

H.R. 1180 would give people with disabilities a new chance to work without fear of losing their Medicare and Medicaid coverage. This bill also would create a demonstration program that provides people who are not yet too disabled to work the opportunity to "buy into" Medicaid to help them keep working. In addition, it would enhance opportunities for Social Security disability beneficiaries to obtain vocational rehabilitation and employment services from their choice of participating providers. The Administration strongly supports these provisions that will enable more people with disabilities to work.

The Administration is deeply troubled that H.R. 1180 includes a provision concerning the organ transplantation rule of the Department of Health and Human Services that would provide for a 90-day delay in the rule, including a required 60-day comment period. This provision is in conflict with the provision in the Consolidated Appropriations bill that would provide for a 42-day delay. The Statement of the Managers for the Consolidated bill makes clear their intent that there be no further delay following the 42-day period. The provision in the Consolidated bill represents the true compromise that resulted from negotiations involving all parties. The Administration agreed to and supports the compromise provision in the Consolidated bill and believes that the rule should be issued without further delay after the 42-day period expires.

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 provisions, and the District of Columbia 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 allowance adjustment for student loans because it exposes the Federal Government, rather than lenders, to substantial financial risk due to the difference between Treasury and commercial paper borrowing rates.

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

The PRESIDING OFFICER. The clerk will report the conference report.

The assistant legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 1180, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

(The conference report is printed in the House proceedings of the RECORD of November 17, 1999.)

The PRESIDING OFFICER (Mr. ROBERTS). Who yields time?

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. I ask the Chair, what is the status?

The PRESIDING OFFICER. The time until 5 o'clock is equally divided between the Senator from Delaware and the Senator from New York.

Mr. KERREY. The Senate is currently on the conference report for tax extenders?

The PRESIDING OFFICER. The Senator is correct.

#### 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 question is on agreeing to the conference report on H.R. 1555.

The conference report was agreed to.

Mr. SHELBY. I move to reconsider the vote.

Mr. KERREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader is recognized.

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

#### DAIRY COMPACTS

Mr. LOTT. 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 KOHL, Senator WELLSTONE, 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 this 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 the Senators on 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 import 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, WELLSTONE and GRAMS, were not treated fairly. I do not fault anybody. These things happen. Senator LOTT 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 Indiana has the floor.

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 have not disappeared. 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 once again.

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 ag bill. And they should have been gone by September 30, 1998, 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 issues at the earliest 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. The distinguished Senator from 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 bill. 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.

But first, I would like to explain what dairy compacts are, and explain why they are so destructive 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 larger Federal Agriculture Improvement and Reform (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 and reduce government 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 publications such as 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 and demand in the Midwest.

Soon after implementation, the Northeast Compact had to begin reimbursing school food service programs for the increases in cost caused by the milk price hikes; an admission that prices have gone up and consumers are being affected. However, low-income families that need milk in their diet are not being reimbursed by the Compact for their increased costs. Milk is a food staple, and one of the healthiest foods we have. Are we going to permit

the extension of this milk tax that hits low-income citizens hardest? Are we going to continue a food tax on the group of citizens who spend the highest percentage of their income on food? What's next, a special tax on bread, eggs, ground beef, or potatoes? But that won't happen—Why? Because it would be unfair, just as this compact cartel is unfair. Consider the low-income families with small children and the elderly on fixed incomes in your state and ask if this is the population you want bearing the brunt of this regressive milk tax.

Despite all of the discrediting information about dairy compacts, members continue to contemplate extending for the second time this bad policy that was initially only to be "temporary" assistance to Northeast producers. Everyone who truly understands this issue admits that compacts are harmful for consumers and for American agriculture, but somehow we can't muster the political will to say no to the entrenched interests that support the compact. Thus, we keep hitting the snooze button—preferring to "temporarily" extend bad policy rather than addressing it on a policy basis. What is even more egregious is other regions of the country are promoting compacts for themselves to tap into these goodies at the expense of other regions of the country such as the Upper Midwest. And again would force consumers to pay unfair high prices for milk.

This is really Economics 101. If you artificially raise the price received for a commodity, you can count on more being produced. Where does the excess go? It goes into areas where there isn't a floor price, and that excess production depresses the price that producers in my state receive. It's really not that hard to understand, despite the sentimental arguments that compact supporters use to cloud the real issues at play in this debate. Again, we are trying to knock down or reduce trade barriers around the world to open markets and give our farmers a level playing field to compete, but would erect these same barriers to trade inside our own borders that will not allow dairy farmers in the Midwest to fairly compete.

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 coun-

try'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 loose confederation 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 commissioners 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 Constitutional Convention was to rescue the nation from a continuation of the parochial trade wars that had marred the first ten years of its existence and threatened 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 protectionism is ultimately corrosive of national political unity. To prevent economic

regionalism, the Founders imposed a constitutional prohibition on state and regional efforts to discriminate against goods and services produced elsewhere in the nation. To tamper with that constitutional prohibition is to tamper with the mainspring of the nation's political and economic fabric.

Professor Neuborne's research on the topic of interstate compacts, which originate under Congress' grant of power in Article I, Section 10, revealed that prior to the Northeast Regional Dairy Compact, Congress had never granted the compact power to enable states to engage in economic protectionism. Two hundred ninety-nine times before, the compact power had been used for a constitutionally legitimate purpose. Only now, with the advent of the dairy compact, has Congress ever contorted the meaning of Article I, Section 10 as an opportunity to set up a protectionist, multi-state cartel, in direct conflict with the Commerce Clause of the Constitution.

The Supreme Court has repeatedly ruled that by granting to Congress the power to regulate interstate commerce via Article I, Section 8, the Constitution carries with it a negative implication precluding the states from engaging in protectionist schemes that favor local economic interests at the expense of national competitors.

Mr. President, are we not in fact returning to the very types of behavior that the Constitution was in large part designed to remedy? Are we really willing to pit region against region, and create protectionist regimes, under the guise of dairy compacts, even within our own country?

The next pro-compact argument I would like to address is the claim that the compact is necessary to guarantee an "adequate supply of fresh, locally produced milk" to consumers. As I have said before, I believe the constant refrain that compact supporters are merely trying to guarantee an "adequate supply of fresh, locally produced milk" is a calculated deception designed to mislead consumers into believing that without this legislation, there may not be a consistent supply of milk in the grocer's dairy case. This is simply false our nation produces three times more milk than it consumes as a beverage. And I should note that Minnesota farmers have not come to the federal government asking for pricing advantages so they can grow oranges or lemons and guarantee Minnesota consumers a quote "adequate supply of fresh, locally produced citrus." Minnesota farmers want to produce what they produce best, which are dairy products, and they can deliver them to the consumer much cheaper, too.

In fact, some compact supporters have the audacity to claim that without a compact, the region would pay more for milk as high shipping costs for imported milk was factored into the price. This is also false. If local producers can sell a product for less than their competitors, then they would have no need of a compact. They could keep their markets by beating

the price of the competition. But the truth is, high quality milk can be trucked into New England at the peak of freshness and at less cost than it can be produced in most New England states.

Compact supporters also claim that the compacts are necessary to save the small, family dairy farm. Interestingly enough, according to USDA figures, 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 from competing against 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 as, quote, "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 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 adversely 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 milk to consumers, which basically picks winners and losers in the dairy industry, Congress, through the 1996 FAIR Act, required USDA to significantly reduce the number of milk marketing orders, and transition to a more market-oriented system of milk distribution. After many months of study and having received comments from hundreds of market participants, USDA proposed Options 1-A and 1-B. The Option 1-A proposal made minimal changes to the old marketing order

pricing system, while Option 1-B contained some basic free market reforms and modernizations of the system. The Upper Midwest did not like what it saw in 1-B, actually, and liked the compromise even less, but it was a small step in the right direction, and we supported it as a compromise.

The compromise came after the USDA received testimony concerning the two alternatives, and, as I said previously, the final rule takes steps toward simplifying and modernizing the milk marketing order system. As an Option 1-B supporter, I hoped for a proposal closer to 1-B, but accepted the need for compromise and, again, supported it. Implementation of the new compromise orders has unfortunately been postponed by a lawsuit in federal court.

Option 1-A is basically no reform, and would ignore the direction of Congress in the FAIR Act. It would increase prices for consumers, affecting most the low-income consumers that spend a high percentage of their wages on food. Option 1-A also keeps in place a regionally discriminatory milk pricing system that benefits producers in some parts of the country at the expense of dairy farmers in other regions, much like compacts. Again, it's a government program that picks winners and losers, not allowing the market to set the prices. It is opposed by free market taxpayer advocacy groups, consumer groups, regional producer groups, and processor groups, and it does nothing to protect the nation's supply of fresh fluid milk. Our nation produces an abundance of milk that is sufficient to supply consumers' needs.

Secretary Glickman, writing about the final rule, said that:

USDA's own analysis shows that nationally, dairy farmers will realize virtually the same cash receipts under the new, fairer plan as they do now, and when aggregated, the all-milk price will remain essentially unchanged from that under the existing program, which virtually all sides agree sorely needs changing[.]

Moreover, Agriculture Committee Chairman LUGAR said that the final 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 Agriculture Committee has jurisdiction over milk marketing orders; nonetheless, we are here today trying to circumvent that jurisdiction.

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 reverse a process that took 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 Midwest goes 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 will 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 the nation'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 congressional delegation has argued strenuously 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. Proof that this is 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 compromise in good faith 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 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. To be candid, I'm 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 do to 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 between 13 and 35 cents a gallon. 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 levels. But it would hit 13 million 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 as much of their income on 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 poverty 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 would be even harder on parents 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 Oregon with a guaranteed 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 Depression-era formula that makes some cows (and their owners) more equal than others, depending on where they live. Millions of consumers and taxpayers 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 is up from 109 billion pounds in 1940 to a projected 162 billion pounds in 2000, despite a 60% reduction in the number of cows. And while sales of cheese, cream and specialty products like eggnog and yogurt are up, U.S. demand for liquid milk has been essentially flat for more than 20 years.

Yet 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 lobbies in state capitals from Louisiana to New York are pressing 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 indefensible 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 farms, 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 chancy proposition for small, family-run operation. . . . Congress, which must soon decide whether to extend the system's enabling legislation, should modify it to focus more closely on smaller farms rather than lavishing money on larger operations that are fully capable of competing in a tough economic environment. Congress should also resist the temptation to expand the system to other parts of the country. . . .

The rescue effort now in place is a federally sanctioned system of mandated price 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 balance 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 million gallons of milk annually, which is typical for smaller farms.

Concluding with an excerpt from the editorial, 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 editorialist'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 production 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 recently approved a bill that seeks to raise milk prices and deprive Texans of the benefits of competition. The Senate need not reflect long before rejecting it. House Bill 2000 would require Texas to join the Southern Dairy Compact, which sets the minimum price for milk paid to producers in its member states. The minimum price inevitably would be higher than the price Texans pay in a competitive market.

I should note at this point that Congress has not in fact authorized the Southern Dairy Compact, and if common sense prevails, it won't. Congress has arbitrarily chosen New England consumers to pay the milk tax, and New England producers to receive it.

Again continuing with the *Houston Chronicle* article:

Texas dairy farmers are producing all the milk that Texas families and dairy product manufacturers need and more. There is no reason why state government should make families pay more for the milk, ice cream and other dairy products they buy. The state purpose of House Bill 2000 is to preserve family dairy farms and ensure a supply of fresh milk. But history shows that milk price controls heighten the financial advantage enjoyed by the largest producers without sustaining uneconomical small farms.

Furthermore, anyone who thinks Texas needs added government regulation to provide a reliable milk supply has not seen the dairy cases at the supermarket that are filled to overflowing with milk and dairy products of every description. Why change a system that provides ample supply and variety at the lowest possible price? Adding Texas to the Southern Dairy Compact would do little to help Texas milk producers, but it would deprive Texas dairy product manufacturers of an advantage they enjoy over competitors in states where the price of milk is controlled.

This bill is bad for consumers, bad for manufacturers and bad for the taxpayers who pay for or subsidize milk consumed by schoolchildren, prisoners, patients in public hospitals and food stamp recipients. Few bills could provide more reason to reject them than the authors of House Bill 2000 have provided.

The next editorial is from the June 15, 1999 edition of the *Philadelphia Inquirer*:

In 1996, Congress revamped federal farm laws, intending to ratchet down government's intrusion in agriculture. But a bill now pending would use that law to create regional cartels that would set artificially high prices for milk. Pennsylvania consumers should be lobbying lawmakers against this move. Despite the fact that the state's outdated milk-board system already sets minimum milk prices—but no maximum—the legislature last week allowed Pennsylvania to join the cartel known as the Northeast Interstate Dairy Compact.

Consumers here who consistently pay more for milk than in neighboring states should wince at the prospect of a regional price-fixing body imposing still higher prices. Here's how it works: Congress established the Northeast compact under the 1996 act, an agreement among six New England states to prop up milk prices in an effort to save small dairy farms. When milk prices on the open market fall below a certain target price, the compact states tack a surcharge onto milk. The extra revenue is passed back to farmers; the higher milk price gets passed along to consumers.

The compact is set to expire October 1, but a bill introduced in April would make it permanent and expand it to include six more states, including Pennsylvania. What's worse, the bill also would establish a Southern Dairy Compact, which could include up to 15 more states. Already the Northeast compact has raised milk prices by almost 20 cents a gallon since its inception. By federal and state law, the compact could raise milk prices in Pennsylvania by about 70 cents a gallon, consumer groups warn. The logic behind the original legislation, to save small dairy farms, had some appeal. Dairy farms nationwide have been going out of business, usually because they are acquired by larger producers, at an average rate of 5.1% a year in the 1990s, experts say.

But that doesn't prove the compact would protect small farmers; it may hurt them. Larger dairy farms which produce the most milk reap the most benefit in subsidies from the compact. Alarmed by the potential harm both to middle-class consumers and low-income families, various groups are protesting the new bill. Nutrition and consumer groups, government-spending watchdogs and milk processors and retailers all have lined up against the concept. Congress should reject this attempt to extend the counterproductive intrusion on the workings of the free market. Let the milk cartel die.

The following editorial is from the January 5, 1999 issue of *Newsday*:

Despite a few new consumer protections that made the deal acceptable to the Democratic Assembly, the state should not have allowed New York's dairy farmers to join a regional milk cartel. This sour stuff will keep the wholesale price of milk artificially high, forcing processors and retailers to pass the cost on to consumers. The hit will fall hardest on the poorest parents who buy milk for their children. And it's not clear now much it will help the small farm owners most in need.

Besides, there are other ways to help dairy farmers that wouldn't necessarily push up milk prices in markets. The state, for instance, could cut or subsidize a variety of taxes about which farmers have complained. Meanwhile, wholesale milk prices are at a record high, easing some pressure on farmers. Entrance into the Northeast Interstate Dairy Compact would tie New York's farmers into a New England cartel designed to keep prices higher when they otherwise would collapse. Rather than benefit from lower prices, consumers would pay the higher ones when wholesale prices soar. And the

law's cap on retail prices is so high that, barring severe inflation, it won't ever be reached. Schools are protected but not other nonprofits. Now, there's only one way to stop this deal. 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, including the dairy industry, from government price supports and other subsidies that interfere 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 interstate dairy compacts. If the industry succeeds 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 essentially establish legal cartels for dairy farmers and allow the cartels to set milk prices higher than the market would otherwise allow. In Georgia, dairy farmers have rammed through the recent session of the General Assembly a bill allowing them 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 consumers. The decision whether to sign the latest 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 recognize the dairy compact as nothing more than a back-door tax increase and veto it accordingly. Government should not use its power to guarantee any business or industry a profit.

A dairy compact already exists in New England. After it was enacted in 1997, the price of milk rose from \$2.54 and fluctuated to a high of \$3.21 a gallon. Milk prices there initially jumped about 20 cents a gallon, enough to generate an additional \$46.7 million for dairy farmers in less than two years. Not surprisingly, New England dairy farmers see the compact as a safety net designed to prevent their profits from dropping too dramatically.

Those who actually pay higher prices, however, see it as little more than a special-interest tax increase that will only hurt consumers, particularly the poor, the elderly and those on fixed incomes. Milk prices go up and down monthly all over the country, but when prices drop significantly in the spring and fall, they only drop slightly in dairy compact states. The savings to the consumer is lost so the dairy farmer can keep a high return on the product.

"It socialism. It's a controlled economy," said John Schnittker, an economist with Public Voice for Food and Health Policy. "Compacts are a really bad deal for consumers. They add about 22 cents a gallon to today's milk price. And they keep paying high prices when prices all over drop." Nine southern states besides Georgia have already approved creation of a Southern Dairy Compact to mimic the protectionism found in New England. However, that and other proposed compacts must still be approved by Congress, which also has to decide whether to renew the New England Dairy Compact.

Congress should reject both these proposals as unnecessary, counterproductive intrusions on the workings of the free market. However, if Barnes signs the Georgia law and Congress approves the Southern compact, Georgia consumers are stuck. The state can

withdraw from the compact only through passage of another law by Congress and then only after a one-year waiting period. Approval of dairy compacts in the South would not suspend the law of supply and demand. It would only distort it. Some economists predict that as a result of higher prices, dairy compacts would reduce milk consumption by 8 percent nationwide. Those most vulnerable would be families with young children, who in many cases are already struggling to make ends meet.

Georgia's dairy industry is going through a painful consolidation. The state lost 117 dairy farms over the past four years, and farmers warn that without government protection, more and more milk will have to be imported from other states. However, dairy farms in neighboring states have also been disappearing; the trend toward consolidation is nationwide. Furthermore, milk from Alabama or Tennessee tastes the same as Georgia milk, and today's technology allows quick transport to prevent milk products from spoiling.

Free enterprise, competition and the open market have been the economic pillars of the United States' economy for more than 200 years. Every experiment at subsidizing an industry has proven to be a failure, particularly in agriculture. Gov. Roy Barnes should protect Georgia consumers and families by vetoing that state's entry into the Southern Dairy Compact. And Congress should dismiss the entire concept as an unnecessary infringement on free enterprise.

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 borders Wisconsin. But it is 1,200 miles from Beaumont. So making Beaumont the new Eau Claire makes sense for Minnesota's hard-pressed dairy farmers.

In truth, Mr. Ventura favors a free market in agriculture. His facetious advocacy for Beaumont is designed to focus public attention on absurd federal dairy policies, which punish efficient producers and gouge consumers. The United States needs to abandon the Depression-era thinking that led it to calculate milk prices based largely on dairy farms' proximity to Eau Claire. Times have changed; U.S. agricultural policy remains mired in the 1930s.

Unfortunately, Congress seems poised to revoke the few tentative reforms that it passed in 1996 and to expand and give extended life to a program that would create consumer-antagonistic milk cartels in sections of the country. A simplified milk-pricing system is supposed to go into effect on October 1. And federal price supports are supposed to end on Dec. 31. But a key congressional committee has approved a bill that would stifle both of these reforms. Another congressional committee is expected to vote soon on a bill that would expand a milk cartel of six northeastern states to as many as 27 states; if Congress does nothing, the cartel would disappear on October 1.

Congress should leave the reforms in place and let the milk cartel ride into the sunset. Monkeying with the free market has raised

prices for consumers and hasn't kept marginal dairy farms from going bankrupt.

This next editorial is from the July 29, 1999 Chicago Tribune:

The U.S. justifiably accuses Europe of protectionism when it comes to beef and bananas. But when lamb and milk are on the menu, the accuser stands accused. The Clinton administration just slapped tariffs on lamb imports from Australia and New Zealand to protect U.S. sheep producers. That's outrageous and makes a mockery of the case the U.S. is trying to build that phasing out agricultural subsidies must be a priority when the next round of World Trade Organization negotiations is launched in Seattle this November.

But as outrageous as the lamb tariffs are, they pale in comparison to the mischief currently afoot in Congress to extend and expand what can only be called domestic protectionism in milk pricing. Who needs the rest of the world for a trade war? If some in Congress have their way, we'll soon have our very own All-American trade war, pitting the Midwest against the Northeast and the South while needlessly raising milk prices for consumers.

The facts are these: As part of the 1996 Federal Agriculture Improvement and Reform (FAIR) Act, the decades-old milk price support program was to be phased out over three years and the Department of Agriculture was ordered by Congress to reform its unfathomable pricing system. The farm bill also created a "temporary" milk cartel among six New England states—which account for all of 3 percent of U.S. milk production—to keep less expensive milk out of that region. The rationale was that small family-owned dairy farms in those states needed an adjustment period to prepare them for free-market competition come October 1999 when the cartel would expire.

Now there is an effort in Congress to roll back the USDA pricing reforms, to extend the life of the New England cartel beyond October and expand it to include six other states, including New York and Pennsylvania. And 15 southern states say that, in order to compete with their brethren to the north, well, they're going to need a cartel of their own. Follow the map west to see where this is headed. There are about 9,000 dairy farmers in America—40,000 of them are in the upper Midwest and, at some point, why shouldn't they have a cartel too? And, of course, the West will need one to compete with all 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 eventual abolition. The Agriculture Department has a new set of price-setting formulas, which it estimates will reduce the national average price by 2 cent a gallon, and is consolidating regional cartels to make 11 cover the country instead of the previous 31.

Nothing fundamental will change. The "marketing order" regions are protected markets for farmers—all dairies in one must pay the same government-dictated price to farmers. It is illegal to ship milk from one region to another. Nothing else in the economy is sold like this—not even essentials like gasoline or shoes. The effect is to keep prices higher than they would be otherwise and transfer wealth from families with children to dairy farmers. The farmers, the pro-

ductivity of whose cows just keeps increasing, argue in essence they ought not to be driven out of business by economic forces.

If we 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 somehow inconceivable. Instead, 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 differentials for beverage milk in many regions, but in Congress even this minuscule step toward rationality is being swept aside. 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, has already voted to join a Southern compact, even though it would result in higher prices for consumers. The Consumer Federation of American reports that the Northeast Compact raised retail milk prices an average of 15 cents a gallon over two years.

Kansas lawmakers gave tentative approval to participation in a compact but would have to act again to make the decision final. Dairy producers concerned about the long view should be worried. Critics point out that the higher milk differentials endorsed by the House Agriculture Committee may well lead to lower revenue for many producers. 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 prospect of 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-outside competitors. 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, milk powder and even entire herds . . . Congress should permit the Northeast Compact to "sunset," or expire, which will occur if the lawmakers simply do nothing. In fact, doing nothing to 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, the “center,” said Congress in the 1930s, of the dairy industry.

While refrigerated trucks and modern dairy farms make the system arcane, Congress preserved it until 1996, when it ordered the Agriculture Department to phase it out. Price supports are scheduled to end December 31. However, Congress is toying with keeping them and adding to the mess by creating a new dairy compact.

There already is a Northeast compact, designed to help family farms. However, it helps large dairy farms more than small ones and adds from 50 cents to \$1 to the price of a gallon of milk. This not only negatively impacts families, but also child nutrition programs. The Northeast dairy compact also was supposed to die December 31, but some members of Congress now want to create a Southern compact . . . Let the dairy price supports expire and don't create a new Southern dairy compact.

This editorial is from the September 20th edition of the Florida Time-Union:

There is a good lesson to learn as reformers in Congress continue efforts to end milk subsidies. The lesson is that a government handout, once in place, is as close to having eternal life as anything on earth. Millions of consumers would benefit from the end of dairy price supports and milk marketing orders, but hundreds of wellheeled milk magnates would have a little taken off the bottom line, perhaps.

Every product that contains any milk costs more because of them. Like most subsidies, it involves a double cost: higher taxes and higher prices. Even those who are lactose intolerant are injured by the subsidies. For example, taxpayers get hit hard when they buy milk for the Women, Infants and Children program and school lunches.

People with food stamps get hurt because they pay more for milk and therefore have less for other staples. The industry's lobbyists stalk the halls of Congress carrying tales of woe about the diminishing number of dairy cows. Yet, they rarely talk about the nearly four-fold increase in milk from each cow that occurred between 1940 and 1996.

The federal government got into the dairy business in 1933. Citizens Against Government Waste notes that the excuse was to relieve the existing national economic emergency by increasing agricultural purchasing power.

Call Washington: The Great Depression has ended.

Price supports and marketing orders are part of a . . . system rivaling anything devised in the old Kremlin's central planning office. They cut off the dairy farmer from the realities of the market, causing overproduction and waste, with the government trying to clean up its mess by buying huge stockpiles of cheese or even entire dairy herds. Price supports are winding down because of the 1996 Farm Bill, but marketing orders remain.

Clinging to the days when long-distance refrigeration was a potential problem, the order include differential pricing based on how far manufacturing plants are from Eau Claire, Wisconsin, which makes that hamlet the center of the dairy universe for no log-

ical 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 muddying the 1996 bill. Congress should now revisit the law and improve on 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 mistake to argue that agriculture can be insulated 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 many dairy farms. It's not a minor issue: Dairy sales make up roughly 10 percent of American farm income. The House voted Wednesday to block the Agriculture Department (USDA) from modernizing the 1937 pricing system in which dairy farmers get higher prices for raw milk the farther they live from Eau Claire, Wisconsin. (Then considered the “center” of dairy farming). The idea back then was to ensure fresh milk supplies nationwide. But with modern refrigeration and transportation, it's obsolete.

A 1996 law handed USDA the job of devising and implementing a new system since Congress, representing competing interests, couldn't get it done. The 1937 system expires October 1. While the USDA plan is more market-friendly, it's only a first step. It simplifies pricing and narrows disparities between efficient Midwestern farmers and less-efficient ones elsewhere that can get up to \$3 more per 100 pounds of milk. But in doing so, it would remove a \$200 million, consumer-paid subsidy, potentially driving many Northeastern and Southern dairy farmers out of business.

The House scrapped the Eau Claire system, but left in place pricing that hurts consumers, who pay artificially high prices for milk. The Senate shouldn't follow suit; if it does, the President should veto the bill. Meanwhile, Vermont's senators are spearheading an effort to renew the federally authorized Northeast Dairy Compact, which is expiring. Separate from the USDA pricing system, the compact allows regional officials to set higher prices for milk. Some Southern senators want a similar cartel.

Yet all this price-fixing has failed to halt the decline of inefficient dairy farms. Between 1992 and 1998, the number of dairy farms fell about 5 percent a year to 91,508. Price-fixing only drags out the difficult process at consumer expense.

This editorial is from the April 29, 1999 of the *Cincinnati Enquirer*:

Three years ago, Congress busted its bib-overalls buttons with pride after it planted a few seeds of agricultural reform in the Freedom to Farm Act. Problem is, nobody's remembered to water them since. That neglect is placing a huge economic burden on farmers, says Representative John Boehner.

The bill, co-written by Mr. Boehner, began to phase out some farm subsidies over seven years to create a free-market structure for agriculture that reflected America's economic reality. So far, so good. But the other part of the deal, Mr. Boehner points out, was the federal government was supposed to help

farmers through the transition by opening new markets for their goods, cutting estate taxes and easing the regulatory burden on farmers.

What's happened? Nothing, of course. President Clinton has made some occasional noises about the need to “tear down barriers, open markets and expand trade,” but administration officials conveniently forgot that part—and Congress hasn't been exactly diligent in reminding them. In fact, the White House only made matters worse—notably with a new set of costly federal environmental mandates on farmers announced last month. . . .

On Tuesday, Mr. Boehner sounded the alarm on legislative efforts to renew one interstate price-fixing dairy compact and to create a new one. Such deals “are bad for consumers, bad for farmers and bad for the future of American agriculture,” he said. It would be another step backward from free-market reform—a troubling turn of events. And so the Freedom to Farm Act itself has been left to take the rap for farmers' woes—low prices resulting from a record harvest, coupled with overseas financial crises. The news is terrible: Kansas farm income plunged 72 percent last year, the Kansas Farm Management Association announced Tuesday.

“Farmers today are having a tough time, and Washington's inaction on this forgotten side of Freedom to Farm is making it even tougher,” says Mr. Boehner, who's virtually alone in criticizing this federal foul-up. “It is fundamentally wrong for the Clinton administration to make Freedom to Farm the scapegoat for its own failure to deliver on its promises to farmers.”

He says Mr. Clinton ought to help Congress with trade, estate-tax 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 to Farm was pretty tame, a watered-down compromise that left a lot of pet projects intact.

But it did manage to break federal precedent, by starting to reverse 60 years of Depression-era subsidies and controls that made little sense once America recovered from economic devastation. Now, those modest gains are in danger from a rule-happy, control-freak administration, enabled by a complacent 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 chambers were completing their work—right up there with U.N. dues and Third World debt relief—was milk price supports.

Somewhere in the final mega-bills will be provisions allowing New England to maintain a dairy compact that keeps milk prices artificially high, and abandoning a modest reform that Congress itself virtuously 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 to 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 eased. 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's just like the emergency aid they've doled out to producers of other crops in the past two years, repealing by another name the reduced supports in Freedom to Farm. Meanwhile, the New England 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 feeding programs as well, including that for low-income women, infants and children; the available dollars will buy less. It's a fitting testament to the instincts of a Congress that, from the standpoint of the public interest, can't go home soon enough.

Mr. President, the editorial boards have got it right this time, and now is the time to end these distortions and fundamental unfairness in dairy markets before it gets worse.

Mr. President, I wanted to take a moment to thank the majority leader and the Democratic leader for taking the time to work with us. I appreciated all their help and support in working with my colleagues, Senators KOHL, WELLSTONE, and FEINGOLD. We don't see eye to eye on every issue, but on something as important to our States as this, I appreciated the opportunity to work with them.

I want to say that any Senator who has one ounce of support for the capital market, the free market system, they could not support this part of the dairy provisions. 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 to 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, we 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 have worked 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 out something 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 to make sure we can work out a fair bill that will satisfy everybody when it comes to dairy.

I yield the floor.

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

Mr. GRAMM. Mr. President, what we have before us is not the answer to our prayers, but it is what we call in politics "consensus."

Margaret Thatcher said of consensus:

To me, consensus seems to be the process of abandoning all beliefs, principles, values, and policies in search of something in which no one believes.

Well, I would like to say to our dear colleagues, Senator KOHL and Senator GRAMS, that I do not support dairy compacts. There are two sides to every issue, and I know we have people on both sides. In this case, however, at least in my mind, there is a right side and a wrong side. Dairy compacts would make a Soviet commissar blush. The idea of allowing a regional group of producers to conspire, with Government support, and set prices is an absolute outrage. We ought to be ashamed of it, especially having passed Freedom to Farm.

I share the outrage of my two colleagues. I just want to say to Rod GRAMS and Herb KOHL, on this issue, not only did they fight for their States but for every consumer across this country. Senator BYRD, if the great general had been from Wisconsin it would have been a much shorter war, from a historians point of view, and that would have meant a much better outcome from a humanitarian's point of view. In any case, we have had people here who stood up and fought for what they believed in, what was right for their States. In this body we still honor those people. I commend both Senator KOHL and Senator GRAMS.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I have had the good fortune, in the past several days, to work to resolve many issues. We have made some progress. I want to say that what we have seen in the last few days could not be a better illustration of what politics and Government is all about. I say that in a positive fashion. We have had people from the State of Wisconsin and the State of Minnesota fighting for what they believe is right. The Constitution was developed to protect the minority, not the majority. The majority can always protect themselves.

The Constitution is set up, especially through the Senate, to always protect the minority. That is what they were doing, protecting themselves. They, in effect, didn't get a fair deal in this omnibus bill.

About the Senator from Wisconsin, there have been a number of things said, especially by the Senator from West Virginia. I underscore and applaud that. We have to make sure the other Senator from Wisconsin is also

recognized. They have both been stalwarts in this battle.

I direct everybody's attention to yesterday's CONGRESSIONAL RECORD. On page S14794, there was a statement made by Senator KOHL. If anyone is ever concerned about what the free enterprise system is all about, read what Senator KOHL said yesterday on the Senate floor. That is what this debate has been all about—about the free enterprise system in this great country of ours.

In effect, what the Senators from Wisconsin have been fighting about is whether or not the free enterprise system is going to be circumvented by a cartel, a deal that has been, in effect, condoned, underlined, and set forth by the Federal Government. It should not be. So I direct everyone's attention to this. I appreciate very much the co-operation of the Senators from Wisconsin and especially the Senator from Minnesota, Mr. WELLSTONE. He has fought long and hard, and he has been on this floor for the last several days. 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 to work.

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 critical 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 tenaciousness 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 this Wisconsin. Now there are less than 23,000. Over that time you begin to realize that some of the old dairy policies maybe 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 in the country said that is the 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 inappropriately 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 certainly 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 occurred over 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, not 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 simply will not yield to the destruction of our local supplies of fresh, wholesome drinking milk, and the inevitable result of the consumption of reconstituted milk.

For now and for the foreseeable future, our nation's dairy policy will be based on the maintenance of local, 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 descriptions of 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 supported the bill 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 is a “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 would support such a clearly wrong-headed policy as so characterized by the Wall Street Journal? Who could support any measure which pits a relatively small number of farmers

against a vastly greater constituency of consumers, and which disadvantages our most vulnerable citizens?

Certainly not the twenty-five state legislatures and governors which have adopted Compact legislation. And certainly not the 40 Senators and over 160 House Members who co-sponsored legislation to approve Compact legislation here in the Congress.

Certainly not the Compact's bi-partisan supporters in the Congress and around the country, who represent the country's most rural and most urban constituencies. And such an initiative 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 farmers. 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.

Let's begin with the claim that the Compact is a "price-fixing cartel". Along with the Journal, the Washington Post also yesterday referred to the Compact as a "cartel" in an editorial. And our supposed "newspaper of record", 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 field of 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."

Indeed, were I to 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 regulating in the public interest?

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. (Even retailers.)

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 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 this up, as well. If you do so, 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. Period.

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

As we look to the new millennium and our future, I wish 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 as the best way to solve the dairy issue we all 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 marketplace 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 cartels, 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 and 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 them—a system that tells 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 ennobling.

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 coverage 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 a tragic 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 becomes a double tragedy in the life of someone who is living with a disability. It's been said that work is the process by which dreams become realities. 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 growth. It will help restore confidence 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 independence, isn't it?

The unemployment rate among working-age adults with severe disabilities is nearly 75 percent. What a tragic consequence of errant public policy that discourages those who can and want to work from attaining their desires. It's my firm belief that this number 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 us to act.

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 fixes to our Tax Code, and will go a long way toward helping families and creating greater economic opportunity in our communities.

Among the important provisions contained in these extenders is one that excludes nonrefundable tax credits from the alternative minimum tax (“AMT”). This change alone will insure 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.

Another important provision in this legislation extends and expands the tax credit for production of energy from

wind and closed loop biomass. This important alternative energy provision expired on June 30, 1999. In this legislation, the tax credit is expanded to cover poultry litter-based biomass, and it is extended through December 31, 2001. For my home State of Delaware and many other poultry producing regions, this provision provides an important option for the disposition of poultry litter in a way that will be beneficial and productive.

Other important expiring tax provisions included in this legislation are a 5-year extension and enhancement of the research and development tax credit and the tax-free treatment of employer-provided educational assistance. I can't overstate how important the R&D credit is to the high-tech community and many other important leading American economic sectors. The extension offered in this legislation will give businesses the certainty they need and will result in more and higher paid jobs for American workers. And as far as employer-provided educational assistance, I've made it clear that my goal is to make this provision permanent and expand it to graduate education. I know this is an important goal for Senator MOYNIHAN as well. Over one million workers will benefit from this extension, and under this legislation, the provision is extended through the end of 2001 for undergraduate education.

But, Mr. President, important extenders do not stop here. This legislation will also extend incentives designed to help Americans move from welfare to work through the end of 2001. These incentives include the work opportunity tax credit and the welfare to work tax credit.

Other extenders include the active finance exception to Subpart F—a provision that puts our banks, insurance, and securities firms on equal footing with their foreign competitors in overseas markets—and five other important tax provisions that are scheduled to expire. These provisions, which are extended through the end of 2001, include the “brownfields” expanding treatment of environmental cleanup costs. In addition, the school repair and renovation costs of some school districts are met by an extension of the qualified zone academy bond program.

But the provisions included in this legislation are not limited to tax relief. We also include some important trade issues. For example, we extend the Generalized System of Preferences, as well as Trade Adjustment Assistance programs. Both of these trade provisions are extended through the end of 2001. Beyond these, there are several revenue raising provisions that we've included. Most of these, I am pleased to report, close loopholes in the Tax Code raising some \$3 billion in return.

When all is said and done with this legislation, Mr. President, I am pleased that the tax relief in this bill amounts to a net tax of \$15.8 billion over 5 years and \$18.4 billion over 10.