

attributed to FICA taxes are entered on the books, Federal interest bearing bonds are electronically entered as being purchased. This is the safest investment that exists.

This country has a unified budget. This means that the proceeds from Social Security Taxes are part of the Treasury—of general revenue. CRS has recognized this. Moreover, I might add, without including the present day surpluses, the budget cannot be balanced. That is why President Clinton has included the Social Security funds in every one of his budgets. Did Senators HOLLINGS, CONRAD, DORGAN, and REID oppose this?

Senator HOLLINGS also denies that we have a unitary budget. He says that the 1990 Budget Enforcement Act [BEA] placed Social Security off-budget. That, in fact, we have two budgets—one for Social Security and one for the rest of the Nation. Let me expand on the remarks I made yesterday concerning the 1990 Budget Enforcement Act and explain why Senator HOLLINGS position is false. Under section 13301(a) of the act, the receipts and outlays of the Social Security trust funds are indeed not counted in both the President and Congress' budgets. So it is off-budget, but for only certain specific reasons. The primary purpose for this exclusion was to exempt Social Security from sequestration by the President under the Gramm-Rudman-Hollings procedures and from the act's pay-as-you-go requirement. In addition, as added protections, sections 13302 and 13303 of the BEA also created firewall point-of-order protections for the Social Security trust funds in both the House and Senate. Nevertheless, this does not preclude both Congress and the President from formulating a unitary budget—that includes Social Security trust funds—for national fiscal purposes.

Look, I recognize that Social Security is in danger. But the problem is not the inclusion Social Security funds in the budget. The problem is that with the retirement of baby boomers, there will not be enough FICA taxes to fund their retirement. CRS, in an other study, concluded that the present day surpluses would not be sufficient to resolve this problem. These Senators never mention that. CRS also concluded that the Social Security Program needs to be fixed.

Indeed, not including Social Security in the budget would harm the program. Congress would rename social programs—as they have done before—as Social Security and use the FICA taxes to fund these programs. Then you'll really see the program raided.

My colleagues problem—in reality—is not with the balanced budget amendment, but with the problems the Social Security Program faces. We need to fix that and adopting the balanced budget amendment is a good start.

ORDER OF PROCEDURE

The PRESIDING OFFICER [Mr. COATS]. The Senator from South Caro-

lina will be advised that the time for morning business has expired.

Mr. HOLLINGS. No; I was told otherwise. When he took the 8 minutes, I was told that the Chair had given me past 3. It was from 2:30 to 3:15, 45 minutes.

Mr. LOTT. Mr. President, will the Senator from South Carolina yield to allow me to address it? If I could get him to allow me to get consent with regard to the milk resolution, I would like to ask unanimous consent that following the resolution of this issue, the Senator from South Carolina resume his discussion at that time.

Mr. HOLLINGS. Right.

Mr. LOTT. So I propound that unanimous-consent request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. I ask unanimous consent that the Senate now proceed to the consideration of a Senate resolution submitted by Senator SPECTER regarding milk prices. I further ask consent there be 15 minutes for debate divided as follows, Senator SPECTER allocated 5 minutes, Senator KOHL allotted 5 minutes, and Senator FEINGOLD 5 minutes. I ask that following the expiration or yielding back of that time the Senate proceed to vote on adoption of the resolution all without further action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. SPECTER. Mr. President, reserving the right to object—

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Pro forma, and I shall not, we have colleagues about to catch the plane so I would ask, if the distinguished majority leader considers it appropriate, to vote and argue immediately after the vote or immediately following Senator HOLLINGS' reserved time.

Mr. LOTT. I think in order to do that we need to get Senator KOHL to agree and he is literally on his way, so we cannot actually reach him. If we go ahead and get started, we can have debate time and have a vote and accommodate Members who have commitments, if the Senator would allow us.

Mr. SPECTER. Mr. President, I would be glad to follow the suggestion of the distinguished majority leader, and I shall begin to speak to the issue for 5 minutes.

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

Mr. SPECTER. I would ask for that expedited schedule, if our colleague will yield.

Mr. HOLLINGS. All right.

Mr. LOTT. I yield the floor.

ADDRESSING THE DECLINE IN MILK PRICES

Mr. SPECTER. Mr. President, I send a substitute or amended resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will read the resolution by title.

The bill clerk read as follows:

A resolution (S. Res. 55) expressing the sense of the Senate regarding the need to address immediately the decline in milk prices.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, this resolution is being submitted on behalf of Senators SANTORUM, FEINGOLD, KOHL, JEFFORDS, LEAHY, WELLSTONE, SNOWE, and COLLINS.

It follows activity which Senator SANTORUM and I had undertaken in our State where the farmers have been very hard hit by low milk prices and rising costs of production, so that many, many farmers are near bankruptcy.

It is my understanding that this is a national problem, not only a problem in Pennsylvania. On Monday of this week, Secretary of Agriculture Dan Glickman went to northeastern Pennsylvania and heard from a large assembly of farmers, estimated at some 500, and heard firsthand the plight of those farmers, again, as I say representative of the Nation.

We all know that we rely upon the farmers for our supply of food. We know how important milk is in that supply. And we have a large group of farmers who laid it on the line in very emphatic and dramatic terms about their impending bankruptcy, the hard times they were facing because the price of milk had dropped so precipitously from \$15.37 per hundredweight in September to \$11.34 cents per hundredweight in December 1996, all the time costs going up.

In our inquiry on this issue, we found that a key ingredient on the pricing of milk was the price of cheese, and that the price of cheese had been established by the Green Bay Cheese Exchange, and that the price on the Green Bay Cheese Exchange might not be realistic of the accurate market price. If the price of cheese is raised by 10 cents, it means there would be a rise in the price of milk \$1 per hundredweight.

I do believe that the Secretary of Agriculture is sympathetic to this issue and would like to ascertain the accurate price of cheese.

It is my thought, Mr. President, from all that I know, and it has to be verified, that the price of cheese is priced unreasonably low at this time by the Green Bay Exchange; therefore, the Green Bay Exchange's price of cheese is really not the price of cheese.

This resolution maintains that it is the sense of the Senate that the Secretary of Agriculture should consider acting immediately pursuant to his legal authority to modify the basic formula price for dairy by replacing the national cheese exchange as a factor to be considered in setting the basic formula price.

This resolution has been filed pursuant to the leadership initiated by my colleague, Senator SANTORUM, who traveled to northeastern Pennsylvania several weeks ago. I went this past Monday. And I think it will put us on a track to show that something can be done immediately. When I say immediately, within the course of the next several weeks.

It had been my hope that we might have been able to make some modification in the price of cheese to have even faster action by the Secretary of Agriculture. But considering the fact that this resolution was drafted on Monday morning and has gone through considerable analysis by a number of Members of the Senate—and I thank my colleagues for their prompt attention to this issue—we are moving now very, very rapidly.

In conclusion, Mr. President, let me point out that there was an extensive study of the Green Bay Cheese Exchange made at the request of the Secretary of Agriculture of the State of Wisconsin, and there were some indications there that because of the limited amount of cheese which was traded there, there was an opportunity to have a price established which was not genuinely a market price. The amount of cheese traded at Green Bay was less than one-half of 1 percent, and where you have such a limited exchange rate and with people at the scene who have a considerable interest in having a lower price of cheese, that result may not have represented the accurate market price of cheese.

The Secretary of Agriculture has the authority unilaterally to make a modification on the price of cheese if he develops an evidentiary base from other transactions which lead him to conclude that is not the fair market price of cheese, and I believe that to be the case. The Secretary of Agriculture had previously initiated the process on informal rulemaking, which would take some considerable period of time. But he does have the authority.

If we may vote at this time, Mr. President, I will conclude.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KOHL. Mr. President, I want to thank the Senator from Pennsylvania for his efforts on this issue.

The Cheese Exchange is of great concern to all dairy farmers nationwide, because it is a market that is very thinly traded, completely unregulated, and has a great deal of influence on the prices that farmers are paid for their milk.

That's why my colleague from Wisconsin, Senator FEINGOLD and I have been working to reduce the influence of the Cheese Exchange. Both Senator FEINGOLD and I introduced legislation on this matter last week. Ultimately, what we need to do is find an alternative price discovery mechanism that is more reflective of market conditions, and less subject to manipulation.

And we have two initiatives underway that could form the basis for new price discovery mechanisms.

First, we've worked with Secretary Glickman to start a new cheese price survey, to survey cheese plants nationwide, to get a better view of prices paid for cheese. If done right, this could be very useful as a price discovery mechanism. But there's still some issues that need to be ironed out.

And second, we've asked other exchanges such as the Coffee, Sugar, Cocoa Exchange to explore the possibility of creating a new cash market for cheese. Again, if this is done right, it could be very useful as a new price discovery mechanism.

But in the short term, the Senator from Pennsylvania is right, we need to delink the National Cheese Exchange from the farmers' milk prices, and we need to do that as soon as possible. Two weeks ago, the Secretary of Agriculture announced a 60-day comment period on that exact proposal. The trick will be to find a new equivalent price mechanism, to take it's place. We need to find a new mechanism that is credible, or we'll merely make matters worse.

So I thank the Senator from Pennsylvania, and I look forward to working with him on this issue, which has been a longstanding concern of mine. As far as I'm concerned, the more Senators become aware of this problem and join our efforts, the better.

Mr. FEINGOLD. Mr. President, I am pleased to join the Senator from Pennsylvania, Senator SPECTER, in submitting the Sense of the Senate Resolution directing the Secretary of Agriculture to take action to delink the National Cheese Exchange from the basic formula price established by USDA under Federal Milk Marketing Orders.

Dairy farmers have been concerned for many years about the role of the National Cheese Exchange, located in Green Bay, WI, in determining the price they receive for their milk. While the exchange has had an indirect influence on milk prices for many years, it also directly affects milk prices through USDA's basic formula price, established by regulation in 1995. For years, Wisconsin farmers have been concerned that the characteristics of the Exchange, outlined in this resolution, make it vulnerable to price manipulation. Those fears were confirmed by a March 1996 report by the University of Wisconsin Department of Agricultural Economics which found evidence supporting the allegations of manipulations. The concerns about manipulation and the influence of the exchange on milk prices nationally, were further heightened by the dramatic and unprecedented decline in cheese prices on the exchange last fall which led to a 26 percent decline in farm milk prices.

The senior Senator from Wisconsin Senator KOHL and I have been working to address the concerns of the UW report for the last 10 months and have introduced legislation to address the short- and long-term problems associated with the Cheese Exchange. The di-

rective of the resolution introduced by the Senator from Pennsylvania is also included in my bill S. 258, the Milk Price Discovery Improvement Act of 1997 which I introduced last week. My legislation goes beyond the directive in the resolution by seeking additional long term solutions to the lack of price discovery in milk markets and by establishing improved USDA oversight of the National Cheese Exchange. S. 256, introduced by the senior Senator from Wisconsin Senator KOHL, which I have cosponsored, would enhance the role of the Commodity Futures Trading Commission in National Cheese Exchange oversight as well.

The resolution we are introducing today, however, emphasizes the importance of quick action on this problem by the Secretary of Agriculture and I am pleased to welcome the Senator from Pennsylvania to our efforts to resolve this very difficult problem. Farmers have a right to expect that milk prices are determined fairly and without manipulation. The resolution introduced today is a step toward reducing the influence of the exchange on farm-level milk prices.

I urge my colleagues to support this resolution and to work with us toward the enactment of S. 258 and S. 256 as well.

I yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. Is the Senator from Pennsylvania propounding a unanimous consent request?

Mr. SPECTER. Mr. President, I am advised that I do have the authority to yield back the time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. SPECTER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Louisiana [Mr. BREAUX] is necessarily absent.

I also announce that the Senator from Vermont [Mr. LEAHY] is absent attending a family funeral.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 83, nays 15, as follows:

[Rollcall Vote No. 11 Leg.]

YEAS—83

Abraham	Boxer	Cleland
Akaka	Bryan	Cochran
Ashcroft	Bumpers	Collins
Baucus	Burns	Conrad
Biden	Byrd	Coverdell
Bingaman	Chafee	D'Amato