

United States Senate

WASHINGTON, DC 20510-1903

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July 9, 2001

Dear Friends:

I am sorry I am not able to join Governor King and my colleagues, Senator Collins, Congressmen Allen and Baldacci, as well as a number of Maine's elected officials and of course members of the Northeast Dairy Compact Commission and representatives of Maine's dairy and agricultural industries.

I want to commend the work of the Compact Commission and I think the fact that you have the Governor and the Maine delegation here today is a ringing endorsement not only of the compact but also of your work and we thank you.

As all of you are no doubt aware, the Northeast Interstate Dairy Compact will expire on September 30 of this year if Congress doesn't reauthorize it. The compact has unquestionably been of great benefit to preserving our dairy farms, while also assuring consumers a continuous, adequate supply of quality local milk at a stable price, saving consumers money overall by helping to stabilize milk prices, and generally helping regional economies.

Here in Maine alone, each dairy farmer received an average of \$10,500 over what they were paid under the Federal Milk Marketing Order system this past year. Without question, this additional income has acted as a safety net for farmers and I am certain has made the difference for some as to whether or not they stayed in business.

So the question is, where are we right now in the process? As you know, the current compact expires September 30, 2001. A bill in the Senate introduced last week with 39 sponsors, not only reauthorizes the Northeast Compact but also includes the ratification of a Southern Dairy Compact, and also allows for Intermountain and Pacific Northwest Compacts as well should those areas be successful in their current efforts to compact. We now have before us an opportunity to give support to 25 states whose legislatures and governors have all stated that they wish to enter into or maintain a compact. All I can say is that we must be doing something right with our New England Compact as half the nation is now on board with this concept.

But, we still have a battle on our hands in getting the Compact reauthorized due mainly to opposition from the upper Midwest, and also from those who simply don't embrace the concept of compacts. We also have to fight against the deep pockets of processing associations who have considerable amounts of money to spend to battle against our family farms.

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So in looking at the different avenues leading to success, hearings for the 2002 Farm bill reauthorization have started in the House and the Senate Agriculture Committee will begin its hearings shortly. I will be pushing for dairy compacts to be addressed as part of the debate for future farm policies.

Of course, even if we have a Farm bill this year, fall or winter would be too late for the Northeast Dairy Compact to be addressed, considering the September 30 expiration date. If the farm bill follows the course Senator Harkin has laid out for possible passage later this year, I will be requesting that the Senate leadership and the Agriculture Committee Chair support the extension of our Dairy Compact until such time as a Farm bill is voted on. This, I believe, is a defensible argument as, if the Compact goes away, so does the lifeline to our dairy farmers that has been so successful in providing them a more assured and stable income for the milk they produce.

Last month, I asked the White House to meet with my staff -- which they did -- in order to make our case for the Compact and that, in the absence of an effective federal dairy policy, the states have taken the only action open to them to save the livelihoods of their dairy farmers.

I have subsequently written directly to the President along with Senator Collins to express concern about the Administration's policy of holding off on dairy compacts, and strongly urged that the President consider our views and support this compact. As we said in the letter, dairy compacts represent an exercise of state sovereign power in developing and implementing regionally based solutions to local state problems -- at no cost to the federal government. Furthermore, these voluntary arrangements between state have been tested and constitutionally validated by the highest courts of our land.

I want to thank those who responded to a letter that I and Senator Collins sent to Dan Smith, Executive Director of the Commission, which was also sent to all of the New England Agriculture Commissioners. The letter requested information to use to buttress our arguments as to how the compact has been effective. Thanks to Commissioner Bob Spear of Maine's Department of Agriculture, Commissioner Steve Taylor of New Hampshire's Department of Agriculture, Markets & Food, and Chief Ken Ayers, of Rhode Island's Division of Agriculture, for sending me excellent letters with information that I will be submitting to the Congressional Record to show how important the Northeast Dairy Compact is to the dairy farmers in your states. It makes a strong point that each of you emphasized - we have stemmed the tide of the loss of dairy farms in your states.

I'm pleased to report that Senator Leahy is planning to schedule a hearing on the Compact soon after the July 4th recess in the Senate Judiciary Committee, which has jurisdiction over the Compact legislation, so this will hopefully put a bright light on the legislation and help to diffuse the arguments against dairy compacts.

So, we will be working to reauthorize the Compact, and while time is short, my strong hope is that, if the Senators from the Northeast and Southeast stand together in support of dairy compacts moving forward, we could coalesce into a force that must be listened to if the Senate

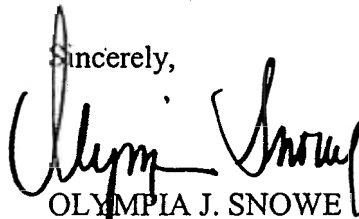
wants other agriculture bills to move forward.

I want to tell you today that I plan to stand firm until the very last minute to ensure that our successful Northeast Dairy Compact continues. And I know you will continue to stand firm – and that's critical if we are to have the support we need in the Congress, and if the Congress is to know that this compact is of vital importance.

As members of the Commission, by instituting safeguards against overproduction, you have already allowed the Compact to prove that a region that forms a compact is not given a monetary incentive to overproduce fluid milk that will then be used for other products such as cheese and powdered milk. This continues to be the unwarranted and misguided fear of the upper Midwestern states and the argument most often used against us -- it's just plain wrong and you are helping to show that.

I urge you to keep up the great work and know that I will stand behind you one-hundred percent every step of the way.

Sincerely,



OLYMPIA J. SNOWE
United States Senator