

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

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

The Senator from Wisconsin is recognized.

Mr. FEINGOLD. Madam President, I ask unanimous consent that I may speak as if in morning business.

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

FEDERAL DAIRY POLICY

Mr. FEINGOLD. Madam President, I rise today to discuss our archaic and unjust Federal Dairy Policy: it is hopelessly out-of-date, completely out-of-touch with reality and an outrageous way to treat the hard-working dairy farmers of the Upper Midwest, particularly Wisconsin.

Federal dairy policy has been putting small dairy farms out of business at an alarming rate, Madam President. The Northeast loses 200 dairy farms per year, which is bad enough. Meanwhile, Wisconsin is losing 200 per month, which is disastrous. That's about 5 dairy farms per day! The greatest force driving Wisconsin's dairy farmers out of business and off the land is the current structure of the Federal Dairy Program.

The Federal Dairy Program was developed back in the 1930's, when the Upper Midwest was seen as the primary producer of fluid milk. The idea was to encourage the development of local supplies of milk in other areas of the country that had not produced enough to meet local needs. It wasn't a bad idea for the 1930's, but those days are gone.

Six decades ago, the poor condition of America's transportation infrastructure and the lack of portable refrigeration technology prevented Upper Midwest producers from shipping fresh fluid milk to other parts of the country. Providing an artificial boost to milk prices in other regions to encourage local production made sense, in the 1930's, that is.

So, in 1937, we passed legislation authorizing higher prices outside the Upper Midwest. These artificial bumps in prices are referred to as Class I differentials. Mr. President, this system is sometimes referred to as the "Eau Claire" system. Do you know why? Believe it or not, it's called the Eau Claire system because it allows dairy farmers to receive a higher price for their milk in proportion to the distance of their farms from Eau Claire, Wisconsin.

So the farther away you are from Eau Claire the better off you are. A dairy farmer, as any dairy farmer from Wisconsin, would tell you that a better name really for this system is the anti-Eau Claire system, because it doesn't treat farmers very well who live close to Eau Claire, Wisconsin.

The system's entire purpose was designed to put dairy farmers in Wiscon-

sin and its neighboring states at a disadvantage. And unfortunately it worked well—too well. Now, we look on as trucks from other regions of the country come into Wisconsin, historically America's dairyland, with milk to be processed into cheese and yogurt. The current Federal Dairy Program is now working only to shortchange the Upper Midwest, and in particular, Wisconsin dairy farmers.

Madam President, it's time to change a system that is completely out of date and is short-changing upper Midwest dairy farmers to the brink of extinction.

But, instead, we have further aggravated the inequities of the Federal milk marketing orders system. Despite the discrimination against dairy farmers in Wisconsin under the Eau Claire rule, the 1996 Farm Bill provided the final nail in the coffin when it authorized the formation of the Northeast Interstate Dairy Compact.

Madam President, the Northeast Interstate Dairy Compact sounds benign, but its effect has been anything but, magnifying the existing inequities of the system. It establishes a commission for six Northeastern States—Vermont, Maine, New Hampshire, Massachusetts, Rhode Island, and Connecticut.

The Northeast Interstate Dairy Compact Commission is empowered to set minimum prices for fluid milk higher even than those established under Federal Milk Marketing Orders. Never mind that the Federal milk marketing order system, under the Eau Claire rule, already provided farmers in the region with minimum prices higher than those received by most other dairy farmers throughout the nation.

The compact not only allows the six States to set artificially high prices for their producers, it allows them to block entry of lower priced milk from producers in competing States. To give them an even bigger advantage, processors in the region get a subsidy to export their higher priced milk to non-compact States. It's a windfall for Northeast dairy farmers. It's also plainly unfair and unjust to the rest of the country.

Who can defend this system with a straight face? This compact amounts to nothing short of government-sponsored price fixing. It's outrageously unfair, and it's also bad policy: It blatantly interferes with interstate commerce and wildly distorts the marketplace by erecting artificial barriers around one specially protected region of the Nation; it arbitrarily provides preferential price treatment for farmers in the Northeast at the expense of farmers in other regions who work just as hard, who love their homes just as much and whose products are just as good or better; it irresponsibly encourages excess milk production in one region without establishing effective supply control. This practice flaunts basic economic principles and ignores the obvious risk that it will drive down milk

prices for producers everywhere else in the country; you don't often hear about it but the compact imposes higher retail milk prices on the millions of consumers in the Compact region; it also imposes higher costs on every taxpayer because we all pay for nutrition programs such as food stamps and the national school lunch programs that provide milk and other dairy products.

As a price-fixing device, the Northeast Interstate Dairy Compact is unprecedented in the history of this Nation. In its breadth and its disregard for economic reality, it's in a class by itself.

Madam President, in addition to the current problems, language in the reported Agriculture Appropriations bill in the other body extends USDA's rule-making period by six months, thereby extending the life of the Northeast Interstate Dairy Compact by six months. Wisconsin's producers cannot withstand another six months of these unfair pricing policies.

Wisconsin's dairy farmers are being economically crippled by these policies. It's time to bring justice to federal dairy policy, and give Wisconsin dairy farmers a fair shot in the market place.

In an effort to repair some of the damage that sixty years of this awful system has caused, I have worked with colleagues to bring the true nature of this system to light and offer some alternatives.

To strike at the heart of the problem, I have introduced legislation in the Senate to kill the notorious Eau Claire system. The measure simply would forbid USDA from using Eau Claire, Wisconsin as the sole basing point when pricing milk.

And I am cosponsoring legislation to repeal the Northeast Interstate Dairy Compact. I'm working hard to prevent the compact's extension and expansion, and to prevent the formation of other regional dairy compacts. Compacts of this kind are unfair and they need to be abolished along with this entire system which has been plaguing Wisconsin farmers for more than sixty years.

Also, I have cosponsored the Dairy Reform Act of 1998, introduced by Senator GRAMS, which establishes that the minimum Class I price differential will be the same for each marketing order at \$1.80/hundredweight. What could be more fair than that? Given a level playing field, I know Wisconsin farmers can compete against any farmers in the nation.

The Dairy Reform Act ensures that the Class I differentials will no longer vary according to an arbitrary geographic measure—like the distance from Eau Claire, Wisconsin. This legislation identifies one of the most bizarre and unjustly punitive provisions in the current system, and corrects it. There is no justification to support non-uniform Class I differentials in present day policy.

I first learned of the profound inequity of the Federal dairy program

when I served in the Wisconsin State Legislature. There, I spearheaded the effort to provide state funds for a lawsuit against the United States Department of Agriculture. Challenging the system, we argued that USDA had no sound and justifiable economic basis for their milk pricing system. The states of Wisconsin and Minnesota, working together, repeated that argument relentlessly in the courts for over ten years in an effort to beat back the system.

In November of last year, the people of Wisconsin and Minnesota won that case. Federal District Judge David Doty ruled in favor of a more equitable dairy pricing system and enjoined the Secretary of Agriculture from enforcing USDA's "arbitrary and capricious" Class I differentials. Madam President, in other words, a federal judge could find no rational justification for this archaic system and ruled the whole scheme illegal.

Although the case is now in the appellate court, I am optimistic that Doty's ruling will be upheld. As I said, Judge Doty found the current pricing system "arbitrary and capricious."

Most recently, the USDA came up with a proposed rule that included two different options to replace the old system: Option 1A is virtually identical to the status quo and is totally unacceptable to the majority of Wisconsin dairy farmers. Option 1B is a modest step in the right direction and a good place to begin reform efforts. I was optimistic when Secretary Glickman announced USDA's proposed rule for milk marketing order reform and his stated preference for Option 1B.

If there was any question of the intense, personal effect this discriminatory policy has on Wisconsin's dairy farmers, I would hope, after visiting with over 500 producers, consumer advocates, and local officials at an informal hearing in Green Bay, that USDA's doubts could be put to rest.

At the USDA listening session in Green Bay, more than 500 people showed up, demanding a fair shake. At the sessions in New York, Georgia and Texas, a total of 240 people showed up. Wisconsin had more than double the attendance than the other locations combined. That difference in attendance didn't happen just because of Wisconsin's tradition of good citizenship. They showed up in Green Bay by the hundreds because they know they are getting a raw deal. Those Wisconsinites showed up to demand reform. They showed up to demand a better system, a chance to preserve economic viability and the opportunity to continue their way of life.

Day after day, season after season, we are losing small farms at an alarming rate. While these operations disappear, we are seeing the emergence of larger dairy farms. The trend toward fewer but larger dairy operations is mirrored in most States throughout the Nation. The economic losses associated with the reduction in the number

of small farms go well beyond the impact on the individual farm families who must wrest themselves from the land.

The loss of these farms has hurt their rural communities, where small family-owned dairy farms are the key to economic stability. They deserve better: we need a system in which their farms are viable and their work can be fairly rewarded.

In conclusion, I will continue to work with Wisconsin family farmers and other concerned Wisconsinites in the fight to preserve and protect our family dairy farms by restoring some semblance of fairness and economic integrity to our outdated, out-of-touch, milk pricing system. In the process, we will save an important piece of American agricultural history and a priceless part of Wisconsin's culture.

As USDA considers Federal Milk Marketing Order reform, I urge the Department to set aside 60 years of inequality and senseless regionalism to do what is best for this nation's dairy industry. These policies are out-of-date, out-of-touch and, frankly, an outrageous way to treat Wisconsin dairy farmers. For those farmers, who are watching as their neighbors sell their livestock to cover their bills and abandon the land of their parents and grandparents, USDA's decision could mean the demise or the survival of their way of life. It is time to do the right thing on dairy pricing policy. Wisconsin farmers demand it, Wisconsin's consumers demand it, and, above all, Justice demands it.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

EXECUTIVE SESSION

NOMINATION OF SUSAN OKI MOLLWAY TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF HAWAII

VOTE

The PRESIDING OFFICER. Under the previous order, the Senate will now go into executive session to consider the nomination of Susan Oki Mollway to be United States District Judge for the district of Hawaii.

The question occurs on the confirmation of the nomination. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. D'AMATO), the Senator from New Mexico (Mr. DOMENICI), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Wyoming (Mr. THOMAS) are necessarily absent.

I also announce that the Senator from Pennsylvania (Mr. SPECTER) is absent because of illness.

Mr. FORD. I announce that the Senator from Vermont (Mr. LEAHY), the Senator from Illinois (Ms. MOSELEY-BRAUN), and the Senator from Nevada (Mr. REID) are necessarily absent.

I further announce that, if present and voting, the Senator from Vermont (Mr. LEAHY), would vote "aye."

The result was announced—yeas 56, nays 34, as follows:

[Rollcall Vote No. 166 Ex.]

YEAS—56

Akaka	Feinstein	Lieberman
Baucus	Ford	Lugar
Biden	Glenn	Mack
Bingaman	Graham	Mikulski
Boxer	Gregg	Moynihan
Breaux	Hagel	Murray
Bryan	Harkin	Reed
Bumpers	Hatch	Robb
Byrd	Hollings	Rockefeller
Cleland	Inouye	Roth
Cochran	Jeffords	Sarbanes
Collins	Johnson	Smith (OR)
Conrad	Kennedy	Snowe
Daschle	Kerrey	Stevens
DeWine	Kerry	Thompson
Dodd	Kohl	Torricelli
Dorgan	Landrieu	Wellstone
Durbin	Lautenberg	Wyden
Feingold	Levin	

NAYS—34

Abraham	Frist	McCain
Allard	Gorton	McConnell
Ashcroft	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Santorum
Burns	Helms	Sessions
Campbell	Hutchinson	Shelby
Coats	Hutchison	Smith (NH)
Coverdell	Inhofe	Thurmond
Craig	Kempthorne	Warner
Enzi	Kyl	
Faircloth	Lott	

NOT VOTING—10

Bennett	Leahy	Specter
Chafee	Moseley-Braun	Thomas
D'Amato	Murkowski	
Domenici	Reid	

The nomination was confirmed.

Mr. INOUE. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senate will now return to legislative session.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

The Senate continued with the consideration of the bill.

Mr. THOMPSON. Madam President, I ask unanimous consent that the pending motion and amendments be laid aside and it be in order for me to call up amendment No. 2813 relative to tax compensation at Fort Campbell and no second-degree amendment be in order.

The PRESIDING OFFICER. Is there objection?