the population of the State living
20 at or below 125 per centum of the income poverty guidelines
21 prescribed by the Office of Management and Budget (ad-
22 justed pursuant to section 625 of the Economic Opportunity
23 Act of 1964, as amended (42 U.S.C. 2971d)) bears to the
24 total population of all the States living at or below 125 per

1 centum of the income poverty guidelines, as determined
2 by the last preceding decennial census at the time each such
3 sum is first appropriated. To the maximum extent practica-
4 ble, program aides will be hired from the indigenous target
5 population. The provisions of this subsection shall not pre-
6 clude the Extension Service from developing educational
7 materials and programs for persons in income ranges above
8 the level designated in this subsection. As used in this section
9 and section 821 of this title, the term "State" means any
10 one of the fifty States and the District of Columbia, Guam,
11 Puerto Rico, and the Virgin Islands of the United States.

12 SEC. 821. In order to encourage nutrition education pro-
13 grams in the classrooms and lunchrooms of elementary and
14 secondary schools, the Secretary of Agriculture shall, in con-
15 sultation with appropriate officials in the Department of
16 Health, Education, and Welfare, develop and distribute to
17 State departments of education a comprehensive set of edu-
18 cational materials on food and nutrition education which
19 shall be appropriate for all levels of the elementary and sec-
20 ondary education system.

21 REPORT TO CONGRESS

22 SEC. 822. The Secretary of Agriculture shall submit a
23 comprehensive plan for implementing the National Food and
24 Human Nutrition Research and Extension Program provided
25 for by this subtitle to Congress within one year after the

1 effective date of this Act. The plan shall include, but not
2 be limited to, recommendations relating to research direction,
3 funding levels, needed facilities grants, and use of Federal
4 facilities in cooperation with States and others, necessary to
5 achieve the policy set forth in section 815 of this title.

6 RULES AND REGULATIONS

7 SEC. 823. The Secretary of Agriculture is authorized to
8 prescribe such rules and regulations as the Secretary deems
9 necessary to carry out the provisions of this subtitle.

10 Subtitle D—Animal Health Research

11 PURPOSE

12 SEC. 824. It is the purpose of this subtitle to promote
13 the general welfare through improved health and produc-
14 tivity of domestic livestock, poultry, and other income-pro-
15 ducing animals which are essential to the Nation's food
16 supply and the welfare of producers and consumers of animal
17 products; to facilitate the effective treatment of and, where
18 possible, prevent animal and poultry diseases that, if not con-
19 trolled, would be disastrous to the United States livestock
20 and poultry industries and endanger the Nation's food sup-
21 ply; to minimize livestock and poultry losses due to trans-
22 portation and handling; to protect human health through
23 control of animal diseases transmissible to humans; to im-
24 prove the health of companion animals which support an in-
25 dustry of major economic importance and which contribute

1 States and the District of Columbia, Guam, Puerto Rico,
2 and the Virgin Islands of the United States;

3 (e) the term "Secretary" means the Secretary of
4 Agriculture of the United States;

5 (f) the term "Advisory Board" means the Animal
6 Health Science Research Advisory Board; and

7 (g) the term "animal health research capacity"
8 means the capacity of an eligible institution to conduct
9 research on animal health, as determined by the
10 Secretary.

11 AUTHORIZATION TO THE SECRETARY OF AGRICULTURE

12 SEC. 826. In order to carry out the purposes of this
13 subtitle, the Secretary is hereby authorized to cooperate
14 with, encourage, and assist the States in carrying out pro-
15 grams of animal health research at eligible institutions, in
16 the manner hereinafter described in this subtitle.

17 ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

18 SEC. 827. (a) The Secretary shall establish a perma-
19 nent board to be known as the Animal Health Science Re-
20 search Advisory Board, composed of the following eleven
21 members—

22 (1) the Administrator of the Agricultural Research
23 Service of the Department of Agriculture;

24 (2) the Administrator of the Cooperative State Re-
25 search Service of the Department of Agriculture;

1 (3) the Administrator of the Animal and Plant
2 Health Inspection Service of the Department of Agricul-
3 ture;

4 (4) the Director of the Bureau of Veterinary Med-
5 icine of the Food and Drug Administration of the De-
6 partment of Health, Education, and Welfare;

7 (5) the following seven members appointed by the
8 Secretary—

9 (A) two persons representing accredited col-
10 leges of veterinary medicine,

11 (B) two persons representing State agricultural
12 experiment stations, and

13 (C) three persons representing national live-
14 stock and poultry organizations.

15 The members shall serve without compensation, if not other-
16 wise officers or employees of the United States; except that
17 while away from their homes or regular places of business in
18 the performance of services for the Advisory Board, members
19 of the Advisory Board shall be allowed travel expenses, in-
20 cluding per diem in lieu of subsistence, as authorized under
21 section 5703 of title 5 of the United States Code.

22 (b) The Advisory Board shall provide consultation
23 and advice to and assist the Secretary in administering this
24 subtitle.

25 (c) The Advisory Board shall meet at the call of the

1 Secretary, but at least once annually to advise the Secretary
2 with respect to the administration and implementation of
3 this subtitle and to recommend priorities for the conduct of
4 research programs authorized under this subtitle, under such
5 rules and procedures for conducting business as the Secre-
6 tary shall, in his discretion, prescribe.

7 (d) Nongovernmental members of the Advisory Board
8 shall be appointed for three-year terms and may be re-
9 appointed only after an absence from the Advisory Board
10 of at least three years: *Provided*, That their original ap-
11 pointments shall be for one, two, and three years, on a pro-
12 portional basis, and any person appointed for less than a
13 full term may be reappointed after the expiration of such
14 term for a successive appointment for a full three-year term.

15 (e) (1) The Advisory Board shall elect a Chairperson
16 from its membership, and the Chairperson shall serve for a
17 term of one year.

18 (2) The Chairperson of the Advisory Board shall serve
19 as a member of the Federal Food and Agricultural Re-
20 search Operations and Advisory Committee.

21 APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH
22 RESEARCH PROGRAMS

23 SEC. 828. (a) Congress is hereby authorized to ap-
24 propriate funds annually in such amount as Congress
25 may determine necessary to support continuing animal health

1 research programs at eligible institutions. Funds appropriated
2 under this section shall be used to meet expenses of conduct-
3 ing animal health research, publishing and disseminating
4 the results of such research, contributing to the retirement
5 of employees subject to the provisions of the Act of
6 March 4, 1940 (54 Stat. 39, as amended; 7 U.S.C. 331),
7 administrative planning and direction, and to purchase equip-
8 ment and supplies necessary for conducting such research.

9 (b) Funds appropriated under subsection (a) of this
10 section for any fiscal year shall be apportioned as follows:

11 (1) Four per centum shall be retained by the
12 United States Department of Agriculture for adminis-
13 tration, program assistance to the eligible institutions,
14 and program coordination.

15 (2) Forty-eight per centum shall be distributed
16 among the several States to the eligible institutions in
17 each State in the proportion that the value of and income
18 to producers from domestic livestock and poultry in the
19 State where the eligible institution is located, bears to
20 the total value of and income to producers from domestic
21 livestock and poultry in the United States. The Secretary
22 shall determine the total value of and income from
23 domestic livestock and poultry and the proportionate
24 value of and income from domestic livestock and poultry
25 for each State, based on the most current inventory of

1 all cattle, sheep, swine, horses, and poultry, published
2 by the United States Department of Agriculture.

3 (3) Forty-eight per centum shall be distributed
4 among the eligible institutions of the several States in
5 proportion to the animal health research capacity of
6 the eligible institution or institutions in each State. The
7 Secretary shall determine the animal health research
8 capacity of an eligible institution, with the advice of
9 the Advisory Board.

10 (c) In those States with accredited colleges of veteri-
11 nary medicine, the deans of the accredited college or colleges
12 and the director of the State agricultural experiment sta-
13 tion for the State, shall develop a comprehensive animal
14 health research program based on the animal health research
15 capacity of each eligible institution in the State, which shall
16 be submitted to the Secretary for approval and shall be used
17 for the allocation of funds available for the State under this
18 section.

19 (d) Whenever a new college of veterinary medicine
20 is established in a State and is accredited, the Secretary,
21 after consultation with the dean of such college, and, where
22 applicable, deans of other accredited colleges in the State
23 in which the new college is established, and the director of
24 the State agricultural experiment station, shall provide for
25 the reallocation of funds available to institutions in the

1 State pursuant to subsection (b) (2) of this section between
2 the new college and other eligible institutions in the State,
3 based on the animal health research capacity of each eligible
4 institution.

5 (e) Whenever two or more States jointly establish
6 a regional college of veterinary medicine or jointly support
7 a college of veterinary medicine serving the States involved,
8 the Secretary is authorized to make funds available to such
9 institution pursuant to subsection (b) (2) of this section
10 in such amounts that reflect the combined relative value of
11 and income from livestock and poultry in the cooperating
12 States, such amount to be adjusted, as necessary, pursuant
13 to the provisions of subsections (c) and (d) of this section.

14 APPROPRIATIONS FOR RESEARCH ON NATIONAL OR
15 REGIONAL PROBLEMS

16 SEC. 829. (a) Congress is hereby authorized to appro-
17 priate funds annually in such amount as Congress may deter-
18 mine necessary to support research on specific national or
19 regional animal health problems. Funds appropriated under
20 this section shall be used to pay costs of conducting research
21 and other costs provided for in section 828 (a) of this title.

22 (b) Funds appropriated under this section shall be
23 allocated by the Secretary to eligible institutions for work
24 to be done, as mutually agreed upon between the Secretary
25 and the applicable eligible institution or institutions. The

1 Secretary shall consult the Advisory Board in developing
2 plans for the use of these funds.

3 AVAILABILITY OF APPROPRIATED FUNDS

4 SEC. 830. Funds available for allocation under the terms
5 of this subtitle shall be paid to each eligible institution at
6 such times and in such amounts as shall be determined by the
7 Secretary. Funds shall remain available for payment of un-
8 liquidated obligations for one additional fiscal year following
9 the year of appropriation.

10 WITHHOLDING OF APPROPRIATED FUNDS

11 SEC. 831. If the Secretary determines that an eligible
12 institution is not entitled to receive its allocation of the annual
13 appropriation because of its failure to satisfy requirements of
14 this subtitle or regulations issued under it, the Secretary shall
15 withhold such amount. The facts and reasons concerning the
16 determination and withholding shall be reported to the
17 President; and the amount involved shall be kept separate
18 in the Treasury until the close of the next Congress. If the
19 next Congress shall not direct such sum to be paid, it shall
20 be carried to surplus.

21 REQUIREMENTS FOR USE OF FUNDS

22 SEC. 832. (a) With respect to research projects on
23 problems of animal health to be performed at eligible institu-
24 tions and supported with funds allocated to the institutions
25 under this subtitle, the dean or director of each eligible insti-

1 tution shall cause to be prepared and shall review proposals
2 for such research projects, which contain data showing com-
3 pliance with the purpose in section 824 of this title and the
4 provisions for use of funds specified in section 828 (a) of this
5 title, and with general guidelines for project eligibility to
6 be provided by the Secretary with the advice of the Advisory
7 Board. Such research proposals that are approved by the
8 dean or director shall be submitted to the Secretary prior to
9 assignment of funds thereto with a brief summary showing
10 compliance with the purpose of this subtitle and the Secre-
11 tary's general guidelines.

12 (b) Each dean or director shall also submit an annual
13 report stating the accomplishments of research projects
14 funded under this subtitle on a project-by-project basis and
15 shall account for all funds allocated to the institution under
16 the provisions of this subtitle at such times and on such forms
17 as the Secretary shall prescribe. If any portion of the allotted
18 moneys received shall by any action or contingency be
19 diminished, lost, or misapplied, it shall be replaced by the
20 State concerned and until so replaced, no subsequent appro-
21 priation shall be allotted or paid to such institution.

22 MATCHING FUNDS

23 SEC. 833. The amount paid by the Federal Govern-
24 ment to any eligible institution for assistance under this
25 subtitle during any fiscal year, exclusive of the funds paid

1 for research on specific national or regional animal health
2 problems under the provisions of section 829 of this title,
3 shall be in an amount not to exceed \$100,000 in addition
4 to an amount not to exceed the amount available to and
5 budgeted for expenditure by such institution during the same
6 fiscal year for animal health research from non-Federal
7 sources. The Secretary is authorized to make such payments
8 in excess of \$100,000 on the certificate of the appropriate
9 official of the institution having charge of the animal health
10 research for which payments under this subtitle are to be
11 made. If any institution certified for receipt of matching
12 funds under this subtitle fails to make available and budget
13 for expenditure for animal health research in any fiscal year
14 sums at least as much as the amount for which it is certified,
15 the difference between the Federal matching funds available
16 and the funds made available and budgeted for expenditure
17 by the institution shall be reapportioned by the Secretary to
18 other eligible institutions of the same State if there be any
19 which qualify therefor, and, if there be none, the Secretary
20 shall reapportion such difference to the qualifying eligible
21 institutions of other States.

22 ALLOCATIONS UNDER THIS SUBTITLE NOT SUBSTITUTIONS

23 SEC. 834. The sums appropriated and allocated to eligi-
24 ble institutions under this subtitle shall be in addition to, and
25 not in substitution for, sums appropriated or otherwise made

1 available to such institutions pursuant to other provisions of
2 law.

3 **RECORDS**

4 **SEC. 835.** Each recipient of Federal assistance under this
5 subtitle, pursuant to grants, subgrants, contracts, subcon-
6 tracts, loans, or other arrangements, entered into other than
7 by formal advertising, and which are otherwise authorized
8 by this subtitle shall keep such records as the Secretary shall
9 prescribe, including records which fully disclose the amount
10 and disposition by such recipient of the proceeds of such as-
11 sistance, the total cost of the project or undertaking in con-
12 nection with which such assistance is given or used, the
13 amount of that portion of the cost of the project or undertak-
14 ing supplied by other sources, and such other records as will
15 facilitate an effective audit.

16 **ACCESS TO RECORDS**

17 **SEC. 836.** The Secretary of Agriculture and the Comp-
18 troller General of the United States, or any of their duly au-
19 thorized representatives, shall, until the expiration of three
20 years after completion of the project or undertaking referred
21 to in section 835 of this title, have access for the purpose
22 of audit and examination to any books, documents, papers,
23 and records of such recipients which in the opinion of the
24 Secretary or the Comptroller General may be related or per-

1 tinent to the grants, subgrants, contracts, subcontracts, loans,
2 or other arrangements referred to in section 835.

3 **RULES AND REGULATIONS**

4 **SEC. 837.** The Secretary is authorized to prescribe such
5 rules and regulations as the Secretary deems necessary to
6 carry out the provisions of this subtitle, and to furnish such
7 advice and assistance as will best promote the purposes of
8 this subtitle.

9 **TITLE IX—PUBLIC LAW 480**

10 **CONFORMING AMENDMENT**

11 **SEC. 901.** Section 103 (b) of the Agricultural Trade
12 Development and Assistance Act of 1954, as amended, is
13 amended by striking out "in section 106 (b) (2)" and insert-
14 ing in lieu thereof "in section 106 (b) (2) and section 112".

15 **MODIFICATION OF TITLE I ALLOCATION FORMULA**

16 **SEC. 902.** Section 111 of the Agricultural Trade Devel-
17 opment and Assistance Act of 1954, as amended, is amended,
18 by inserting "(a)" immediately after the section designa-
19 tion, and by adding at the end thereof a new subsection (b)
20 as follows:

21 "(b) If the President determines that the quantity of
22 commodities otherwise required to be allocated under sub-
23 section (a) of this section to countries with an annual per
24 capita gross national product of \$300 or less cannot be effec-

1 tively used to carry out the humanitarian purposes of this
2 title, the President may reallocate such commodities.”.

3 FACILITIES TO AID DISTRIBUTION AND CONSUMPTION
4 OF UNITED STATES FARM COMMODITIES

5 SEC. 903. Title I of the Agricultural Trade Develop-
6 ment and Assistance Act of 1954, as amended, is amended
7 by adding at the end thereof a new section 112 as follows:

8 “SEC. 112. (a) Notwithstanding any other provision
9 of this Act, the President is authorized to enter into com-
10 modity sales agreements with foreign countries or interna-
11 tional organizations, and to use foreign currencies, including
12 principal and interest from loan repayments, derived from
13 such sales for the purposes described in subsection (b) of
14 this section.

15 “(b) From the sales proceeds and loan repayments
16 under this title not less than the equivalent of 5 per centum
17 of the total value of all agreements shall be set aside and
18 made available to the Secretary of Agriculture to finance
19 projects, in cooperation with other appropriate agencies, that
20 will aid in the utilization, distribution, storage, transporta-
21 tion, or otherwise increase foreign consumption of and mar-
22 kets for all United States agricultural commodities: *Pro-*
23 *vided*, That the Secretary of Agriculture may release such
24 amounts so set aside as he determines cannot be effectively
25 used to carry out the purposes of this section.”.

1 (b) by striking out "or, in the case of landlocked
2 countries,"; and

3 (c) by inserting immediately after "points of
4 entry abroad" the following: "in the cases of (a) land-
5 locked countries, (b) where ports cannot be used effec-
6 tively because of natural or other disturbances, (c)
7 where carriers to a specific country are unavailable, or
8 (d) where a substantial savings in costs or time can be
9 effected by the utilization of points of entry other than
10 ports".

11 INCREASED APPROPRIATION LIMIT FOR TITLE II

12 SEC. 906. Section 204 of the Agricultural Trade De-
13 velopment and Assistance Act of 1954, as amended, is
14 amended by striking out "\$600,000,000" and inserting in
15 lieu thereof "\$900,000,000".

16 REVISION OF REPORTING REQUIREMENTS

17 SEC. 907. Section 408 of the Agricultural Trade Devel-
18 opment and Assistance Act of 1954, as amended, is amended
19 as follows:

20 (a) Subsection (b) is amended to read as follows:
21 "(b) Not later than July 1 of each calendar year, the
22 Secretary of Agriculture shall submit to Congress a global
23 assessment of food production and needs and planned pro-
24 gramming of food assistance for the coming fiscal year."

1 (b) Subsection (e) is amended by striking out "Presi-
2 dent" and inserting in lieu thereof "Secretary of Agriculture".

3 EXTENSION OF THE PROGRAM

4 SEC. 908. Section 409 of the Agricultural Trade Devel-
5 opment and Assistance Act of 1954, as amended, is amended
6 by striking out "1977" and inserting in lieu thereof "1982".

7 TITLE X—FOOD STAMPS

8 SHORT TITLE

9 SEC. 1001. This title may be cited as the "National
10 Food Stamp Reform Act of 1977".

11 DEFINITIONS

12 SEC. 1002. Section 3 of the Food Stamp Act of 1964,
13 as amended, is amended as follows:

14 (a) Subsection (e) is amended to read as follows:

15 "(e) The term 'household' means a group of individuals
16 who are sharing common living quarters, but who are not
17 residents of an institution or boardinghouse, and who have
18 access to cooking facilities and for whom food is customarily
19 purchased in common. Residents of federally subsidized
20 housing for the elderly, built under either section 202 of
21 the Housing Act of 1959 (12 U.S.C. 1701q) or section
22 236 of the National Housing Act (12 U.S.C. 1715z-1),
23 shall not be considered residents of an institution or board-
24 inghouse. The term 'household' also means (1) a single

1 individual living alone who has access to cooking facilities
2 and who purchases food for home consumption; (2) an
3 elderly person who meets the requirements of section 10 (h)
4 of this Act; or (3) any narcotics addict or alcoholic who
5 lives under the supervision of a private nonprofit organiza-
6 tion or institution for the purpose of regular participation in
7 a drug or alcoholic treatment and rehabilitation program.
8 Notwithstanding any other provision of this subsection,
9 households in which a member is eligible to participate in
10 the nutrition program for the elderly under title VII of the
11 Older Americans Act of 1965, or is authorized by section
12 10 (h) of this Act to use coupons for meals on wheels, shall
13 not be required to have cooking facilities.”.

14 (b) Subsection (f) is amended by striking out the
15 period at the end of the second sentence and inserting in lieu
16 thereof the following: “, or any private nonprofit coopera-
17 tive food purchasing venture in which the members pay for
18 food purchased prior to receipt of such food. Such private
19 nonprofit cooperative is authorized to redeem members’ food
20 coupons prior to receipt by the members of the food so pur-
21 chased. Organizations and institutions specified in section 10
22 (i) of this Act are not authorized to redeem coupons through
23 banks.”.

24 (c) Subsection (l) is amended to read as follows:
25 “(1) The term ‘elderly person’ means a person sixty

1 years of age or over who is not a resident of an institution or
2 boardinghouse.”.

3 (d) Section 3 is amended by adding at the end thereof
4 a new subsection (p) as follows:

5 “(p) The term ‘nutritionally adequate diet’ means a
6 diet having the value of the food required to feed a family
7 of four persons consisting of a man and a woman twenty
8 through fifty-four; a child six through eight; and a child
9 nine through eleven years of age, determined in accordance
10 with the thrifty food plan developed in 1975 by the Secre-
11 tary. The cost of such diet shall be the basis for uniform
12 coupon allotments for all households regardless of composi-
13 tion, except for household size adjustments and adjustments
14 to reflect economies of scale set forth in the thrifty food
15 plan.”.

16 DISTRIBUTION OF FEDERALLY DONATED FOODS

17 SEC. 1003. Section 4 (b) of the Food Stamp Act of
18 1964, as amended, is amended to read as follows:

19 “(b) In areas where the food stamp program is in
20 operation, there shall be no distribution of federally donated
21 foods to households under the authority of any other law,
22 except that distribution may be made for such period of
23 time as the Secretary determines necessary to effect an
24 orderly transition on an Indian reservation on which the
25 distribution of federally donated foods to households is being

1 replaced by a food stamp program, or where distribution is
2 made on a temporary basis under separately authorized pro-
3 grams to meet disaster relief needs, or where distribution
4 is for the purposes of any supplemental food program.”.

5 ELIGIBLE HOUSEHOLDS

6 SEC. 1004. Section 5 of the Food Stamp Act of 1964, as
7 amended, is amended as follows:

8 (a) Subsection (b) is amended to read as follows:

9 “(b) (1) The Secretary shall establish uniform national
10 standards of eligibility for participation by households in the
11 food stamp program and no plan of operation submitted by
12 a State agency shall be approved unless the standards of
13 eligibility meet those established by the Secretary.

14 “(2) The income standards of eligibility in every State
15 shall be the nonfarm income poverty guidelines prescribed by
16 the Office of Management and Budget adjusted annually pur-
17 suant to section 625 of the Economic Opportunity Act of
18 1964, as amended (47 U.S.C. 2971d) for the forty-eight
19 States and the District of Columbia, Alaska, Hawaii, Puerto
20 Rico, the Virgin Islands of the United States, and Guam,
21 respectively: *Provided*, That in no event shall the standards
22 of eligibility for Puerto Rico, the Virgin Islands, and Guam
23 exceed those in the fifty States.

24 “(3) The Secretary shall utilize the thirty-day period
25 preceding the date of application or recertification in determ-

1 ining income for purposes of eligibility and benefit levels of
2 households: *Provided*, That a longer period may be used as
3 determined by the Secretary for households who regularly
4 derive their annual income in a period of time substantially
5 shorter than one year.

6 “(4) Notwithstanding the provisions of paragraph (3) of
7 this subsection, a household that has suffered a substantial loss
8 of earned income may immediately make application for par-
9 ticipation in the food stamp program. Such application shall
10 be processed in the same manner as that for other applicants
11 except for the determination of the applicant household’s
12 income. At the time of such application, members of the
13 household (who are not otherwise exempt) must register for
14 employment under subsection (c) of this section and shall
15 receive the same services under such subsection as any other
16 applicant. At the end of the thirty-day period after the loss
17 of income, the applicant household may present the verifica-
18 tion of its income to the certifying authority and such author-
19 ity shall issue the applicant household its authorization to
20 purchase card immediately thereafter. The certifying author-
21 ity shall verify the household’s eligibility again within thirty
22 days after the issuance of the authorization to purchase card.

23 “(5) The Secretary shall also prescribe additional
24 standards of eligibility with respect to the amounts of liquid
25 and nonliquid assets a household may own.

1 “(6) Household income for purposes of the food stamp
2 program shall be the gross income of the household, as
3 defined in paragraph (7) of this subsection, less (i) a
4 standard deduction of \$70 a month applicable to all house-
5 holds, except that the standard deduction for Puerto Rico,
6 the Virgin Islands, and Guam shall be \$35 a month; (ii)
7 an additional deduction of \$25 a month for any household
8 in which there is at least one elderly person, or any house-
9 hold which has at least \$150 a month in earned income; and
10 (iii) Federal, State, and local income taxes and social secu-
11 rity taxes paid by employees under the Federal Insurance
12 Contributions Act or mandatory retirement withholdings
13 under section 8334 of title 5, United States Code.

14 “(7) Notwithstanding any other provision of law, gross
15 income for purposes of the food stamp program shall include,
16 but not be limited to, all money payments (including pay-
17 ments made pursuant to title I of the Domestic Volunteer
18 Services Act of 1973 and Federal, State, and local income
19 tax refunds, and Federal income tax credits) and payments
20 in kind, excluding:

21 “(A) payments for medical costs made on behalf
22 of the household;

23 “(B) income received as compensation for services
24 performed as an employee or income from self-employ-
25 ment by a child residing with the household who is

1 a student and who has not attained his eighteenth
2 birthday;

3 “(C) payments received under title II of the Uni-
4 form Relocation Assistance and Real Property Acquisi-
5 tion Policies Act of 1970;

6 “(D) income of a household in a quarter which is
7 received too infrequently or irregularly to be reasonably
8 anticipated: *Provided*, That such infrequent or irregu-
9 lar income of all household members does not exceed
10 \$30 during any three-month period;

11 “(E) all loans, except deferred educational loans
12 to the extent they are not used for tuition and mandatory
13 fees at an institution of higher education or school for
14 the handicapped;

15 “(F) all scholarships, fellowships, grants, and vet-
16 erans' educational benefits, except to the extent they
17 are not used for tuition and mandatory fees at an insti-
18 tution of higher education or school for the handicapped;

19 “(G) training allowances to the extent they are
20 used for tuition and mandatory fees in a training pro-
21 gram recognized by any Federal, State, or local govern-
22 mental agency which is preparatory to or associated
23 with employment;

24 “(H) housing vendor payments made directly to

1 landlords under programs administered by the Depart-
2 ment of Housing and Urban Development;

3 “(I) payments received under the special supple-
4 mental food program for women, infants, and children
5 authorized by section 17 of the Child Nutrition Act;

6 “(J) vendor or in kind payments derived from
7 government benefit programs including, but not limited
8 to, school lunch, medicare, and elderly feeding programs,
9 and any payments in kind which cannot reasonably and
10 properly be computed;

11 “(K) any income that any other law specifically
12 excludes from consideration as income for the purposes
13 of determining eligibility for the food stamp program;
14 and

15 “(L) the cost of producing self-employed income.

16 “(8) The Secretary may also establish temporary
17 emergency standards of eligibility for the duration of the
18 emergency, without regard to income and other financial
19 resources, for households that are victims of a disaster which
20 disrupts commercial channels of food distribution when he
21 determines that (A) such households are in need of tempo-
22 rary food assistance, and (B) commercial channels of food
23 distribution have again become available to meet the tem-
24 porary food needs of such households.”.

25 (b) Subsection (c) is amended to read as follows:

1 “(c) (1) Notwithstanding any other provision of law,
2 the Secretary shall include in the uniform national standards
3 of eligibility to be prescribed under subsection (b) of this
4 section a provision that each State agency shall provide that
5 a household shall not be eligible for assistance under this Act
6 if it includes an able-bodied adult person between the ages
7 of eighteen and sixty (except a parent or other member of
8 the household who has the responsibility of care of a depend-
9 ent child under the age of twelve or of an incapacitated per-
10 son; a parent or other caretaker of a child or of an incapaci-
11 tated person in households where there is another able-bodied
12 parent who is subject to the requirements of this subsec-
13 tion; bona fide students (enrolled at least half-time) in any
14 school or training program recognized by any Federal, State,
15 or local governmental agency; or persons employed and
16 working at least thirty hours per week) who without good
17 cause—

18 “(A) fails to register for employment at a State
19 employment service office or, when impractical, at such
20 other appropriate State or Federal office designated by
21 the Secretary of Labor;

22 “(B) fails to inquire regularly about employment
23 with prospective employers or otherwise fails to engage
24 regularly in activities directly related to securing em-
25 ployment;

1 “(C) refuses to accept employment or public work
2 at not less than the highest of (i) the applicable State
3 minimum wage; (ii) the applicable Federal minimum
4 wage; (iii) the applicable rates established by a valid
5 regulation of the Federal Government authorized by
6 existing law to establish such regulations; or (iv) if
7 there is no applicable wage as described in subdivision
8 (i), (ii), or (iii) of clause (C) of this paragraph, a
9 wage which is not substantially less favorable than the
10 wage normally paid for similar work in that labor
11 market, but in no event less than three-fourths of the
12 Federal minimum wage rates specified in section 6 (a)
13 (1) of the Fair Labor Standards Act; or

14 “(D) voluntarily quits any job unless the house-
15 hold of which such person is a member was certified for
16 benefits under this Act immediately prior to such un-
17 employment.

18 “(2) In carrying out its responsibilities under this
19 subsection, the State employment service shall comply with
20 regulations issued jointly by the Secretary and the Sec-
21 retary of Labor. The regulations shall take into account
22 the diversity of the food stamp work registrant population
23 and varying registrant needs, and shall conform as closely
24 as possible to the policies of the work incentive program

1 as determined appropriate by the Secretary and the Sec-
2 retary of Labor.

3 “(3) In the event of a failure of the State employ-
4 ment service to comply with the regulations issued under
5 paragraph (2) of this subsection, the Secretary of Labor is
6 authorized to assume the responsibilities of such State em-
7 ployment service. From the sums appropriated to carry out
8 this Act, there are authorized to be allocated for transfer to
9 the Secretary of Labor (A) for fiscal year 1978 not more
10 than \$100,000,000 and (B) for each succeeding fiscal year
11 such sum as may be jointly determined by the Secretary and
12 the Secretary of Labor to be necessary for the Secretary of
13 Labor to carry out his responsibilities under this section.
14 The Secretary shall transfer such sums as are allocated
15 for transfer to the Secretary of Labor. The Secretary of
16 Labor is authorized to make grants to, and enter into agree-
17 ments with, public or private agencies or organizations in
18 order to carry out his responsibilities under this Act.

19 “(4) Refusal to work at a plant or site subject to a
20 strike or lockout for the duration of such strike or lockout
21 shall not be deemed to be a refusal to accept employment.

22 “(5) For the purposes of this section, the term ‘able-
23 bodied adult person’ shall not include any narcotics addict
24 or alcoholic who regularly participates, as a resident or

1 nonresident, in any drug addiction or alcoholic treatment
2 and rehabilitation program for whom the chief administra-
3 tive officer of the rehabilitation program has certified in writ-
4 ing to the State agency that the work registration require-
5 ment would interfere with rehabilitation.

6 “(6) The exception provided in paragraph (1) with
7 respect to bona fide students shall not apply in the case
8 of any student during any period such student is not attend-
9 ing the school or training program in which he is enrolled
10 because of a break in the school year (or between school
11 years) or training programs if the duration of such break
12 is thirty days or more.”.

13 (c) Section 5 is amended by adding at the end thereof
14 new subsections (e) through (j) as follows:

15 “(e) No individual shall be eligible to participate in
16 the food stamp program unless he is a resident of the United
17 States, and is either (1) a citizen or (2) an alien lawfully
18 admitted for permanent residence or otherwise permanently
19 residing in the United States under color of law (including
20 any alien who is lawfully present in the United States as a
21 result of the application of the provisions of section 203 (a)
22 (7) or section 212 (d) (5) of the Immigration and Nation-
23 ality Act). If, in the application process it becomes known,
24 or the State agency has reason to believe, that an alien has
25 entered or remained in the United States illegally, the State

1 agency shall submit to the Department of Justice information
2 indicating that the applicant may be an illegal alien.

3 “(f) No household shall be eligible to participate, or to
4 continue to participate, in the food stamp program, if it
5 refuses to submit to the State agency necessary information
6 for a determination as to the household’s eligibility to par-
7 ticipate in the program. No household shall be eligible to
8 participate in the food stamp program for a period of up to
9 one year after it has been found either by a court of appro-
10 priate jurisdiction to have been guilty of a crime involving
11 fraud in connection with its participation in the food stamp
12 program, or by a State agency, after hearing and notice, to
13 have fraudulently obtained coupons.

14 “(g) The Secretary shall require every participating
15 household (except those participating households in States
16 which implement, at State option, a monthly reporting of
17 changes in the household’s circumstances, including, but not
18 limited to, income, household size, and resources) that
19 experiences changes affecting its eligibility or benefit status
20 to report to the State agency, within ten days of the date
21 upon which such changes become known to the household,
22 any change in monthly income in excess of \$25 and any
23 other change deemed appropriate by the Secretary. If a
24 household fails to fulfill this reporting requirement, or fails
25 to report a change as part of its monthly report in a State

1 which implements monthly client reporting, its coupon allot-
2 ment for the next certification period shall be reduced to re-
3 flect the impact of the changes at the time when they should
4 have been reported.

5 “(h) No individual shall be considered a household
6 member for food stamp program purposes if such individual
7 (1) has reached his eighteenth birthday; (2) is enrolled in
8 an institution of higher education, and (3) is properly
9 claimed or could properly be claimed as a dependent child
10 for Federal income tax purposes by a taxpayer who is not
11 a member of an eligible household.

12 “(i) No household that knowingly transfers liquid or
13 nonliquid assets for the purpose of qualifying or attempting
14 to qualify for the food stamp program shall be eligible to
15 participate in the program for such period of time as may
16 be determined in accordance with regulations issued pursuant
17 to this Act, but in no event shall such period of time be less
18 than thirty days from the date of discovery of the transfer.

19 “(j) No individual who receives supplemental security
20 income benefits under title XVI of the Social Security Act,
21 State supplementary payments described in section 1616 of
22 such Act, or payments of the type referred to in section 212
23 (a) of Public Law 93-66, as amended, shall be considered
24 to be a member of a household or an elderly person for pur-
25 poses of this Act for any month, if, for such month, such

1 individual resides in a State which provides State supplement-
 2 tary payments (1) of the type described in section 1616 (a)
 3 of the Social Security Act, and (2) the level of which has
 4 been found by the Secretary of Health, Education, and Wel-
 5 fare to have been specifically increased so as to include the
 6 bonus value of food stamps.”.

7 VALUE OF THE COUPON ALLOTMENT AND CHARGES,
 8 TO BE MADE

9 SEC. 1005. Section 7 of the Food Stamp Act of 1964,
 10 as amended, is amended as follows:

11 (a) Subsection (a) is amended to read as follows:

12 “(a) The face value of the coupon allotment which
 13 State agencies shall be authorized to issue to any households
 14 certified as eligible to participate in the food stamp program
 15 shall be in such amount as will provide such households a
 16 coupon allotment sufficient to allow them to purchase a
 17 nutritionally adequate diet as defined in section 3 (p) of
 18 this Act: *Provided*, That in no event shall the face value
 19 of the coupon allotments used in Puerto Rico, the Virgin
 20 Islands, and Guam exceed those in the fifty States. The
 21 face value of the coupon allotment shall be adjusted semi-
 22 annually by the nearest dollar increment that is a multiple
 23 of two to reflect changes in the prices of food published
 24 by the Bureau of Labor Statistics in the Department of
 25 Labor. Such changes shall be made in January and July

1 of each year based upon the cost of food in the preceding
2 August and February, respectively. In no event shall such
3 adjustments be made for households of a given size unless
4 the increase in the face value of the coupon allotment for
5 such households, as calculated in accordance with this sub-
6 section, is a minimum of \$2.”.

7 (b) Subsection (b) is amended to read as follows:

8 “(b) Households shall be charged for the coupon allot-
9 ment issued to them, and the amount of such charge shall be
10 27.5 per centum of the household’s income, as determined in
11 accordance with section 5 (b) of this Act: *Provided*, That for
12 single-person households and two-person households the mini-
13 mum benefit shall be \$10 per month. The Secretary shall
14 insure that each eligible household receives four authoriza-
15 tion to purchase cards in a timely manner at the outset of
16 each month in which it is eligible so that it can continue to
17 purchase food with the use of coupons without interruption,
18 each card shall represent one-fourth of that household’s
19 monthly coupon allotment.”.

20 (c) Subsection (d) (5) (A) is amended by inserting
21 the words “, which may include the State agency” immedi-
22 ately after the word “designee”.

23 (d) Subsection (d) (6) is amended by striking out “or
24 his designee,”.

ADMINISTRATION

1

2 SEC. 1006. Section 10 of the Food Stamp Act of 1964,
3 as amended, is amended as follows:

4 (a) Subsection (a) is amended by inserting "(1)"
5 immediately after the subsection designation and adding at
6 the end thereof a new sentence and a new paragraph (2)
7 as follows: "To encourage the purchase of nutritious foods,
8 the Extension Service of the Department of Agriculture,
9 with the technical assistance of the Food and Nutrition Serv-
10 ice, shall extend its food and nutrition education program to
11 the greatest extent possible to reasonably reach food stamp
12 program recipients. The program shall be further supple-
13 mented by the development of printed materials designed
14 to teach low-income persons how to buy and prepare more
15 nutritious and economical meals. From the funds appropri-
16 ated to carry out this Act, the Secretary is authorized to
17 allocate to the Extension Service such sums as the Secretary
18 determines necessary to implement the program of nutrition
19 education.

20 "(2) Federal agencies that administer programs for
21 needy people, including, but not limited to, supplemental
22 security income and social security programs, shall make
23 every reasonable attempt to inform recipients of those pro-
24 grams (who are potentially eligible for the food stamp

1 program) of the existence of the food stamp program and
2 its income and resource guidelines.”.

3 (b) Subsection (e) is amended by revising clause (5)
4 to read as follows: “(5) that the State agency shall under-
5 take effective action, including the use of services pro-
6 vided by other federally funded agencies and organizations,
7 to inform low-income households concerning the availability
8 and benefits of the food stamp program;”.

9 (c) Subsection (e) is further revised (1) by inserting
10 in clause (7) after the word “law”, the following: “, and
11 at the option of the State agency”; (2) by deleting “and”
12 preceding clause (8) and striking the period at the end of
13 clause (8); and (3) by adding the following new clauses
14 (9) and (10): “; (9) for the prompt payment to house-
15 holds of the bonus value of any coupon allotment which has
16 been wrongfully denied, delayed, or terminated as a result
17 of any administrative error on the part of the State agency:
18 *Provided*, That application for such payment shall be filed
19 not later than three months after the household has knowl-
20 edge of such error and any such payment shall not exceed
21 the bonus value of any such coupon allotment to which the
22 household is determined to be entitled for a three month
23 period: *Provided further*, That the period for which such
24 coupon allotment may be paid shall be extended by such
25 time, in excess of three months, as may be required to com-

1 plete administrative review of the alleged wrongful denial;
2 and (10) the institution of procedures under which the
3 State agency shall undertake effective action to (A) deter-
4 mine promptly the eligibility of applicant households by
5 providing an opportunity for each household to receive and
6 file an application for participation in the food stamp pro-
7 gram on the same day of such household's first reasonable
8 attempt to make an oral or written request for such applica-
9 tion, and (B) complete the certification of all eligible house-
10 holds and provide an authorization to purchase card to such
11 households not later than thirty days after the filing of such
12 applications.”.

13 (d) Subsection (f) is amended to read as follows:

14 “(f) (1) If the Secretary determines that in the admin-
15 istration of the program there is a failure by a State agency
16 to comply with the provisions of this Act, or with the regu-
17 lations issued pursuant to this Act, or with the State plan
18 of operation, he shall inform such State agency of such failure
19 and allow the State agency a specified period of time for the
20 correction of such failure. If the State agency does not correct
21 such failure within the specified period of time, the Secretary
22 may alternatively or concurrently (A) refer the matter to
23 the Attorney General with a request that an injunction be
24 sought to require compliance by the State agency and, at the
25 suit of the Attorney General in an appropriate United States

1 district court the State agency may be so enjoined, or (B)
2 direct that there be no further issuance of coupons in the po-
3 litical subdivisions where such failure has occurred until such
4 time as satisfactory corrective action has been taken.

5 “(2) If any State fails substantially to carry out the
6 State plan of operation under section 10 (e) of this Act
7 (including any quality control plan) approved by the Secre-
8 tary for such State for such year, the Secretary shall withhold
9 from the State an amount equal to 10 per centum of the funds
10 which would otherwise be payable to such State under section
11 15 (b) for such fiscal year for administrative expenses.”.

12 (e) Subsection (g) is amended by striking out the word
13 “gross” in the first sentence thereof.

14 (f) Subsection (h) is amended by striking out the first
15 sentence and inserting in lieu thereof the following: “Subject
16 to such terms and conditions as may be prescribed by the
17 Secretary in the regulations issued pursuant to this Act,
18 household members who are elderly, housebound, feeble,
19 physically handicapped, or otherwise disabled, to the extent
20 that they are unable to prepare adequately all of their
21 meals, may use coupons issued to them to purchase meals pre-
22 pared for and delivered to them by a political subdivision or
23 by a private nonprofit organization which (1) is operated
24 in a manner consistent with the purposes of this Act; and

1 (2) is recognized as a tax-exempt organization by the
2 Internal Revenue Service.”.

3 (g) Subsection (i) is amended by striking out “, (2)
4 and (3)” in the first sentence thereof and inserting in lieu
5 thereof “and (2)”.

6 (h) Section 10 is amended by adding at the end thereof
7 new subsections (j) and (k) as follows:

8 “(j) The Secretary, in conjunction with the Secretary
9 of Health, Education, and Welfare, is authorized to prescribe
10 regulations permitting applicants and recipients of supple-
11 mental security income benefits under title XVI of the Social
12 Security Act to apply for food stamps at supplemental secu-
13 rity income certification offices. In accordance with the reg-
14 ulations issued by the Secretary, certification of food stamp
15 eligibility in such offices shall be conducted by State agency
16 personnel, and employees of the Social Security Administra-
17 tion in such offices shall refer supplemental security income
18 applicants and recipients to the appropriate State agency per-
19 sonnel in order that the application and certification for food
20 stamp assistance may be accomplished as efficiently and con-
21 veniently as possible.

22 “(k) In areas where there are numerous persons who
23 speak a language other than English, multilingual personnel

1 and printed material shall—where necessary—be used in the
2 administration of the food stamp program.”.

3 SETTLEMENT AND ADJUSTMENT OF CLAIMS

4 SEC. 1007. Section 12 of the Food Stamp Act of 1964,
5 as amended, is amended by adding at the end thereof the
6 following new sentence: “Such claims include, but are not
7 limited to, claims arising from fraudulent and nonfraudulent
8 overissuances to recipients.”.

9 CRIMINAL PENALTIES

10 SEC. 1008. Subsections (b) and (c) of section 14 of the
11 Food Stamp Act of 1964, as amended, are amended by
12 striking out “\$5,000” and inserting in lieu thereof “\$1,000”.

13 ADMINISTRATIVE EXPENSES

14 SEC. 1009. Section 15 of the Food Stamp Act of 1964,
15 as amended, is amended as follows:

16 (a) Subsection (b) is amended—

17 (1) by striking out “The” and inserting in lieu
18 thereof the following: “Except as provided in subsection
19 (c) of this section, the”; and

20 (2) by inserting at the end of clause (1) and
21 immediately before the semicolon the following: “, ex-
22 clusive of those households in which all members are
23 receiving cash assistance under part A of title IV of the
24 Social Security Act”.

1 (b) Section 15 is amended by adding at the end thereof
2 new subsections (e) and (d) as follows:

3 “(c) Notwithstanding any other provision of this Act,
4 the Secretary is authorized to pay to each State agency an
5 amount equal to 75 per centum of all direct costs of State
6 food stamp program investigations, prosecutions, and State
7 activities related to recovering losses sustained in the food
8 stamp program, except for the costs of such activities with
9 respect to households in which all members are receiving
10 cash assistance under part A of title IV of the Social
11 Security Act.

12 “(d) Notwithstanding any other provision of this Act,
13 the administrative costs incurred by a State plan for aid and
14 services to needy families with children, approved under
15 part A of title IV of the Social Security Act, in conducting
16 public assistance withholding procedures under section 10 (e)
17 (7) of this Act shall be paid from funds appropriated to
18 carry out this Act.”

19 **APPROPRIATIONS**

20 **SEC. 1010.** Subsection (a) of section 16 of the Food
21 Stamp Act of 1964, as amended, is amended by striking out
22 “June 30, 1977” and inserting in lieu thereof “Septem-
23 ber 30, 1982”.

1 PILOT PROJECT AUTHORITY; EARNINGS CLEARANCE
2 SYSTEM STUDY; ASSETS STUDY

3 SEC. 1011. The Food Stamp Act of 1964, as amended,
4 is amended by adding at the end thereof new sections 18
5 through 21 as follows:

6 "PILOT PROJECT AUTHORITY

7 "SEC. 18. In carrying out the provisions of this Act,
8 the Secretary is authorized to carry out on a trial basis, in
9 one or more areas of the United States, but in no event for
10 more than 10 per centum of the participating population
11 of any State, experimental projects for purposes of increasing
12 the program's efficiency and delivery of benefits to eligible
13 households. Except for the pilot project required by section
14 21 of this Act, no project shall be implemented which would
15 lower or further restrict the resource and income limitations,
16 or increase the purchase requirement, provided for under this
17 Act.

18 "STUDY OF EARNINGS CLEARANCE SYSTEM

19 "SEC. 19. The Secretary is authorized and directed to
20 conduct a study of the feasibility and advisability of the
21 establishment of an earnings clearance system (which sys-
22 tem shall be consistent with the Privacy Act of 1974 (5
23 U.S.C. 552a), insofar as it provides for the use of informa-
24 tion from records of Federal agencies, and with any other
25 applicable privacy law insofar as it provides for the use of

1 information from non-Federal records) for the purpose of
2 checking the actual income and assets of a household against
3 those reported by such household. The Secretary shall sub-
4 mit a written report to the Congress within one year after
5 the date of enactment of this section, disclosing the results of
6 such study. The report shall include such explanations and
7 comments as the Secretary deems appropriate.

8 "ASSETS STUDY

9 "SEC. 20. The Secretary shall conduct a survey of house-
10 holds participating in the food stamp program for the pur-
11 pose of determining the average assets and distribution of
12 assets held by participants. The Secretary shall submit a
13 written report to the Congress within one hundred and
14 eighty days after the date of enactment of this section, dis-
15 closing the results of such survey. The report shall include
16 such explanations and comments as the Secretary deems
17 appropriate.

18 "PILOT PROJECT ON ELIMINATION OF PURCHASE

19 REQUIREMENT

20 "SEC. 21. Within ninety days after the date of enact-
21 ment of this section, the Secretary shall implement a pilot
22 project testing the effect of elimination of the purchase re-
23 quirement specified in section 6 of this Act. Such project
24 shall be carried out in a statistically significant number of
25 project areas, or parts of project areas, not fewer than ten,

1 in geographically dispersed urban and rural regions, and
2 shall employ a benefit reduction ratio of not higher than 30
3 per centum of household income. Not later than March 1,
4 1978, the Secretary shall report to the Congress on the
5 progress of such project, including statistical information on
6 participation rates, changes in food consumption patterns,
7 impact on benefit costs and administrative costs, and other
8 observations and recommendations which he may deem
9 appropriate. From the sums appropriated to carry out this
10 Act, the Secretary is authorized to allocate not more than
11 \$20,000,000 to carry out his responsibilities under this
12 section.”.

13 CONFORMING AMENDMENTS

14 SEC. 1012. (a) Section 3 (b) and section 4 (c) of
15 Public Law 93-86 are repealed.

16 (b) The last sentence of section 416 of the Act of
17 October 31, 1949 (as added by section 411 (g) of Public
18 Law 92-603), is repealed.

19 (c) Section 8 (c) of Public Law 93-233 is amended
20 by striking out “section 3 (e) of the Food Stamp Act of 1964
21 (as amended by subsection (a) of this section)” and insert-
22 ing in lieu thereof “section 5 (j) of the Food Stamp Act of
23 1964, as amended.”.

24 (d) Section 8 (f) of Public Law 93-233 is amended by
25 striking out everything through “during such period,” and

1 inserting in lieu thereof "The amendment made by subsec-
2 tion (e) shall not".

3 ESTABLISHMENT OF ADDITIONAL ASSISTANT SECRETARY
4 OF AGRICULTURE

5 SEC. 1013. (a) There shall be hereafter in the Depart-
6 ment of Agriculture, in addition to the Assistant Secretaries
7 now provided by law, an Assistant Secretary of Agriculture
8 with jurisdiction for food and nutrition programs who
9 shall (1) be appointed by the President, by and with the
10 advice and consent of the Senate, and (2) receive compen-
11 sation at the rate now or hereafter prescribed by law for
12 Assistant Secretaries of Agriculture.

13 (b) Section 5315 of title 5 of the United States Code
14 is amended by striking out "(5)" at the end of paragraph
15 (11) and by inserting in lieu thereof "(6)".

16 TITLE XI—RURAL DEVELOPMENT

17 Subtitle A—Rural Community Fire Protection Program

18 DISPOSITION OF SURPLUS FEDERAL PROPERTY TO RURAL

19 FIRE FORCES

20 SEC. 1101. Section 402 of the Rural Development Act
21 of 1972 (7 U.S.C. 2652) is amended by inserting "(a)"
22 before the first sentence and by adding at the end thereof
23 new subsections (b) and (c) as follows:

24 "(b) The Secretary, with cooperation and assistance
25 from the Administrator of General Services, shall encourage

1 the use of excess personal property (within the meaning of
2 the Federal Property and Administrative Services Act of
3 1949) by rural fire forces receiving assistance under this
4 title.

5 “(c) To promote maximum program effectiveness and
6 economy, the Secretary shall closely coordinate the assist-
7 ance provided under this title with assistance provided under
8 other fire protection and rural development programs admin-
9 istered by the Secretary.”.

10 REPORTS TO CONGRESS

11 SEC. 1102. Section 403 of the Rural Development Act
12 of 1972 (7 U.S.C. 2653) is amended by (1) striking out
13 “REPORT.—” and inserting in lieu thereof “REPORTS.—
14 (a)”; and (2) adding at the end thereof new subsection
15 (b) as follows:

16 “(b) Not later than March 1 of each year, beginning
17 in the calendar year 1978, the Secretary of Agriculture shall
18 submit a report to the Congress regarding the operation,
19 during the preceding fiscal year, of the program provided for
20 under this title. The Secretary shall include in such report the
21 number of applications for assistance filed by each State
22 during such fiscal year, the number of such applications ap-
23 proved by the Secretary, the amounts allocated to each State
24 and the purposes for which such allocations were made. The
25 Secretary shall also include in the report any comments

1 and recommendations for improving the program he deems
2 appropriate.”.

3 EXTENSION OF APPROPRIATIONS AUTHORITY

4 SEC. 1103. Section 404 of the Rural Development Act of
5 1972 (7 U.S.C. 2654) is amended by adding at the end
6 thereof the following new sentence: “There is further au-
7 thorized to be appropriated to carry out the provisions of
8 this title not to exceed \$7,000,000 for each of the fiscal
9 years ending September 30, 1978, September 30, 1979, and
10 September 30, 1980.”.

11 Subtitle B—Congressional Approval of Watershed Projects

12 SEC. 1104. The Watershed Protection and Flood Pre-
13 vention Act, as amended, is amended as follows:

14 (a) Section 2(3) is amended by striking out
15 “\$250,000” and inserting in lieu thereof “\$750,000”.

16 (b) Section 5(3) is amended by striking out
17 “\$250,000” and inserting in lieu thereof “\$750,000”.

18 (c) Section 5(4) is amended by striking out
19 “\$250,000” and inserting in lieu thereof “\$750,000”.

20 Subtitle C—Congressional Approval of Resource Conserva-
21 tion and Development Project Loans

22 SEC. 1105. The third sentence of section 32(e) of title
23 III of the Bankhead-Jones Farm Tenant Act, as amended
24 (7 U.S.C. 1011(e)), is amended by striking out “\$250,-
25 000” and inserting in lieu thereof “\$500,000”.

1 TITLE XII—EXTENSION OF THE FEDERAL IN-
2 SECTICIDE, FUNGICIDE, AND RODENTICIDE
3 ACT

4 SCIENTIFIC ADVISORY PANEL

5 SEC. 1201. Section 25 of the Federal Insecticide, Fungi-
6 cide, and Rodenticide Act, as amended (7 U.S.C. 136w),
7 is amended by adding at the end of subsection (d) a new
8 sentence as follows: "The advisory panel established by this
9 subsection shall be permanent."

10 EXTENSION OF FEDERAL INSECTICIDE, FUNGICIDE, AND
11 RODENTICIDE ACT

12 SEC. 1202. Section 27 of the Federal Insecticide, Fun-
13 gicide, and Rodenticide Act, as amended (7 U.S.C. 136y),
14 is amended by striking out "and for the period beginning
15 October 1, 1976, and ending March 31, 1977, the sum of
16 \$23,600,000." and inserting the following: "and for the
17 period beginning October 1, 1976, and ending September 30,
18 1977, the sum of \$37,000,000. There are hereby authorized
19 to be appropriated for the fiscal year ending September 30,
20 1978, the sum of \$65,000,000; for the fiscal year ending
21 September 30, 1979, the sum of \$70,000,000; and for the
22 fiscal year ending September 30, 1980, the sum of
23 \$75,000,000."

1 TITLE XIII—MISCELLANEOUS PROVISIONS

2 INCLUSION OF AQUACULTURE AND HUMAN NUTRITION
3 AMONG THE BASIC FUNCTIONS OF THE DEPARTMENT
4 OF AGRICULTURE

5 SEC. 1301. (a) Section 520 of the Revised Statutes (7
6 U.S.C. 2201) is amended by striking out the phrase “agri-
7 culture and rural development” and inserting in lieu thereof
8 the phrase “agriculture, rural development, marine and fresh
9 water aquaculture, and human nutrition”.

10 (b) Subsection (a) of section 526 of the Revised
11 Statutes (7 U.S.C. 2204(a)) is amended by striking out
12 the phrase “agriculture and rural development” and inserting
13 in lieu thereof the phrase “agriculture, rural development,
14 marine and fresh water aquaculture, and human nutrition”.

15 BEEKEEPER INDEMNITY PROGRAM

16 SEC. 1302. Section 804(f) of the Agricultural Act of
17 1970, as amended, is amended by striking out “December 31,
18 1977” and inserting in lieu thereof “December 31, 1982”.

19 MULTIYEAR SET-ASIDE CONTRACTS

20 SEC. 1303. Section 1005 of the Agricultural Act of
21 1970 is amended by striking out “1977” and inserting in
22 lieu thereof “1982”, and by striking out “1974 through
23 1978” and inserting in lieu thereof “1974 through 1982”.

1 COMMODITY DISTRIBUTION PROGRAM

2 SEC. 1304. Section 4 (a) (2) of the Agriculture and
3 Consumer Protection Act of 1973, as amended, is amended
4 by striking out "two", and by striking out "July 1, 1975, and
5 ending September 30, 1977" and inserting in lieu thereof
6 "July 1, 1975, and ending September 30, 1982".

7 RESCUE OPERATIONS BY THE SECRETARY OF AGRICULTURE
8 ON NATIONAL FOREST SYSTEM LANDS

9 SEC. 1305. Section 3 of the Act of May 27, 1930 (46
10 Stat. 387; 16 U.S.C. 575), is amended to read as follows:

11 "SEC. 3. (a) The Secretary of Agriculture is authorized
12 in cases of emergency to utilize personnel and equipment and
13 incur such expenses as may be necessary in—

14 " (1) searching for persons lost within the National
15 Forest System;

16 " (2) providing emergency medical services for persons
17 seriously ill or injured within the National Forest
18 System and while in transit to the nearest medical
19 facility;

20 " (3) transporting persons seriously ill or injured
21 within the National Forest System to the nearest medi-
22 cal facility or to the nearest place where the sick or
23 injured person may be transferred to interested parties
24 or local authorities; and

25 " (4) transporting persons who die within the Na-

1 tional Forest System to the nearest place where the body
2 may be transferred to interested parties or local authori-
3 ties.

4 “(b) The Secretary of Agriculture may cooperate with
5 any State or political subdivision thereof in conducting activi-
6 ties under this section, and he may reimburse cooperators
7 under terms of a written agreement for expenditures incurred
8 in connection with services and materials provided under this
9 section.

10 “(c) There are authorized to be appropriated such
11 amounts as may be necessary to carry out the provisions of
12 this section.”

13 OTHER RESCUE OPERATIONS BY THE SECRETARY OF
14 AGRICULTURE IN CASES OF EMERGENCY

15 SEC. 1306. (a) The Secretary of Agriculture is author-
16 ized, when called upon by local or State authorities, in cases
17 of emergency, to utilize personnel and equipment and incur
18 such expenses as may be necessary in—

19 (1) searching for lost persons;

20 (2) providing emergency medical services for
21 persons seriously ill or injured at the place where such
22 persons are located and while in transit to the nearest
23 medical facility;

24 (3) transporting persons seriously ill or injured
25 to the nearest medical facility or to the nearest place

1 where the sick or injured person may be transferred to
2 interested parties or local authorities; and

3 (4) transporting dead persons to the nearest place
4 where the body may be transferred to interested parties
5 or local authorities.

6 (b) There are authorized to be appropriated such
7 amounts as may be necessary to carry out the provisions of
8 this section.

STATEMENT OF CHARLES KING, PRESIDENT, NORTH CAROLINA PORK PRODUCERS ASSOCIATION, RALEIGH, N.C.

Senator Helms, Congressman Jones . . . I appreciate the opportunity to make a few comments.

First, I would like to brief you on the importance of our pork industry in North Carolina:

1. North Carolina is the fastest growing pork producing State in the United States.
2. We rank number 7 in the Nation in total pork production.
3. We have approximately 20,000 pork producers, producing about 3 million market hogs annually and 450,000 feeder pigs.
4. Pork production is worth more than 300 million dollars to animal agriculture in North Carolina.
5. North Carolina has more large pork producing units producing 5,000 or more market hogs per year than any other State in the Nation.

With reference to farm bill S. 275—generally, I feel this bill is OK without too many modifications. However, there are a few areas of caution with reference to the swine industry:

1. (a) Research—I was pleased to see the money available for research is based on income for the committee in our area. Just last week, we discovered a case of pseudorabies. Also, this week, we found a dog with this disease. Immediate attention and research is required for the control and prevention of this dreadful disease.

(b) Continue animal health programs such as the one which made North Carolina hog cholera free in case massive outbreaks occur.

2. I was pleased to see that you are asking for a committee to make recommendations in certain areas. Animal waste disposal continues to be one of the major problems facing hog farmers today. Farmers are willing to abide by recommended standards and regulations. However, it is hoped that EPA will not pass into law such strenuous regulations that it would put pork producers out of business. Here are my personal farm problems in Wake County.

For example, my own farm is located near a newly developed housing project. Prior to this development, the land was used for farming. During some seasons of the year, the residents of this new development complain about odors from my swine facilities. Therefore, it is difficult for me to make a decision to spend more money to improve my hog operation.

3. FDA regulations—it would be detrimental for FDA to discontinue the use of certain antibiotics and medications by the swine industry. Stiff regulations to discontinue the use of certain antibiotics would mean tremendous increase of costs of production in turn meaning higher pork prices to the consumer.

We would like very much as a pork and corn producer to have assurance and very soon that we would have a plentiful supply of nitrogen for corn-production. Thank you very much.



