

best be temporary as the market would still be working to weed out inefficiencies and reveal their shortcomings—and justifiably so.

In general, the entrepreneurial sector of the economy gains nothing by having government step in and punish success, or dictate which companies are allowed to merge.

Entrepreneurs vs. Regulators. Indeed, any further empowerment of regulators does not serve the over-regulated entrepreneur at all. Government stepping in and dictating business practices, assaulting efforts to gain market share, and punishing success goes far in shaking the confidence in and of business. Under such circumstances, the business environment becomes inclement for all. And one can easily envision robust antitrust regulation spilling into other regulatory arenas.

Entrepreneurs and Economics. The fundamental problem with antitrust regulation is that it rests on unsound economics. In reality, the economy is not the sterile, neat model of perfect competition taught in economics textbooks and desired by government lawyers. Instead, it is a tumultuous, ongoing struggle among enterprises to create temporary monopolies through innovation, invention and efficiencies. Those temporary monopolies are subsequently attacked and surpassed by competitors. Entrepreneurs, unlike many in government, understand this rivalry between current and future competitors.

Indeed, it is difficult, if not impossible, to think of a true monopoly—i.e., one supplier in an industry with no real or close substitutes—ever emerging from the competitive marketplace. Where true monopolies have existed, it was the government that either created, aided, or protected it (e.g., telephony, electricity, and education). The vaunted idea of predatory pricing—whereby a business lowers its prices below cost in order to destroy competitors, monopolize the market, and then hike prices dramatically—fails the reality test. It's never happened. The potential losses such a strategy would have to incur would be enormous and unpredictable. And even if it were to eventually succeed, consumers would have benefited enormously, and subsequent price increases would bring competitors back into the market.

Antitrust regulation at its core is contradictory. It purports to protect consumers from evil monopolies and so-called "anti-competitive activity," but it is, in fact, consumers who make the final decisions in the market. In this light, antitrust regulation is revealed to be little more than another elitist government effort to protect us from ourselves. Antitrust actions generally seek to supplant the consumer with the government regulator as final arbiter in order to protect politically connected businesses who fail to adequately compete.

In the end, small businesses and entrepreneurs are not immune to the costs of government antitrust activism. None of us are.

#### EXHIBIT 1.

##### SMALL BUSINESS SURVIVAL COMMITTEE,

*Washington, DC, April 13, 1999.*

Hon. DENNIS HASTERT,

*Speaker of the House,*

*U.S. House of Representatives, Washington, DC.*

Hon. TRENT LOTT,

*Majority Leader,*

*U.S. Senate, Washington, DC.*

DEAR SPEAKER HASTERT AND SENATOR LOTT: The Small Business Survival Committee (SBSC), a nonpartisan, nonprofit small business advocacy group with more than 50,000 members, is very concerned about the growing antitrust activism exhibited by the U.S. Department of Justice. It often seems that an antitrust regulatory assault is launched simply because a business has

served consumers well, become successful, and/or frustrated its competitors who now seek political remedies to their own economic challenges.

SBSC believes this is the case with the current antitrust assault against the Microsoft Corporation. Microsoft is the most successful U.S. company in recent memory. The firm gained market share by serving consumers well, not, for example, through any kind of government assistance. One would think that such a U.S. business exhibiting such global leadership would be praised, not punished.

You may be wondering, why should small business be concerned about the welfare of corporate giants and their battles with DoJ? As the attached report points out, what eventually happens with these various antitrust cases will have a dramatic impact on small businesses both as consumers and as entrepreneurs. I would even argue that renewed DoJ activism has helped to embolden the regulatory spirit, across-the-board, within the federal government.

What eventually happens with the Microsoft case—Whether it be more regulation, or one or more of the various "remedies" that have been publicly floated and discussed (most recently by the state AG's)—will have a deep and long-lasting impact on the high-tech industry. Small businesses, entrepreneurs and their workforce will be the ultimate losers—not to mention the economy and all consumers. The "remedies" being discussed by opponents of Microsoft, as well as the wish-list drawn up by the attorneys general who have joined the federal government's lawsuit are draconian-plain and simple. As a country whose free enterprise system has made the United States the envy of the world, SBSC is both ashamed and disturbed that these "remedies" are even being discussed.

The very notion of monopoly or monopoly power in today's dynamic, extremely fluid computer market is rather preposterous. Make no mistake, Microsoft competes against current, emerging and future competitors. Does anyone seriously doubt that it Microsoft slips and does not stay at the cutting edge. It will falter just like any business in a highly competitive industry?

In the accompanying materials, SBSC discusses many of these antitrust issues, as well as others. I particularly draw your attention to the report by our chief economist Raymond J. Keating which asks the question "Is Antitrust Anti-Entrepreneur?" The answer, as you shall see, is "yes."

Finally, I would like to mention two recent articles in the Seattle Times and New York Times which report on a wish list of punishments against Microsoft contemplated by the state attorneys general. I say the least, these are quite disturbing.

The 19 state attorneys general who joined the federal government's misguided antitrust lawsuit against Microsoft are considering several punishments if the government's lawsuit succeeds, including breaking the company into two or three parts based on product lines, breaking the company into three equal parts with each possessing Microsoft's source code and intellectual property, or forcing the company to license or auction off its Windows trademark and source code to other companies. Other proposals reportedly under consideration include extensive fines, giving government regulators ongoing access to the company's e-mail and documents, that Microsoft seek government approval before acquiring any software company, and forced standardization of Microsoft contracts.

These would be outrageous governmental intrusions into one of the top U.S. businesses in the world. If carried out, the precedents

set for current and future businesses would be quite dangerous.

Unfortunatley, Microsoft has been cornered into a quagmire that no American company should be forced into by its own government. From our perspective the "settlement talks" now taking place are a bogus set up against Microsoft. Having approached "settlement" with reasonable alternatives to the draconian regulations and "remedies" sought by those hounding the company, the federal government and attorneys general will undoubtedly portray Microsoft as "unreasonable" and "greedy" because they will not forsake principles that could cause long-term damage to the industry. Of course, they owe their biggest competitors nothing since they are the ones who instigated the suit and prodded the DoJ in the first place.

This good-old boy gang up by the government and participating AG's is a farce and a waste of tax dollars. They have lost perspective, and their law-enforcement priorities are horribly misplaced.

I urge Members of Congress to review the following materials, and take a close look at current antitrust policies, which work against entrepreneurship, business, U.S. economic leadership and consumers. We believe the Congress has the obligation to ask why the DoJ is placing such a priority on the "get Microsoft" effort when more important law enforcement issues appear to be in the greater national interest.

Sincerely,

KAREN KERRIGAN,  
*President.*

#### DAIRY COMPACTS

Mr. FEINGOLD. Mr. President, I rise in strong opposition to legislation introduced today by my colleagues Senator JEFFORDS, Senator LEAHY, Senator COCHRAN and Senator SPECTER. They have introduced a measure which will further aggravate the inequities of the Federal Milk Marketing Order system. Their legislation will make permanent and expand the Northeast Interstate Dairy Compact and will authorize the establishment of a southern dairy compact.

Despite the discrimination against dairy farmers in Wisconsin under the Federal Dairy policy known as the Eau Claire rule, the 1996 Farm Bill provided the final nail in the coffin when it created and authorized for 3-years, the existence of the Northeast Interstate Dairy Compact. The Northeast Interstate Dairy Compact sounded benign in 1996, but its effect has been anything but, magnifying the existing inequities of the system.

The bill which authorized the Northeast Interstate Dairy Compact established a commission for six Northeastern States—Vermont, Maine, New Hampshire, Massachusetts, Rhode Island, and Connecticut. This commission set minimum prices for fluid milk higher even than those established under Federal Milk Marketing Orders. Never mind that the Federal milk marketing order system, under the Eau Claire rule, already provided farmers in the region with minimum prices higher than those received by most other dairy farmers throughout the nation.

The compact, which controlled three percent of the country's milk, not only

allowed the six States to set artificially high prices for their producers, it allowed them to block entry of lower priced milk from producers in competing States. To give them an even bigger advantage, processors in the region get a subsidy to export their higher priced milk to noncompact States. It's a windfall for Northeast dairy farmers. It's also plainly unfair and unjust to the rest of the country.

Mr. President, the Northeast Interstate Dairy Compact (NEIDC) is set to expire at the implementation of USDA's new Federal Milk Market Order system. According to the Omnibus Appropriations measure passed last year, the expiration date of the NEIDC is scheduled for October 1, 1999. Now, Members of Congress are pushing for an extension and expansion of the existing milk cartel and for the authorization of another.

To make clear the magnitude of this legislation on producers and consumers we need to only look at the numbers. Currently, three percent of milk is under a compact, conceivably, under this new measure, over 40% of this country's milk will be affected. More importantly, one hundred percent of this country's milk prices will be affected—in Wisconsin, prices will be adversely affected.

These compacts amount to nothing short of government-sponsored price fixing. They are unfair, and bad policy. Now, my colleagues would like you to make this compact permanent, expand it to include other states, and authorize a southern dairy compact. After three years, we know that dairy compacts:

Blatantly interfere with interstate commerce and wildly distort the marketplace by erecting artificial barriers around one specially protected region of the Nation;

Arbitrarily provide preferential price treatment for farmers in the Northeast at the expense of farmers in other regions who work just as hard, who love their homes just as much and whose products are just as good—maybe better in Wisconsin;

Irresponsibly encourage excess milk production in one region without establishing effective supply control. This practice flaunts basic economic principles and ignores the obvious risk that it will drive down milk prices for producers everywhere else in the country;

Raises retail milk prices on the millions of consumers in the Compact region;

Imposes higher costs on every taxpayer because we all pay for nutrition programs such as food stamps and the national school lunch programs that provide milk and other dairy products.

As a price-fixing device, the Northeast Interstate Dairy Compact was unprecedented in the history of this Nation. As a dairy cartel, it is a poor legislative fix and bad precedent to deal with low milk prices.

Wisconsin's dairy farmers are being economically crippled by federal dairy

policies. It's time to bring justice to federal dairy policy, and give Wisconsin Dairy farmers a fair shot in the market place.

I urge my colleagues not to buy into the rhetoric surrounding this issue. I urge you to work together towards fair national dairy policy. A policy that provides all dairy producers a fair price for their commodity, a policy that allows all of this country's dairy producers to succeed on the basis of hard work and a good product.

I urge my colleagues to oppose this legislation and to join me in the fight against its passage.

#### MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Williams, one of his secretaries.

#### EXECUTIVE MESSAGE REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Foreign Relations.

(The nomination received today is printed at the end of the Senate proceedings.)

#### REPORT OF AN EXECUTIVE ORDER RELATIVE TO RESERVE MEMBERS OF THE ARMED FORCES TO ACTIVE DUTY—MESSAGE FROM THE PRESIDENT—PM 20

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Armed Services.

#### *To the Congress of the United States:*

I have today, pursuant to section 12304 of title 10, United States Code, authorized the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard, when it is not operating as a service within the Department of the Navy, under their respective jurisdictions, to order to active duty any units, and any individual members not assigned to a unit organized to serve as a unit, of the Selected Reserve, or any member in the Individual Ready Reserve mobilizations category and designated essential under regulations prescribed by the Secretary concerned. These reserves will augment the active components in support of operations in and around the former Yugoslavia related to the conflict in Kosovo.

A copy of the Executive order implementing this action is attached.

WILLIAM J. CLINTON.

THE WHITE HOUSE, April 27, 1999.

#### MESSAGES FROM THE HOUSE

At 4:57 p.m., a message from the House of Representatives, delivered by one of its reading clerks, announced

that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 92. Concurrent resolution Expressing the sense of Congress with respect to the tragic shooting at Columbine High School in Littleton, Colorado.

#### ENROLLED BILL SIGNED

At 5:00 p.m., a message from the House of Representatives, delivered by one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 800. An act to provide for education flexibility partnerships.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

#### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2706. A communication from the Managing Director of the Federal Housing Finance Board, transmitting, pursuant to law, the annual report under the Government in the Sunshine Act for calendar year 1998; to the Committee on Governmental Affairs.

EC-2707. A communication from the Acting General Counsel of the Department of Defense, transmitting, proposed legislation relative to various management concerns; to the Committee on Governmental Affairs.

EC-2708. A communication from the Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the Information Collection Budget of the U.S. Government for fiscal year 1999; to the Committee on Governmental Affairs.

EC-2709. A communication from the General Counsel, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a notice of a vacancy in the OMB office; to the Committee on Governmental Affairs.

EC-2710. A communication from the Comptroller General of the United States, transmitting, pursuant to law, various reports issued or released during February 1999; to the Committee on Governmental Affairs.

EC-2711. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the Government National Mortgage Association management report for fiscal year 1998; to the Committee on Governmental Affairs.

EC-2712. A communication from the Chairman, U.S. Merit Systems Protection Board, transmitting, pursuant to law, the annual statistical report for fiscal year 1998; to the Committee on Governmental Affairs.

#### PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-37. A resolution adopted by the City Council of Cincinnati, Ohio relative to awarding a gold medal to Rosa Parks; ordered to lie on the table.

POM-38. A petition from the Commonwealth of Puerto Rico; to the Committee on Energy and Natural Resources.