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that resulted from negotiations involving all parties. The Administration agreed to and supported the compromise provision in the Consolidated bill and believes that the rule should be issued without further delay after the 42-day period completes.

H.R. 1180 contains several time-sensitive provisions that extend expiring tax laws. The Administration supports many of these provisions, including the extension of alternative minimum tax provisions, the research and experimentation tax credit, the qualified zone academy bond authorization, the brownfields, the designated community of Columbus homebuyers credit. Although the extension of certain expiring tax laws is essential, the failure to fully offset the revenue losses resulting from these provisions is unfortunate. The Administration also is disappointed that H.R. 1180 includes the special minimum tax provisions, the research and experimentation tax credit, and commercial paper borrowing rates. The Administration recognizes that the revenue losses resulting from these provisions is unfortunate. The Administration also is disappointed that H.R. 1180 includes the special minimum tax provisions, the research and experimentation tax credit, and commercial paper borrowing rates.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2000—CONFERENCE REPORT—Continued

Mr. KERREY. Mr. President, I ask unanimous consent that that conference report be temporarily set aside so we can have a voice vote on the intelligence conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. I urge adoption of the conference report on intelligence.

The PRESIDING OFFICER. The motion to lay on the table was agreed to.

Mr. LOT T. Addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader is recognized.

Mr. LOT T. I know we have this very important legislation involving work incentives for our disabled citizens that—

Mr. MOYNIHAN. May we have order.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May we have order.

The PRESIDING OFFICER. The Senator from New York is exactly correct. The Senate is not in order. We will be in order. The Senate will be in order. Will Senators to my right please cease all audible conversation.

The majority leader.

Mr. LOT T. Thank you, Mr. President. And I thank the Senator from New York.

DAIRY COMPACTS

Mr. LOT T. We do need to have a colloquy now, before we begin the final debate on this very important work incentives legislation on the matter of dairy and the dairy language in the appropriations bill. There is no use at this point of me going back and recounting all that has gone on in us reaching the point where we are in the language in this bill.

There are a lot of Senators on both sides of the aisle who believe that the Northeast Dairy Compact should have been included. There are Senators who think that portions of the bill H.R. 1402, known as the 1-A, should have been included. There are other Senators who believe equally as strongly that neither of those should have been included in this bill. I must say, I am in that group.

I do not think what we have come up with on dairy is where we should leave it. It was something that was laboriously worked out. I tried my very best to find some way that we could come up with something that was in the best interests of dairy, the consumers, something that was acceptable to Senator GRAMS, Senator Jeffords, Senator KORHL, Senator WELSTONE, and Senator Feingold, but there was no way to find a solution with which all sides could be content. Regardless of how this agreement was reached, we are here, and it will be in law. But I do not think we should leave it on this line.

I do not think compacts are the answer, personally. I believe it very strongly. I do not think that trying to expand it—more compacts—and have the kinds of controls you have now by the Government, or will have in this by the Government, is the answer.

So I find myself philosophically very sympathetic to Senator GRAMS and Senator KOHL, and Senator DOMENICI, and Senator FITZGERALD, but I also know of the position of the Senate on this issue, and Senator Jeffords and Senator LEAHY were able to produce a majority of the Senate, although neither side could produce a 60-vote margin to break a filibuster.

So all I want to say today is that while we prefer legislation, I believe, is going to pass, we should not stop at this point. We should look for a better way to do this. We should look for a way to get away from compacts and a way to get away from the type of Government controls we now have.

Do I have a magic solution? Can I guarantee by the first week in February this will be resolved? No. I have been wrangling around with this for 20 years, as the Senator in the Chair, who was chairman of the Agriculture Committee, tried mightily and could not find the solution.

But I am committed here today to work with those who believe we should not be doing this to find a way to do it better. I know that the other side will fight tenaciously against that, but I want the RECORD to reflect my true feelings on this and reflect my commitment that we are not going to leave it on this line.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The distinguished Democratic leader is recognized.

Mr. DASCHLE. Mr. President, I associate myself with the remarks made by the distinguished majority leader. He noted that this is a matter of great importance to many Senators, including those from the Northeast. They have made their position known, and I respect that position.

I have also indicated to them personally, and I have said publicly, that I do not support compacts. I do not support the Northeast Dairy Compact. I do not believe it is good economic policy. I think the process that allowed the Northeast Dairy Compact in H.R. 1402 to be inserted in the budget process was flawed and wrong and unfair. This isn’t the way we ought to deal with complex and extraordinarily important economic policy affecting not hundreds or thousands but millions of rural Americans.

I oppose compacts in any form, but I especially oppose them when they are loaded into a bill without the opportunity of a good debate, without the opportunity of votes, without the opportunity of amendment.

We will come back to this issue. We must revisit this question. We must find a way by which to assure that all views are taken into account, and all sections of the country are treated fairly.

In this case, the two Senators from Wisconsin, in particular, and the Senators from Minnesota, WELSTONE and GRAMS, were not treated fairly. I do not fault anybody. These things happen. Senator LOT T and I have to deal...
with a lot of different challenges and issues. He and I have admitted that we wished this could have been done differently. Those four Senators were not treated fairly. I applaud them for coming to the floor to express themselves, and to say in as emphatic a way as they can, as eloquently as they have, how important this matter is to them and how determined they are to see it resolved.

My hat is off to them. I thank them. I also thank them for their cooperation in working with us to come up with a way to resolve this. It is one thing to throw things and to stomp up and down and to cause all kinds of havoc. Anyone can do that. But it takes courage, it takes character, it takes class to say, look, in spite of the fact that we were not treated fairly, we are going to work with you to assure that people in other circumstances will be treated more fairly. I thank them for that.

Again, I appreciate the majority leader’s comments in acknowledging the unfairness of this and ensuring that we will deal with it appropriately at a later date.

I yield the floor.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I enter this colloquy because I want to give a little bit of historical perspective, as chairman of the Agriculture Committee.

Mr. LOTT. Will the Senator yield briefly.

Mr. LUGAR. Yes.

Mr. LOTT, I ask unanimous consent that this colloquy extend for not to exceed 10 more minutes.

The PRESIDING OFFICER. Is there objection?

Mr. MOYNIHAN. Mr. President, it may take a little longer. We are in an accommodating mode, thanks to our colleagues.

Mr. REID. If I could say to the majority leader, we have a number of people, Senator LUGAR, Senator GRAMM, Senator BYRD, who—

Mr. LOTT. I think it would help if I withdraw that and urge my colleagues, be profound but succinct.

The PRESIDING OFFICER. The distinguished Senator from Nevada is recognized.

Mr. LUGAR. The history of this situation goes back to the farm bill of 1996. At that time, the dairy provisions were the final issue to be compromised. At that time, the House and the Senate agreed upon a New England dairy compact for 2 years. The 2 years were to end September 30, 1998. During that time, the USDA was charged with the need to reform the entire dairy system and reduce the number of the arrangements for pricing from roughly 38 to 13.

USDA acted this year. The Secretary promulgated some reforms that moved toward more of a market system. Likewise, the Secretary did not make further comment about the compacts because, under the law, they were supposed to be gone at this point. Obviously, they did not disappear. A similar legislative predicament last year gave a wedge for the compacts to continue for another year in New England. Obviously, as the leaders have described it, that situation has occurred and how determined they are to see it resolved.

Let me say, as chairman of the Agriculture Committee, we would like to reclaim the issue. It is in our jurisdiction. It is not in the jurisdiction of the people who worked this out. They had no right to do this. They have been widely condemned for doing it. There has been no debate on the compacts in our committee or on the floor, except for the bill. And they should have been gone by September 30 under those provisions. Likewise, although the House did decide to disagree with the Secretary of Agriculture, the Senate did not. The Senate did not have debate on this and, the fact is, the leadership of the committee wrote to commend our Secretary of Agriculture in a bipartisan way.

Let me reassure the distinguished Senators from Wisconsin and Minnesota that the Agriculture Committee of the Senate will be eager to take up legislation that deals definitively with this situation. It will require a majority of the committee and a majority of this body and, likewise, some cooperation from the House. But that is the proper way to proceed. A suggestion has been made that we ought to be heard as a Senate. I suggest that that is the way we will follow.

We will entertain legislation with regard to these dairy-related possible time and ask for the support of Senators who are here on the floor involved in this colloquy to help us in that quest.

I thank the Chair.

The PRESIDING OFFICER. The distinguished Senator from Nevada is recognized.

Mr. REID. Mr. President, I yield to the Senator from West Virginia.

Mr. BYRD. Mr. President, as ranking member of the Senate Appropriations Committee, let me say a few words. I would like to say more about this man from Wisconsin but time constraints will not allow me to do that.

He is the Stonewall Jackson of Wisconsin. He stands like a stone wall. If I had the voice of Jove, I would shout from the ends of the earth. Yet I would not be able to move this man, Herb Kohl, when he takes a determined stand. He has been talking with me time and time again about this issue that is so important to him and the people of Wisconsin. He has been absolutely indefatigable; he has been unshakable, and I salute him. He has stood up for the people of Wisconsin. That is what I like about him. He stands for principle. He stands for his people.

I have been criticized many times for standing for my people in West Virginia. Who sends me here? They do. They send me here to stand up for West河北ing. They send me here to stand up for them. Wisconsin feels the same way. He is courteous; he doesn’t talk very much or very loud; but he always listens. Always, when I have had a problem affecting my State in particular, he has listened. I sat down in his office with him and talked with him. So I listen to him. I salute him. The people of Wisconsin have a real treasure in Herb Kohl, and I have a real treasure in Herb Kohl as a friend. I want him to know that at any future time when this issue comes up, he knows the number of my office, the number on my telephone. I will be glad to see him, talk with him, and help him in his fight.

The PRESIDING OFFICER. The distinguished Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, I come to the floor today stunned by the addition of harmful dairy provisions in the final appropriations bills, this omnibus bill contains another extension of the Northeast Dairy Compact for 24 months—which I consider the most brazen attempt in my memory as a member of Congress to steal and move an industry from one region of the country to another. This economic power grab is alternatively characterized as a matter of states’ rights, a way to guarantee a fresh supply of milk to local consumers, a means to ensure lower-priced milk to consumers, and a means to help the small family farmer survive. All of these arguments are false—a thinly veiled disguise to cover the truth, which is that this is an unvarnished economic power grab of major proportions.

Let me begin by saying that dairy compacts, whether first or second-generation, are a destructive practice to the heart of dairy production in America and the Upper Midwest. The Northeast Dairy Compact raises the price of Class I fluid milk above the prevailing federal milk marketing order price within the participating states, and, I might add, above what the market would pay. Milk processors have to pay the higher price for the raw milk they process, and this higher price is passed along to the consumer at the grocery store. With higher prices, consumption goes down, and children are the biggest losers. I don’t argue against a fair price or honest price—for any dairy farmer in Minnesota or Vermont or any other state. But I cannot support price-fixing schemes that legislatively transfer market share.

The Northeast Compact was authorized in 1996 during consideration of the Agricultural Reform and Food Protection Act of 1996 (the so-called FAIR Act). This controversial issue was inserted in the conference committee, avoiding a separate vote, after the measure had been
overwhelmingly defeated on the floor. While most of the FAIR Act was designed to help farmers compete in world markets, an involvement in agriculture, the Northeast Interstate Dairy Compact established a regional price-fixing cartel within our very own country. The Northeast Dairy Compact has harmed dairy farmers in Minnesota, and this kind of unfair subsidy should be terminated. We should not be passing laws that will have such a harmful impact on any American. This compact does.

When this issue came to the fore, compacts were roundly condemned in the major newspapers of the compact region. The New York Times, Boston Herald, the Connecticut Post, and the Hartford Courant all weighed in against the cartel, in addition to publication in the USA Today and the Washington Post.

Again, compacts were hardly consensus legislation to begin with. The House refused to put the provision in its broader farm bill. And I must reiterate, the Senate voted on the floor to strip the Compact language from its bill. Despite these defeats, the compact provision was slipped into the bill in conference and signed by the President. The Compact legislation could not withstand the scrutiny of a fair debate on the floor, and had to be muscled in at the last minute in conference, just as we’ve seen with this attempted extension today. Knowing that this scheme was a bad idea from the start, Congress limited the life of the compact, and that is why compact proponents asked for an extension and could only achieve an extension sneaked into an omnibus bill as we are about to head out of town for the session.

Retail prices of milk jumped immediately after the higher Compact price was implemented. As predicted, the milk produced in New England increased by four times the national rate of increase in a six-month period following Compact implementation. The surplus milk was converted into milk powder, leading to a 60% increase in milk powder production. That surplus directly harms dairy farmers in Minnesota and Wisconsin, driving down prices in their area. The erosion of political unity was brought on by the Northeast Interstate Dairy Compact in a six-month period following implementation. The lack of a national power to regulate interstate commerce led to the eruption of a series of trade wars, pitting states and regions against one another in a mutually destructive spiral.

As I said earlier, I must address some of these urban myths about the benefits of compacts, myths that are so often repeated around here by colleagues that they have become difficult to distinguish from the truth. One of these claims is that compacts are somehow a matter of “states’ rights,” and that compacts make an important contribution toward devolving power back to the states.

The fact is that regulation of interstate commerce is a power specifically delegated to Congress in Article I, Section 8 of the Constitution, which states that Congress shall have power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.”

Regulation of interstate commerce was one of the chief reasons our country’s founders abandoned the Articles of Confederation and moved to adopt the Constitution. I consider it one of the great ironies of this debate when I hear colleagues claim that the dairy compact issue boils down to “states’ rights.”

Professor Burt Neuborne, a constitutional law professor at the New York University School of Law, in testimony before a subcommittee of the House Judiciary Committee, noted that the chief motive for the Founding Fathers’ decision to abandon the Articles of Confederation in favor of the Constitution was to foster a free market of trade within the United States. Under the weaker Articles of Confederation that entrusted commerce powers in the states, states enacted price controls to protect high-cost producers from competition from other regions of the country. The Constitution corrected this problem by empowering Congress to regulate interstate commerce. According to Professor Neuborne,

At the close of the Revolution, the thirteen original states experimented with a regional price-fixing cartel that delegated power over foreign affairs to a national government, but retained power over virtually everything else at the state and local level. The lack of a national power to regulate interstate Commerce led to the eruption of a series of trade wars, pitting states and regions against one another in a mutually destructive spiral.

United States Supreme Court Justice Robert H. Jackson, reviewing the history of the Commerce Clause in a 1949 opinion, stated that:

The sole purpose for which Virginia initiated the movement which ultimately produced the Constitution was ‘to take into consideration the trade of the United States; to examine the relative situations of trade of said States; to consider how far a uniform system in their commercial regulations may be necessary to their common interest and their permanent harmony’ and for that purpose the General Assembly of Virginia in January of 1786 named a committee and proposed their meeting with those from other states. The desire of the Forefathers to federalize regulation of foreign and interstate commerce stands in sharp contrast to their jealous preservation of the state’s power over its internal affairs. No other federal power was so universally assumed to be necessary, no other state power was so readily relinquished. [As Madison] indicated, “want of a general power over Commerce led to an exercise of this power separately, by the states, which (not only proved abortive, but engendered rival, conflicting, and angry regulations.”

Continuing to quote again from Professor Neuborne,

James Madison noted that the single most important achievement of the Convention was to rescue the nation from a continuation of the parochial trade wars that had marred the first ten years of its existence, threatening its future permanent harmony. . . . Congress should reflect on the fact that Madison’s understanding of the relationship between economic protectionism and the erosion of political unity was brilliantly prescient. One of the Founders’ enduring insights was that regional economic

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Professor Neuborne’s research on the topic of the dairy compact power resumed when the Courts in recent times adopted the position that the compact power had been used for a constitutionally legitimate purpose. Only now, with the advent of the dairy compact, Congress has attempted to use the compact power to eliminate the existing disparity between the two regions of the country and give it to producers in one region. The purpose of the compact is to guarantee an “adequate supply of fresh, locally produced milk to consumers.” The average dairy herd size is 85 head in Vermont, while in Minnesota it’s 57 head. This means that herd sizes in Vermont are almost 50% larger than those in Minnesota. So much for the idea that the compact is protecting dairy producers in Minnesota from the price cutting by large, Midwestern dairy farmers. This is just one of the distortions that I have had to deal with in this dairy debate, and I’m tired of the hard-working dairy farmers in Minnesota being labeled “corporate dairy farmers.” The average Minnesota dairy farmer grazes a 57-head herd on 160 acres. I know Minnesota dairy farmers don’t want to consolidate into larger and larger operations; they just want a level playing field where they can earn enough to support their families and continue to do something they love to do. I would ask my opponents to please not cloak the dairy cartels with the mantle of supposedly helping the little guy against encroaching agribusiness conglomerates. The hard evidence shows that on average, the wealthy, large producers are not, I repeat, not, in the Midwest, and the rich will only get richer if a compact extension gets rammed through the Senate. Mr. President, not only are there certain members of this Congress trying to impose expensive dairy compacts on the American consumer, but they are also trying to strong-arm through milk marketing order changes that additionally impact both Upper Midwest producers in the dairy heartland of America and low-income consumers. I also want to review how we have arrived at this point today where Congress is trying not only through compacts but through the milk marketing order system, to blatantly seize market share from dairy producers in one area of the country and give it to producers in another. This bill not only hits Midwest producers once, but twice. The current milk marketing system requires processors to pay higher minimum prices for fluid milk the further the region is located from Eau Claire, Wisconsin. To reform this antiquated, Depression-era method for supplying the marketplace with milk, the current compromise rule “is a good first step toward a policy that places the nation’s dairy industry in a position to better meet the challenges of the global markets of the new century.” What we also need to ask ourselves is why are we considering these controversial issues without going through the committee process, with full hearings and testimony. The Senate Agriculture Committee has jurisdiction over milk marketing orders; nonetheless, we are here today trying to circumvent that jurisdiction.
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Again, the final rule is a compromise, not the best for either 1A or 1B advocates but a middle ground. We should not rush to pass this rule in a mere 6 months to complete in order to replace it with 1A. Adoption of 1A would in effect maintain the status quo that, again, heavily favors some dairy farms at the expense of others. And please don’t look at this debate as a mere balance sheet of who wins and who loses, or count votes that way. Remember that the Upper Midwest has been at a price disadvantage for more than sixty years, and this reform was only a modest, and, in fact, inadequate, attempt to correct the unfairness. Compacts are bad enough, but retaining these failed dairy policies of the past on top of that is incomprehensible.

Currently 85% of the milk produced in the Upper Midwest is shipped into manufacturing. When other regions of the country receive higher Class I differentials, the excess production spills into Midwestern markets and lowers the prices that our producers receive. Artificially inflated prices, always, always, always increase production. You can count on it like the sun rising in the morning. And by artificially inflating milk prices in areas of the country that are not particularly suitable to dairy production, Congress is literally trying to micro-manage where America’s milk will be produced, and to take away dairy markets from the Upper Midwest.

No other product receives the same kind of discriminatory pricing treatment that milk does in our country. The Upper Midwest can produce milk for a third less than some regions of the country. Why should the family farmers in the Upper Midwest not be allowed to benefit from the comparative advantage they have in milk production?

Some will claim that the compromise reform will cost the dairy farmers across the country $200 million. This is not true. Actually, according to a USDA study, net farm income will be higher under the compromise rule in comparison to the status quo. And the Food and Agricultural Policy Research Institute at Iowa State, an agricultural policy research group, concluded that 60% of Midwest’s dairy farmers would receive more income under the USDA plan.

Some supporters of H.R. 1402 (the legislation upon which these provisions now before us are based) also make the same argument as dairy compact proponents that if we do not implement H.R. 1402 then milk will be produced by agribusiness, or that further farm consolidations will occur. Going back to the USDA figures, North Carolina, whose delegation has strenuously argued for the reversion to Option 1A, has an almost 20% larger per head average dairy farm size than my home state of Minnesota. Of course, Minnesota is part of one of the regions of the country that the opposition tries to demonize as the center of corporate dairy farming, but not a battle between, quote, “small family dairy farms” and large Midwestern dairy farms only gets more striking.

New York, a state that has also seen significant political support for H.R. 1402, has an average herd size per dairy farm that is 37% larger than Minnesota’s. Georgia’s average herd size is 72% larger than Minnesota’s, and Florida’s average herd size is four times larger than my home state’s. Like the dairy compact argument, so much for the idea that we are saving the family farmer through passage of H.R. 1402.

As an aside, because of the blatant unfairness of the system, and because the efforts of Upper Midwesterners to reform the dairy policies of the past on top of that have been ignored, forcing us to fight these last minute riders and strong-arm tactics, I have recently introduced legislation to totally deregulate the milk marketing order system, effective upon the date of the enactment. This milk marketing order system is a relic from the past. It’s a byzantine arrangement of complicated pricing formulas that looks like something conceived in 1980s Eastern Europe. It’s time to tear this entire decaying, outdated infrastructure down, and start anew with an even playing field on which all producers can compete. That’s what my legislation does, and I ask my colleagues who believe in fair trade and a fair shake for hard working farmers to sign on as cosponsors.

Mr. President, the dairy compact and the other dairy provisions attached to this legislation are anti-competitive, anti-consumer, unprincipled, and an affront to the family dairy farmers in my state. It is thoroughly disgusted by this entire turn of events. We have sacrificed any basic sense of fairness during this process. These provisions have been added at the last minute, behind closed doors because they won’t survive the scrutiny of public debate. Because of the blatant injustice that is being done to Minnesota farmers, I am committed to joining my Upper Midwest colleagues in doing all I can to do ensure that this legislation does not reach the President’s desk.

Mr. President, I would now like to read several newspaper editorials that have been written across the country in opposition to dairy compacts and H.R. 1402.

To begin, from the March 15, 1997 edition of The New York Times:

Agriculture Secretary Dan Glickman blundered last year when he approved a dairy cartel in the Northeast that would jack up consumer prices by perhaps 25 percent. . . The Dairy cartel, also called a compact, would control the production and distribution of milk in New England, raising its price by 20 percent, an estimated $4 billion a year. That would pump money into the bank accounts of the region’s 3,600 dairy farmers by pushing prices back up to last year’s sky-high. But it would rip off consumers in Maine, Vermont, New Hampshire, Connecticut and Rhode Island with an added cost of up to $100 million. Poor parents, who spend about twice what they do for food as do non-poor families, would suffer the most. Food stamps would buy less milk and other dairy products. High milk prices would also raise the cost of national, state and local nutrition programs. With Washington cutting money for welfare, food stamps and other Programs, this is no time to impose needless costs on the poor.

It will be hard for Mr. Glickman to admit he erred when he approved the cartel. But it will be harder for dairy farmers to pay more for their children’s milk.

From the March 2, 1998 USA Today:

Imagine being a widget maker in Georgia or New Hampshire with a federal guarantee that assures you a higher price for your product than widget makers in Wisconsin or Iowa. Sounds incredible, huh? Imagine being a cattle raiser in Florida or Georgia with a guarantee that your price for your beef that’s better than what ranchers in Texas or Nebraska can get. Impossible? Yes—but only because you’re producing widgets or hamburger. If you’re in the milk industry, it’s business as usual.

Pressured by the dairy industry, the government maintains a dairy cartel that makes some cows (and their owners) more equal than others, depending on where they live. Millions of consumers and tax-payers pay the price; higher milk costs for themselves, higher taxes for government-bought milk for schools and other programs.

Apologists for government control claim the program is necessary to keep farmers in business and assure a supply of milk. The number of dairy cows plunged from 23.6 million in 1940 to 9.4 million in 1996; farms with dairy cows dropped from 4.7 million in 1940 to 155,300 in 1992. But the milk produced per cow has nearly quadrupled. U.S. milk production has nearly quadrupled. U.S. milk production is up from 109 billion pounds in 1940 to a projected 162 billion pounds in 2000, despite a 50% reduction in the number of cows. And with sales of cheese, cottage, and other dairy products like eggnog and yogurt up, U.S. demand for liquid milk has been essentially flat for more than 20 years.

Dairy farmers continue to get special privileges, eluding even the 1996 “Freedom to Farm” law that committed the government to phasing out price supports and market manipulation for corn, soybeans, wheat and other commodities. . . . Aggressive dairy lobbyists in state capitals from Louisiana to New York are pressuring to form or enlarge new regional compacts that permit even more manipulation of milk prices at the consumer’s expense—adding up to 15 or 20 cents a gallon. That’s on top of the intolerable marketing orders, which inflate retail milk prices by at least $1.5 billion a year for a program that isn’t needed. Congress abolished “welfare as we know it” for mothers and children. Welfare for cows and dairy farmers should end as well.

The next editorial shows that though the compacts are ostensibly put in place to help small dairy farmers, they have failed to do so, and exist as subsidies to large New England operations.

Following are excerpts from a July 19, 1999 Boston Globe editorial:

Dairy farming in New England, especially in Massachusetts has been a battle between farmer ownership and operation. . . . Congress, which must soon decide
whether to extend the system's enabling legis-
lation, which allows dairy farmers to act more
closely on small farms rather than lav-
ishing money on larger operations that are
capable of competing in a tough eco-
nomic environment. Congress should also re-
sist the temptation to allow the system to be used for
other parts of the country. . . .

The rescue effort now in place is a feder-
ally sanctioned system of mandated price sup-
supports, which amount to about 14 cents a
gallon. In Massachusetts this generates $40
million annually, but only $2 million goes to
Massachusetts farmers, with most of the bal-
ance going to Vermont farms, many of which are
larger and have lower costs. Massachusetts's agriculture commissioner,
Jay Healy, has proposed limiting the subsidy to
a fixed level of production, about 1.5 mil-
lion gallons of milk annually, which is typi-
ically for smaller farms.

Concluding with an excerpt from the editor-
ial, it says:

Even the New England system provides
more subsidies than are needed to achieve its
objective. The funds that now go to larger
farms would be more effective if they were
used to increase small-farmer subsidies, typically $3,000 to $4,000 per farm.

Now, I must disagree with the editor-
ialist's assessment that the subsidies
should be continued, but I find it very
significant that even in New England
they recognize that since the subsidy
does not specifically target the smaller
farms, it disproportionately helps the
larger operations because the subsidy is
based upon the volume produced. It
should not be surprising that efforts to
cap the subsidy to a fixed level of pro-
duction have been successfully resisted
by the large dairy farms in New
England.

The next editorial I will read is from the April 27, 1999 edition of the Houston
Chronicle:

The Texas House of Representatives re-
cently approved a bill that seeks to raise
milk prices and deprive Texans of the bene-
fits of competition. The measure, introduced by Rep.
Erica Barnes, was approved last week to allow
New York's dairy farms to join a
regional milk cartel already in place in
Massachusetts. The bill was passed in 1996, the U.S. government has
been working with the nation's farmers, in-
cluding the dairy industry, to develop a system that is
nonprofits. Now, there's only one way to stop this: Congress has to approve it. It
shouldn't.''

This next editorial is from the April
4, 1999 edition of the Atlanta Journal-
Constitution:

Since the federal Freedom to Farm Act
was passed in 1996, the U.S. government has been
trying to wean the nation's farmers, in-
cluding the dairy industry, from government
price supports and other subsidies that inter-
fered with the workings of the free market.
Unfortunately, the dairy industry is trying
to undo that progress by pressuring Congress
and states such as Georgia to approve inter-
state dairy compacts. If the industry suc-
ceeds in that lobbying campaign, consumers
will have to pay higher prices for a basic
food commodity essential for good health.

The compacts, if approved, would essen-
tially establish legal cartels for dairy farm-
ers, setting milk prices higher than the market would otherwise allow. In Georgia, dairy farmers have
rushed to the recent session of the General
Assembly to join the Southern Dairy Compact. The same
bill was passed a year ago by the General
Assembly but was vetoed by Gov. Zell Miller,
who noted that it might be unconstitutional
and would certainly raise costs for con-
sumers. The decision whether to sign the lat-
est bill rests with Miller's successor, Roy
Barnes.

Barnes was elected last year in part by
portraying himself as a consumers' advocate. If he honors the philosophy, he too should oppose any dairy compacts, which could
raise prices more than a back-door tax increase and veto it ac-
cordingly. Government should not use its power to guarantee any business or industry
a special advantage.

A dairy compact already exists in New
England. After it was enacted in 1997, the
price of milk rose from $2.54 and fluctuated
at a high of $3.21 a gallon. Milk prices there
have fallen roughly 30% since and are currently near $2.40 a gallon, enough to generate an additional $16.7 mil-
ion for dairy farmers in less than two years.
Not surprisingly, New England dairy farmers
see the compact as a threat not designed to
prevent their profits from dropping too dra-
ma.
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Those who actually pay higher prices, however, are those other dairy farmers living in states without dairy compacts. And of course, the West will need one to compete with the others. Don’t do it, Congress. The FAIR Act properly and at long last got Washington out of the milk business. Let the market work.”

This editorial is from the April 3, 1999 edition of the Boston Herald:

The federal government is reorganizing its milk cartels, and that made news this week. Every bit of attention that can be focused on this absurd system of price controls ought to be considered help, no matter how small, toward more rationality. Nothing fundamental will change. The “marketing order” regions are protected markets for dairy farmers—and the farmer must pay the same government-dictated price to consumers. It is illegal to ship milk from one region to another. Nothing else in the economy would like this kind of favoritism: no gasoline or shoes. The effect is to keep prices higher than they would be otherwise and transfer wealth from children and dairy farmers to the producers of milk. The productivity of whose cows just keeps increasing, and, by this essential is not being done, to be kept out of business by economic forces.

If accepted that as a principle, we’d be subsidizing manufacturers of gas lamps and buggy whips.

This editorial is from the July 17, 1999 edition of the Kansas City Star:

In 1996, Congress ordered the administration to simplify the pricing of milk. That’s easy enough: Stop regulating it. But this is the farm sector, and a free market in milk is inconceivable. Milk prices are calculated from rules and equations filling several volumes of the Code of Federal Regulations.

The administration’s proposed reform would reduce the number of regions for which the price of wholesale milk is regulated from 33 to 11. Fine, but it would also perpetuate the loopy, Depression-era notion that the price of milk should be based in part on its distance from Eau Claire, Wisconsin. Under current policy, producers farther away from this supposed heart of the dairy region generally receives higher premiums, or “differentials.”

The administration called for slightly lower, diluting regional differentials to milk prices in many regions, but in Congress even this minuscule step toward rationality is being swept away. The House Agriculture committee has substituted a measure that essentially maintains the status quo. Similar moves are afoot in the Senate.

Worse, some dairy supporters are working to reauthorize and expand the Northeast Interstate Dairy Compact, a regional milk cartel, and allow a similar grouping for Southern states. Missouri’s legislature, by the way, agreed this month to join the Southern compact, even though it would result in higher prices for consumers. The Consumer Federation of America reports that the average retail price of milk prices an average of 15 cents a gallon over two years.

I also want to share with my colleagues some editorials concerning the milk marketing order system.

This editorial is from the Dallas Morning News, dated September 14, 1999. It says:

Minnesota Gov. Jesse Ventura wants Beaumont, Texas to be the center of the dairy universe instead of Eau Claire, Wisconsin. Mr. Ventura knows that there are no dairy cows in Beaumont. Nevertheless, his logic is faultless. That’s because federal farm policy dictates that the farther a dairy farmer lives from Eau Claire, the more milk processors must pay him for his milk. Minnesota profits little from the arrangement because it bor-
Kansas lawmakers gave tentative approval to passing a bill like the University of Maryland's dairy compact. This is because the higher prices will encourage more production, driving down the "base" milk prices and negating the higher differential.

The worse idea in this developing stew is the persistence of a dairy-compact proliferation. A compact works like an internal tariff. Because the cartel prohibits sales above an agreed-upon floor price, producers within the region are protected from would-be outsiders.

Opponents point out that more regional compacts—and the higher prices they support—will breed excessive production, creating surplus dairy products that will be dumped in the markets of other regions. This will prompt other states to demand similar protection, promoting the spread of dairy compacts.

Ultimately, as in the 1980s, political pressure will build to liquidate the dairy surplus in a huge, multibillion-dollar buyout of cheese, butter, cream, yogurts, and other dairy products. Congress should permit the Northeast Compact to "sunset," or expire, which will occur if the lawmakers simply do nothing. In fact, once the administration's proposal seems the best choice in this case, or more properly, the least bad. Perhaps some day Washington will debate real price simplification, as in ditching dairy socialism and letting prices fluctuate according to supply and demand.

This editorial is from the September 14, 1999 edition of the San Antonio Express-News:

"During the Depression, when it was impractical to truck milk long distances from dairy farms to processing plants, Congress devised a system of price supports that flattened the price farmers—and consumers—paid for milk. That system, still in place, pays dairy farmers more for milk the farther they are from Eau Claire, Wisconsin, which makes that hamlet the center of the dairy universe for no logical reason. That translates into 35 cents more per gallon of milk for Florida residents, Citizens Against Government Waste says. Parents can do the math.

"Lobbyists succeeded in forcing the 1996 bill. Congress should now revisit the law and improve the improvements. There simply is no rational reason for the federal government to set the price of milk. End the milk tax.

"This one is from the September 24, 1999 of the Christian Science Monitor:

"No one can dispute the difficulties many family farms face today, problems farmers have struggled with this entire century. For many, farming is more than just earning a living, it’s a way of life and a connection with the land. The nation, too, has a stake in preserving farms. But at what price? It’s a mistake to argue that agriculture can be subsidized from shifting market forces forever. Government can help farmers adjust but not always survive.

"This week saw Congress swing backward in its own mandate to update a federal system of setting milk prices that currently props up a troubled industry. The House voted Wednesday to block the Agriculture Department's (USDA) last year's price-setting system in which dairy farmers get higher prices for raw milk the farther they live from Eau Claire, Wisconsin. (Then considered a measure to "help the farmers") But the idea back then was to ensure fresh milk supplies nationwide. But with modern refrigeration and transportation, it’s obsolete.

"The House scrapped the Eau Claire system, but left in place pricing that hurts consumers, bad for farmers and bad for the future of American agriculture," he said. It could not get it done. The 1997 system expires Dec. 31. While the University of Maryland’s market-friendly, it’s only a first step. It simplifies pricing and narrows disparities between efficient Midwestern farmers and less-efficient Eastern farmers to as little as $3 to $100 pounds of milk. But doing so, it would remove a $200 million, consumer-paid subsidy, potentially driving many Northeastern and Southern dairy farmers out of business.

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He says Mr. Clinton ought to help Congress with trade and regulatory relief legislation instead of throwing up roadblocks and imposing new sets of rules on farmers. Mr. Boehner is right, and his colleagues should join him in putting the pressure on the White House. As reforms go, Freedom from Farm was pretty tame, a watered-down compromise that left a lot of pet projects intact. But it breaks federal precedent, by starting to reverse 60 years of Depression-era subsidies and controls that made little sense once America recovered from recession. Now, those gains are in danger from a rule-happy, control-freak administration, enabled by a compliant Congress.

Finally, the last editorial I'm going to read is from Wednesday's edition of the Washington Post. It says:

This is a Congress that began with lofty discussions of saving Social Security, modernizing Medicare, etc. But all legislatures come back to the fundamentals in the end. Among the few issues that remained as the two houses were completing their work—right up there with U.N. dues and Third World debt—milk prices stood out. Somewhere in the final mega-bills will be provisions allowing New England to maintain a dairy compact that keeps milk prices artificially high, and abolishing a modest reform that Congress itself virtually ordered a few years ago reducing such supports elsewhere in the country. These provisions are brought to you by people who in other contexts present themselves as foes of government regulation. But they like it well enough when it produces what they want—extorting higher prices for milk, for example.

In the Freedom from Farm Act of 1996, while reducing supports for other crops, Congress called for a study of the milk marketing order system, which props up prices at the checkout counter. The study produced a recommendation that the system be preserved but scaled back. Even that seems too much for the milk folks in Congress. Though the issue was still in play, it appeared last night they would succeed in keeping the old system intact. It is emergency regulations that propped up prices in the past two years, repealing by another name the Northeast Dairy Compact, which was due to expire, will be allowed to remain in effect for two more years.

The result will be to transfer hundreds of millions of dollars from consumers to inefficient producers who couldn't otherwise compete. By definition, most of the benefit will go to larger producers. The impact will be disproportionately felt by lower-income consumers. It will be evident inside government budgets, where those dollars will buy less. It's a fitting epitaph to this dairy program. It will be evident inside government subsidies. It will be evident inside government regulations. It will be evident inside government policies.

Meanwhile, the New England compact, which passed two years, repealing by another name the Northeast Dairy Compact, and the bill, H.R. 1402, is unacceptable. I am not happy with this bill, but I am glad the majority leader has recognized the problem and has offered to work with us in the months ahead. I appreciate that. When we look at Freedom from Farm—the bill that passed—it says we should compete in the open marketplace, go head to head. The best person and the best farmer who can be competitive is going to win.

Now, I should not be pitting our dairy farmers one against the other through an unfair, archaic Government program. Let our dairy farmers compete head to head in the marketplace, but let's not have Government pick winners and losers. I worked at an amendment closely with Senator Jeffords from Vermont. I told him, after we had a vote on the floor dealing with the Northeast Dairy Compact, I wasn't satisfied with that, as well, and we needed to get together and work something out. Where our dairy farmers are not put at a disadvantage, one against the other.

Again, I appreciate all the efforts that have been put into this. I look forward to working with all our colleagues next year to try to bring some kind of fairness to this dairy program, as we have done with other farmers. We should not leave dairy unanswered. I thank everybody for their help, and I look forward to working with colleagues next year to try to bring some kind of fairness to this dairy program, as we have done with other farmers. We should not leave dairy unanswered. I thank everybody for their help, and I look forward to working with colleagues next year to try to bring some kind of fairness to this dairy program, as we have done with other farmers. We should not leave dairy unanswered. I thank everybody for their help, and I look forward to working with colleagues next year to try to bring some kind of fairness to this dairy program, as we have done with other farmers.
To my friends from Minnesota and Wisconsin, I appreciate their recognizing that they have rights. They have done everything they could to protect their rights under the Constitution.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.
Mr. WELLSTONE. Mr. President, I am going to defer to Senator Kohl., and I will follow him and Senator Feingold. I have literally 30 seconds.
I yield to Senator Kohl.
Mr. KOHL. Mr. President, I sincerely thank all of my colleagues who have spoken up this afternoon. It has been remarkable to hear Senators from both sides of the aisle express themselves in such a heartwarming way, and I think in such a fair and clear way with respect to this country of ours and how our economy works and how it is intended.

It is remarkable to me that all these leaders have made clear that while we are passing dairy legislation this afternoon, it is of necessity, and not because they and we believe in the specifics of that legislation. It is heartwarming for me to know that when we come back next year, we apparently have common agreement on both sides of the aisle that we are going to work together to come up with dairy legislation that more clearly and fairly represents the interests not only of the different parts of our country in terms of our States and regions but more clearly represents the real intentions of our Constitution with respect to how this economy is supposed to work and how the free enterprise system is supposed to work.

It has been a long, hard fight for myself, Senator Feingold, Senator Wellstone, Senator Grams, and others. Certainly, what happened here this afternoon in my opinion, justifies that fight and leaves me feeling very good about my colleagues on both sides of the aisle and feeling very optimistic about the things we can look forward to next year.

I yield the floor.
The PRESIDING OFFICER. The distinguished Senator from Wisconsin is recognized.
Mr. FEINGOLD. Mr. President, I thank all the people that have participated in the colloquy for their kind words about our effort and for coming to the floor to say it. My primary purpose in rising at this point is to praise my senior colleague, Senator Kohl.

The words that have been said about many in this effort are true. But I want everyone to know that this was not an effort that he initiated a week ago, or 2 weeks ago, or 2 years ago. Every single day since I have been in the Senate I have found working with Senator Kohl, on this political issue to be one of the best opportunities to work with another Senator together for our State. This has been certainly the most dramatic example. But it is an example also of the tenaciously that Senator Kohl has on behalf of our dairy farmers.

Both he and I spent our entire youth in Wisconsin. He and I both know that in 1950 there were 150,000 dairy farms in Wisconsin. Now there are less than 23,000. Over that time you begin to realize that some of the old dairy policies may once worked but now, frankly, are absurd. The notion of having this difference between the class I milk across the country based on issues that refrigeration and transportation that stopped existing decades ago makes no sense. The idea of a dairy cartel in one part of the country and a system that is supposed to be based on national economy and free enterprise is also ridiculous.

We know this Congress asked that the Department of Agriculture take a look at these issues, and said: What do you think we ought to do? They came back with a conclusion to narrow those differentials and get rid of the compact. Over 90 percent of the producers then said: That's your right idea. That is why Senator Kohl and I fought so hard, because it wasn't just our idea. It wasn't just Wisconsin. It was a national consensus.

Unfortunately, I think this Congress has very incompletely overturned that. And Senator Kohl and I will not give up until we have had the opportunity to reverse this unfortunate decision.

But I want to join with my senior colleague in thanking everyone for their courtesies on this. We obviously could have taken this to an even greater extent, and we realize the issues that are involved in that. This is a very important issue to not only Wisconsin, but to Minnesota, and to other States. We certify that only will be back early next year to continue the battle.

I yield the floor.
The PRESIDING OFFICER. The Senator from Minnesota is recognized.
Mr. WELLSTONE. Mr. President, first of all, I also would like to thank all of my colleagues. I appreciate their comments.
I think the only thing I say that might be a little different is I remain pretty skeptical, to be honest. I am glad to hear what my colleagues have said. I think that is real progress. We are talking about working together. I think we are very committed—I say this to Senator Kohl, to Senator Feingold, and to Senator Grams—to making sure that working together leads to a product. We have to change what we have right now because the compact blocking the milk marketing order reform has a disastrous impact on our dairy farms.

I come from a State where we lose about three dairy farms a day. I appreciate the comments that have been made. I know the Senators who have made them have made them in good faith. That gives me confidence. On the other hand, given what has happened, permit me to be skeptical until we see the product. The proof is in the pudding.

Finally, since my colleague from Texas mentioned the Freedom to Farm bill—what some of us call the “freedom to fail” bill—I think dairy is part, just part of it. We have to write a new farm bill. We have a failed farm policy. We have to change this. We are going to press hard to do so.
Thank you very much. I yield the floor.

Mr. JEFFORDS. Mr. President, I must set the record straight with regard to the Northeast Interstate Dairy Compact. Rarely in all my years in Congress have I witnessed such ill-considered comment and media hysteria as has been the case with the Dairy Compact in these last few days.

I recognize that my Senate colleagues from the Midwest are, very understandably, raising the dairy issue to a new level of concern and I welcome the opportunity to respond to their call for productive changes in our dairy policy. As for my media friends, I appreciate the heightened scrutiny of our dairy policy, because we in the Northeast share a common concern with our Midwestern Senate colleagues over the current state of our nation's dairy policy.

To my Senate colleagues from the Midwest: I have worked on the dairy issue for all of my twenty-four years in the Congress. More than most, I appreciate the complexity and difficulty of this issue. There is nothing I would like more than to join with you in common cause to improve our nation's dairy policy. But let us be frank with each other. The key issue that has divided us in all my time here, and which continues to divide us, is your insistence that the Midwest should somehow be seen as the source of our nation's supply of fluid, or beverage, milk.

This insistence has been and still remains simply contrary to the overwhelming will of this Congress. And this is not just an issue that divides the northeast and the Midwest; this is an issue that divides the Midwest from the rest of the country.

The universal constituencies of every member of Congress, from every region including your own, demand a local supply of fluid milk. This is not a free market issue, nor merely an issue of the best interests of dairy farmers.

The real issue is the very nature of our basic food supply and so extends way beyond the mere interest of a single constituent group. Regionally and on behalf of the nation as a whole, the Congress must simply yield the destruction of our local supplies of fresh, wholesome drinking milk, and the inevitable result of the consumption of reconstituted milk.
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For now and for the foreseeable future, our nation’s dairy policy will be based upon the maintenance of local and regional supplies of fluid milk. You must recognize that we cannot compromise on this issue.

This fact must and will define our national policy. The Midwest will never be called upon to provide the supply of fluid milk for the rest of the country.

And so I call upon my Senate colleagues from the Midwest to look elsewhere than to reformation of the fluid marketplace for a solution to the problems your dairy industry faces. I make this call in the spirit of cooperation and with a positive spirit.

To my media friends: I welcome this opportunity to respond to the specifics of the various misstatements and misinformation contained in the most recent editorial, the Dairy Compact.

Before doing so, I would like first to highlight for you a simple and incontrovertible fact about the Dairy Compact:

Twenty-five of our fifty states have now passed dairy compact legislation patterned after the original compact language first adopted by the Vermont legislature in 1987. This means that twenty-five legislatures and twenty-five governors (more, if you count the number of governors who have support the dairy compact legislation over the years) have committed their active support to this unique legislation.

With this important fact in the background, I would like to respond to the charges and assertions that have recently been raised against the Dairy Compact.

For purposes of this discussion, I will address directly the substance of the editorial that appeared yesterday in the Wall Street Journal. To summarize, the editorial, the Dairy Compact, the price fixing cartel which benefits “inefficient” Vermont dairy farmers unfairly at the expense of their more efficient Upper Midwest counterparts.

To compound this misery, the Compact unduly burdens milk consumers in the northeast, particularly the most vulnerable “poor children”, “to the tune of 20 cents a gallon.”

Now I would like first generally to ask this body: Who in their right mind could never have been embraced simultaneously by our nation’s most divergent regions—the northeast and the deep south.

Just look at the list of co-sponsors here in the Senate. Senator Jesse Helms joins Senator Ted Kennedy. Senator Schumer from New York is a co-sponsor along with Senator Thurmond from South Carolina. Need I say more about the diversity of support for the Compact?

And so I call upon the media to look at the Compact with a fresh gaze. If you will do so, I think you will find that the reason for this unusual if not truly unique support for the Compact is really quite simple. The Compact manages to respond simultaneously to all of the divergent interests at play in today’s dairy marketplace.

The Compact does not just respond to the needs of dairy consumers, processors, retailers, as well as farmers, all find their place in the regulatory process created by the Compact.

Because the consumer ultimately pays, the consumer controls the decision as to whether the price should be raised. Perhaps most importantly, because the Compact is made up of individual sovereign states, the sovereign right of each state to control its own regulatory fate is ultimately protected by the Compact.

In short, the Compact truly promotes the public interest. Let me see if I can further advance the discussion by clearing up at least some of the cloud of confusion which the Journal and others have cast around the Compact with a fresh gaze. If we truly wish to clear up at least some of the cloud of confusion which the Journal and others have cast around the Compact.

Let’s begin with the claim that the Compact is a “price-fixing cartel”. Along with the Journal, the Wash. Times, and the editorial, the New York Times, has repeatedly described the Compact as a cartel in its coverage of the Compact.

For the benefit of all these erudite commentators whose stock in trade is the precise use of the English language, let’s consider the dictionary definition of a cartel. Webster’s dictionary defines “cartel” as follows:

(1) a written agreement between belligerent nations; (2) a combination of independent commercial enterprises designed to limit competition; (3) a combination of political groups for common action.

The definition contained in the Random House dictionary similarly describes a “cartel” as:

(1) an international syndicate, combine, or trust generally formed to regulate prices and output in some industry or business; (2) a written agreement between belligerents, esp. for the exchange of prisoners; (3) (in French or Belgian politics) a group acting as a unit toward a common goal; (4) a written challenge to a duel.

Notwithstanding use of this term by our most respected media commentators, it becomes quickly obvious that the Compact in no way shape or form resembles such a “cartel.”

I challenge these commentators to a duel in writing, that absurd challenge would actually be a more accurate use of the term cartel than is their use of the term to describe the Compact.

I guess our political commentators have now tilted so far away in their zeal to embrace the so-called free market that they recognize no role for the government in regulating the marketplace. Or, I guess, they simply no longer trust the government.

Even so, is their distrust of government so great that they cannot give even simple recognition to the simple distinction between businesses price-fixing for private gain and states regulated the Dairy Compact.

Such regulation in the public interest, which provides the basis for the Compact, is central to our system of government. Even the most ardent free-marketeers recognize the need for the government to play at least some role in the policing of the marketplace in the public interest.

The basic function of the Compact is this: To determine whether the price received by dairy farmers must be adjusted in the public interest. Not solely in the interest of farmers, but in the public interest of all those who participate in the fluid milk marketplace—processors, wholesalers, retailers and consumers, including low-income consumers.

Adjustment may mean an increase in price, or simply stability in price. Presently, the Compact provides for both some increase in price as well as price stability.

I will address the various concerns raised by the increase in price in a minute, but first I would like to address the issue of price stability, because it brings home the fact that the Compact serves the larger public interest, of which farmers comprise only one part.

Various stories have alluded to the problem of erratic wholesale prices and their adverse impact on consumers.

Indeed, nobody really benefits, other than retailers, from an increasingly market-driven farm price for milk.

This is an issue addressed by the Compact. The Compact, in the public interest, provides for price stability, to the benefit of all market participants.

Now about the increase in price resulting from operation of the Compact in New England. Here are some simple numbers. Over the last two years, the Compact has raised the price of farm milk by no more than ten cents per gallon. No more than ten cents. Not twenty cents, as we have heard over and over and over. As they say, you could look it up, so let me repeat: Ten cents. Period.
And that is just the impact on the farm price. What of the impact on consumer prices. You can look that up, as well. You will find that prices in New England are actually lower than in the corresponding New York City market, where the Compact is not in place.

And what of the impact on ‘poor children’? Under current operation of the Compact, the WIC program and the School Lunch Program are both exempt. There is no impact on participants in these programs. Let me repeat: No impact on participants in the WIC and School Lunch programs.

In conclusion, let me again speak directly to my troubled colleagues from the Upper Midwest.

As we look to the new millennium and compact, I urge my Midwestern colleagues again to understand that I will strive to work with them in common purpose. Our farmers from the northeast and Midwest are so similar. They are among the yeoman farmers who built this country so proud. We must be responsive to their common plight. Surely we should be able to reason together based on those issues we share in common rather than continue to dispute over issues which divide us.

In all the recent discussion about the Dairy Compact, one key fact seems to have gotten overlooked. Twenty-five of our fifty states have now passed dairy compact legislation. One-half of the states have embraced the Compact idea.

This means that twenty-five state legislatures and twenty-five governors (more, if you count the number of governors who have supported the bill over the years) have adopted the Compact approach. The only way to solve the dairy issue will find so vexing.

I call upon my colleagues, especially those Members on my side of the aisle, to give due deference to the rights of the states to assist the Congress in defining policy. The states have spoken and are telling us that the free market-place does not work with dairy pricing. We should listen to their wise counsel. These Interstate Compacts are not all about dairy policy, but about the rights of states to work together under the compact clause of the constitution.

It’s a states right issue that deserves to be heard and understood. I hope my colleagues will take the time to understand the law and the purpose of this important state initiative.

I fully believe that those Members who have today spoken against them may see Dairy Compacts in a new light if they will view them from the perspective of the states which have adopted them. Instead of seeing barriers, they will see a regulatory framework that operates in the public interest. Instead of seeing a system of price supports that works only for dairy farmers, they will see a regulatory mechanism that benefits all the citizens of the states—consumers, processors, farmers, alike.

This is the way our federalist system is supposed to work—the states talk and we listen. As an issue of states rights, I urge the Judiciary Committee to take this issue up when next we consider it.

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999—CONFERENCE REPORT—Continued

Mr. ROTH. Mr. President, I am pleased with the progress we have made in two very important areas on issues that will affect the lives of Americans everywhere. This legislation—the Ticket to Work and Work Incentives Improvement Act of 1999—will go a long way toward improving the quality of life for millions of Americans with disabilities. At the same time, important provisions within this legislation—provisions that extend important tax and trade relief provisions—will bring meaningful relief and increased opportunities to individuals and families. The Ticket to Work and Work Incentives Improvement Act will help Americans with disabilities live richer, more productive lives. Its core purpose is to assist disabled individuals in returning to work. It removes the real risk many people with disabilities face of losing their health insurance, and it provides new ways of helping them find and keep meaningful employment.

Is there any question how important this is?

Millions of Americans with disabilities are waiting for the vote. They are waiting to be freed from a disability system that stifles initiative and thwarts productivity rather than rewarding those systems that tell individuals with disabilities that if they leave their homes and try to find productive employment they will lose their access to health insurance. The current system isn’t right, Mr. President. It isn’t productive. And it certainly is not enabling.

Under current law, if a person with a disability wants to return to work—even taking a job with modest earnings—he or she will jeopardize access to insurance through the Medicaid and Medicare programs. And as many individuals with disabilities have difficulties securing private sector insurance coverage, losing access to Medicaid or Medicare is not an option. In fact, it’s been a consequence for many people with medical conditions that demand ongoing treatment. As a result, the only recourse these individuals have is to forego the opportunity to work—to build and grow professionally and personally—and to stay at home.

No one, Mr. President, should be forced to choose between health care and employment. Robbing an individual of the opportunity to work be a double tragedy, the life of someone who is civically with dis- ability. It’s been said that work is the process by which dreams become real- ities. It is the process by which idle visions become dynamic achievements. Work spells the difference in the life of a man or woman. It stretches minds, utilizes skills and lifts us from mediocrity.

No one should have to choose between health care and work, and passage of the Work Incentives Improvement Act will make that choice unnecessary. By acting on this legislation today, the Senate will offer new promise to millions of Americans with disabilities. This legislation will help promote their independence and personal success. They will have the chance and meaning in their lives—and greater security in the lives of their families.

But this legislation is not about big government. We do not tell the states what they must do. There are no mandates. And we do not tell individuals with disabilities what they must do. We create options. We create choices. And choice is the essence of independ-ence, isn’t it?

The unemployment rate among working-age adults with severe dis- abilities is nearly 75 percent. What a tragic consequence of errant public policy that discourages those who can and want to work from attaining their de-sires. It’s my firm belief that this num- ber will come down—it will come down dramatically as we pass this law allowing them to return to the workplace. My belief is based in part on the fact that over 300 groups of disability advocates, health care providers, and insurers endorse this change and are anxiously waiting for our votes.

These groups and individuals are not the only Americans watching what we do here today. Along with them, are countless other who are looking to this legislation to extend important tax and trade relief provisions that are included in the work incentives bill. These provisions are "must do" business. Like appropriations, extenders are provisions that we have an obligation to address before we conclude this session. They are necessary for our Tax Code, and will go a long way to-ward helping families and creating greater economic opportunity in our communities.

Among the important provisions con-tained in these extenders is one that excludes nonrefundable tax credits from the alternative minimum tax ("AMT"). This change alone will assure that middle-income families receive the benefits of the $500 per child tax credit, the HOPE Scholarship credit, the Lifetime Learning credit, the adoption credit, and the dependent care tax credit. In this legislation, such relief is extended through December 31, 2002.