

URUGUAY ROUND AGREEMENTS ACT (Senate - December 01, 1994)

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The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 5110, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 5110) to approve and implement the trade agreements concluded in the Uruguay round of multilateral trade negotiations.

The Senate resumed consideration of the bill.

The PRESIDENT pro tempore. Under the order, there shall be 9 hours of debate remaining under the statutory time limitation with 2 hours under the control of the Senator from New York [Mr. **Moynihán**], 2 hours under the control of the Senator from South Carolina [Mr. **Hollings**], and 5 hours under the control of the Senator from Oregon [Mr. **Packwood**].

Mr. MOYNIHAN addressed the Chair.

The PRESIDENT pro tempore. Mr. **Moynihán**, the Senator from New York, is recognized.

Mr. MOYNIHAN. Mr. President, I yield myself such time as may be required to make an opening statement on, as Reverend Halverson said, this last day of the 103d Congress and the momentous--as I see it and many do--decision we will make at the end of this day and at the end of this Congress, which is the decision to ratify or not the legislation that will put into effect the Uruguay round of the General Agreement on Tariffs and Trade culminating 60 years of American trade policy that began with Cordell Hull in 1934.

The Washington Post has an editorial this morning which, in the view of this Senator, sums up the case with great clarity and force. I would take the liberty, sir, of reading it to the Senate.

It says:

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Until the Soviet Union collapsed, the military threat was the glue that held the rest of the world together and enforced political cooperation. Currently, it's beginning to look as though trade is going to be the next organizing principle, with trading relations and institutions becoming the transition lines of political influence. Americans can take great pride in the work that their country has done in the past 50 years to bring stability and prosperity to a dangerous world. Some dangers have now vanished with the end of the Soviet Union, but others are appearing.

Both for its own interest and the world's, the United States has to remain the central force in the world's trading system.

I think we would all agree on that, even if we disagree on the particulars of the arrangements of the institutions, the facilities, that we put in place. But the great point about our decision today is to consult our experience as well as our hopes and not simply our feelings.

Trade is always an area that arouses concern among citizens, and ever has done as far back as our Republic goes. In 1791, Alexander Hamilton, in his report on manufacturers, made a powerful case but a case that had to be made that, no, it would not be enough for the United States simply to remain a rural agricultural nation; that we had to be a manufacturing and trading nation. We have been so ever since, never more so than now.

This is the expanding sector of our economy, the one that brings--and I think it is fair to say, as the Washington Post observed it--not necessarily more jobs, but a lot of better jobs, jobs with higher value added, higher wages, and better, longer term prospects.

That, sir, is what brings us here on this final day, an era which we can see as having begun in the depths of the Depression, with the recognition of strong, able leaders--Franklin D. Roosevelt, Cordell Hull--that we had to change what had been a pattern set for many years of protectionism and take the gamble which in the end has succeeded. And, having done so, I say this is the moment of decision.

I met today with my colleague and dear friend, the Senator from Oregon [Mr. **Packwood**], who is necessarily delayed for a few moments.

I saw my friend from South Carolina visit the Chamber. He is here now. I cannot believe that he will not return in force and with great vigor.

But, for the moment, it falls to me to welcome him this morning. I made some opening remarks, and perhaps the Senator from South Carolina would like to do so the same.

I yield the floor, Mr. President.

Mr. HOLLINGS addressed the Chair.

The PRESIDENT pro tempore. The Senator from South Carolina [Mr. **Hollings**].

Mr. HOLLINGS. Mr. President, I always enjoy the comments and expression, and literally the education, I receive from the distinguished Senator from New York. He has a profound sense of history.

What happens is that America should continue to lead in the trading system. Therein, in and of itself, is our difficulty. We are not leading; we are losing. Yes,

we set the example in a losing fashion over 45, almost 50 years. It was almost like the Golden Rule: `Do unto others as they would do unto you.'

And we tried to set the good example of Adam Smith and David Ricardo of comparative advantage, open markets and free trade, which we all believe in. This Senator voted for free trade with the Free Trade Agreement with Canada. I strongly support the proposed free trade agreement with Chile, which we will be visiting in a few weeks, because we have relatively the same standards of living, the same systems of open markets--David Ricardo--comparative advantage. But the competition, according to Alexander Hamilton or Friedrich List, is measured not by a cheap shirt or what you can buy but what you can produce. Decisions are made that weaken or strengthen the economy.

Interestingly, Mr. President, that is the example being followed today in Eastern Europe. You only have to read this week's special edition of Business Week. Romania, Hungary, and all the rest of these Europeans now are not going for old David Ricardo and Adam Smith. They are going for Friedrich List, as the Germans long since have with their interlocking directives and Japan with the Keiretsu, of course, out in the Pacific rim. And so now, after the 60 years, which the distinguished Senator points out, the change that has taken place with the fall of the wall is that we should no longer sacrifice our economy to keep the alliance together. Yes, the editorial is correct, we kept the alliance together. It worked and it deserves praise. But with this change, now is the time to rebuild the economy of the United States; and the reality is that we are in decline. Everyone knows that. Everyone knows that. That is, the people of America know. That is what the election was about, and the stupid politicians here in Washington--we politicians--cannot recognize it. That is the frustration of the American voter.

The American worker, yes, the most productive American worker, who is the most productive in the world, is taking home 20 percent less pay than what he was 20 years ago. His wife is having to go out and work to make up for that loss of income. And then you have the latchkey children, and we politicians run around saying, `I am for the family, and we have to get the children and mothers back together.' We are separating them with this GATT. Can they not see it? Can they not understand where the crime begins in the inner city of New York, with 93,000 garment workers down there who will now lose their jobs, which will flee to the Pacific rim? Everybody knows. Rather than creating enterprise zones, what we are doing here today at 6 o'clock is taking the enterprise out of the zone. Leading? That Americans should continue to lead the world's trading system--I wish they had politicians and newspapers made overseas. Washington would be out of business and long gone. They make everything else offshore. If we could only get politicians and newspapers manufactured offshore, this crowd would learn quickly.

Mr. President, the President went out there just a couple of weeks ago to Indonesia, and every one of those countries in the Pacific rim was at the meeting. We have a deficit in the balance of trade. Who is leading? Is the United States leading? They rebuffed us. The head of trade in Malaysia and the head of trade in

Indonesia said, 'We are not going along with this.' To keep face, they want, of course, this particular GATT, because this opens up the United States, as Senator **Brown** from Colorado pointed out. This opens us up entirely, but it does not open up the Keiretsu or the closed markets of the Pacific rim. None whatsoever. The GATT proponents defend the WTO rules. Do not worry about the WTO rulings, they do not have to be obeyed, they say. But if nobody changes the laws in the United States, in the debate, ergo, they do not change the laws of Japan or the Keiretsu. They cannot have it both ways.

So the President is out there with a \$150 billion deficit. They keep talking exports, exports, exports. Fine. I export regularly from South Carolina. We built the ports there and we are proud of it. But look at the entire picture, not like a CPA coming in and looking at your expenses and not your income. You are faulty on income here in this case. Your imports far overshadow--\$150 billion worth--your exports. There is the President with a \$150 billion hole in his pocket and a tin cup begging the Japanese. Tell me about the fears of inflation. They keep writing all those articles about inflation. But I asked Mr. Felix Rohatyn at the GATT hearings that we had in the Commerce Committee and he said, 'Yes, that is a good part of it.'

I said, 'Mr. Rohatyn, is it not a fact that we have depended on the Japanese, until recently, to buy 30 percent of our Treasury instruments to finance our debt? Is that not a fact? Now, is it not a fact that they are threatening us every time we go there and tell them to open the markets?'

Who is the Trade Representative? Ambassador Kantor or Secretary Bentsen? Everybody with common sense knows it is Secretary Bentsen, because he has to finance our debt. So we give in and we have meetings with the Japanese and praise each other and agree to negotiate, as with financial services, and we will come back again. Just like services themselves. We have to negotiate those still. You have to go back to the WTO. Senator **Brown** read the agreement.

But the reason for that tin cup in the hand is we have now subjected our economy and economic future to the whims of the Pacific rim financing our debt. We are in decline.

Heavens above, wake up, Washington. My friend John F. Kennedy wrote the book, 'Why England Slept.' They all say, '**Hollings** is just for textiles.' I have been in textiles, yes, but I have been in an entire picture for 28 years up here. I testified before I got here in the fifties before the International Tariff Commission. I want to write the book called 'Why America Continues To Sleep.'

Yes, we have a special session. I never intended it. I never thought the President, not calling us back for a lame duck for health care, or for welfare reform, and not calling us back for all the other issues we are interested in, such as the information superhighway, would call us back for GATT. We have until July 1995 on this one. No industrial country has adopted it, none. So we could easily debate it next year. We debate complicated treaties. SALT I, SALT II, the ABM treaties.

We can put in reservations. We cannot do the same with this one, except, of course, for the distinguished minority leader, soon to become majority leader, who goes to the White House and, as we read in a newspaper, in a dignified fashion got his amendments. The Finance and Ways and Means Committees have a right to amend. We will look at the gift to the Washington Post later.

We will look at these other things later. We will get like 10 New York doctors on Carter's little liver pills. Under the agreement between the President and the future majority leader, we will get four or five court judges to make up their minds for us to see whether or not we will have reservations.

They get amendments. I do not know what amendments they agreed to. We do not. It is scandalous the way this Congress operates and this Government in Washington. Nothing has changed. They are wheeling and dealing. They are saying: I will take your budget-buster for GATT. You take mine later on for capital gains. Do not be telling me about a veto on capital gains, Mr. President, because it loses \$25 billion. I am taking a loss of \$31 billion for you today to save your political hide.

Nothing has changed. Come on. And our country is in decline and better wake up and not lose. Start leading by rejecting this agreement and getting a good competitive trade policy.

I retain the remainder of my time.

The PRESIDENT pro tempore. Who yields time?

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Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be allocated to either side.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. DOMENICI. Is there time allotted for the Senator from New

Mexico?

The PRESIDENT pro tempore. There is time under the control of the Senator from New Mexico. If the Senator opposes the point of order the time is under the control of Mr. **Packwood**.

Mr. MOYNIHAN. Mr. President, I am sure that the Senator from Oregon [Mr. **Packwood**], would wish the Senator from New Mexico to have as much time as he requires.

The PRESIDENT pro tempore. How much time does the Senator require?

Mr. DOMENICI. About 15 minutes, Mr. President.

The PRESIDENT pro tempore. The Senator will be recognized for not to exceed 15 minutes.

Mr. DOMENICI. I thank the Chair, and I thank Senator **Moynihan**.

Mr. President, for some it must have seemed like this day would never come. Hundreds of people, both here and abroad, have worked on the Uruguay round of multilateral trade negotiations for the past 8 years; 125 nations began the negotiations in Punta del Este in September 1986. On April 15, 1994, 111 signed the final act in Marrakesh, and thus we are here. By signing that final act those 111 nations committed to bring the results before their respective legislatures for ratification.

Several countries have ratified this agreement, the United Kingdom, Greece, and Belgium among them. France and Canada are very close and will ratify this agreement this year. Japan will soon follow. The United States through the U.S. Senate in this Senator's humble opinion should also vote to ratify this agreement.

My colleagues from the Finance Committee have ably spoken to the U.S. Senate and the Senators herein regarding the benefits to trade and national welfare that the GATT agreement will afford to our country and our people, and I concur with those remarks.

I especially congratulate the soon-to-be chairman of the Finance Committee for his eloquent remarks. I have listened to them. I openly commend him for his explanation of what trade means to American jobs and what GATT could mean to American workers and American prosperity.

That is not to detract from other excellent statements to the American people and to the Senate that have been made here on the floor.

The merits of the Uruguay round agreement have not been nearly so controversial as the issue that I will speak about here today--how the agreement affects the Federal budget. By far the largest budget effect is the loss of revenues from reduced tariffs. The Congressional Budget Office has estimated that the net

revenue loss amounts to \$11.5 billion over the first 5 years and \$31.8 billion over 10 years.

This Uruguay round agreement cuts overall U.S. tariff collections by 15 percent from what they otherwise would be. Everyone should understand, because of Budget Act points of order, consideration of this implementing legislation requires 60 votes in the U.S. Senate. I will explain this shortly.

It has been very difficult for the U.S. Congress to wrap its arms around the deficit. We tried at the 1990 summit conference, but at that time we did not have a GATT agreement in mind. The Chair, the distinguished Senator from West Virginia, was an active member of that budget summit.

We came up with a concept, aside and apart from GATT, and it is called pay-as-you-go. It says, if a policy results in lower revenues, you must make up the loss somewhere else with new revenues or with entitlement cuts. Now, frankly, that is very new, that 60-vote point of order for pay-go. It is very new to American legislation and certainly to the body of the Senate and our processes.

I, for one, believe it is among one of the five or six good new concepts for budget control. It is easy to understand. It resonances nicely--pay-go. Everybody thinks that is right. You ought to pay as you go. But the truth of the matter is that it is all based on estimates and all based on assumptions. What paygo does, in a sense, is put a big picket fence around the deficit.

But I must suggest we left a nice gate in the fence. There is a little gate in this fence. And the gate is a hard gate to get through--60 votes, supermajority. I submit that is precisely why we put that in and it finds itself right here on the floor.

When there is something of paramount American importance, you open the gate and you say, 'Look, these rules are good, but these rules are not impeccable. These rules are not things that cannot be violated.' And if the GATT agreement is good for America, it appears to this Senator that you ought to open that gate in the fence. And that is why I support waiving this point of order and opening that gate in the fence.

Now I want to continue on to make sure that my constituents and those who are interested in the views of somebody who has been working on the budget for a long time and understands all this estimating, understands the big current argument about dynamic evaluation of activities versus static. I am not one that jumps to the tune of either one, as if the rhythm is absolutely mandatory.

From my standpoint, I am looking for accuracy in these two apparently opposite systems of static versus dynamic. And that is at play here today. For those who would like me to say you do not need a waiver because if this was estimated with a dynamic model there would not be any revenue loss, I am not prepared to do that yet. We are going to have a joint hearing with the House and Senate Budget

Committees on the dynamic versus static issue. For the first time in the history of both bodies, both budget committees are going to have hearings to let the public understand that.

But for now, I do not choose to say there is no effect on the deficit, but I do choose to say it is rather minimal. And let me proceed to discuss that, having discussed that opening in that fence with the gate that requires 60 votes to get around this wall.

The Congressional Budget Office has estimated that, as a result of this agreement, there will be following the results: In agriculture, there will be a savings of \$1.5 billion over the first 5 years and \$5.2 billion over 10 years. Now that means we will spend less on agriculture because of this agreement.

The overall net cost of the agreement to the Treasury before any offsets is \$10 billion over the first 5 years under the current way of estimating. Over 10 years, the cost is \$26.6 billion. However, the administration and Congress worked together to structure a package of offsets. The entire agreement, offsets included, increases the deficit by \$1.7 billion over 5 years, I say to Senator **Moynihan**, \$1.7 billion over 5 years and \$12 billion over 10 years.

Now I am not one that excuses spending because it is a small amount. But I must put this one in perspective. This increase in the deficit represents two-tenths of 1 percent, I say to Senator **Packwood**, two-tenths of 1 percent of the total projected deficit for the next 5 years, five-tenths of 1 percent of the total projected deficit for the next 10 years--if, in fact, the numbers are right; if, in fact there is no positive influence on America starting out in the 6th, 7th, 8th year by getting rid of tariffs which have to work in our favor. I have heard everyone speak to that. It is unequivocal that getting rid of tariffs works to our advantage.

So last May, Congress wrote a budget for this country by the adoption of a budget resolution which set a floor for revenues and a ceiling for outlays. The GATT implementing legislation, on its own, reduces revenues below that floor and, therefore, as I indicated heretofore, violates the budget resolution. The Budget Act defines this in section 311(a) and talks about a point of order. It takes 60 votes to waive, as I have just indicated in my general explanation of the pay-go provisions, which I think have generally been very good.

This same budget resolution modified the pay-as-you-go point of order established last year. Our pay-go enforcement makes it out of order to consider legislation that, combined with all legislation enacted since August of 1993, would increase the deficit for any one of the following three periods: 1995, 1995 to 1999, or 2000 to 2004. So I say to my friends in the Senate, we are now out there in the 2000 and 2004 part of this.

Incidentally, that was not even the law a year and a half ago. We went out 10 years, I say to Senator **Moynihan**, and heretofore we had only gone out 5. So, in

a sense, we are burdening GATT with a very, very stern test when we are very tough on the evaluation of these activities in terms of estimates.

So, based on the CBO scoring, it is obvious that GATT violates this pay-go point of order, this fence around expenditures or loss of revenues for the last two thresholds and is subject to this point of order.

I urge that the Senate vote to waive this point of order. And, as I have indicated, generally I do not do that lightly but I believe the 60-vote point of order was there clearly intended to give us the opportunity to not have to comply with pay-go when we find it is in the national interest to do otherwise.

The administration knew the budget effects of this agreement and knew precisely what they would be. They proceeded to try their hardest, as I can determine, to find ways to offset the costs and it was not their wish to run into points of order over GATT. People worked tirelessly here in the Congress and in the administration for months to work out a funding package for this agreement.

I can remember 8 months ago talking to both Senator **Moynihan** and Senator **Packwood** about that. So we have been all busy doing it. We could accomplish it mutually and we had to do it with the administration and the Congress.

Since the agreement with all the offsets will still increase the deficit, this point of order lies. And so we are confronted with the facts as I have described them with this rather small effect if it all works out that way, and do we have a GATT or do we not based upon those rather small and almost insignificant budget effects.

Mr. President, our budget rules are tough. They are very tough. They were meant to be. And I think of the rules, as I have indicated before, are like a fence with a gate. We have this small gate, but we are penalized when we use it and we have to get 60 votes. I support waiving this Budget Act for purposes of considering the GATT implementation language and we simply have too much to lose if we miss this opportunity.

In the field of economics that is known for diverse answers to the same question, there is a remarkable agreement on the benefits of GATT to our people. So where economists differ on many things there is almost a unanimous concurrence that GATT is good for American workers and for our future. So, if we fail to waive, we are letting all that go down the drain because of a 60-vote point of order that I have done my very best to describe in terms of its impact.

Incidentally, the United States is not the only winner. Reducing trade barriers is not a zero sum game where some countries benefit at the expense of others.

The positive, overall effects of GATT are long term and accrue to all countries participating. With free trade--and free trade causes investment and capital formation--workers become more productive, the economy grows, and jobs increase. Household incomes rise.

While we do not score the future expected economic growth for budget purposes, in this case we can be pretty sure it is going to happen. This is one of the cases where we need to crack the gate open, as I have indicated, and fit this legislation through it and waive the pay-go.

In my mind, this is not a vote on whether we increase the budget deficit. It is a vote for free trade. So for those who are using the budget waiver as an excuse, or for their justification, the truth of the matter is this is not a budget vote. It is a free-trade vote. Those who oppose free trade clearly can use any reason they like. But I believe the view is very shortsighted that predicates a vote against GATT on budget and budget activities.

Mr. President, I ask for 5 additional minutes.

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Mr. PACKWOOD. I yield the Senator 5 additional minutes.

The PRESIDING OFFICER (Mr. **Dorgan**). The Senator may proceed for 5 additional minutes.

Mr. DOMENICI. Frankly, this GATT agreement will do more for the long-term economic growth and for our people's prosperity than anything else passed in the 103d Congress. And I believe that. Most of what we did has some very measurable impacts and much of it has both negatives and positives. GATT, as an instrument of change in the way the world markets work, is the most significant legislation that we will pass here in the whole 103d Congress, and I stand on that and I believe that.

Before I conclude, I would like to briefly address a couple of important issues that citizens in my State and many others have brought to our attention. They are legitimate, valid concerns and deserve attention.

First and foremost, the GATT agreement does not threaten U.S. sovereignty. Let me repeat. I know people in New Mexico, many of them good, solid friends of mine, have been talking about sovereignty. In this Senator's opinion, the GATT agreement does not threaten U.S. sovereignty. All living Presidents, former Secretaries of State, all former Trade Representatives of the United States, as well as many constitutional scholars, including Robert Bork, are convinced that this agreement does not impede U.S. sovereignty.

Among all of those people, would any of them want to deny our sovereignty? I do not believe so. I do not believe this Senator wants to, and I do not believe the 61 Senators who hopefully are going to vote for waiver really want to deny our sovereignty.

Simply put, the World Trade Organization cannot change U.S. law. The WTO cannot change a U.S. law because only the U.S. Congress can change a U.S. law.

Therefore, even if the World Trade Organization made a ruling that would go against an existing U.S. law, the U.S. law could not automatically be changed to conform to the World Trade Organization ruling. A U.S. law can only be changed if the U.S. Congress votes to change the law.

A final safeguard to U.S. sovereignty is that if at any time the United States becomes dissatisfied, it can withdraw from the World Trade Organization after giving 6 months' notice. That is a pretty good escape hatch. In the event the WTO becomes arbitrary or capricious, we get out.

Another important concern has to do with why should we do this in this session; why should it not be delayed? Many of my constituents are asking that. The answer is, this is not a `rush' to approve an agreement. The GATT has been negotiated for over 8 years by Presidents Reagan, Bush, and Clinton. The Congress has had ample time to review carefully the specifics of this multilateral trade agreement, and it is time to make a decision one way or another.

There are Senators who have read much of this. There are some who have read every word in it. And one of the overriding reasons why we need to make this decision sooner rather than later is that delay in approving this means that other nations will continue to impose high tariffs on U.S. goods. This is costly to each and every American. The United States should protect its valued business interests and jobs. According to some estimates, a belated passage of GATT implementing legislation could cost us as much as \$7 billion in lost production over 1 year alone, as well as thousands of jobs. Given these onerous costs, I believe the time is now. I submit to people around the country and people in the State of New Mexico that we have had plenty of time, over three Presidencies, to work on this and get it where it is. I do not believe it needs to be delayed any longer.

Another important concern some have in our country, and in my State, is that this agreement appears to be a treaty and, thus, requires a two-thirds vote by the U.S. Senate. It is important to point out this is not a treaty. It was not negotiated as such. It has always been considered an executive agreement by all parties involved. As such, GATT is about the issue of commerce with foreign nations, and under Article I of the Constitution, the Congress has the power to regulate commerce with foreign nations. Hence, only a majority vote in both Chambers of Congress is required. If it were considered a treaty, then the U.S. Senate would be required under the Constitution to pass it by a two-thirds vote. However, this is not the case, and I believe the constitutionality of this kind of executive agreement is well established. I do not choose to go into the legal opinions, but I believe it is established.

A final question of special concern is that GATT requires that every United States citizen receive an identification number at birth, and that this matter is unrelated and irrelevant to matters of trade. The answer is that this requirement is included in the implementing language of GATT; it is not part of the GATT itself. This language was included in the implementing legislation because to ensure accurate

assessments of income taxes, improper deductions on tax returns must be minimized.

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Mr. MOYNIHAN. It is the Social Security number.

Mr. DOMENICI. The Social Security number, that is right. As a consequence, this section is designed to reduce

tax cheating by people who claim children they do not have, which has the effect of reducing their taxes. This is important because it has a significant effect on the amount of tax revenue collected, which directly correlates with the overall net cost of the agreement to the U.S. Treasury. Therefore, the United States has decided that it is critical to maintain an accurate accounting of its taxable population.

Mr. President, as I stated earlier, I believe this legislation is extremely advantageous for our long-term economic growth and our American prosperity. It is as fiscally disciplined as it can realistically be. It is something we must pass to achieve better standards of living in our own country and around the world. I have reviewed this agreement carefully, and I am satisfied that it is in the best interests of our citizens. I am, therefore, confident that the GATT should be approved.

Mr. PACKWOOD. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Oregon, the Chair is informed, has 4 hours and 38 minutes remaining.

Mr. PACKWOOD. Four hours and 38 minutes remaining? I thank the Chair.

I ask that only for this reason. Senator **Grassley** is here ready to speak. Does Senator **Hollings** have any objection?

Mr. HOLLINGS. Go right ahead. No.

Mr. PACKWOOD. I am going to give him 15 minutes. But I will say this. I have 17 speakers left who have said they wanted to speak. I just know what is going to happen as they begin to get here in the afternoon. They are going to want 10 or 15 or 20 minutes with 2 hours to go, and I will say, for those who want to speak, if they will come over now they are more likely to get 10 or 15 or 20 minutes than they are this afternoon.

With that, I will yield 15 minutes to the Senator from Iowa.

Mr. MOYNIHAN. Mr. President, will my friend from Oregon allow me just one moment to say that in our case, we are in yet more straitened circumstances. We have 1 hour 55 minutes. The leader will have to have some time. Probably no more than 10 Senators, at most, can be accommodated. There will be a limit of 10 minutes. I hope those who wish to speak will let us know.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa for 15 minutes.

Mr. GRASSLEY. Mr. President, I rise today to urge my colleagues to waive the budget point of order and to support the GATT.

As my colleagues know, I yield to no one in this Chamber in my desire to cut spending and reduce the deficit. The National Taxpayers Union recently rated my voting record as one of the three most fiscally conservative in the Senate.

I believe it is important that we have the fiscal discipline to pay for tax cuts with reductions in spending or increased revenues.

That is why I joined several of my colleagues in signing a July 15 letter to President Clinton asking that the administration provide the necessary spending cuts and revenues to make up for the tariff revenues that will be lost under GATT.

The Congressional Budget Office [CBO] estimated at that time that implementation of GATT will mean a loss of approximately \$12 billion in revenues over the next 5 years. The administration's proposed spending cuts and revenue increases would limit this loss to only \$2.5 billion over the next 5 years according to CBO.

I am pleased that the July 15 letter was effective in forcing the administration to greatly limit the amount of lost revenues. I am disappointed that the administration did not show the leadership to provide the spending cuts necessary to avoid a budget point of order.

However, the \$2.5 billion in lost revenues is dwarfed by the costs of delaying GATT and attempting to find the additional funds. The Department of the Treasury has estimated that postponing the implementation of GATT will cost the United States \$70 billion in lost production over the next 10 years.

The Department of the Treasury also estimates that a 6-month delay in implementation will reduce U.S. employment by an average of 25,000 a year over the next decade. These costs greatly overshadow the \$4.5 billion in lost revenue.

The Department of the Treasury numbers are supported by what I'm hearing from my fellow Iowans. In Iowa, many business men and women and especially farmers tell me that they need GATT now. It is my understanding from them that 100's of millions of dollars are at stake for Iowa companies and workers. Enormous grain sales could be lost to unfair EC subsidies if we fail to pass GATT now.

Due to this year's bumper crop, there are now mountains of corn in Iowa. It is imperative to Iowa's economy that this corn reach overseas markets. Iowa State University estimates that GATT will mean a net increase in farm income of \$225.5 million in Iowa by 2002.

In considering my vote on this waiver, it was necessary to weigh the long-term impact. While the budget deficit is a top priority for me, there is no question that GATT will be a tremendous boon to our Nation's workers and the economy. GATT will especially benefit agriculture in our Nation--good news for farmers and for Iowa. A growing economy is crucial if we are going to successfully address the deficit.

The budget shortfall is half-a-billion dollars a year. While the budget aspect should be a serious concern, an even more serious concern is growth, prosperity and competitiveness. The flow of exports from Iowa and the United States to greater markets will help bring us these. We can't let half-a-billion dollars a year get in the way of that. It would be like building a beaver dam to stop up the Mississippi. It would do nothing but no good.

As my colleague Senator **Domenici**, the incoming chairman of the Senate Budget Committee, made clear earlier today, the authority to waive the Budget Act was put into the law by design to provide the Senate a gate to disregard the budget rules when it is in the best interests of the American people. GATT is certainly a case where we must crack open that gate in the budget rules. GATT is without question in the best interests of the American people.

I have voted in the past to waive the budget rules when I believed it was in the long-term interests of the American people. In 1992, I voted to waive the budget act to allow for an extension of emergency unemployment benefits. Given the state of our Nation's economy at the time, I thought it was important that we provide additional benefits to families in need.

Similarly, it does not make sense to me now to jeopardize the tremendous benefits to working families across America and throughout Iowa from free trade because of the administration's failure to provide sufficient spending cuts.

Mr. President, I urge my colleagues to join me in supporting the budget waiver so we can pass this landmark, worldwide agreement.

Mr. President, very soon we will be voting on the GATT implementing legislation, one of the most important pieces of economic legislation since the end of World War II. It is also one of the most controversial.

Many opponents of the agreement have bombarded the American people with the claims that they have nothing to gain and a great deal to lose from implementation of this agreement: U.S. sovereignty will be sacrificed they say; our environmental and sovereignty will be scarified they say; our environmental and health standards will be endangered; and unemployment will soar.

These are frightening prospects, and if they were true I would be the first to oppose this agreement. But all the ranting from soapboxes doesn't make the opponents arguments true. In fact, these predictions are about as accurate as the

one about the giant sucking sound NAFTA was supposed to produce, which has proven to be demonstrably false.

This is not meant to suggest that the concerns expressed by my colleagues during this debate are without merit. I share many of these concerns, such as the use of child labor in many countries, and will do whatever I can to correct these problems. But I believe we can address these problems more effectively as the most influential member of the international trading community, as opposed to rejecting this agreement outright.

For each of us however, the failure to secure certain more parochial concerns should have no impact on our decision whether to support GATT. Simply put, the removal of trade barriers generally will promise global competitiveness and greatly improve the standard of living both here and abroad.

A look at GATT shows it is an economic winner for the United States. Economists, both Liberal and Conservative, agree that ratification of the agreement will add \$100 to \$200 billion to the U.S. economy each year, and create thousands of jobs, particularly in the high value-added, high-productivity, high-wage industries that produce the types of jobs our economy needs.

Let's look at the sectors of our economy that will benefit from this agreement:

Foreign tariffs on telecommunications equipment and wood products will be lowered and tariffs on agricultural machinery, construction equipment, pharmaceuticals, toys, and furniture will be phased out, thereby bolstering exports of these products. High-Technology goods will be especially helped.

The aircraft industry will benefit from lower subsidies to its foreign competitors.

Stronger protection of intellectual property will help those industries that have suffered from piracy or product counterfeiting, costing us billions of dollars in lost revenue every year.

And especially important to Iowa, exports of agricultural products will rise because of reductions in export subsidies and tariffs in Europe, as well as requirements for minimum import access in all countries.

My colleagues have discussed the positive impact GATT will have on other sectors of the economy, so I would like to focus on the benefits of implementing the Uruguay round to Iowa agriculture. Perhaps the most significant accomplishment of the Uruguay round is the reduction in tariffs and export subsidies for agricultural products. The tariff reductions will lead to increased access to foreign markets for U.S. commodities--leveling the playing field in the world market for trading agricultural goods. The reduction in export subsidies will force our foreign competitors to cut their support for agricultural exports--again, leveling the playing field for U.S. producers.

How will these liberalized trade rules benefit agriculture? Although the United States is currently running a trade deficit, we enjoy a healthy trade surplus in agricultural goods. So even though our foreign trading partners erect high barriers to U.S. agriculture imports and heavily subsidize their own exports, the United States still exports more agricultural commodities than it imports. This is a result of the U.S. farmer being the most efficient producer in the world. Because of the wide advantage in productivity enjoyed by the U.S. farmer, we will be able to export even more agricultural products when worldwide barriers and subsidies are lowered.

The importance of exports to the agriculture sector and the individual farmer cannot be overstated. In any given year, the United States sells about 70 percent of its wheat, 40 percent of its corn and 60 percent of its soybeans in the world market. This year, exports take on increased significance. The harvest of 1994 has resulted in record supplies of corn and soybeans. According to the USDA, the U.S. corn crop could exceed 10 billion bushels for the first time in history and soybeans should set a record at about 2.5 billion bushels. There are literally mountains of grain in Iowa that need to be moved to market. However, the demand for grain in the United States is not sufficient to liquidate these supplies. Therefore, exporting this grain to foreign markets is essential to the viability of the family farmer.

Clearly the family farmer and farm-related workers will benefit from GATT. Consider some projections regarding Iowa farmers, for example. The center for agricultural and rural development at Iowa State University has concluded that Iowa

producers of corn, soybeans, pork, and beef all benefit to a large degree under the Uruguay round. As a result of increased trade in these commodities, Iowa State economists project cash receipts of corn to increase \$184 million, receipts from hogs will increase \$110 million, soybean receipts will rise by \$83 million and, finally, cattle cash receipts are expected to increase \$92 million. The bottom line is that Iowa net farm income is projected to rise over \$200 million per year from 1995 to 2002. I want to stress that these figures are just for Iowa farmers alone. The impact on the U.S. agricultural economy is just as dramatic. Cash receipts for agriculture products are projected to rise \$5 billion by the year 2002 with net farm income rising \$1.4 billion per year from 1995 and 2002. Although these figures are dramatic, my intent is not to befuddle the American public by citing a number of estimates and projections. The basis for these projections is simple: Increased access to the world marketplace will increase agricultural exports which, in turn, will increase the net income for the American farmer and those associated with farming.

And in regard to the budget issue that has been raised by some of my colleagues, in agriculture alone there are a number of budgetary consequences that are receiving little or no attention. For example without new export markets opened by GATT, U.S. surplus farm production will cost the Government more in storage costs, create higher deficiency payments and require export subsidies to continue

the agricultural subsidy battle with the European Union. So rejecting GATT could hurt, not help efforts to reduce the budget deficit.

Let us not forget that the United States has the lowest tariffs in the world, so GATT will mean that tariffs of other countries will come down. So GATT is more in our interest than that of other nations. When foreign tariffs are brought down, the playing field will be level. And as the most productive nation on Earth, we can compete with anyone and win.

In the final analysis, my support for this agreement is based on the fact that GATT is good for America; GATT is good for Iowa; and GATT is good for world prosperity.

I would now like to deal with some of the arguments that have been filling the airwaves lately, that come close to predicting the end of the world as we know it if GATT passes. The bone of contention for opponents is the provision in GATT that creates the World Trade Organization and gives it the authority to arbitrate and settle disputes between international traders. Opponents claim the WTO would infringe upon U.S. sovereignty making the laws of the land subservient to an international tribunal. They have created the impression that the WTO was foisted on the United States by countries who want nothing more than to invalidate our laws.

The arguments ignore the plain facts. The WTO was suggested and fought for by the United States out of frustration with the weakness of, and delays in, GATT dispute settlement proceedings and enforcement. For example, U.S. farmers suffered greatly from the European refusal to abide by several GATT panel rulings on agricultural products and the lack of effective enforcement rules. Under the WTO procedures, countries that discriminate against U.S. products can no longer ignore adverse rulings. And it is worth noting that the United States has won 80 percent of the cases it has brought to GATT since 1947.

With regard to U.S. sovereignty, I can state without fear of contradiction that no Member of Congress is going to vote against the sovereignty of our Nation. This Senator certainly will not do that. But this argument is as false as all the others. Let me quote from the implementing legislation which states that `nothing in this act shall be construed to amend or modify any law of the United States, including any law relating to the protection of human, animal, or plant life or health, the protection of the environment, or worker safety.' The legislation also provides in section 102 that `no provision of GATT * * * that is inconsistent with any law of the United States shall have any effect.' So the implementing legislation emphasizes Congress' commitment to ensuring that the United States and not the WTO will determine the primacy of U.S. laws.

And the opponents conveniently overlook the fact that if we don't like what's happening with the WTO, we can withdraw at any time by giving 6 months notice. And thanks to Senator **Dole**, we will have another withdrawal option, given to

Congress, if a review panel decides that WTO decisions against the United States have been arbitrary or capricious. And if that is not enough, there is a provision in the agreement that gives Congress the right to review our situation under GATT after 5 years and if we don't like what we see we can withdraw at that time. With all these safeguards, it is hard to see how our sovereignty is at stake.

The plain truth is we are the greatest economic power on the planet, and our influence will be respected. In fact, the WTO will operate under the first rule of international trade: Do unto others as you would have them do unto you. If that principle is ignored, then the opposite rule will take effect: He who has the gold, rules. We will dominate the WTO by that simple fact alone. Simply our threat to withdraw will be enough, because who can imagine a WTO without the most prestigious and largest member of the International Economic Community.

Let us bear in mind that membership in GATT is not a lifetime commitment. It is, in fact, a voluntary association which we benefit from because it will require other countries to play by the same rules we have been playing by for years. There is simply no basis to the argument that our sovereignty is in danger, and I want my constituents to know that this argument is not valid.

Another argument that has people in an uproar is the one that says Congress should not deal with such an important issue during a lameduck session. Well, Congress has dealt with many matters of enormous importance to the Nation in post-election sessions.

Since 1950, there have been six post-election sessions. In those sessions, Congress has passed well over 150 bills, resolutions and conference reports involving matters of national security, economic policy, foreign policy, and Government spending. During these sessions Congress has ratified treaties, approved a budget and budget resolutions, approved major environmental measures, passed a mass transit bill and authorized numerous appropriations.

Every Member in this body was duly elected by his or her constituents to serve in the 103d Congress, so any suggestion that this post-election session lacks `standing' or `legitimacy' is not legally supportable. This is the argument one makes when he knows he can not win on the merits. It is simply a smokescreen for delay to give the opponents of GATT more time to appeal to people's fear and insecurity.

Americans have always had a high view of our Nation. We think we stand for something important, and that its worth offering the world. And the world is listening, as more and more countries try to emulate us. When you are No. 1, the only superpower, the only Nation with a globally appealing ideology, when you want to keep America first, that is the time to promote free trade to open markets to American products. GATT does that, and we should pass it now.

Mr. PACKWOOD. Mr. President, I yield 1 minute to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado, Senator **Hank Brown**, is recognized for 1 minute.

Mr. BROWN. Thank you, Mr. President. I simply wanted to thank the distinguished chairman of the Finance Committee for entering into the **Record** yesterday, following my talk, the portion of the cost of GATT that the United States now pays which is a little under 15 percent. Our share of GATT's cost is based on our share of international trade. In my statement yesterday, I mentioned the U.S. contribution could be as high as 25 percent. This was from an understanding that we may shift to a formula used by the United Nations which is based on a member country's portion of the total world GDP, and from other proposed changes in the assessment of members' contributions to the World Trade Organization [WTO] that may take place soon.

According to the State Department, the size of a member country's economy will be a consideration in calculating its contribution to help pay for the new WTO. It is likely that some modifications will be made in the contributions to the WTO based on each member's portion of the total world GDP. Our current portion of the total world economy is 23 percent.

Also, beginning in 1996, each GATT member country's contribution will reflect its share in international trade in goods, services, and intellectual property. Thus, the U.S. contribution to WTO will significantly increase because we have the largest trade in service and intellectual property in the world.

The chairman's figures are exactly correct that we currently pay 14.6 percent of GATT's costs. I appreciate very much him taking the time to enter them into the **Record** to set it straight.

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Mr. MOYNIHAN. Mr. President, may I express my great admiration for the graciousness and thoughtfulness of the Senator from Colorado, who is meticulous in these matters. If there is any one of us in this Chamber who has not had some statistics go awry from time to time, I do not know who that would be. I do very much appreciate his remarks.

I yield the floor.

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. **Cochran**], is recognized for 5 minutes.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from Oregon for yielding time to me.

Mr. President, after undertaking a careful review of the Uruguay round, I am convinced the GATT agreement provides an unprecedented opportunity to benefit the United States, create new high-paying jobs, and strengthen our economy. The Uruguay round is the most comprehensive trade agreement in history. It breaks down foreign trade barriers and opens markets to U.S. goods, services, and agricultural products. Since the United States already has the most open market in the world, this means more export opportunities for our side.

Mr. President, in looking at the agreement and being in meetings with colleagues, talking to administration and former administration officials, I have assimilated a body of information which I am pleased to share with the Senate in writing. I have labeled this information, that I ask be printed in the **Record**, 'GATT Agreement Facts.'

We have heard a lot of rhetoric, we have heard a lot of fears, we have heard a lot of arguments, and we have heard a lot of speculation. What the Senate needs to focus its attention on right now are the facts. I asked my staff to try to sift through all of this information that we have accumulated during this process and to put down on paper what the facts are. The facts are overwhelmingly persuasive, in my view, in favor of approval of this agreement, and in waiving the so-called 'budget rule' to accomplish the approval of this agreement.

I am going to highlight just a few of these facts in the brief time that is available to me, and then ask it all be made a part of the **Record**.

The United States accounted for almost 12 percent of all world exports in 1992. We are the world's largest exporting country. We sell more of what we produce in the international marketplace than any other country.

Trade represents approximately one-fourth of our gross domestic product. Over the last 5 years, U.S. exports accounted for half of our total U.S. economic growth.

The reason these facts are important to me is very obvious. If we are able to lower barriers to our trade throughout the world, then those growth numbers are going to be even higher in the years ahead, above what are already projected to be opportunities for more growth in exports.

It benefits us more than any other country to lower barriers and to remove unfair barriers to our trade. This agreement will cut tariffs on manufactured goods by over one-third, the largest cut in history.

The agreement will bring important areas such as services, intellectual property, and agriculture under international rules for the first time. Why is that important? Because agriculture is one of our largest industries. If you add production agriculture with the food processing and transportation industries, almost one out of every five jobs in America depends upon agriculture, food processing, transportation, and the rest.

Being able to export more from this sector of our economy is a tremendous advantage to the United States, and agriculture subsidies are brought under GATT for the first time under this agreement. Increased agricultural exports will mean higher prices for U.S. farmers, along with increased export-related jobs.

At the conclusion of my remarks, Mr. President, I ask unanimous consent that a roster of the Agriculture for GATT Coalition be printed in the **Record**. This is a list of all of the members of this coalition.

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

(See exhibit 1.)

Mr. COCHRAN. To give you an idea, the Senate should notice there are three single-spaced pages of names of organizations and producer groups in agriculture that support this agreement.

Another fact that I am including is that in my State of Mississippi, just as an example, we recorded exports of \$803 million in 1993, nearly 80 percent greater than the \$354 million in 1987, just 6 years before. Exporting and sales in overseas markets is a growth industry in my State, as it is in many other States, and much of that is related to the exporting of food, food products, timber and timber products, and other manufacture products as well.

Mississippi boosted export sales of a wide range of manufactured products over the 1987-93 period. Rapidly expanding export categories included furniture and fixtures, up over 1,000 percent; rubber and plastic products, up 600 percent; food products, 502 percent; textile mill products, 330 percent; fabricated metal products, 154 percent; and transportation equipment, 123 percent.

The agreement contains important provisions to open foreign markets and reduce tariffs on many of Mississippi's largest and fastest growing export products, leading to economic growth and job creation for the State.

Mississippi expects rapid growth in overseas sales by Mississippi manufacturing industries such as furniture, rubber and plastics, fabricated metals, and transportation equipment.

Exports to the State's fastest growing markets--Latin America--stand to realize significant benefits under the GATT Agreement.

Stronger patent and intellectual property protection under GATT and harmonization of foreign tariffs at lower levels will benefit Mississippi's top export-chemical products.

The agreement's elimination of tariffs on paper goods, wood, and many furniture products will enhance the State's exports.

Under the agreement, the European Community nations will substantially reduce tariffs on many of the State's exports of industrial machinery and electronics.

The WTO does not endanger U.S. sovereignty.

The World Trade Organization would be the governing body of international trade disputes. It provides a forum to resolve trade disputes and investigate the issues of tariffs and other trade barriers. The WTO cannot directly override U.S. laws or require any action to do so. The United States will only be bound to obligations it has accepted and Congress has voted on. In comparison to the current situation, the WTO would have expanded powers. It would be able to exercise indirect powerful pressure upon countries to change its laws that contain more rigid requirements on foreign producers than domestic producers, regardless of whether the discrimination was intended or not. A panel decision will no longer be able to be blocked as under the existing GATT. WTO would allow countries aggressively to go after other countries through international trade measures.

According to R. William Ide III, president of the American Bar Association, and I quote:

In particular, the Uruguay Round dispute settlement provisions leave U.S. domestic legal powers totally intact, just as they were under the old GATT rules. Likewise, the WTO simply provides an updated procedural framework for dealing with GATT trade issues. It gives the U.S. more, not less procedural protections than the old GATT. Finally, none of these changes permits GATT rules to override U.S. domestic law, so U.S. sovereignty remains intact.

Robert H. Bork concurs, I quote:

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In sum, it is impossible to see a threat to this nation's sovereignty posed by either the WTO (World Trade Organization) or the DSU (Dispute Settlement Understanding). Any agreement liberalizing international trade would necessarily contain mechanisms similar to those in the Uruguay Round agreements. The claim that such mechanisms are a danger to U.S. sovereignty is not merely wrong but would, if accepted, doom all prospects for freer trade achieved by multi-national agreement.

In considering the GATT implementing legislation, a budget waiver is justified.

Under congressional budget rules, the implementing bill must include provisions to offset the loss of tariff revenues under the trade agreements. Estimates of lost revenues are about \$12 billion for the first 5 years and as much as \$40 billion for 10 years. The bill includes about \$1.7 billion in savings available from previously enacted legislation, another \$2.2 billion in savings from nontax writing committees --including the controversial pioneer preference provisions--and \$7.3 billion in a wide variety of relatively small, unrelated provisions. Most of the sections are tax

provisions, but one on tax section pertains to reform of the Pension Benefit Guarantee Corporation. If a budget rules waiver is needed in the Senate, 60 votes will be needed to pass the waiver.

A study by the Joint Economic Committee Republican staff, using several independent estimates of economic growth under the agreement, found that on average, the agreement will raise nearly \$30 billion in new revenue over the first 5 years. After accounting for the expected \$12 billion revenue lost to tariff reductions, the agreement still comes out ahead on revenues by an average of nearly \$18 billion. When the total fiscal impact is considered, every study of the GATT surveyed by the staff showed a net reduction to the Federal deficit.

According to Representative **Jim Saxton**, of New Jersey:

We are all aware of the PAYGO rules which threaten to hold up the GATT legislation. In general, the PAYGO rules are helpful in preventing new and wasteful spending. However, in the case of free trade in general and the GATT in particular, such rules fly in the face of virtually all the available evidence. The purpose behind the GATT is to improve economic performance. Virtually all economists agree it will have this effect. * * *

There are some valid concerns about the GATT, but objections to this free trade agreement over its fiscal impact are hollow. The GATT will not reduce Federal revenues, and in all likelihood, it will substantially increase them. The Congress should start governing smarter, and the GATT presents a marvelous opportunity to do so.

BACKGROUND INFORMATION--HISTORY

The General Agreement on Tariffs and Trade [GATT] is a multilateral trade agreement, entered into force in 1948, to promote freer trade among member countries. GATT provides a forum for negotiating trade issues and a framework of principles guiding the conduct of trade. Central features of the GATT framework are: nondiscriminatory trade treatment; reliance on tariffs, rather than nontariff barriers, when it is necessary to protect domestic producers; adherence to negotiated tariff rates, at fixed maximum levels; and, settlement of disputes through consultation and conciliation. The membership of GATT includes 123 countries, accounting for over four-fifths of world trade.

Prior to the Uruguay round, signatory countries had conducted seven rounds of trade negotiations. Despite the significant accomplishments of these rounds in removing barriers to trade, many observers maintained that important reforms were needed to improve GATT rules and procedures, to strengthen the codes negotiated in the rounds, and to expand the coverage of the GATT to new areas of international trade. A conference in Uruguay in September 1986 launched a new round of multilateral trade negotiations.

Trade officials from over 100 countries signed the closing documents of the Uruguay round in Marrakesh, Morocco on April 15, 1994. They endorsed the Final Act, a 22,000 page document that includes rules on trade in goods, trade in services, intellectual property rights, and dispute settlement.

PROVISIONS

The agreement would produce significant changes in the world trading system.

World Trade Organization: The agreement establishes a new structure for the administration of world trade rules. The umbrella body with oversight of this structure will be the World Trade Organization [WTO]. WTO will administer agreements on goods, services, and intellectual property rights, and will oversee the dispute settlement understanding. WTO will also administer the trade policy review mechanism, which will regularly examine countries' trade policies and practices. Countries will have to sign on to all of the new trade structure or none of it, thus eliminating the free rider problem where a country gains the benefits of an agreement without accepting the obligations.

Tariff reductions: Developed countries agreed to cut tariffs on industrial products by an average 38 percent. Tariffs would be reduced to zero for the following: construction equipment, agricultural equipment, medical equipment, steel, beer, distilled spirits--not all kinds--pharmaceutical, paper, toys, and furniture. Tariffs would be reduced by 50 to 100 percent on electronic items, and they would be harmonized at reduced rates for chemicals. Most tariff reductions would be effective after 5 years, except for certain sensitive products, which would have tariffs reduced over 10 years.

Agriculture: Countries agreed to cut export subsidy outlays by 36 percent and the quantities exported with subsidies by 21 percent--1986-90 base--over 6 years for developed countries and over 10 years for developing countries.

Nontariff barriers to imports, such as quotas, will be replaced by tariffs. All tariffs will be reduced by an average 36 percent--24 percent for developing countries--with a minimum cut of 15 percent; 10 percent for developing countries, for each tariff item.

Internal support programs, that distort trade will have to be cut by 20 percent--1986-88 base. Credit will be allowed for cuts already undertaken since 1986. Action will not be taken against export subsidies and internal support measures that meet the above reduction commitments. Imports, however, will be subject to countervailing duties except in certain circumstances.

Sanitary and phytosanitary measures: Countries also agreed to several provisions on sanitary and phytosanitary measures; health and safety measures related to people, animals, and plants. They agreed that each country has the right to set its own standards. Standards should be based on scientific principles and can be

more stringent than international standards. States and local governments are expected to abide by the Uruguay round framework, but do not have to lower their standards if the standards are scientifically based.

Textiles and apparel: Countries agreed to a 10-year phaseout of the current quota system under the multifiber arrangement and full integration of textiles and apparel into the GATT. During the 10-year period, a safeguard mechanism will be allowed to protect domestic industries against import surges; special provisions on transshipments--shipments through a third country--are included. Quotas will be eliminated in three stages over 10 years, with the importing countries having wide discretion over which products are freed from quotas at each stage.

Developed and developing countries have agreed to market access commitments, both for tariffs and nontariff barriers. Trade remedies are allowed if a country does not meet its commitments.

Safeguards--protections against import surges that threaten to harm a domestic industry: The safeguards section includes some incentives to use the multilateral safeguards process rather than unilateral measures, and it places tighter controls on how safeguard measures are used. For example, existing voluntary restraint agreements; agreements where the exporting country voluntarily limits its exports, will be phased out over 4 years, except for one allowed exception that will be phased out by the end of 1999. The reason for imposition of safeguards will be publicly explained, and any safeguards will be phased out over a maximum term of 8 years.

Antidumping: The agreement consists mostly of relatively minor clarification and expansion of existing provisions. Changes include: a standard of review, greater transparency and due process in antidumping investigations, de minimis dumping and import volume margins, sunset of antidumping orders, cumulation of injury, and recognition of anticircumvention practices.

Subsidies and Countervailing Measures: The agreement adopts substantive changes in the subsidies and countervailing practice. It (1) introduces modified subsidies disciplines for developing countries; (2) defines `subsidy'; and (3) categorizes subsidies as: prohibited--specific subsidies--to individual enterprises--and export performance-conditioned subsidies; actionable--countervailable--those causing injury, impairment of benefits, or serious prejudice, subsidies that exceed 5 percent; cover operating losses, or forgive debt; and nonactionable--provisions expire in 5 years--for industrial research, up to 75 percent of cost; precompetitive development activity, up to 50 percent; regional development, or one-time adaptation of facilities to new environmental requirements, up to 20 percent; and introduces modified subsidies disciplines for developing countries.

Trade-related investment measures: The agreement establishes, for the first time, rules on investment measures that distort trade. It includes a list of measures that are prohibited, including local content and trade balancing requirements. The

phaseout period for eliminating prohibited investment practices would be 2 years for developed countries, 5 years for developing countries, and 7 years for the least developed countries. As practices are phased out, a country can impose similar requirements on new entrants into their market in order to reduce any disadvantages on already established firms. A review of this section will be required within 5 years.

Services: For the first time, countries agreed to international rules and market access commitments to cover trade in services. These provisions are in the newly established General Agreement on Trade in Services [GATS]. Also for the first time, disputes concerning the trade in services will be covered by multilateral dispute procedures.

The GATS includes a broad framework of principles that include most-favored-nation [MFN] treatment, nondiscrimination among foreign services or service providers; national treatment, nondiscrimination between domestic and foreign services or service providers; transparency, publicly available information; and access to markets.

Intellectual property rights: The agreement establishes, for the first time, rules for trade-related intellectual property rights [IPR] and brings these issues under a multilateral dispute process.

Countries agreed to observe the major copyright treaty, the Berne Convention, and they agreed to important copyright protections for computer bases, motion picture makers, and sound recordings. They agreed to greater protection under both process and product patents and to some limits on compulsory licensing of patents; however, U.S. pharmaceutical companies oppose the long lead-in time for developing countries to change their laws. Other protections in the agreement cover trademarks, trade secrets, integrated circuits, industrial designs, and appellation of origin--product names specific to a geographical region.

Dispute settlement: The final act greatly strengthens the dispute procedures. It provides that dispute procedures shall apply to the areas of goods, services, and intellectual property rights, and allows cross-retaliation; that is, retaliation in one area to address a violation in another.

Several changes are expected to strengthen the dispute settlement process; establishment of a dispute panel upon request, automatic adoption of panel reports, a time limit on implementation of a panel finding, and automatic approval of retaliation if a country refuses to implement the finding, unless a consensus agrees otherwise. A country will not be forced to change its practices if it loses a case, but if it does not implement the panel finding, it might face retaliation by the other party to the dispute. It is uncertain how the use of unilateral U.S. measures, section 301, might change with this stronger dispute process, but many experts have said that there might be less need to use unilateral measures with stronger multilateral rules.

Government procurement: The government procurement agreement provides for open information on bids, minimum deadlines for bids, notification of bid outcome, procedures for protest of bid decisions, and a tie-in to the multilateral dispute procedures. It covers, for the first time, government procurement in services. The agreement sets a threshold for procurement to be covered, and it expands the types of procurement covered by adding sub-federal procurement, limited mostly in public utilities. There is some difference in concessions from country to country, depending upon the concessions offered by each country.

Other trade provisions: Several other important provisions are in the final act. The section on import licensing procedures includes a minimum notification period if licensing procedures are changed, limits the time to process licensing applications, and requires that countries instituting new licensing procedures must provide detailed notification. The section on customs valuation includes changes related to investigation of customs fraud and developing country obligations. The section on preshipment inspection includes rules related to the use of preshipment inspection companies, which often are employed by developing countries for customs-related work, and dispute provisions. The section on rules of origin includes disciplines on such rules and requires that a 3-year work program be undertaken to try to harmonize the rules of origin among signatories. The section on technical barriers to trade deals with how countries set technical standards and how they determine conformance with those standards. Several provisions relate to miscellaneous GATT articles such as balance-of-payment problems, state trading companies, and preferential trading arrangements.

The environment: Environmental issues were included in the final act as modifications to language in the preamble and sections on technical barriers to trade, sanitary and phyto- sanitary measures, and dispute settlement. An environmental work program was formulated and it was agreed that an environmental committee in the WTO will be established to carry out the work plan. Environmental groups are split on the outcome of the round: some support the increased participation that the environmental committee provides; others are concerned about the potential of the WTO to reduce environmental standards and want a full negotiation of environmental and trade issues. Attention will focus on how environmental goals and objectives might be outlined in the implementing legislation.

Worker rights: The United States pushed strenuously for discussion of worker rights during the months between conclusion of the round and the Marrakesh signing. Although the United States was unsuccessful in having a permanent committee on worker rights established in the WTO, it did have the issue placed on the agenda for the preparatory committee. What this means is that worker rights will be one of the topics considered for possible inclusion on future agendas.

Mr. President, based on all of these facts and comments that I have been able to elicit from present administration officials, from the Bush administration and the Reagan administration officials, it is as clear as anything can be that the approval

of this agreement and waiver of the budget rules are the things for the Senate to do today.

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Exhibit 1

Ag for GATT Coalition

NATIONAL ASSOCIATIONS

Agricultural Retailers Association, American Cotton Shippers Association, American Farm Bureau Federation, American Forest and Paper Association, American Hardboard Association, American Hardwood Association, American Hardwood Export Council, American Institute of Timber Construction, American Meat Institute, American Seed Trade Association.

American Society of Farm Managers and Rural Appraisers, American Walnut Manufacturers Association, APA, The Engineered Wood Assn., Coalition For Food Aid, Corn Refiners Association, Inc., Fast Food Merchandisers, Fine Hardwood Veneer Association, Futures Industry Association, Grocery Manufacturers of America, Hardwood Manufacturers Association.

Holstein Association USA, International Apple Institute, International Ice Cream Association, International Dairy Foods Association, Milk Industry Foundation, National Association of State Departments of Agriculture, National Barley Growers Association, National Cattlemen's Association, National Cheese Institute, National Corn Growers Association.

National Cotton Council, National Council of Farmers Cooperatives, National Dry Bean Council, National Food Processors Association, National Grain and Feed Association, National Grain Trade Council, National Hardwood Lumber Assn., National Oak Flooring Manufacturers Association, National Pork Producers Council, National Potato Council.

National Wood, Window, and Door Association, North American Export Grain Association, Pet Food Institute, Snack Food Association, Sweetener Users Association, Terminal Elevator Grain Merchants Association, The Fertilizer Institute, United Egg Association, United Egg Producers, United Fresh Fruit and Vegetable Association, U.S. Egg Marketers, U.S. Meat Export Federation, U.S. Sugar Industry, USA Poultry & Egg Export Council, USA Rice Federation.

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STATE/REGIONAL ORGANIZATIONS

Agricultural Council of California, Arizona Department of Agriculture, Arkansas State Plant Board, California-Arizona Citrus League, California Department of Food and Agriculture, California Walnut Commission, Colorado Department of Agriculture, Connecticut Department of Agriculture, Delaware Department of Agriculture, Eastern United States Agricultural & Food Export Council.

Georgia Department of Agriculture, Hawaii State Department of Agriculture, Illinois Department of Agriculture, Iowa Department of Agriculture and Land Stewardship, Kentucky Department of Agriculture, Lake States Women in Timber, Louisiana Department of Agriculture and Forestry, Maryland Department of Agriculture, Massachusetts Department of Food and Agriculture, Mid-America International Agri-Trade Council.

Minnesota Department of Agriculture, Mississippi Department of Agriculture and Commerce, Missouri Department of Agriculture, Nevada Division of Agriculture, New York State Department of Agriculture and Marketing, North Carolina Department of Agriculture, Northeastern Loggers' Association, Northwest Horticultural Council, Ohio Department of Agriculture, Oregon Department of Agriculture.

Pennsylvania Department of Agriculture, Penn-York Lumberman's Club, Rhode Island Department of Agriculture, South Dakota Department of Agriculture, Southeastern Lumber Manufacturers Association, Southern Forest Products Association, Southern U.S. Trade Association, Tennessee Department of Agriculture, Texas Agricultural Cooperative Council, Texas Department of Agriculture.

Utah Council of Farmer Cooperatives, Utah Department of Agriculture, Washington State Apple Commission, Washington State Department of Agriculture, Western U.S. Agricultural Trade Association, Western Wood Products Association, Wisconsin Department of Agriculture, Trade and Consumer Protection.

COMPANIES/COOPERATIVES

Abenaki Timber Corporation, Affiliated Rice Milling, Inc., AgriBank, FCB, AGRIPAC, Inc., Allegheny Highland Hardwoods, Inc., American International Log, Appalachian Hardwood Manufacturers, Inc., Anderson-Tully Company, Inc., Archer Daniels Midland Company, Associated Rice Marketing Cooperative.

Augusta Logging Exporters, Inc., Austin Hunt Logs & Lumber International, Averitt Lumber Company, Inc., Baillie Lumber Company, Banks Hardwoods, Inc., Beaumont Rice Mills, Inc., Blaney Hardwoods, Inc., Blue Diamond Growers, E. Boyd & Associates, Inc., Bradford Forest Products.

Broussard Rice Mill, Bryan Forwarding Company, Inc., Buchanan Hardwoods, Inc., Bunge Corporation, CK International, C-Wood Lumber Company, Inc., Calico Cottage Candies, Inc., California Canning Peach Association, California Pacific Rice Milling, Ltd., California Rice Milling, Ltd.

California Tomato Growers Assn., Camden Hardwood Company, Cardinal Trading, Ltd., Cargill, Incorporated, Catlett Warehouse, Central Soya Company, Inc., CF Industries, Inc., Chicago Board of Trade, Chicago Mercantile Exchange, Coastal Lumber.

CoBank, National Bank for Cooperatives, Cole Hardwood, Inc., Colonial Craft (Rasmussen Millwork), ConAgra, Inc., Connell Rice & Sugar Company, Connor Forest Industries, Inc., Continental Grain Company, Cookie Investment Company, Cormier Rice Milling Company, Countrymark Cooperative, Inc.

David R. Webb Company, Inc., Diamond Fruit Growers, Inc., Duckwater Farms, Inc., Edwards Wood Products, Elanco Animal Health, El Campo Rice Milling Co., Energy Beverage Company, Inc., Falcon Rice Mill, Inc., Farmers Grain Terminal, Inc., Farmers' Rice Cooperative.

Farmers Rice Milling Company, Inc., Farmland Industries, Inc., Fitzpatrick and Weller, Inc., Florida Citrus Mutual, GDM Farms, Inc., Georgia-Pacific Corporation, Germain Timber Company, GROWMARK, Inc., Gulf Compress, Gutches International, Inc.

Hardwood Plywood Manufacturers, Inc., Harvest States Cooperatives, High Mountain Associates, Incotrade, Inc., International Veneer Co., Inc., J.M. Jones Lumber Company, Inc., Kane Hardwoods, KBX, Inc., Kitchen Brothers Manufacturing Co., Langston Companies, Inc.

Lewis Brothers Lumber Co., Inc., Liberty Rice Milling, Linden International, Inc., Lo Brothers & Associates, Louis Dreyfus Corporation, Mackey's Ferry Sawmill, Inc., Matson Wood Products, MBG Marketing, Alan McIlvain Company, MFA, Incorporated.

MFA Oil Company, Midwest Lumber & Dimension, Inc., Frank Miller Company, Miller and Company, Monadnock Forest Products, Inc., Monsanto Company, Monticello Hardwood, Inc., Morgan Farms, Nicolet Hardwoods, Norbest, Inc.

NORPAC Foods, Inc., North Atlantic Timber & Shipping, Northland Corporation, Northland Forest Products, North Pacific Lumber Company, Oaks Unlimited, Inc., Ocean Spray Cranberries, Inc., Olive Growers Council of California, Owens Forest Products, P.W. Plumy.

Pacific Lumber & Shipping Company, Pierce Foods/Hester Industries, Pioneer Hi-Bred International, Inc., Port of Orange, Producers Rice Mill, Inc., Providence Bay Fish Company, RAM Export Sales, Inc., R.B. Farms, Rice Belt Warehouse, Inc., Rice Growers Association of California.

Rice-Tec, Inc., Riceland Foods, Inc., Richmond Lumber, Inc., Riviana Foods, Rossi Enterprises, Rue & Forsman, Salamanca Lumber Company, Inc., Schmid Lumber Company, Inc., Seafood Export, Inc., Shannon Lumber International.

Southern States Cooperative, Inc., Spellman Hardwoods, Inc., St. Paul Bank for Cooperatives, Stewart Lumber Company, Inc., Stimson Lumber, Stinson Seafood Company, Sun-Diamond Growers of California, Sunkist Growers, Inc., Supreme Rice Mill, Inc., T & S Hardwoods.

Taylor-Cross International, Taylor Lumber, Inc., Taylor-Ramsey Corporation, The Jolt Company, Tradewest Hardwood Company, Tradewinds International, Inc., Tree Top, Inc., U.S. Livestock Genetics Export, Inc., USA Woods International, W.M. Cramer Lumber Company.

W&W Rice Company, Walter H. Weaver Sons, Inc., Webster Industries, Inc., West Implement, Western Farm Credit Bank, Weyerhaesuer Company, Whitson Lumber Company, World Wood Company.

Mr. PACKWOOD. Mr. President, I yield 15 minutes to the Senator from Texas.

If I might, Mr. President, I have 16 speakers left, and if we go 15 minutes apiece, I will use up more time than I have. If we can hold it to 15, I would appreciate it.

Mrs. HUTCHISON. Mr. President, the debate we are having today is not new; it has raged in this century and those before--here and in the Parliaments of Europe. For most of the Victorian Age, England, the greatest economic power of the 19th century, held to a policy of free trade and prospered. At the turn of the century, an 'Imperial Preference' plan was proposed to divide the world in two. Crown colonies would enjoy free trade with England, while all other nations would be walled off by stiff tariffs.

The Imperial Preference was as controversial then as GATT is today. England's greatest statesman, Winston Churchill, was then a back-bencher in the House of Commons. He had followed in his father's footsteps in support of free trade, and as a Conservative Party member. But on the Imperial Preference, Churchill refused to follow his party leaders towards protectionism; he crossed the aisle to join the free-trade liberals, stating that protectionism is a:

Policy to shut the British Empire up in a ringed fence. Why should we deny ourselves the good and varied merchandise which the traffic of the world offers, more especially since the more we trade with others, the more they trade with us.

This week, as we debate whether our country should continue to be part of the economic community of nations, we should listen to what the lessons of history from abroad and from our own former Presidents teach us.

HISTORY

First, we need to remember Calvin Coolidge, a plain-spoken American. He said, 'the business of America is business.' Our national identity is not wrapped up in a historic monarchy. Our Nation is about freedom to pursue life, liberty, and happiness. To succeed in that pursuit, we need jobs--and the paychecks that follow. We need employers and workers, raw materials and factories, customers and suppliers.

With our abundant resources and educated work force, we produce more than we consume. We cannot have the business and jobs we have today without trade with other countries.

Shortly after President Coolidge left office, Congress passed the Smoot-Hawley Act of 1930. Under Smoot-Hawley, tariffs on imports rose to the highest level in history. In 1932, tariffs averaged 59 percent--nearly doubling the cost of imported raw materials and finished goods. Smoot-Hawley pushed us into the depths of the depression; we did not fully recover until after the Second World War. Under authority delegated from Congress, the Roosevelt administrations were able to reduce these tariffs through a series of international agreements.

Following the war, the United States and eight other countries agreed to a provisional GATT--15 other nations soon joined. Six rounds of negotiations and agreements followed the initial agreement--the first five concentrated on tariff reduction. Other rounds concentrated on reducing nontariff trade barriers and coordinating antidumping laws. The Uruguay round agreement is the latest step in a continuing series of agreements that have reduced tariffs and other barriers to international trade.

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FORMER PRESIDENT'S CONTRIBUTIONS

As we debate the GATT bill, we need to remember the

contributions to two former Presidents--Presidents Reagan and Bush. Under their leadership, the Uruguay round went from an idea--to expand trade agreements beyond tariff reduction to trade in services, trade in agriculture products, intellectual property protection, and reducing government subsidies--to near completion.

Without their unshakable belief in American competitiveness and the free market system, and their faith in the eventual resolution of the talks to the benefit of the United States, we would not be on the threshold of a new chapter in world economic growth. President Reagan said:

America doesn't need to hide behind trade barriers. Given a level playing field, Americans can out-produce and out-compete anyone, anywhere on earth. That's why it's the policy of this Administration to open markets abroad, not close them at home.

President Bush's leadership and understanding of North American economics probably did more for free trade than any other modern President. By successfully completing the North American Free-Trade Agreement, President Bush showed that freeing countries from trade barriers could do more than just create jobs and increase trade. Trade creates good neighbors and solidifies friendships.

TRADE POLICY

Despite the efforts of Presidents Bush and Reagan, the Uruguay round talks were a marathon. Internal politics in Japan and France prevented a resolution of agricultural issues, and delayed completion of the round for almost 2 years. Despite claims that foreign rice was unfit for consumption, the Japanese Government agreed to end its ban on imports of rice. By the year 2000, rice imports in Japan will be 8 percent of the market. French farmers also held up agricultural negotiations--and traffic in Paris--until a worldwide deal on oilseeds and other issues were reached.

We have delays here in the United States, too. After years of negotiations we made important new agreements with over 100 other nations. But the Clinton administration put passage of this legislation, and our participation in the WTO, at risk by delaying this bill in order to push new international environment and labor standards. Congress flatly refused to allow this by refusing to include new fast track negotiating authority for the President in this fast track bill. New negotiating authority should be fully considered on its own, in amendable legislation.

That brings us to the present. I have been in a dilemma over GATT because there are serious questions and serious consequences for voting either yes or no. I want to discuss a few of the serious issues.

WTO

Much of the concern over the agreement has focused on whether the WTO is a threat to the sovereignty of the United States. I have thoroughly reviewed this issue. I have concluded that the implementing legislation contains adequate safeguards against ceding our authority to a multinational body.

Under our constitutional system, no treaty or international agreement can bind the United States if we do not wish to be bound. At any time, Congress can override such an agreement by statute. Similarly, the

WTO Agreement states that any amendment changing the rights or obligations of a member country is not binding unless it is agreed to by the member.

Changes in existing trade agreements--which will include the Uruguay round agreements if they go into effect--require a two thirds vote of the WTO. If a member refuses to accept a change, it can be asked to withdraw from the WTO by a three-quarters vote. But such a sanction could not reasonably be imposed on the United States--member countries would not eject their largest customer for their imports from the low-tariff trading community. but if it were imposed, ejection would simply put us where opponents want us--out of the WTO. So this argument is without foundation; in sum, it is `we shouldn't join the WTO because we could get thrown out.'

No less a constitutional scholar than Judge Robert Bork has concluded that the sovereignty issue is a `scarecrow' raised by opponents of lowering trade barriers. Bork found that many of the safeguards in the WTO agreement are either the same or stronger than those already existing in the GATT, under which we have operated successfully for decades. Under the new agreement, changes to the WTO dispute settlement rules--the rules for challenges by one member to another's laws or practices--now require a unanimous vote of all members; under the GATT, they could be changed by a two-third vote.

The GATT has existed for almost 50 years as a multilateral trade agreement, and an ad hoc body to administer the agreements. But in order to make sure that the best interests of the United States are protected, Senator **Dole** and the Clinton administration reached an agreement last week to pass legislation next year that will establish a `WTO Dispute Settlement Review Commission' of five Federal appellate judges.

Under the Dole agreement, if there are three commission determinations in 5 years that a WTO panel unfairly hurt the United States interests, any Senator or Congressman could introduce a privileged, expedited joint resolution disapproving of United States participation in the Uruguay round agreements. If the resolution is enacted by the Congress and signed by the President, the United States will commence withdrawal from the WTO.

Senator **Dole's** agreement establishes a procedure for expedited consideration of withdrawal from the WTO if the WTO does not effectively serve the United States best interests. Because of the improvement made in the agreement, I believe that joining the WTO will not harm the sovereignty of the United States.

FINANCING

I remain, however, severely disappointed with the administration's financing plan.

While some of the revenue increases in the bill are good--I certainly support denying the earned income tax credit to prisoners and illegal aliens--others are irresponsible. For years, savings bonds have been the soundest, most accessible investment for many Americans. Why are we eroding the public's trust in savings

bonds and the Government by repealing the mandatory 4 percent floor on savings bond interests?

Cuts in tariffs are tax cuts--they reduce tariffs on imports. Tariffs are unknowingly paid to the Government by consumers as part of the sales price at the check-out counter. Cutting tariffs reduces prices--not

only on imports, but through competition on U.S. products, too. Lower prices mean consumers have more money to spend that goes to producers, instead of to the Government, which means more sales, more sales revenue, and more jobs. It also means that economic activity increases--which creates higher, not lower, total Government revenue.

Despite this, the administration insisted that the tariff cuts be offset for the first 5 years--they don't believe tax cuts change consumer behavior. OMB went so far as to say that 'we do not believe it is necessary to sacrifice budget discipline' to pass GATT. But they fell \$2.5 billion short in their offsets, and came up with a budget gimmick--counting past tax increases that were already used for deficit reduction--for a second time.

After insisting on a static model estimate for the first 5 years, the administration argued that Senators should vote to waive the Budget Act because cutting tariffs will raise revenue over years 6 through 10. So offsetting the first 5 years became unnecessary in the Senate--we need a Budget Act waiver anyway.

The administration could have: Used spending cuts as offsets; recognized that the static model does not compensate for consumer behavior; or fully offset the entire agreement instead of using budget gimmicks.

Instead, they ask us to believe one prediction method for the first 5 years, and a second for the second 5 years.

All I can say in response to such inconsistency is that when consumers have money in their pockets instead of the Government's, they either save or spend it--and both help the economy and raise revenue more than higher taxes do. When Republicans are in the majority, I hope the administration will recognize that we expect honest accounting. We may not agree on methods, but there should be no more shell games of switching estimating models after 5 years or recounting past tax increases as an offset.

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CONSEQUENCES

So that brings me to the consequences of passing or not passing this bill. Some have tried to pin jobs lost in America to trade agreements. That is wishful thinking on the part of Members of Congress looking for the trees and missing the forest.

Jobs have left America because Government regulation, litigation, and taxation makes it too expensive to do business in America. If our businesses can not compete, it is not because our workers are paid more. All the statistics show our workers make up for their better wages by being more productive and efficient than workers in foreign countries.

When our businesses can not compete, its because over-regulation and litigation drive up their production costs, and taxes drain their capital. GATT is a first step towards leveling the playing field because it reduces other countries trade barriers. We must take that first step now, and next year we must take another step towards leveling the playing field by passing regulatory and litigation reform here at home.

Over time, reducing trade barriers has benefited America. In the early 1950's, most countries tariffs on imports averaged 40 percent. Once the new agreements are fully implemented, tariffs will average less than 4

percent. Our gross national product in 1947--expressed in today's prices, for better comparison--was \$231 billion. Today, our national economy is almost \$7 trillion a year. This is more than a 30-fold increase since we first joined the GATT.

Obviously, GATT has been good for America, and for the world economy. Reducing tariffs from 40 to 4 percent has created jobs here, and jobs abroad. I am sure it has created more jobs in developing countries than any foreign aid money ever has.

GATT will also be good for my home state of Texas. The GATT agreement opens new foreign markets by lowering other countries' tariffs on chemicals, computers, semiconductors, construction equipment, and steel that is produced in Texas, and in many other States. Agriculture will benefit from increased access to world markets--feed grain, cotton, beef, and poultry exports are expected to increase.

Most important, GATT will benefit consumers; the Treasury estimates that lower prices from GATT will result in savings of \$1,700 for every American family of four. That is a tax cut which provides needed help for every person--it will mean more food, clothing, books, and education savings for children all over America. People will choose where their money is spent, instead of being forced to fund bureaucratic spending programs from Washington.

Our experience with NAFTA is a resounding success. We're enjoying a 'Surge in Trade,' according to one recent newspaper article. Exports to Mexico are up 22 percent in 1994. These exports support thousands of jobs in the United States.

For example:

Because of cuts in tariffs under NAFTA, the Miles, Inc. chemical company has closed its plants in Mexico. Because the plants in Mexico are no longer protected

with high tariffs, they cannot compete with the productivity, efficiency, and skills of American workers. Miles now exports to Mexico from its plant in Baytown, TX.

In El Paso, a new plant that manufacturers Wrangler jeans has created 450 new jobs this year to meet demand from NAFTA-related trade.

Even though newsprint tariffs do not go down until 1997, the improved business climate with Mexico has more than doubled newsprint exports to Mexico in the last year.

We can continue to increase our exports under GATT, and increase employment throughout America.

So to conclude, while I am troubled by part of this agreement, my choices do not include amending it. My choice is to vote yes--or no. Because of its benefits for American workers and American consumers, I will vote `yes' for the implementing bill, and for the motion to waive the Budget Act.

Winston Churchill said that the price of greatness is responsibility. It is our responsibility to act now for the benefit of American workers and for our country's future.

Mr. President, I yield the floor.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged against the three parties in charge of time.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. PACKWOOD. Mr. President, yesterday I used the example of agriculture as an industry, and I use the term `industry' in the best sense of the word, that is able to compete worldwide when given a level playing field.

In response, my good friend from South Carolina, the junior Senator, Senator **Hollings**, said, well, what would you expect from an industry that is the most subsidized industry in the world and no wonder they can compete?

I would like to respond to that as follows: As far as my State of Oregon is concerned, wheat is our largest agricultural export. At the moment, we export

about 85 percent of all the wheat we grow. At the moment, the export price in Portland is \$4.50 to \$4.60 a bushel. Which is above the target subsidy price set in the 1990 farm bill. Therefore, these wheat farmers are getting no GATT-illegal subsidy. They are competing on the worldwide market without a penny of any GATT-illegal subsidy.

In order of export, our next biggest crops are vegetables, principally processed vegetables, fruits, peaches, cherries, all kinds of fruits, and then grass and vegetable seeds. Oregon has become one of the largest seed-growing areas in the entire world, both grass seeds or vegetable seeds. Neither vegetables, fruits nor seeds are subsidized at all.

So we are competing throughout the world without subsidies and beating the world.

Yesterday I called John Deere to recheck my facts, and I said, what does a large combine cost? They said, \$145,000 to \$150,000. What does the large tractor cost? And this one surprised me--\$120,000 to \$130,000.

I guess I am old enough. I was thinking of the old-style tractors. These are immense new tractors that are pulling these combines.

You say to yourself, how can a farmer pay \$150,000 for a combine and \$140,000 for a tractor--and that is not all the equipment they need--and compete with the farmer someplace else that is using an ox and a wooden plow?

You know the argument that is raised--30 cents an hour, 30 cents an hour, clean conditions, child labor. How does a husband, wife and maybe a couple kids and maybe or maybe not a hired hand beat the world? And the answer is productivity.

At the turn of the century a farmer could feed seven people in the United States. Now, a farmer can feed about 80 people, and I will wager that by the end of this century a farmer will be able to feed about 100 people in this country.

Agriculture is the most stunning example, more than manufacturing, more than services, of our success in productivity. But we can do it in manufacturing and we are starting to. We can do it in services, and we are doing it. We have an immense surplus in our balance of trade in services.

I just wanted to set the record straight that at least as far as Oregon is concerned the products we are competing with throughout the world are mostly agricultural products that are not GATT illegally subsidized, that are very, very capital intensive and that we are winning that war and we can continue to do it and GATT will make it even easier to do it.

I thank the Chair and suggest the absence of a quorum and ask unanimous consent that the time be charged equally against the parties.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. **Wofford**). Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I yield 10 minutes to the distinguished Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. I appreciate the chairman yielding and hope that I might have 5 additional minutes if I need it at the end.

Mr. President, I take no great pleasure in being on this floor on the opposing side of this GATT issue. I think it was Mark Twain who was once asked to debate and he said, 'Fine, give me the opposing side. That will take no preparation.'

I would prefer to be here on another side of this issue. But the fact is, we are presented with these trade agreements under a fast-track procedure and we are told that you cannot amend them. It is this way or no way. So we only have one option here. We either accept or reject these agreements.

I also take no pleasure in this because this President, President Clinton, and this Trade Representative, Ambassador Kantor, have exhibited real guts as compared to many others in the past 20 years. They have stood tall on bilateral negotiations with Japan and Canada and others, and they have done things other administrations would not even think of trying to do. So I support them very much in their initiatives on trade.

But our trade strategy, in my judgment, that brings this GATT agreement to the floor is a bipartisan failure and has been for a long while. It moves us in precisely the wrong direction.

This year our Nation's trade deficit will be the largest in American history. If you are not persuaded that the current trade strategy, which helped produce the largest deficit in history this year, is the wrong direction, what on Earth will persuade you?

We have accumulated a trade deficit of \$1.2 trillion since 1980. What on Earth does it take to be persuaded that this is the wrong direction?

I just heard someone refer a moment ago to the United States of America as the dominant figure in world trade, leading the way. And I was thinking of reading to my son the other night about Gulliver's travels and this behemoth Gulliver laying there on the ground tied up by the Lilliputians. That is the way we are in trade.

Yes, we are large. We are the largest economy in the world. That is why we are the biggest market for cheap imports, displacing American jobs. There is no substitute for the American marketplace anywhere on this globe. And that is why in every corner of the Earth there are interests, and especially the international corporations' interests, who want to produce where it is cheap and then sell not in Libya, not in Nairobi, not in Kenya, but in the American marketplace.

Why? Because they can compete in the market with very cheap labor, displace American jobs, and injure this country's economy, and under the new GATT they can do so with no restrictions, no admission price at all.

Under the rules of the new GATT, companies are free to produce shirts somewhere overseas in some factory using 6-year-olds or 10-year-olds working 12 hours a day and making 12 cents an hour, and then ship them to Cleveland, ship them to Fargo, ship them to New York to be sold in a store under a designer label name and have the American consumer purchase the products of labor of 12-year-olds. The admission price to our marketplace should be higher than that.

Free trade is just fine, as long as it is fair competition. And the plain fact is, this trade strategy is not fair, it is not fair to our country, it is not fair to our workers, and it is not fair to our businesses who produce here and try to compete here and around the rest of the world.

This is supposed to be a time of change and new policy, a period of fresh air in public policy in Washington. And, do you know what? We come back to this Senate floor after the recent elections and engage in the same old, worn out, failed trade policies that have put this country deep in debt. The same old policies. There is no change here.

I read yesterday, and I think I will read again, some of the debate from our consideration of the Tokyo round trade agreements in 1979. That was the last time we debated a new GATT agreement here.

Here is what the proponents of the 1979 agreements said. Now, just close your eyes and imagine. Is it 1979 or 1994?

`These agreements offer new opportunities for all Americans. For American farmers, the agreement expands world markets for American farm products. For American workers, the agreement offers more jobs, higher incomes, and more effective responses to unfair foreign competition.' That is the argument made here in 1979.

What happened? GATT was passed. Those were the promises. Well, U.S. agriculture exports did go up 5 percent. In 14 years, agricultural imports into this country went up 32 percent. Is that not something?

How about the American workers? Since the Tokyo Round Agreement, the United States has seen a net loss of 3.3 million manufacturing jobs.

Higher incomes? Oh, no. Most Americans out there in the American households understand that average household incomes has declined since 1979.

So how on Earth can the people who gave us the promises in the last round have any credibility at all?

The central point here is that U.S. living standards are being sacrificed to a bunch of failed policies and a slogan called 'free trade.'

I know that when you stand on this floor and speak as I speak, you are immediately categorized as some protectionist. Protectionist. Lord, it is an awful word, I guess, that you would want to protect the economic interests of our country. I do not know when that became unfashionable, but I regret that it did. I should think it would be fashionable for people to stand here and protect the economic interests of America.

Protect us against imports? No, not at all. I want our consumers to have the widest choice.

Protect us against unfair competition that would move our jobs elsewhere? You better believe I want to protect us against that.

Protect us against policies that will erode and have eroded the income of the American family? You bet I want to protect us against that. Just chalk it up and mark me down as a protectionist. If we are talking about protecting American income and protecting American jobs, you are darn right that is something I want to protect.

If being called a protectionist is the price for doing that, then count me in.

But, do not ever confuse protecting the economic interests of our country with efforts to put a wall around America. A wall is not our intent. It will always be my intent to fight for a world in which we have broader, expanded trade but trade which is fair and trade in which there is an admission price to enter a developed marketplace. We fought for 50 years for safe working conditions and fair living wages and protection of air and water against dumping pollutants and chemicals and toxic waste into water and air, and the admission price into our marketplace must reflect our determination to maintain those accomplishments for the American people.

That is exactly what this debate is about.

Interesting. I had a debate yesterday with some people from the U.S. Trade Representative's office. They were alleging that these new agreements are going to help us with Japan. Total bunk. Nonsense. This will do nothing with respect to Japan. We have a \$60 billion trade deficit with Japan. It is a shame, a shame that we have that circumstance in our bilateral relationship between us and Japan.

Yes, Japan is a good friend but they have taken advantage of us for decades. We ought not have a \$60 billion trade deficit with Japan, and this GATT agreement will do nothing to resolve it. The only thing that will resolve it is bilateral negotiations that are tough, assertive, strong, with some nerve, and will on our part say to them, 'You cannot do that. If you expect to ship your goods to the United States of America, then you better expect to have your markets open for our goods to be shipped there. We are going to hold up a mirror and look in the mirror because what you see is what you get. You treat us fairly, we treat you fairly.'

That is the way reciprocal trade ought to work.

China? China is not even a part of the new trade agreements; another outrage. Their trade deficit with us has gone from \$9 billion, to \$12 billion, to \$18 billion--this year to \$28 billion. Our trade strategy with China is not working. The deficit is draining American jobs. That should not be hard to understand.

I just heard a Member of the Senate talk about jobs leaving America, saying that the exodus is not because of cheap labor elsewhere, but because of Government regulation. I do not know how you could come to such a conclusion. You have a choice in this country if you are a producer. You can produce with the same money: Hiring one American, or, instead, 20 Filipinos; or 40 from India; or, 80 Chinese.

Under those conditions, producers go outside this country and use cheap labor to produce their products; ship American jobs there, and then ship their goods back here. That means we lose. It is a process of accessing cheap labor to injure our marketplace.

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

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Mr. DORGAN. I ask the Senator for 5 additional minutes?

Mr. HOLLINGS. Two?

Mr. DORGAN. Two is fine. I had wanted to speak about child labor and about agriculture.

Regarding agriculture, the Senator from Oregon made the point about farmers. I support it fully. While we disagree on the end strategy here, I support his point about agriculture. But the fact is, you take a look at what happens in agriculture.

We negotiate to reduce export subsidies and, guess what? We lose every single trade negotiation. The European Community will end up with three times as much allowable export subsidies on wheat, for example, as our country will be allowed to use. That is fair? Of course it is not fair.

Think of this as an Olympics. We have an Olympics and we put uniforms on Americans and we put 'USA' on them. We all sit on the edge of our couch hoping that we win. This is an economic Olympics of sorts. The fact is the winners are going to be the recipients of new jobs, expanded opportunities, and economies that provide new growth.

The losers are misguided nations who believe what matters is not what you produce, but what you consume. It is called the British disease: a shrinking economy, shrinking base, shrinking job opportunities. The fact is, what matters is what you produce. That is the genesis of economic health, the genesis of jobs and income.

This is an international Olympics of sorts, and the fact is we have somehow been embarrassed to support our team. We have somehow not been concerned about our winning. The only important element at the end of this debate when all the dust settles on all the issues that are raised is this and only this: Have we done something that increases--no, not trade exports, not GDP--have we done something that increases the standard of living of people who live in America? If not, then we have lost. And, on that basis, this GATT trade agreement is a loser for this country.

There is a much better way, with open trade, expanded trade, and better opportunity for the entire world; a way that I support. That is free trade with fair competition between us and other countries of the world.

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

Mr. HOLLINGS. Mr. President, I yield 10 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I thank the Senator from North Dakota for his fine statement, and I appreciate his comments, especially about the importance of incorporating basic internationally-recognized human rights standards into our trade policy.

Let me start by quoting from the Calgary Herald of the other day.

This past Friday the preparatory committee for the new World Trade Organization, WTO, rejected any formal institutional arrangement subjecting the new body to any human rights scrutiny whatsoever.

This was this last Friday. This was the last effort to have some kind of linkage to human rights in this trade arrangement, and it failed. I would like to just follow up on what the Senator from North Dakota said. He said he did not have a chance to go to child labor and human rights issues. I want to do so now. And if a picture is worth 1000 words, let me start out with a picture.

The first picture here is of three sisters, age 6 to 16, working in an incense factory in Nagpur, India. They roll 20,000 incense sticks per day for less than \$1.65. Children working all day, for a total income of \$1.65.

Next picture. Young children who work in a carpet factory in Nepal, for long hours under strict production quotas that they must meet to avoid abuse by their employers.

Next picture. Children who are forced to work because of debts owed by their parents, in India--in virtual indentured servitude.

Mr. President, while some on this floor have downplayed this issue, facts are stubborn things. There are an estimated 200 million children in the workplace worldwide, working under dangerous and unsafe conditions in violation of international human rights standards. In Bangladesh, children as young as 8 years old make up 25 percent of the work force in the garment industry.

In Brazil, 4-year-old children--4-year-old kids--work up to 10 hours a day harvesting cotton. Mr. President, here again we are talking about children who work for little pay and who are subject to abuse by employers when they do not meet their harvesting quotas.

I start out this way because I really believe that the promotion of internationally-recognized human rights standards should be a part of what the United States of America should be about in our foreign and trade policies. There should be some kind of linkage in our trade agreements. I felt that way in relation to most-favored nation status for China. I felt that way in relation to our policy toward Indonesia. I felt that way in terms of the North American Free-Trade Agreement. And I most definitely feel that way when it comes to the new WTO.

And I am concerned because I do not believe, despite the tireless efforts by international advocates for children, that enough is known about the horrible abuses in this area all around the world. I know that come this Christmas, when parents buy toys for their children, it may not occur to them that in many cases the toys they buy for their children were made by children in other countries even younger than their own kids, for \$1.35 a day under the most harsh, exploitative, awful working conditions. I know that when people buy carpets for their living room they do not want to buy carpets that are produced by children working under these kind of conditions.

And let's not try to fool anyone that this issue is going to be vigorously pursued within the World Trade Organization. As I said earlier, it was just last Friday that

we had the final formal rejection by the WTO preparatory committee of any kind of human rights scrutiny by the United Nations, any kind of linkage to child labor or other social development issues under this agreement.

I have been in the Senate now for 4 years and I have learned a lesson. This is a respectful disagreement with other colleagues. That is the way we have to be, in respectful disagreement.

And one of the things I have learned is that if you do not have some kind of framework, some kind of intellectual and philosophical framework that you stay true to, you just sort of get buffeted about on the basis of who can yell the loudest, who can exert the most pressure and all the rest. Now some argue that in order for developing countries to become more democratic, and better able to extend basic civil and political rights to all of its citizens, you have to have the trade liberalization and the economic expansion first. And there is an element of truth to that argument. In some countries, it has worked out that way. But you are much more likely to get progress in human rights if pressure is maintained by major trading partners for such progress, and if everyone--all trading nations--have agreed beforehand on at least a few basic minimum standards.

If history has taught us anything, it is that the only way that happens is when the United States and other major countries take the lead and insist on some kind of linkage, and use our leadership as a democracy to encourage and pressure other countries to live up to these basic standards.

I wanted so much for there to be some kind of basic human rights formulation built into this agreement, and have pressed for that. I have not been able to support either the GATT or NAFTA, as much as I am an internationalist by birth, partly for these reasons. I am the son of a Jewish immigrant from Russia. My mother's family was from the Ukraine. My father taught me that we ignore the world at our own peril. But I believe from head to toe that human rights and child labor conditions must be a part of such an agreement. Instead, this linkage was formally rejected.

Mr. President, as we move forward in this debate, let's not forget that there is a linkage between the working conditions of these children in these pictures and this agreement. These kids' lives do matter. Commercial logic is not the only logic; they do matter. There is a linkage between the conditions of their lives and what happens to our work force as well. As Senator **Dorgan** said, it is very difficult for workers to compete, for citizens in our country to compete, against children who are getting paid \$1.35 for a whole day.

When I take together the human rights questions, which are compelling questions to me, the child labor questions, which are compelling questions to me, and I realize that this agreement does not acknowledge these conditions and makes no effort to begin to address these conditions, it saddens me. Combined with concern that the WTO, which makes important trade decisions that crucially affect the

quality of the lives of citizens in the United States of America, does not meet publicly and is not publicly or democratically accountable, it gets even worse. And then when you consider that some of the legislation my State and others have passed in consumer protection, in environmental protection, health and safety over the years might be put at risk by WTO decisions, this agreement does not make the grade. All of that legislation could be challenged as GATT-illegal and our country, therefore, made subject to economic retaliation.

Though I am an internationalist, and would have loved to have had an opportunity through amendments to have improved this agreement, that is not possible under the fast-track procedures. I would have loved to have had the opportunity through amendments to have built in some linkage to human rights and child labor, to have built in some protection for democratic procedures and decisionmaking, to have made this trade agreement more accountable.

But I do not have that opportunity. This is on fast-track procedure, which I voted against, and, therefore, I cannot in good conscience--and I emphasize the word `conscience'--I cannot in good conscience view this trade agreement as a step forward. I cannot view this trade agreement, though I want to, as one which will lead to the uplifting of the living standards of peoples in our nations. I believe it is a step backward.

I know some of my colleagues disagree. But that is my rigorous analysis, that is my honest assessment, that is my view and, therefore, I will vote no.

I yield the rest of my time.

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Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, I yield 10 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, when we consider that over 20 percent of America's economy is dependent upon trade--when we consider that over the past four decades, trade-related jobs in our country have grown three times faster than overall American job creation--when we consider that open markets and free trade mean new jobs for American workers--we realize how important this debate is.

Not only are we considering an historic trade agreement--an agreement some 7 years in the making--but an agreement that can go a long way toward providing jobs and security for Americans.

Of course, Mr. President, I wish I could say that this is a perfect agreement--that it would be immediately and universally advantageous to all Americans. But such

is not the case. The fact is that long-term growth seldom comes without change and change is sometimes disruptive and even painful. There will be real challenges in the short term.

Some will be less than others as this agreement is to be phased in over a number of years, but from the beginning we must be aware of those men and women and families whose lives and livelihoods will be affected by this agreement.

We must also be aware of concerns felt by others regarding the creation of the World Trade Organization. Personally, I am satisfied that--as Robert Bork and other distinguished scholars have said--the GATT and the WTO will not interfere with American sovereignty. America cannot be bound by an international agreement or treaty if it does not wish to be bound.

As Judge Bork has said, 'Congress may, at any time, override such an agreement or provisions * * * by statute.' Despite this assurance, we must continue to be vigilant and certain that now and in the future America remains first among equals in its international relationships.

The key to that future will be borders that are open for imports and exports--trade that is free and fair. As the great historian Will Durant pointed out, tariffs that restrict trade in the name of protectionism are little more than civilized piracy--piracy that strangles commerce and internationalizes poverty.

If we are to realize the potential of our future, we must have international agreements that break down these barriers. I believe the agreements that emerged from the Uruguay round of trade talks is a step in the right direction.

Let me tell you what this agreement can do for Delaware:

In my State, exports have grown 27 percent since 1987 to \$3.5 billion in 1993. The Port of Wilmington and the longshoremen that work there, Delaware's farmers, our workers at chemical, pharmaceutical, and auto plants have all seen their exports grow. This agreement will further increase these exports and create even more jobs by reducing and eliminating tariffs and nontariff barriers to trade.

In Delaware, our farm sector is of vital importance, but our farmers are often on the short end of the stick when it comes to exporting to our trade partners like Canada. This agreement will move us toward correcting such inequity. Not only in Delaware, but across the Nation, our farmers, who exported over \$40 billion last year, will finally see some relief from the subsidy and other unfair trade policies that have plagued world agricultural trade for far too long. We are the world's largest agricultural exporter and will be a major beneficiary of liberalized trade in this critical area.

This agreement will also strengthen intellectual property rights and improve trade rules that protect Delaware and American industries against unfair trade practices. The intellectual property rules alone will be critical to eliminating the piracy of U.S.

intellectual property that are essential to our pharmaceutical, software, and chemical industries, to name a few. Each of these industries is important to Delaware, and piracy of intellectual property costs our economy billions of dollars each year.

For these, and other, reasons, Mr. President, I will support this agreement. I encourage my colleagues to do likewise. With them, I understand that this agreement will not be completely painless to all Americans. Change is often difficult.

But if America is to maintain its leadership in the global community--if we are to have the bright and prosperous future that is possible--I believe we need this agreement.

We need it because our Nation's economic health is dependent upon the global economy. We need it because it is in our fundamental interest to have an international trade regime that is built on three pillars: openness and cooperation; predictable rules of fair play; and mechanisms to make sure the rules are upheld. Creating these conditions has been the essential purpose of the GATT, particularly this Uruguay round. That is why I will vote for this agreement.

Mr. President, I would like to now explain more in depth my analysis of the Uruguay Round Agreement and my reasons to support it.

Mr. President, we are now considering whether to approve an historic trade agreement--the Uruguay round. It was negotiated under the aegis of the General Agreement on Tariffs and Trade, otherwise known as the GATT, which has served as the foundation for global trade since 1947. The negotiations leading to this historic agreement were initiated by President Reagan, almost concluded by President Bush, and finalized by President Clinton. The agreement has been over 7 years in the making, and has had strong bipartisan support throughout.

Before us is the legislation that is needed to implement our obligations under the Uruguay round. It is a momentous decision in many respects. It will determine the future course of our trade relations with other nations. It will have a substantial impact on jobs and economic growth here at home. It will say a lot about our Nation's confidence in facing the economic challenges and opportunities ahead. There should be no illusions about if--this decision is a defining moment for America and the rest of the world.

The Uruguay round was concluded last December, and, over the past several months, Congress has worked with the administration on the legislation that is needed to implement it. What has emerged is not a perfect trade agreement, and some serious questions have been raised about it, such as those regarding the new World Trade Organization [WTO] and its affect on U.S. sovereignty.

Likewise, the implementing legislation is not perfect, and the implementation process has not gone as smoothly as it could, or should, have. The final legislation

and the Statement of Administrative Action were introduced very late in the congressional session. Although, as a member of the Finance Committee, I had a chance to review most of the draft bill before it was introduced, many of my colleagues did not have such an opportunity, and they should have been given more time to review it. While the special session has afforded more time to examine the final details. A lame-duck session is certainly not the best congressional process for deciding the final fate of such an important issue facing the Nation.

Nevertheless, after careful examination of the trade agreement, the legislation to implement it, and the concerns that have been raised, I believe that, on balance, we must approve the Uruguay round. I am convinced that to do otherwise would be a grave mistake and a detriment to the people of Delaware as well as to folks throughout the country.

My decision to support the Uruguay round is based on the recognition that our Nation's economic health is dependent upon the global economy and that it is in our fundamental interest to have an international trade regime that is built on three pillars: openness and cooperation; predictable rules

of fair play; and mechanisms to make sure the rules are upheld. Creating these conditions has been the essential purpose of the GATT, particularly this Uruguay round. In a sense, creating these conditions has been our Nation's objective. For this reason, the United States has been the prime mover behind the GATT's creation and evolution. For decades, we have viewed the international trading system as an opportunity, not as a threat, and I believe that this is a view our Nation should maintain.

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IMPORTANCE OF GLOBAL TRADE TO DELAWARE AND U.S. ECONOMY

I have often said that whether we like it or not we cannot shut ourselves off from trading with the rest of the world; this is more true today than ever before. We are the world's largest trader. Last year we exported \$465 billion in manufactured goods and agricultural products, \$650 billion in you add services. Over 25 percent of our economy is trade-related and millions of our jobs depend on trade. In my State of Delaware, exports have grown 27 percent since 1987 to \$3.5 billion in 1993. The Port of Wilmington and the longshoremen that work there, Delaware's workers at chemical, pharmaceutical, and auto plants, as well as poultry growers, just to name a few, have seen their exports grow. Over the last 5 years, in fact, 50 percent of U.S. economic growth has been due to exports.

SOME KEY BENEFITS FROM THE URUGUAY ROUND

The GATT has been a critical reason for the enormous expansion of world trade since the post-World War II era and the economic growth that has accompanied it. Through seven so-called rounds of negotiation, we have eliminated tariff and other barriers to trade in goods and have negotiated predictable rules to help facilitate this trade. And that is what is at the heart of the Uruguay round, the eighth round of trade talks held under the GATT. It is an integral part of our Nation's longstanding trade policy to open markets to our exports, and to establish a transparent, rules-oriented trading system which eliminates the law of the jungle.

The Uruguay round, in fact, goes much further than previous GATT negotiations in opening trade. It will cut tariffs worldwide by one-third, by almost \$750 billion. Tariffs really are no more than a tax that is imposed at the border. A global tax cut of \$750 billion will lower consumer and producer costs and will be a huge stimulus to economic growth here at home and abroad. All studies of the agreement have shown major economic benefits. According to some estimates, the agreement could add as much as \$100-\$200 billion annually to our economy once fully implemented, and create as many as 1.4 million new jobs.

Aside from this huge tariff cut, the Uruguay round improves existing GATT rules and principles, creates important new ones, and tackles nontariff trade barriers that the United States has been battling for decades.

For the first time ever, we will have international trade rules to protect intellectual property rights, to reduce distortive agricultural subsidies, and to govern trade in services. Our workers, farmers, industries, and firms excel in each of these areas and we will reap enormous benefit from these new agreements. In one fell swoop, over 120 countries are expected to agree to these rules, something which would take much longer to achieve if we were to negotiate one-on-one with each of these countries.

The new rules on intellectual property rights, for example, will finally raise standards worldwide to protect U.S. copyrights, patents, trademarks, and other critically important intellectual property. We have, for years, been trying to eliminate the piracy of our intellectual property, which costs the U.S. economy billions of dollars each year. Our computer software and pharmaceutical producers, among other industries, spend millions creating their innovative products and rely on strong intellectual property protection for their competitive survival. Anyone spending millions on R&D to create a new product obviously cannot compete for long against another company that has simply copied the product at little cost by stealing patents and ignoring copyrights. Few dare to do that in the United States because of our strong laws protecting intellectual property, but the same is not true in many markets overseas, particularly in developing countries. The Uruguay round will help reverse this situation.

In agriculture, our farmers, who exported over \$40 billion last year, will finally see some relief from the subsidy and other unfair trade policies that have plagued world agricultural trade for far too long. The Uruguay round agreement on agriculture will move us down a path of fairer and freer trade. Although it does not go nearly as far as I would have liked, we are the world's largest agricultural exporter and will be a major beneficiary of liberalized trade in this critical area. The Department of Agriculture estimates that the Uruguay round could expand farm exports by as much as \$8.7 billion, create as many as 190,000 farm-related jobs, and add as much as \$2.5 billion in net farm sector income.

There is one area of the agricultural trade that must be further addressed by the administration as soon as the agreement goes into effect. This, of course, is making sure that Canada upholds its free trade commitments to us by eliminating all tariffs to trade, including poultry products. Now that the Uruguay round commits Canada to converting its very restrictive quota regime for poultry into tariffs, it must now agree to eventually eliminate them altogether. We have had a free-trade agreement with Canada since 1989, but in my opinion that free-trade agreement is not completely free until Canada eliminates the restrictions it places on United States poultry products. The time has come for our administration to start paying more attention to resolving this problem.

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CONCERNS OVER SOVEREIGNTY

I would like to turn to two of the issues that have captured the most attention in the debate on the Uruguay round: The impact of the WTO and the strengthened dispute settlement rules on U.S. sovereignty. I have examined these important issues very closely and they have been an active part of the Finance Committee's implementation process. Based on my review, and the safeguards that Congress has required in the implementing bill, I have concluded that U.S. sovereignty remains intact under the WTO, the GATT's successor regime.

That is not to say that a major international cooperative agreement, such as the Uruguay round, does not entail obligations on our part. It certainly does, but it is an exercise in sovereignty in agreeing to adhere to them voluntarily because, on balance, we believe they are in our best national interest.

There are important safeguards in the actual implementing legislation that address the concerns that have been raised and clear up some of the misunderstandings about the agreement's effect on U.S. sovereignty. For example, the bill clearly states, in section 102, that if there is any conflict between United States law and a Uruguay round agreement, only United States law applies. The only changes to U.S. law as a result of the Uruguay round are those that are contained in the implementing bill we are now considering. After that, any future decision on whether and how to change United States law in relation to any possible inconsistency with our Uruguay round commitments can only be made by

Congress. The WTO cannot change U.S. law; only the Congress can do that. What we are considering here is not a self-executing agreement which has the direct force-of-law.

The implementing bill also addresses the State-related concerns that were expressed earlier by establishing elaborate Federal-State consultation procedures regarding possible obligations and dispute settlement proceedings affecting State laws. Both the Governors and Attorneys General Associations, as well as other State organizations, have endorsed this approach as meeting their concerns. The Governors Association unanimously endorsed passing the GATT agreement this year.

In looking at the WTO and the new dispute settlement rules, it is very important to keep in mind that they essentially build on the existing GATT, which has been in place since 1947. Article 9 of the WTO explicitly provides that the decisionmaking process will continue the GATT practice of operating on the basis of consensus. The last time there was a vote on a policy issue was in 1959. As under the GATT, voting procedures can be used in the absence of consensus, based on a one-country, one-vote process, but they are now more protective of our interests than they were under the GATT. Most importantly, we do not have to accept any future amendment affecting our fundamental rights and obligations if we choose not to.

There are other important safeguards in the bill. One is that both Congress and the private sector will have a much greater role in providing input and oversight on the general operation of the agreement and on any future dispute settlement panel. There is also a built-in, expedited procedure for a congressional vote on whether to continue U.S. participation in the WTO 5 years after it goes into effect, and every 5 years after that. Our future majority leader, Senator **Dole**, has also devised an earlier review process of the new dispute settlement rules, which could lead to our withdrawal from the WTO sooner than 5 years. We can, of course, withdraw voluntarily at anytime after 6 months written notice.

I believe these and other provisions will ensure that the new WTO's operations do not impinge on our sovereign powers. While no one can predict precisely how the new WTO will work in practice, if the new system does indeed harm our sovereign interests, I do predict that we will not remain as members for very long.

BUDGETARY IMPACT

Before concluding my statement, I would like to make just a couple of points on the budgetary impact of the agreement. The first point is that Congress gave little or no thought to major trade-liberalizing agreements when the latest budget rules were enacted, because if it had, I am convinced that these agreements would have been the exception to the rule. It is an historical fact that lowering tariffs and eliminating trade barriers have major positive, dynamic economic effects which ultimately lead to increased revenue. Lowering tariffs are not a cost to the taxpayer, they are a decrease in producer and consumer costs. This agreement

goes much further than any previous GATT agreement in cutting global tariffs by almost \$750 billion. It will put more money in consumer pockets and will be a boon to the United States and world economy.

That is what the economic studies of the agreement show. The Republican staff of the Joint Economic Committee recently surveyed eight of these studies and found that the GATT's total fiscal impact could lead to new revenue as high as \$115 billion over 5 years.

Regardless of these economic and revenue benefits, the Uruguay round's tariff cuts do fall within current budget rules requiring that any lost revenue be offset, and the implementing bill includes funding provisions to offset the \$12 billion in lost tariff revenue that is expected during the first 5 years of the agreement. Some of these proposals have been controversial, including the 'pioneer preference' provision. But the recent agreement between Senator **Dole** and the administration on this provision should eliminate the concerns that have been expressed about it. Unfortunately, however, the bill cannot be changed at this point and, while I do not support these extraneous and controversial funding provisions, the agreement should not be defeated because of them.

CONCLUSION

Mr. President, the time to move forward is now. It took 7 long years of negotiation to conclude the Uruguay round. The agreement itself was finalized almost 1 year ago. There has been ample time to examine its contents. The Finance Committee alone has held 25 hearings on one or more aspects of the agreement.

It is essential that we approve this precedent-setting trade agreement. Current GATT rules are antiquated and have not kept pace with the rapid changes in the global trading system. The GATT also does not cover many areas of critically important trade to the United States, such as services and intellectual property rights. And the current GATT leaves in place major tariff and nontariff barriers that slow down or prevent the expansion of U.S. exports. We export well over \$600 billion of goods and services and we need the Uruguay round's trade rule improvements and greater worldwide market openings to further our export and economic growth. A stable, predictable and open global trade regime is in our Nation's best interests.

Failure to approve the Uruguay round through procedural points-of-order maneuvers or by voting against the implementing bill itself would be a blunder of historical magnitude and would set our Nation's trade agenda in a harmful, backward direction. I cannot believe that this body would choose that direction. I hope that it moves along the same path it did when it considered the last major GATT negotiation--the Tokyo round. It passed the Senate overwhelmingly by 90 to 4. I hope this latest agreement garners the same level of support, and I urge my colleagues to strongly support it.

I yield the floor.

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Mr. HOLLINGS. Madam President, I yield 15 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER (Mrs. **Boxer**). The Senator from Ohio is recognized for 15 minutes.

Mr. METZENBAUM. Madam President, I rise in opposition to the passage of the GATT because I think it is a bad deal for America. I think it is a bad deal for American workers. I think it is a particularly bad deal for the children of America. Unquestionably, one of the most prodigious and well-respected magazines in all the world is the Economist. The Economist in its April 9, 1994, issue had a picture of a child carrying heavy cement blocks in India. The editorial is 'Free trade or foul.'

I believe the significance of that magazine, so totally well respected throughout the world, addressing itself to the subject to which I addressed myself yesterday is important for people of this country to know about.

I ask unanimous consent that the entire editorial be printed in the **Record**.

There being no objection, the material was ordered to be printed in the **Record**, as follows:

From the Economist, Apr. 9, 1994

[FROM THE ECONOMIST, APR. 9, 1994]

Free Trade or Foul?

It was supposed to be a sunny coda to end years of discordant haggling. Now it seems that next week's gathering of world trade minister in Marrakesh, Morocco, may be a darker affair. They are meeting to sign the agreement hammered out during the seven-year Uruguay round of world trade talks. But the prospects for world trade have become clouded since the final negotiating session in Geneva in December. This cloud, no bigger yet than a man's hand, is growing fast.

In recent weeks America and France have been pressing for an addition to the declaration from Marrakesh. Their demands are unclear, but at a minimum they want a promise that the new World Trade Organisation (the successor to the GATT) will examine how labour standards and workers' rights ought to affect trade rules. The proposal sounds innocuous, even benign. Yet it has caused anger in the developing world. India's prime minister, P.V. Narasimha Rao (whose efforts to

liberalise the Indian economy were difficult enough already, said this week that such moves could become `an alibi for raising protectionist trade barriers'.

Peter Sutherland, the GATT's director-general, hopes that a compromise (Japan proposed a vague reference to `social conditions' in the Marrakesh communique) will allow the celebrations to go ahead. But the subject will not go away. The charge that developing countries are engaged in `social dumping'--competing unfairly by denying their workers basic rights and decent conditions--is potent. It appeals equally to rich-country self-interest and self-righteousness. The competitive threat from third-world exports is likely to increase over the next few years; as it does, social dumping will challenge environmental protection as the issue most likely to force radical change on the global trading system.

CRUDE DISGUISES AND FLYING PIGS

Some complaints of social dumping hardly deserve to be taken seriously. Those who regard it as `unfair' for Chinese workers, say, to be paid less than American ones, and who call for tariffs to redress the balance, are in truth opposed to all trade between rich and poor countries. This is extreme protectionism in the crudest possible disguise. When its advocates claim as well to have the best interests of developing-country workers in mind, they are surely hypocrites too. Countries cannot pay their workers more merely by deciding to do so. They must first produce more, and the best way to spur growth is to trade.

What goes for wages applies as well to other labour costs. To insist on a levelling of `working conditions'--closer equality in hours worked each week, standards of health and safety in the workplace, entitlements to holidays, health care, sick-pay, pensions and so forth--would be in every case to insist on a standard of living that poor countries, being poor, cannot afford. Legal rights over such terms of employment may exist in most industrial countries, but rights under the law (which are freely modified as circumstances dictate) should not be confused with more basic human rights (which are not).

Other concerns, however, cannot be so easily dismissed. Slavery, which is wicked, is still practised in some developing countries. Children should be educated, not sat at looms or made to carry bricks all day. Workers should have the rights of assembly and free speech--which, in some developing countries, they are denied. In cases such as these, basic freedoms are at stake. You do not need to be rich to outlaw slavery or grant the rights of free speech and assembly; education is costly, but curbing the cruellest sorts of child labour is widely affordable. Therefore, is it not right to put pressure on offending third-world governments to change their ways? If there is a reasonable chance that the pressure will work, and if it does not put other interests at risk, the answer is Yes.

Granting that pressure may sometimes be justified, why not let trade policy be the means? Free-traders, such as this newspaper, would like to answer that pressure of this kind never works. In fact, it often does. Against large countries and small,

America has often got its way by threatening trade restrictions. The case against such a policy is not that it cannot achieve its narrow objective, but that it puts other interests--America's own, as well as those of the rest of the world--in jeopardy.

The difficulty can be stated simply enough: governments cannot be trusted with trade policy. If, as trade-policy activists implicitly assume, governments were competent and dedicated to the public good, there would be less to worry about. The case for trade policy in pursuit of basic human rights would be more persuasive (though low-flying pigs would be a terrible nuisance). The institutions that liberal democracies use to rule themselves are needed precisely because governments in the real world are often incompetent and always subject to demands from narrow, organised interests. The GATT is one of these needed institutions--an especially necessary one, because trade policy is an area in which governments, left to themselves, are especially unreliable. The GATT was created in the first place because its founders understood that the pressure to protect producers is intense; without an occasional exchange of multilateral trade concessions, governments would find liberal trade impossible to achieve.

They were right: only consider how close the Uruguay round was to collapsing last year, or the ferocity of opposition to the North American Free-Trade Agreement, or the sharp rise during the 1980s of new forms of non-tariff protection. Liberal trade is under perpetual attack. To beat it back, governments need to strengthen the GATT and at every opportunity undermine its enemies.

If industrial countries insist on bringing labour-related rights into the multilateral trade task, they will do the opposite. The GATT will be weakened because its agreement-by-consensus approach cannot accommodate such controversial issues. At the same time the GATT's foes will be strengthened by each new admissible ground for trade restrictions. For instance, a trade rule on child labour might keep countries in which that practice is common (whether or not legal) out of the WTO; on the other hand, if a country joined the WTO after signing up for the rule, but was then unable to enforce it, it would be prey to every species of rich-country protectionist, henceforth equipped with new grounds to seek trade sanctions. In the battle between liberal trade on one side and the protectionism that helps to keep poor countries poor on the other, the balance would have shifted decisively in the wrong direction.

Those who truly seek to advance the cause of human rights in the third world should weigh this carefully--and reluctantly conclude that the costs of pressing for new links between trade and basic human rights outweigh the likely benefits. They should call for diplomatic pressure instead; and tell rich-country consumers about human-rights abuses, then let them make up their own minds about whose goods to buy. That is bound to strike many as inadequate. But in reality most lobbyists seek to use human rights as just another way to raise old-fashioned barriers against poor countries' exports, caring little for human right, caring nothing for the

plight of the third world's poor, caring nothing for the freedoms of industrial-country consumers. The argument is ugly--but it will run and run.

Mr. METZENBAUM. Madam President, I had spoken yesterday at some length about the whole issue of child labor and products pouring into the United States. Today I will not repeat those arguments. But I will talk about my other concerns with GATT.

I am frank to say that I wish I could support the agreement. I believe in and I want to support expanded trade. I believe that international trade agreements can be beneficial both to America and to the entire world. But I believe that free trade must occur between equals. I do not believe that you can mix countries and markets of unequal status and unequal standards and expect all to benefit. Just look at our own trade deficit. The whole idea is that NAFTA has been such a wonderful thing. That is just not true. We keep entering into trade agreement after trade agreement and our trade deficit continues to increase. Last year our trade deficit was \$130 billion. We are making a lot of progress. This year it is expected to exceed \$160 billion, and GATT will only increase that deficit.

Our recent experience with the NAFTA agreement further confirms the problems of trade among unequals. Since the enactment of NAFTA, during the first 6 months of 1994, our trade surplus with Mexico has declined by 50 percent. Sixty percent of Mexico's new capital is coming from the United States to build factories in order to make products which will be sold back into the United States markets.

In addition, the jobs that NAFTA was going to create just have not materialized. The administration claimed that 100,000 jobs would be created by NAFTA. But so far only 500 have been created. Over 30,000 workers have already filed for trade adjustment assistance because they claim they lost their jobs by reason of NAFTA. Walk into any store in America, in any of the shopping centers or in the smaller communities of America, wherever, the larger communities. It is nearly impossible to find products made in America anymore. Shoes from Brazil, clothes from China, India, Bangladesh, Hong Kong, Taiwan, tools from Mexico and Taiwan, TV's and computers from Japan and Korea. Instead of entering into endless free trade agreements that help our corporate community but decimate our labor force, we should be investing in our own industries to create American products and American jobs.

The GATT agreement will only accelerate the demise of American production. The average American has not the slightest idea what this agreement is about. Walk down the streets of any town, be it Dayton, OH, or Cody, WY, or Natchez, MS, or Eugene, OR. Ask the first person you meet. 'What is GATT about? Are you for GATT or against it? Explain to me in one sentence or two sentences or a paragraph.' He or she does not have the slightest idea, but the professionals who are interested in our passing this bill have some idea what it is about.

But if the average citizen knew what was in this bill, they would be skeptical that American workers will benefit from some international trade agreement about which they know practically nothing. We have an obligation to explain this major international agreement to the American people. But we have no chance to do that. We must act within 2 days. Great. I am in favor of always moving forward as promptly as we can. But that means that the average American will not know what it is all about until he or she gets her termination notice. I am realistic enough to know that if this matter were debated for 2, 3, or 4 more days more, that would not change the facts.

Unfortunately, however, this agreement is flawed in many ways.

The biggest problem is what is not in this agreement.

This agreement contains no protections for workers.

We should be considering international working conditions together with trade.

It is basic common sense that if trade is based primarily on price without any other standards, America will lose out.

Labor, capital, and raw material costs determine the price of most goods and services. And if American labor receives on average \$15 an hour, and Korean, Indian or South American labor receives only \$1 an hour, it is obvious what is going to happen.

The only way for America to compete against dramatically different labor costs is to have significantly better quality. And some would argue that is the way we solve the problem. We produce better products. But many foreign products are not that inferior to American made products. Whether it is clothing, toys, games, radios, TV, tools, or a host of other products, it is difficult even without GATT to buy American made products. With GATT we will only exacerbate the problem.

Blindly opening up American trade to the cheapest price without any labor protections will only force countries to lower their labor costs, not raise them.

American wages in real dollars, have declined almost 10 percent over the past 20 years when adjusted for inflation.

In large part what Americans were worried about during this past election cycle was the problems they face in their working lives.

Most Americans do not see that their working lives are getting better.

Americans are working longer hours for less pay.

They are watching their standard of living erode.

There is a relationship between increased international trade and declining American wages.

We must look at these issues together.

Unfortunately, too many who negotiate trade agreements know nothing about wage and working conditions.

And I do not say that to slight any particular individual or group. Too many know about trade and trade only.

The only two places that working conditions are even mentioned in the GATT legislation are on pages 14 and 70. That is 2 pages out of more than 2,000 pages. And the words on these two pages do not help American workers.

On page 14 it states that--

[Page: S15290]

Nothing in this act shall be construed to amend or modify any law of the United States relating to worker safety unless specifically provided in the act.

American workers need help. They need protection. GATT does not do a single thing for them in that statement. It actually only addresses itself to worker safety.

There are a whole range of labor laws that protect American workers in addition to worker safety.

Does this mean that our minimum wage and civil rights laws are not protected under GATT?

Or our child labor laws?

Our labor relations laws?

Our antidiscrimination laws?

The sad fact is that this statement is stated the wrong way.

It should not just be that GATT does not undo other Federal laws.

We should affirmatively state that all of our labor laws are protected as part of GATT.

Pages 70 says the President shall seek the establishment of a working party to explore the relationship between internationally recognized worker rights and GATT.

It does not take a rocket scientist to figure out that this is meaningless mumbo jumbo. What is a working party? And what does it do after it explores this relationship?

The reality is the United States and France already tried to get a committee on workers' rights and were rebuffed by India and most of the South American countries.

A lot of Third World countries do not want to raise the wages of their workers nor improve their working conditions. Their ruling elites want to keep the benefits of trade for themselves.

But as long as we do not bring the working standards in these countries up, they will continue to bring American workers' wages down.

If we could not get a committee on workers rights before GATT, imagine trying to get a committee after GATT becomes a reality.

It is disgraceful that a 2,000-page trade agreement contains barely 2 pages even mentioning worker rights.

We need an international trade agreement but one that improves the lives of working men and women, not one that undermines it.

There is too much that we do not know about how this agreement will be applied and much to be feared.

And quite honestly, I cannot help but conclude that the GATT agreement will undermine our framework of environmental laws.

Last fall, when the European automakers such as Mercedes, Ferrari, and Jaguar objected to U.S. CAFE standards, a GATT panel recommended that the United States bring CAFE regulations into conformity with the treaty's free trade obligations.

The CAFE standards law had been on the books since 1975.

It was passed in the grips of an oil shortage, when auto emissions were rapidly deteriorating our air quality.

And in spite of that the panel concluded that this energy conservation law was a thinly disguised restriction on trade.

Quite frankly, this is just a shot across the bow for our environmental laws.

And I only wonder how other laws protecting the air, water, and environment will fare if the GATT treaty is approved.

Finally, too many of the financing provisions for this agreement smell of corporate pork.

This bill contains sweet deals for the Washington Post, Cox Enterprises, Omnipoint Communications, GM, Ford, and Chrysler as well as public utilities.

In 1986, I stood on the Senate floor exposing and stopping dozens of tax breaks hidden in the Tax Reform Act for individual American corporations.

Now the same type of shenanigans are going on again--only this time in an unamendable bill.

Why do good companies do this? They do not need these special breaks.

This agreement would raise even more revenues if it did not contain such special deals.

It undermines our credibility and that of these companies when they seek unnecessary special breaks.

It is especially shocking when the beneficiaries of these deals include some of the newspapers that generally editorialize against congressional pork and special perks.

I was shocked to learn that the final GATT bill included the so-called pioneer preferences deal for the Washington Post, Cox Enterprises which owns the Atlanta Constitution, the Dayton Daily News, and Omnipoint Communications.

The administration cut a deal with these companies. They will receive communications licenses for a total of \$400 million even though the fair market value of the licenses is estimated at \$1.2 billion.

Under the Dole negotiations, it is my understanding that there is something about they might be able to reopen and rediscuss the subject at some later point. Do not hold your breath.

The FCC had been planning to auction the licenses on the open market this December where they were estimated to sell for a total of \$1.2 billion.

But at the last minute, the administration and the companies cut a back room deal to sell the licenses for a total of \$400 million. Who pays?

The American taxpayer gets ripped off for \$800 million.

There are other secret deals in this bill as well.

Senator **Danforth** extended an expiring provision to permit companies such as McDonnell Douglas in his State to transfer workers' pension moneys to pay for health benefits. The Danforth provision permits companies to drain their pension

funds jeopardizing both the workers' pension and health benefits. What does this provision have to do with international trade? Nothing. And it does not belong in this bill.

The bill also contains a variety of pension law changes to speed up pension funding by underfunded pension plans.

These pension changes have no place in a trade bill. We should use pension reforms to provide better pension benefits to retirees, not to pay for a trade bill.

Furthermore, some companies got special exemptions from the new pension funding rules.

GM, Ford, and Chrysler negotiated special rules so that they do not have to fully fund their pension plans.

And Senator **Packwood** put in a special deal for public utilities exempting them for 3 years from having to pay increased PBGC insurance premiums. He specifically provided that utilities need not pay increased pension premiums for 3 years unless the utility gets the money through a rate increase from taxpayers. Again, this provision has no place in GATT and was never included in previous pension bills.

It is outrageous to include these deals for big business in an unamendable trade agreement that will shortchange the American worker.

This is not what the fast-track process was meant to be about.

These are exactly the types of insider deals that give the administration and us our bad reputation. It amounts to buying votes with taxpayer dollars.

In closing, I regret that I cannot support this agreement.

A vote `no' on the budget waiver is right--right for America, right for balancing the budget, right for our economy, and right for millions of children around the world.

[Page: S15291]

Mr. PACKWOOD. Madam President, I want to respond to two things the Senator from Ohio said. I have talked with Senator **Moynihan**, and he has a response, and Senator **Nickles** will be speaking next for about 15 minutes.

The Senator from Ohio mentioned two issues. One was the so-called pioneer preference and the other was the regulated utilities and Pension Benefit Guaranty Corporation [PBGC]. I will explain what happened on both of those, the Pension Benefit Guaranty Corporation first.

About 20 years ago, we set up the Pension Benefit Guaranty Corporation. We were worried about companies promising pensions to workers and going bankrupt or going out of business and leaving the pension plans underfunded. Workers of 20, 30 years of experience suddenly had no pension. The PBGC was to collect premiums from companies, put them into a fund, so that if some company went bankrupt and could not pay, the Government the--PBGC--would have a fund to pay from. This is similar to the Federal Deposit Insurance Corporation for banks which has by and large worked well over the years.

We are aware that any number of companies have underfunded pension plans. The Pension Benefit Guaranty Corporation advised us from time to time that not enough money is going into the fund to pay the promised benefits. So in this bill the administration suggested, and we agreed, to revamp that so that the companies with the highest level of underfunding will pay more to the PBGC fund. None are going to pay less. They would pay more into their funds to guaranty the solvency of their pension funds.

Among the companies that we directed to increase their payments were a number of regulated utilities--electric, water, transportation, and sewage companies. The one problem with many regulated utilities is that their prices are regulated by State law. So that if we increase a cost to the utility, they cannot immediately collect the money to pay it. They have to go to the local public utility commission and say: The Federal Government said we have to pay more money into the PBGC, and we petition you to raise the rates to get the money to pay.

That is why we gave a 3-year grace period to the regulated utilities. They are different from other companies because they cannot go out and automatically increase their rates to recoup the premium costs. There is a company in Oregon that is so affected, and this came from a list that the Pension Benefit Guaranty Corporation gave us. There were five in Ohio on the list that were similarly affected. There are several scores of these companies around the country that also benefit from this provision. It is not a rifle shot for a company in Oregon.

Second, there is pioneer preference. This is an unusual situation. I can understand the frustration of the Senator from Ohio. But let me explain what happened.

Up until a few years ago, the Federal Communications Commission used to issue licenses on comparative applications, and if they had a radio frequency to give out --and nowadays there are wireless communications--they would give a frequency that your company could have to use for wireless communication, and you had what you called comparative applications. A number of companies would apply for a frequency. And these applications were very expensive. You had to be a pretty well-financed company to even apply, by the time you got all of your technical experts and lawyers and say why you are better than some other company to get this. The Tom, Dick, and Harrys of this world simply could not afford to get into the competition.

So after a number of years at congressional direction, we said this is not fair. We are getting into the area of wireless communication, and only the giants should be able to afford to even compete. So we said, instead of doing that, we want you to give these licenses by lottery, so everybody could apply. It does not cost much to apply if you do not have to prove you are fit or unfit. Minimal qualifications. If you win the lottery, you get a license. One unusual thing happened that we did not foresee. Actually, there were two. A lot of very clever lawyers in this country, who were knowledgeable in the ways of the Federal Communication Commission, began to prepare scores of applications for the licenses. It did not cost a lot to file. They actually began to syndicate a piece of the application. Say you are a mechanic, a garage mechanic in Steubenville, you can put up \$50 or \$100 to get a piece of the application. If the lottery hit your number, there is a big payoff. But the little guy did not get it anyway. As soon as somebody won the lottery, one of the big giants went and bought it up from the person. So the mechanic who put up \$50, \$100, or \$150, hit the jackpot. The big company bought it up. There was an after-market in these licenses.

So the Congress said this is ridiculous. If the big boys are getting it anyway, why do not we at least go back and have them auctioned off by the FCC and we will get the money?

Now, while this process was going on, before it got to Congress saying we think we do not want these lotteried off anymore, we want them auctioned off, a number of large companies came to the FCC and said, 'We have some very innovative ideas that are going to cost us millions of dollars to develop. We are prepared to put up millions of dollars of research and innovation if our chances of getting a license are not based on lottery. Why should we put up \$40 million to come up with something innovative and no hope at all other than winning the lottery of getting the license?'

So the FCC said, all right. We will make you a deal. We will have a pioneer preference and here are the standards. The FCC set up a bunch of standards, and there were competitive applicants for these pioneer preferences. A lot of companies put up a lot of money on research. And the FCC picked three and they said: We think what you have shown is justifiable, and research is good, and we think it is innovative and is going to advance the communications of this country, and we award these.

Three licenses. Interestingly, some people did not like the process. Their application did get picked in pioneer preference. They are now complaining.

At this stage there was never any talk of paying for these licenses because if you won a license in the lottery, you did not pay for it either. You got it for nothing.

So when we said to pioneers, if you put up millions of dollars and if you will come up with something innovative, you get a license, we did not think of charging

them. We were not charging anybody for any license, whether they won in the lottery or otherwise.

But then Congress said to the FCC, change your practice, do not lottery them off anymore; auction them off. At that stage the Federal Communications Commission had already said to these pioneers, if you put up a lot of money and do research and meet our standard as to what is innovative, we will give you a license even though Congress said auction.

Then, the Federal Communications Commission felt somewhat honor bound to go ahead and award some of the pioneer licenses. The FCC awarded three even after Congress told them to auction the licenses off. And one of them happens to be a company that is 70 percent owned by the Washington Post and another is Cox Communications and another is Omnipoint.

The big flap came around the Washington Post. Why does the administration cut a deal with the Washington Post, and what is going on?

The administration did not cut the deal. Think of the sequential situation. We lottery off all these licenses and you pay nothing for them. We say to the pioneers, well, the chance of winning the lottery is not very great. If you put up a lot of money we will give you a license. We do not charge anybody for licenses anyway. So we will not charge you. Then Congress says charge and the Federal Communications Commission says it is not fair. These companies put up all this money, we will give them three free licenses. This occurred on about December 1993.

A couple months later the Federal Communications Commission, after a lawsuit was filed, changed its position and said, no, we are not going to give or even let these pioneers have these licenses for nothing. We are going to charge them a certain amount.

At this stage one of the three companies sued and said, 'You violated the contract. You promised this. We relied on it. We put a lot of money in for research. Now you are changing the rules for us.'

The case is in the court of appeals. It has not yet been decided. For the moment the court has simply remanded it to the Federal Communications Commission and is holding it to see what Congress and the Federal Communications Commission are going to do because as of yet the Federal Communications Commission has not charged them. They said we are going to charge you, they have not done it yet. So from the standpoint of the court, the case is not what you call ripe. It is not quite ready for decision.

But if this company wins the case in court, then the Government gets nothing, and none of the three companies will have to pay us anything--if they win. This case has not been decided.

This is a common situation with lawyers in court. Do you go ahead, take your case to the jury and take your chances, win or lose, zero or a hundred, or do you settle and not take the chance of possibly losing everything?

So the administration worked out arrangements with these three companies and said, all right, let us reach a settlement. You pay us a minimum of \$400 million plus interest, a minimum. It may be more than that because it is going to be based upon a percentage of the auction price of these new licenses. And the auction starts on December 5 and goes for about a month. It is going to be based upon a percentage of that auction price, but in any event they will pay \$400 million plus interest. And if they accept that offer they have to drop the lawsuits.

They accepted the offer. So now the Government is guaranteed at a minimum of getting \$400 million plus interest. We might get more if the auction price is a lot more, but no one knows what the auction price is going to be. That is the trouble with pioneer licenses.

You can argue whether we ever should have had the policy, or the Federal Communications Commission was right or wrong in what they did. You can argue whether standards were correct or not correct. But at the time they set it up, they set it up because people were not going to put up millions of dollars for research and innovation in communications if the chance of getting a license was based upon the lottery with 60,000 or 70,000 applicants in the lottery. That is it.

Was this a sellout to the Washington Post? No, it was not a sellout. It was a settlement, a settlement in the hopes of getting some money, and a settlement of avoiding the risk of getting no money and having to justify these three licenses anyway.

The administration has now agreed, and Senator **Dole** got them to agree, that after the new Congress comes in they will reconsider this, and the Federal Communications Commission may have the power to undo this. I am not quite sure what happens to the lawsuits in that case, but we have to see when we get there. Apparently it is going to be reconsidered in the next Congress. There certainly was not any malice by the Federal Communications Commission or by Ambassador Kantor or President Clinton or the Washington Post or anyone else in how this arrangement was arrived at.

I thank the Chair. I believe Senator **Moynihan** wanted to say something and we will then go to Senator **Nickles**.

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Mr. MOYNIHAN. Madam President, I thank my friend and future chairman.

Madam President, I yield myself such time as I may require, and it is not much.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. I regret the tone in which I will have to speak, but it is one of sincere regret.

There is not a more honorable Member of this body than the Senator from Missouri, Senator **Danforth**. The idea that there is any provision in this measure that is put there as some kind of backroom deal for Senator **Danforth** is completely unfounded. Senator **Danforth** has been interested for some time in the use of excess pension assets to fund retiree health benefits. It is a perfectly logical, reasonable case to make--that where moneys are not needed for this employee benefit, they may be used for this other employee benefit. He persuaded us completely, and it stands, in my view, and I am sure the Senator from Oregon shares it--it was the entirely proper proceeding as open as the morning sky.

I am sure the Senator from Ohio did not mean anything personal in this regard. I see he is standing, and I yield to him.

[Page: S15293]

Mr. METZENBAUM. Madam President, the Senator from Ohio pointed out the deals not as a reflection upon either Senator **Packwood**, Senator **Danforth**, or any individual Member. I think everybody's conduct is entirely above board and I have no fault with it at all.

My point of reference is that these measures do not belong in the GATT treaty, and it is in that respect that I criticized.

Mr. MOYNIHAN. That is a perfectly legitimate argument, Madam President, and yet the paygo provisions required us to pay. The provision in question raises substantial revenue.

May I also say with respect to the idea there was some backroom deal with respect to the Washington Post or such, in no sense can it be so described in my view.

My friend from Oregon, the future chairman--who has the distinct advantage of having attended the New York University law school, and therefore is a far more formidable man in this regard--spoke that the Government was faced with the prospect losing a court challenge and getting no money at all.

I wonder if he would not agree from the point of view of a lawyer, because I have distinguished attorneys here, we have many of them with the Finance Committee--Mr. Joseph Gale, our chief tax counsel--I know what his view is, that it was not a risk. It was a probability about how a court would decide.

Mr. PACKWOOD. Whether it was a probability, a possibility or a risk, there is no question but what the court of appeals was sitting on this case and was going to wait to see what we did or what the Federal Communications Commission did. But

had that case gone to conclusion I am not sure but what a court would not have said, 'If the FCC said you do ABC you get a license for nothing,' and you did ABC-plus, you might have a pretty good case.

Mr. MOYNIHAN. Now we have, if there is anything--I hesitate to say this at this point in the debate--if there is anything involved here, it might just possibly be an abuse of Government authority. It is certainly not a backroom deal.

Madam President, I yield the floor.

Mr. METZENBAUM. Will the Senator from Oregon yield for a question?

Mr. PACKWOOD. Yes, I yield for a question.

Mr. METZENBAUM. Who won in the lower court?

Mr. PACKWOOD. There was no lower court decision because you appealed directly from the Federal Communications Commission to the court of appeals, so there has been no decision yet. The court of appeals is just holding it pending further action by the Federal Communications Commission, because as yet the FCC has not charged them. So they do not really, exactly, have a pending case.

Mr. METZENBAUM. Would the Senator from Oregon, who I know is a fair man and scholar, agree that this matter, as well as some of the other matters that are in the bill, do not really belong in a GATT treaty?

Mr. PACKWOOD. Let me answer this question this way. They are not exactly in the GATT treaty.

In other words, the pioneer preference was not negotiated in Geneva in the GATT treaty. The administration and Congress will come up with money to pay--and we have a number of provisions in here--by raising money. And I think anybody can probably say that most of the things that are in here to raise money really have no relation to trade.

So, are they related to trade? No. Are they in the treaty? No. Did we have to come up with some money under our scoring rulings to pay? Yes, we did. And this was one of the ways we come up with some money.

Mr. METZENBAUM. I thank the Senator.

Mr. PACKWOOD. Before turning to Senator **Nickles**, Senator **Wallop** has a statement. I think it is about 1 minute long.

Mr. WALLOP. Madam President, I thank the Senator from Oregon. As he will recall, last summer during the Finance Committee consideration of the administration proposals for changes to antidumping and countervailing duty law, we considered an amendment to deal with situations of 'no supply.' This amendment would have

created a procedure to allow for temporary and quantity-limited relief from orders where a particular product needed by U.S. industry is not available domestically.

The amendment did not pass. However, during the consideration of the amendment the Department of Commerce submitted to the Finance Committee an explanation of authority to consider the lack of domestic availability in deciding issues that would come before the Commerce Department and the International Trade Commission in antidumping and countervailing duty cases.

Madam President, I ask unanimous consent that the letters be printed in the **Record** at the appropriate point.

There being no objection, the material was ordered to be printed in the **Record**, as follows:

U.S. Senate,
Washington, DC, November 17, 1994.

Hon. Michael Kantor,
U.S. Trade Representative,
Washington, DC.

Dear Ambassador Kantor: During the Finance Committee's consideration of the GATT implementing legislation this summer, I proposed an amendment to the antidumping and countervailing duty laws to establish a procedure for `no supply,' under which the Commerce Department could selectively waive the application of dumping or countervailing duties in cases where domestic producers were unable to meet domestic demand for a particular product. A considerable coalition of American manufacturing companies strongly supported this amendment. The Administration, for reasons that are still unclear to me, vigorously opposed the amendment. As a result, it did not pass.

However, during consideration of the amendment, the Department of Commerce submitted to the Finance Committee a carefully worded explanation of its current authority to consider the lack of domestic availability in deciding issues that come before the Commerce Department and the International Trade Commission in antidumping and countervailing duty cases. A copy of this explanation is attached.

I would very much appreciate your consulting with the Secretary of Commerce, and others whom you consider appropriate, to inform me if the Administration concurs that the Commerce Department has the authority to consider lack of domestic supply in proceedings under the antidumping and countervailing duty laws, as outlined in the attached paper from the Commerce Department. I would greatly appreciate a response prior to the Senate's vote on the GATT, given the relevance of this issue to my consideration of the GATT implementing legislation.

Sincerely,

Malcolm Wallop,
U.S. Senator.

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THE U.S. TRADE REPRESENTATIVE,

Executive Office of the President,
Washington, DC, November 30, 1994.

Hon. Malcolm Wallop,
U.S. Senate,
Washington, DC.

Dear Senator Wallop: Thank you for your letter of November 17, 1994 concerning the 'no supply' amendment that you proposed during the Senate Finance Committee's consideration of the Uruguay Round Agreements Act. Your letter asks for confirmation of the statement provided by the Department of Commerce on the exclusion of products from an investigation or order.

After consulting with the Department of Commerce, I can confirm all of the information provided in the statement. In particular, I can confirm that the lack of domestic supply may motivate interested parties to request that Commerce consider the scope of an investigation or order or conduct a changed circumstances review. The Department has the authority to define the scope of an investigation and to clarify the scope of an order to exclude products where coverage would not serve the purposes for which the petition was brought. In a changed circumstances review, the Department has the authority to revoke an order in part if maintaining the order as issued is no longer of interest to the domestic producers.

The lack of domestic supply is relevant to the International Trade Commission's injury determinations in initial investigations as well as sunset reviews. As noted in the Department's earlier statement, the fact that a product is not made in the United States is reflected in the Commission's determination of whether the imports are a cause of injury to the domestic industry.

The Clinton Administration recognizes the importance of the upcoming vote on the Uruguay Round Agreements Act to you and your constituents. We are fully prepared to answer any further questions about the proposed implementing legislation as quickly as possible.

Sincerely,
Michael Kantor.

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Exclusion of Products From an Investigation or Order

There are mechanisms under current law by which a product can be excluded from an order without undermining the overall effectiveness of the antidumping and countervailing duty laws. Proposals have been made from time to time to depart from this structure to create discretion to waive application of antidumping and countervailing duties. It is the Administration's view, given the existing provisions, that such authority is inappropriate, would undermine the effectiveness of the law, and would result in undue discretion to favor different industries.

INVESTIGATION PROCEDURES

Throughout the investigation, the administering authority has the ability to define and clarify the scope of the case to exclude products where coverage would not serve the purposes for which the petition was brought. In addition, in making the injury determination, the ITC must define 'like product' based on consideration of whether the characteristics and uses of the domestic production are similar to those of the imported product. The fact that a product is not made in the United States will be reflected in the ITC's determination of whether the imports are a cause of injury to the domestic industry. If petitioning companies are not producing a competing product, there will be no lost sales, or adverse price impact with respect to the particular merchandise and this will be a factor taken into account in making the overall injury determination.

POST ORDER PROCEDURES

After an order is in effect, the administering authority can clarify the scope of an order. If a product has substantially different characteristics or uses than the merchandise covered by the order and it is unclear whether the order included the specific product at issue, it can be declared outside the scope of the order. Furthermore, the Department will continue to have the authority, based on a changed circumstances review, to revoke an order in part when maintaining an order as issued is no longer of interest to the domestic producers.

Finally, an order will not continue indefinitely if it is not continuing to provide a needed remedy to the domestic industry. Under the new sunset review procedures required by the GATT, if injury is not likely to continue or recur, the order will be revoked. The goal of defining the scope and duration of orders through these procedures is to ensure that the petitioning industries are provided an adequate remedy while not unnecessarily inhibiting trade.

Mr. WALLOP. Based on this information, a number of Senators may have concluded that the current authority of the Commerce Department and the International Trade Commission to address no supply situations was adequate and that further authority was unnecessary. Specifically, under that antidumping and countervailing duty law, the nonavailability of a product from a domestic source is a relevant factor that the Commerce Department may consider in defining the scope of an investigation, in clarifying the scope of an order, and in deciding whether to revoke an order, in whole or in part. The fact that the domestic industry is unable to supply a particular product is a good indication of lack of domestic interest in including that product in the scope of an investigation or order. In addition, nonavailability is a relevant factor in situations such as the International Trade Commission's like product, injury causation, and revocation determinations.

So my question, Senator **Packwood**, is, do you concur that the Commerce Department and the International Trade Commission possess the authority to consider the nonavailability of merchandise and antidumping and countervailing duty investigations and orders?

Mr. PACKWOOD. I confirm, Senator **Wallop**, that the antidumping and countervailing duty statute authorizes the Department of Commerce to consider a number of factors in deciding the issues you have had described, and that among these is whether a product is available from a domestic producer. For example, the Department of Commerce or the International Trade Commission may consider unavailability of a product in clarifying the scope of an investigation or order in making like product and causation determinations and considering whether an order should be revoked in whole or in part. There is little sense including within an antidumping or countervailing duty remedy products that U.S. users cannot get from domestic producers. I expect that the Commerce Department will exercise this authority when appropriate.

Mr. WALLOP. Madam President, I thank the Senator for his response.

I point out one last thing: That even the greatly protectionist European Union included the no supply provision in its application.

Mr. PACKWOOD. I now yield 15 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 15 minutes.

Mr. NICKLES. Madam President, first I wish to congratulate Senator **Packwood**, the future chairman of the Finance Committee, and also Senator **Moynihan**, the chairman of the Finance Committee, for an outstanding job on this piece of legislation. And also my friend and colleague, Senator **Wallop**, who will be casting his last vote later tonight in the Senate. His service for the last 18 years to the Senate has been a real asset, not only to the State of Wyoming, but also to this country as well.

Madam President, I rise today in support of GATT. But first let me say I do not rise in support of a lot of things that are happening in this process. I strenuously object to the fast-track process. I object to the fact that we are having implementing legislation that we are not able to amend. It is 600-some-odd pages and it touches several things. The Senator from Ohio raised some of those issues and I think Senator **Packwood** addressed them very well. But I would like to have the opportunity to amend them. We do not have that opportunity now but we will next year. I have some problems with some of the provisions in the implementing legislation.

I might mention, too, Madam President, as far as the GATT, the trade agreement itself, that is not amendable. I know even one of our major newspapers in my State said, 'Let's put it off until next year. Congress can amend it next year.'

Well, that is not possible. We signed an agreement with 123 nations, a trade agreement to reduce tariff and nontariff barriers. I think that is positive. It is probably not perfect. Anything that is thousands and thousands of pages long leaves a lot to be desired. The fact that it has a general reduction in tariff and nontariff barriers I think is very positive. But I do not like the process.

Also, I compliment the Senator from South Carolina, Senator **Hollings**, who delayed this somewhat and caused some concern amongst the administration. I think he is to be complimented. Because of his action we did have more hearings. I think we needed those hearings.

I am also critical of the administration, because this trade agreement was agreed to on December 15, 1993. It took the administration until the last week that we were in session to say we want to pass it this year. I think that is one of the reasons GATT has had some trouble. It is one of the reasons it had some trouble with this Senator. I do not like this process. I do not like being told that we cannot amend the implementing agreement, and I do not like being told we have to pass something very quickly. As a matter of fact, I probably would have voted against it if they had tried to pass it in the last 3 or 4 days of the session, just because I do not like being railroaded. I do not like being forced into action without having a chance to review it.

Well, we have had a month or so and Senator **Hollings** has had significant hearings that, I think, exposed some of the strengths and some of the weaknesses of the underlying agreement.

I also think it has taken too long to get here. The GATT process started in 1986. Basically, it started under the Reagan administration and continued during the Bush administration. I compliment the Bush administration because it made significant gains. They included agriculture. Many countries did not want agriculture to be included in GATT, and it had not been in the past. They had all kinds of restrictions. But they were successful in November 1992 in including agriculture in the GATT agreement. I

think it is a very positive thing for agriculture, and any agriculture State needs to look very closely at this. It has a lot of positive things. So I compliment the Bush administration for its success in that.

But that was in November 1992. This administration took another year to finalize the agreement, all the way to December 15, 1993. Then it has taken us now almost a full year to get to where we are voting on it. I think that is too long, and I regret the fact that the Clinton administration waited until the last few days of the session.

But it does not change the fact we are voting on GATT. And we are also voting on the implementing legislation. We cannot separate the two. Some of us may not like some of these provisions, either, to finance this package, as was mentioned. Special provisions dealing with pioneer preferences; we can reopen that. Senator **Dole** has already made mention of that, and has an agreement with the administration to do so if it is determined that those prices were too low. I think that was a step in the right direction. I was concerned about that, so I agree.

But I look at the overall thrust of the agreement of GATT, a reduction in tariffs and nontariff trade barriers, and I support that. I support that wholeheartedly. I think that is a positive move for our country. I think it is a positive move for other countries.

Some people say, well, other countries will benefit more than the United States. I disagree. Trade is a two-way street. We do not compel anybody to trade in this legislation. Trade is a voluntary effort. If somebody wants to sell a product, they can sell it. If somebody else wants to buy it, they will buy it. It will be mutually beneficial. It is not one winner and one loser, or somebody wins and somebody loses.

That is not the case in trade. Trade can be and should be mutually beneficial. If you get Government barriers and tariffs out of the way, then you are allowing free individuals to be making those decisions and I think that is positive.

I also think it is real positive that agriculture now has access. I notice in my State--the cattle industry is probably our biggest agriculture commodity--the National Cattlemen's Association supports GATT, the Farm Bureau associations support GATT, the Wheat Growers and the Grain and Feed Associations support GATT, mainly because they see this as increasing markets. And that makes sense. We produce a lot more than we can consume in my State and in this country. We are a very productive country in agriculture, and we should be proud of that. We can compete with anybody in the world.

So this general agreement with 123 countries says we are going to tear down some of those barriers. The barriers are a lot higher in those countries than they are in our country, so they have a lot more to reduce. That is to our gain, and I think it is to the gain of the other countries as well. I think it is mutually beneficial. And that means that people in the cattle industry, the wheat industry,

or people in the high-technology industries in my State, California, or Oregon, are going to be able to sell more. And that creates jobs, and those are good jobs. Exports do create thousands of jobs. GATT is estimated by some to create 700,000 jobs; some estimate 1.4 million jobs. I do not know which is correct, but I do know increased trade will increase jobs. This will increase jobs, and I think that is positive. The reduction of tariffs is positive.

Some people say they have had reservations about it. I have had reservations about it. I have had reservations about the sovereignty provision because many people said this infringes on our sovereignty. I do not want to do that. I will not do it. Am I an expert in that area? No.

I did notice this letter by Robert Bork. I will just read the first sentence or two. He writes:

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This letter is in response to opponents of the ratification of the Uruguay round agreement, the General Agreement on Tariffs and Trade, who argue that GATT undermines U.S. sovereignty by creating the World Trade Organization. The opponents' charge is simply false.

I respect Judge Bork.

I also look at the implementing legislation, and on page 14 it says:

United States laws to prevail in conflict. No provision of the Uruguay Round of agreements, nor the application of such provisions to any person or circumstance that is inconsistent with any law of the United States, shall have effect.

That is pretty plain. It is pretty simple. They cannot overturn U.S. laws or State laws in GATT.

Some people have alleged that, and I even read it in one of the newspapers today. That is not the case.

Again, maybe the implementing legislation will be changed, but I know that is one provision that will not be changed, so I feel comfortable with that.

Some people said, well, they are going to support the agreement but they do not support the budget waiver because they do not want to increase the deficit. I respect that statement a lot. I probably voted to object to waiving the budget as many times as anybody on the floor. I do not want to waive the budget order that allows us to increase deficit spending. But, likewise, Madam President, I think we should take into account the economic consequences of our decisions.

Some people have estimated that we are going to be increasing trade by GATT. Again, I do not know if this is factual or not. I have not run this through computers and so forth. But they estimated that by passing GATT, we are going to

be increasing trade, to the benefit of the United States, by a \$100 billion to \$200 billion increase in economic activity every year. That is going to create jobs. That is going to have people paying taxes. There will tax revenue generated.

I think we should take that economic effect into consideration, and at least give it some credit.

We do not give it any credit right now. We analyze budgets with a static model instead of a dynamic one. And I think GATT will have a positive impact and probably produce far more revenue than it would lose by a small reduction in these tariffs.

Again, keep in mind our trading partners are reducing their tariffs much, much more than we are. So I think that is positive.

Some of the other provisions that were mentioned--Senator **Metzenbaum** mentioned one concerning pioneer preferences. I listened to Senator **Packwood's** analysis of that. He has done a lot of homework on it. I compliment him. Maybe what is in the implementing legislation is just right but it may not be right, so maybe we will have to take a look at that next year. We are willing to do that. We can do that. We cannot reopen GATT and rewrite GATT. We cannot call the 123 countries that have been working on this since 1986 and say let us do this all over again, we do not like one provision. That is not possible. Several countries have already signed on. But we can review the implementing legislation and if we do not like something in it, or if it is not enough, or if it is not fair, let us review it. We can do that. We will review it and Congress can do that and hopefully we will.

Madam President, I think it is important that we pass GATT. It is also important we do not fail to pass it. What would happen if we fail to pass it? Some people say wait until next year. I do not think we can. I do not think we can rewrite GATT. We can rewrite the implementing legislation. We cannot rewrite GATT.

What would happen if we do not pass it? All the other countries have been looking to the United States to be the leader of the free world. We have been espousing free trade for decades, and especially during the Reagan-Bush years. They were the leaders. They were the ones. Reagan and Bush were telling everybody we want to tear down barriers. So we passed the Canadian-Free-Trade Agreement, we passed a free trade agreement with Israel. Now we passed NAFTA. In every case we have increased trade. It has been to the mutual benefit of all countries to do that.

If we do not pass GATT I am afraid the opposite will happen. A whole lot of those countries that have been looking to the United States for leadership will start moving back and say, 'Wait a minute, we are not going to do that. We are going to close our doors to agriculture.' So South Korea is not going to allow us to sell beef or rice there, or into Japan. Or in France, where they have made restrictions time and time again on various agriculture exports, they would start building those walls. You can see this happen, country by country. Again, that would

happen because the United States, which is supposed to be the leader in world trade and free trade, failed to ratify an agreement that we have been negotiating for 8 years. I think it would be a serious mistake.

So for the above reasons I hope my colleagues, one, will vote to waive the budget and, two, vote to pass the GATT agreement.

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Mr. MOYNIHAN. Madam President, I yield to my friend, the distinguished Senator from Arizona, 10 minutes to speak to the momentous question before us.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 10 minutes.

Mr. **DeCONCINI**. I thank my colleague and friend, Senator **Moynihan**, the chairman of the Finance Committee, and Senator **Packwood**, ranking member, and compliment them on the work they have done on trade matters over the many years I have been here with them.

Madam President, I followed the Uruguay round negotiations of GATT over the past 7 years with great interest, and I have been very pleased with some results, and very displeased with others. I have carefully considered the implementation legislation before us today. This is a vote which will have great implications for the future of our economy. Though there are many areas which trouble me, in weighing the pros and the cons, I have to come down in favor of voting to waive the Budget Act and vote in favor of the legislation to implement the Uruguay round agreement.

I believe the GATT has served our Nation and the international economy well since we became members in 1947. It has opened up international markets, brought down trade barriers and reduced tariffs, from an average of 40 percent in 1947 to an average of 4.7 percent before the Uruguay round. In short, by bringing rule and order to the international trading system it has allowed international trade to flourish. It is not a perfect system. There have been rulings against the United States with which I did not agree and which deeply troubled me. But as the largest economy in the world, I believe the United States has benefited greatly from the GATT.

One of the failings of the current system is that, prior to the Uruguay round, sectors greatly important to the United States, such as services, agriculture and intellectual property, were not included in the GATT rules. While there are provisions in the Uruguay round where I had hoped the United States would get a better deal and there are provisions in the implementing legislation which deeply concern me, overall I believe being a member of the World Trade Organization and implementing the Uruguay round agreement is far more beneficial to the United States than remaining outside this system.

Failure of the United States to join the WTO and the unraveling of GATT would have disastrous consequences. An international trade environment not governed by comprehensive agreements would leave individual countries to put up trade barriers at will, set tariffs arbitrarily and force individual industries to scramble around the globe to cut deals with every country in which they wanted access. This would be a chaotic system which, I fear, would bring international economic growth to a grinding halt.

I am supporting the implementing legislation not because I believe the Uruguay round agreement is perfect in all respects but because overall I believe this trade agreement will lead to economic growth for our country by opening foreign markets to American goods and lowering tariffs on American goods sold abroad. The agreement will be good for American workers whose products will be more accessible overseas, will help U.S. exporters compete for Government infrastructure projects overseas and will help American consumers by lowering the tariff on goods they purchase.

Lower tariffs is one of the significant achievements of this agreement. Tariffs will be reduced to zero on many important items such as construction, agricultural and medical equipment and pharmaceuticals and will be reduced 50-100 percent on electronic items. Overall, tariffs will be cut by one-third. In essence, this is a huge tax cut which will stimulate new opportunities for American products abroad and will allow American consumers to pay less at home for goods and services.

One tariff in which I had a particular interest during the Uruguay round negotiations was on refined copper products, in which Arizona is a world leader. I pushed for zero tariffs on refined copper products. While Ambassador Kantor worked hard to get zero tariffs, the Japanese were unwilling to go to zero on this product. In the end, however, significant tariff cuts were made which will allow expanded access to the Japanese copper market which will benefit Arizona and United States copper in general.

In agriculture, another area important to my home State, this agreement does much to allow American farmers to compete globally as the GATT for the first time addresses trade in agriculture. U.S. farmers have long been hurt by countries which limited imports and subsidized exports. This agreement cuts export subsidies and internal agricultural supports, both of which distort trade and have hurt American farmers as the Europeans have subsidized their farmers higher than the United States. This cut in subsidies, along with provisions which will allow the use of funds for the Export Enhancement Program to enhance exports, will greatly help American farmers including Arizona cotton growers. Arizona citrus growers will greatly benefit by lower tariffs by Japan and Thailand, among other countries and by the reduction in export subsidies by the European Union.

In addition to agriculture, another important element of this agreement is the fact that it covers trade in services for the first time. The service sector represents 60 percent of U.S. output and 70 percent of U.S. jobs.

It is enormously important that the service sector was brought into GATT for the first time with the Uruguay round.

The agreement provides that countries not discriminate among foreign service providers, and that foreign service providers be treated the same as domestic providers.

As I mentioned, there are areas of the agreement which concern me. I share the concerns of some about the World Trade Organization. In particular, I am troubled by the meetings of dispute panels in closed sessions and that the panel deliberations will be confidential.

In addition, I am troubled by the idea that U.S. laws designed to address environmental concerns or child labor concerns could be challenged--and I say could be--as trade barriers by the WTO members. At the same time, however, I believe that the WTO also improves upon previous dispute settlement practices by achieving a more effective and expeditious dispute settlement mechanism. Furthermore, no WTO decision can affect U.S. law unless the Congress of the United States changes the law.

Since historically the United States has brought more cases to the GATT than any other country and we have seen many rulings favorable to the United States be blocked, the WTO procedures could well work to our advantage.

Another area where I have had strong concerns is in the area of intellectual property. My concerns are the lack of national treatment and recognition of contractual rights with certain copyright revenue, exclusion of plants and animals from patents, pipeline protection for pharmaceuticals and agricultural chemicals and shortening the transition periods. Certain countries, especially in Europe, impose levies on the sale of blank audio and visual recording media and equipment which can be used to make private, unauthorized copies of motion pictures and sound recordings and they do it for millions and hundreds of millions of dollars each year.

The problem is that the U.S. right holders do not share fully in the revenue distribution. This is not a fair deal for the United States copyright industries. However, having said that, there are benefits for the United States in this agreement in that area. These include establishing minimum standards for the protection of intellectual property rights which was not there before; ensuring procedures to enforce those rights; procedures for dispute settlement regarding members' obligations to establish minimum standards and mechanisms to enforce those procedures.

While I am concerned about those areas I mentioned above, the agreement does address the \$15 to \$17 billion loss in 1993 by the U.S. computer software, motion picture, music, recording, and book publishing industries due to piracy worldwide. This is a big black market which needs to be shut down.

While the TRIPS measures are not perfect, they will reduce the piracy now devastating American companies. And these companies are vital to the United States. In value added to GDP, the copyright industries contribute more to the U.S. economy than most any other industrial sector.

I also have concerns about the revenue provisions of the implementing legislation. I am troubled by the fact that the implementing legislation does not contain offsets for the loss in tariff revenues for the full 10 years.

I am troubled by the fact that the implementing legislation does not contain enough revenue but I have been around here long enough--for 18 years--to realize what has to be done to pass this trade agreement, and I am willing to do it. It is not something that I do easily, because I have been out on this floor arguing for a balanced budget amendment and other reductions in Federal expenditures. I am confident that in the long run the agreement will result in gains to the Treasury, not losses.

I am also concerned about the inclusion of the so-called 'pioneer preference provisions' in the GATT implementing legislation that was argued a few minutes ago. I do not believe these provisions concerning FCC licenses belong in this legislation.

Other financing provisions which concern me are the pension provisions, which has also been discussed here this morning. Why this is part of the implementing legislation is just beyond me and almost brought me to the conclusion not to vote for it. I hope that in the future we would not have these kind of things put in a trade agreement.

But despite these concerns which I cannot minimize, I share the view of leading economists that in the long run, implementation of the agreement will bring much more to the U.S. Treasury than reduction in tariffs will cost the Treasury. It is estimated by the Treasury that the Uruguay round will raise money and holds down the deficit by \$60 billion over the next 10 years and the agreement will add \$100 to \$200 billion to the U.S. gross domestic product when fully implemented. That is impressive, and I think that is the most important part of this debate.

Madam President, I weighed this decision carefully. This agreement is not perfect. Nobody will stand here and say it is, but our economy, our workers, and our consumers will be much better off with the Uruguay round agreement than without it. The Uruguay round helps us to continue to open markets for U.S. goods, stimulate economic growth at home and create jobs for Americans.

It is for these reasons that I will vote for waiving the Budget Act and vote for the implementing legislation and the agreement this evening.

I thank the Senator from New York.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. **Breaux**). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I yield 10 minutes to the distinguished Senator from Vermont.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LEAHY. I thank my friend. Mr. President, I should note, in listening to the distinguished Senator from Arizona, how much I have enjoyed serving here with him. Senator **DeConcini** and I have ancestors from the same part of northeastern Italy, we have served as prosecutors in our States before coming here. We both came from the prosecutor's office to the U.S. Senate. We were good friends before we were in the Senate. We remained good friends throughout our Senate tenure and will continue to be in the years to come. He has been a voice of reason and concern for his part of the country and the country itself in service as a Senator from Arizona, as chairman of the Senate Intelligence Committee, and all the other areas that he has served. I have been proud to be associated with him in the U.S. Senate, and I am going to miss him when he leaves.

Mr. President, as the Senate prepares to vote on implementing the Uruguay round of the General Agreement on Tariffs and Trade, I do have grave concerns about this agreement. I said in October that I expect that I would have to oppose it, and I will oppose it.

I have also listened carefully to the Senate debate on whether to waive the Senate budget rules. I had grave concerns about the budget waiver and after listening to the debate, I feel it is inappropriate to vote in favor of the budget waiver to assure the passage of the Uruguay round agreement. I believe it is going to add billions of dollars to our deficit.

I am concerned because in the past 2 years, President Clinton and the Congress have made great strides in getting our fiscal house in order. In fact, President Clinton is the first President since Harry Truman to preside over a budget that 2 years in a row has decreased the Federal budget deficit. In fact, as a share of our gross domestic product, the deficit has been cut in half from 4.9 percent in 1992 to a projected 2.4 percent in 1995.

Our strict Senate budget rules have helped in that, and that is why I cannot vote to waive the Budget Act in this matter. If GATT passes, as many now predict it will, it will have some benefit on the U.S. economy. I am going to be the first to admit that. By lowering tariffs worldwide, the agreement should allow U.S. companies to compete and win anywhere in the world. These tariff cuts should stimulate U.S. exports by making U.S. goods more competitive, and they are going to add high-wage jobs here at home. I also hope that the minimum in

intellectual property protection that has been included in this agreement can benefit our computer, entertainment and other copyright industries, although I continue to have concerns in those areas.

But despite these benefits, despite the work and the herculean efforts by Ambassador Kantor, one of the finest trade negotiators I have ever seen in any administration, Republican or Democrat, I am convinced that this is a fatally flawed agreement. I believe that GATT is fatally flawed for a number of reasons, and I say this as one who believes in free trade, as one who has encouraged international trade to create jobs in the United States.

I am one who believed in NAFTA and strongly supported NAFTA. But I do not believe in GATT. It is not what GATT does, it is what it fails to do that creates a problem.

GATT fails to provide fair rules for our dairy exports--a billion-dollar industry in my home State of Vermont. Under this agreement, we will export fewer dairy products, and import more subsidized dairy products. I am unwilling to expose Vermont dairy farmers to these risks. We could have worked that out. Senator **Jeffords** and I made every effort to work with the administration to provide U.S. milk producers with the tools they need to be successful in a post-GATT world. But the administration decided it did not want to, and an agreement that does not provide increased access to foreign markets for Vermont dairy farmers is not free trade for Vermont.

As I stated, I believe in fair trade. I voted for the North American Free Trade Agreement, and I did it willingly and with enthusiasm. It has been an overwhelming success across the country and in Vermont. In fact, in the first 9 months since NAFTA went into effect, United States exports to Mexico jumped 22 percent. NAFTA has been an economic boon to Vermonters. It opened up markets and spurred Vermonters to add more high-quality jobs to their payrolls.

I wish GATT was more like NAFTA, but GATT is not NAFTA. The two are totally different. GATT, unlike NAFTA, does not adequately address labor, environmental and food safety concerns. I am one Vermonter who is concerned about these areas, and in today's global economy, the interaction between trade and these issues cannot be ignored. We can never ask U.S. citizens to jeopardize their standard of living in the name of free trade.

Unfortunately, GATT moves away from the crucial link between trade and the labor environment and food safety issues we fought so hard to forge in NAFTA. We were able to do it there. We were unable to do it in GATT. I am unwilling to support this trend. We need to go back, learn the lessons from NAFTA, and incorporate them into GATT.

President Clinton and others have hailed GATT as an engine for our economic growth for the rest of this decade and into the 21st century. I hope they are right. I know that President Clinton has been more dedicated than any President I have

known in his efforts to create jobs and encourage our trade worldwide. I believe GATT's tariff cuts should stimulate U.S. exports and add U.S. jobs. But there are still too many unanswered questions. I really wish we could go back and close the gap in these areas. Then I could support this agreement. Unfortunately, the gaps are still there.

So I must oppose this agreement not for what it is, but I oppose it for what it is not.

I also ask unanimous consent that a statement of mine given as a member of the Judiciary Committee be printed in the **Record**.

There being no objection, the material was ordered to be printed in the **Record**, as follows:

[Page: S15298]

Statement of Senator Patrick Leahy on Section 514 of the Uruguay Round Agreements Act

As a senior member of the Judiciary Committee, I have been involved with Senators DeConcini, Biden, Hatch, and others in working on the intellectual property provisions contained in title V of the bill. Among the more controversial provisions is section 514 of the bill, amending section 104A of the Copyright Act, which `restores' copyright protection for foreign works that are not in the public domain in their country of origin but not currently protected in the United States.

Ownership of the restored copyright vests first in the author or in the initial rightholder of the work as determined by the law of the country of origin. Such initial rightholder could be, for example, the producer of a sound recording or the producer of a motion picture where rights are vested therein by foreign law. Those that had acquired these rights through contract would also be recognized as rightholders.

In attempting to achieve a degree of fairness, we include protection for reliance parties, those who have relied on the foreign works having fallen into the public domain. These protections extend to those who are successors, assignees or licensees of `significant assets' of a reliance party which assets could include multiple copyrights, several titles, a back list, imprints or tangible inventory, even if less than all of the holdings of the company or of a division of the initial reliance party.

We have also tried to ensure fairness for those who continue to exploit `derivative works'--as that concept is used elsewhere in the Copyright Act and its case law--based upon foreign works subject to restored copyright protection.

Section 514 of the bill also makes clear that section 412 of the Copyright Act applies to actions for infringements of restored works. The meaning of 'commenced' is intended to be governed by existing case law under section 412 without the addition of any new element or test.

This is among the more complicated set of changes to our law. It is being proposed in order to ensure that others will treat U.S. works similarly within their countries and grant them the copyright protections to which they should be entitled.

Mr. PACKWOOD. Mr. President, I yield 15 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 15 minutes.

Mr. GRAMM. Mr. President, if someone had asked me a year ago what my feelings would be in debating the GATT Uruguay round agreement and looking toward its potential passage, my guess is I would have said that this would be one of the high points of my career in the U.S. Senate. I am a firm believer in trade. I believe trade is critically important to job creation and to freedom and independence.

While I am going to vote for GATT today, and while I am going to vote to jump the procedural hurdle that stands in the way of GATT today, I would have to say that the irresponsibility of this administration, the arrogance and irresponsibility of the Clinton administration in the way it has structured the debate, the way it has written the enabling legislation, and the way it failed to deal with budget requirements, has made it very difficult for me, and very difficult for a lot of other people who normally would have been for GATT, to be strongly supportive and to be excited about it.

The bottom line of the debate is, however, that despite what I believe has been the arrogance of the administration and the irresponsibility of the administration on GATT, the GATT agreement is critically important to the future of the people who do the work and pay the taxes and pull the wagon in Texas and in America. And while you can find a lot of reasons to be against it, there is one overriding reason to be for it. That reason is that it is the right thing to do for America and for its people.

I want to try to address very briefly some of the issues that have been raised. Let me start with the whole sovereignty issue. It is a fraudulent issue. Anyone who understands the American constitutional system understands that the Congress of the United States, even in concert with the President, cannot give up sovereignty. The Constitution is very clear on this point. Nothing we can do, alone or in concert with the President, can change the Constitution or can limit American sovereignty.

If anything, based on a study of the whole World Trade Organization provisions of the Uruguay round agreement and looking at the existing GATT agreement, the new agreement has more built-in protections of American sovereignty than the

current trade agreement we are operating under. If you are driven only by concerns about sovereignty, this new agreement is an improvement over the current GATT, an improvement over the trade agreement that we have operated under since the Second World War. Not only am I saying this, but no less of a constitutional authority than Judge Bork has concluded the same thing.

I also want to thank Senator **Dole**. As I have said, I personally believe that there is not a sovereignty problem with GATT. But there are many Americans who are concerned about it, and I think an important step to take in dealing with an agreement like this is to allay people's concerns. Senator **Dole** sought to do that. He has reached agreement on a mechanism involving a panel of Federal judges to monitor the process and to report to the Congress. And he provided for triggering mechanisms. I think in terms of guaranteeing Americans that they are not going to lose sovereignty in this agreement, that is a good proposal.

I will have to say that, like any other proposal, it holds out some potential for mischief. That is something that we are going to have to watch very closely. Every greedy special interest in America that wants to steal from the American consumer is going to come here and argue that somehow America is being hurt because Americans are being allowed to buy goods competitively and under price competitive conditions.

So I want to thank Senator **Dole**. I am going to watch the mechanism to see that it does what we set out for it to do. But I think, again, if your concern is sovereignty, this agreement, especially with the Dole provision, is a dramatic improvement over current procedures and practice.

Second, in terms of the budget waiver, let us be very clear what we are talking about here. We are talking about an agreement that every reasonable budget authority, every financial planner, and every economist in the country that is not on the payroll of some special interest group has concluded is going to promote more trade, more job creation. And, since the Government, like a leech, can draw more blood out where the heart is pumping strongly, this agreement is going to mean more revenues coming into the Federal Treasury because it will mean a stronger economy.

We are debating a budget waiver here only because OMB, in its projections, and our Congressional Budget Office, act as if trade, job creation, and consumer behavior have nothing to do with the revenues of the Federal Government.

Second, in their initial estimate, the administration did pay for the provisions of the bill for the first 5 years. Moreover, if we were voting on lowering the capital gains taxes, if we were voting on repealing the earnings test for Social Security, I would vote to waive the Budget Act on those issues. I will vote to waive it today because basically it is the same fundamental issue.

In terms of extraneous matters, let me say the Clinton administration has been totally and absolutely irresponsible on this bill. I am not aware that in the past has

an administration ever included matters in a trade bill that clearly had absolutely nothing to do with the trade bill. I believe that in the process that the Clinton administration has probably killed the fast-track process as we know it. I think we are going to have to write a new fast-track process that will have a clear rule against extraneous matters and that will set out in the most minute detail the requirement that never again will a President put extraneous matters in a bill that is dealt with under special procedures where those extraneous provisions cannot be changed.

I think the fact that in this bill we are extending Super 301 of the trade bill, which is a rotten provision and which has absolutely nothing to do with GATT, is outrageous. I think the fact that we are even getting into a question about settling a court case on licensing fees for communications is something that has nothing to do with GATT and should have never been in this agreement and should have been dealt with in legislation next year or dealt with through the courts.

The provision on rules of origin on textiles was nothing more than a provision that was meant to buy votes for this agreement. It is an outrageous provision which is going to steal billions of dollars from working families in this country who are going to pay more to put clothing on the backs of their children. That extraneous provision was put in this bill which should never have been in here. Under no circumstances would I ever support it if it were a freestanding measure.

Let me tell you why today I am going to take a deep breath and look beyond the outrageous and irresponsible manner with which the administration has dealt with GATT. I am going to do that because we are talking about something that is vitally important. I take trade very seriously. The growth of world trade, which we promoted as a matter of American foreign policy beginning in earnest under Eisenhower and Kennedy and under every President, Democrat or Republican, since that day, was the great engine which tore down the Berlin Wall, which won the cold war, which liberated Eastern Europe, which transformed the Soviet Union, and which freed more people than any victory in any war in the history of mankind.

We created a wealth machine with trade that rebuilt Europe and rebuilt Japan after the war.

We created a wealth machine that created vast amounts of productive capacity in places like Taiwan and Korea that had never known prosperity. And America benefited every step of the way. No country in the world has benefited more by the growth of trade than has the United States of America.

We are talking about more than jobs, more than growth, more than opportunity. We are talking about freedom. Does it not abridge my freedom when my Government, in protecting a special interest, imposes a tax or sets a quota that stops me from buying goods which are better than the goods I could buy on the domestic market, or cheaper? If the objective is not to raise revenues to pay for

essential Government but instead to limit my right to buy goods because some politically powerful special interest in America is for limiting that right, does that not infringe on my freedom? I say it does.

So there are not many issues, Mr. President, I say in conclusion, that are important enough that they would induce me to accept all of these extraneous additions, the arrogance of the whole approach that has been followed by an administration which does not support trade as much as I do. There are very few issues that are important enough that I would look beyond all these problems in this bill, but trade is one of those issues.

Let me say to the few colleagues that are undecided on this. This is one of those issues that comes along once in awhile where all the politics is on one side and all the right is on the other. It would be a great tragedy for America if this bill failed today.

We could blame Bill Clinton. We could point out all this stuff he put in this bill. We could point out his arrogance in the whole process. We could do all those things. We could dump this baby right at his doorstep. But the baby would be dead, and we love the baby ourselves.

In fact, it is our baby. We created this baby. Six of the 8 years of negotiations occurred under Republicans, and except for this one provision that the Clinton administration put in on green-light subsidies--which again is a bad provision, which I am not for--this is a good agreement.

So I want to urge my colleagues when they are getting all these telephone calls about sovereignty, when they look at all the politics, when they are outraged about the way the Clinton administration has handled all these issues, I simply ask them to look at what would happen if we rejected the GATT Uruguay round.

If I thought we could reject this agreement, kill all these extraneous matters, get rid of these green-light subsidies, and do this bill again 2 years from now when there is a Republican in the White House, I would do it in a heartbeat. But I do not think we can get Humpty-Dumpty back together again. I think if we reject this agreement, no other major country in the world will approve it.

We all know how much protectionist sentiment we have right here in this body, in our own country. It is strong all over the world, and it is something that people who understand trade, on a bipartisan basis, have to stand up to. Today I am joining those who have stood up to it. I am going to vote for this agreement. It is important that it be adopted.

I say to my colleagues that, in the next few days, the next few weeks, a vote for this bill will probably be unpopular, but I believe that a year from now or 5 years from now or 10 years from now you will be able to look back and say, 'I did the right thing.' I do not want my children, 20 years from now, to be looking through

some **Congressional Record** and see my name down as voting against trade and say, 'I wonder why my dad was such an ignoramus.'

Let me tell you, this is important to the future of America and to a free people, and that is why I am for it.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from New York.

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Mr. MOYNIHAN. May I first express to the Senator from Texas my admiration for what he said, and to say that the Senator from New York has nothing like the competence as a economist that he has. But I share more of his reservations than he might know, or I might be willing to admit. But I am absolutely, firmly with him. It would be a tragic mistake.

Sixty years of American trade policy--which really got energized under Eisenhower, but it began with Cordell Hull--is at issue and will be resolved at 6 o'clock tonight. This is a momentous vote. It is a great way to end up the century.

Now I have the great pleasure to yield 10 minutes to my friend from New Mexico, Senator **Bingaman**.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. BINGAMAN. Mr. President, thank you, and I thank the Senator from New York for his leadership on this issue as well as on many others and for yielding me the time.

Mr. President, the main goal we should have in considering the GATT is maintaining and increasing the number of high-wage jobs in the United States. Increased trade with other countries can help us to do that. But in order for us to grow new high-wage jobs, we must be able to maintain some balance in our trade relationships with the rest of the world, and we must be allowed to export to other countries the products and services in which we have a competitive advantage.

The question is whether going forward with GATT at this time helps us or prevents us from maximizing the high wage job creation that we want in future years.

Our trade deficit is the largest in the world. It appears to be on the rise and primarily it is caused by two large unaddressed problems:

The first is imported oil, and the second is imported manufactured products from the Far East, which are not offset with sufficient exports by us to those Far Eastern countries.

The imported oil problem is of our own doing. We have lacked the national will to pursue energy independence and the chronic deficit that we carry in oil and petroleum products is the obvious result of that lack of national will. GATT will not address this problem.

The imbalance in trade with the industrializing countries of the Far East--Japan, China, Taiwan, Korea, Malaysia, Thailand, and Indonesia--is both our own fault and the fault of those we trade with. It is a direct result of those countries pursuing policies of export promotion and import restraint and also the direct result of our own country's maintaining a policy of relative free trade while those countries are engaged in this persistent import restraint. In my view GATT will only marginally address this problem as well.

Under U.S. law today there are tools available to the administration to achieve more equitable trade treatment from these countries; antidumping laws, countervailing duties, section 337, section 301. Unfortunately, however, either those tools are inadequate or no administration in the 12 years I have been in Washington has been willing to use them effectively. The consequence has been the continued unfair treatment we receive at the hands of these governments and their key industries and the growing trade deficit we suffer with these countries.

Mr. President, I understand that we should not expect to have perfectly balanced trade with each country, but we cannot allow the imbalances with certain countries to become so great that they cannot be offset for by trade elsewhere. That is precisely what we have allowed to happen with these Asian countries.

The proponents of GATT are running television ads which say that GATT will require over 120 countries to trade by the same

rules we do. My own reading of GATT indicates that it will reduce tariffs but that it will not prohibit other countries from continuing to play by their own rules in most important respects. For example, it will not prevent Japan from maintaining a distribution system for its domestically manufactured cars that is closed to foreign manufactured cars. Similarly, it will not prevent cartels of foreign manufacturers from remaining in effect, and it will not prevent foreign governments from providing generous financial support to their domestic companies to support their efforts to export.

Those countries have made it clear they will not play by our rules, and GATT does not require them to. Rather, the real question for us as a country is not whether other countries will play by our rules; whether we will have the clear-headedness, the pragmatism, and the courage to begin playing by some of the rules which the rest of the world has adopted and still insist on. Those rules include creating tax incentives for domestic manufacture of products to be sold in domestic markets, supporting government industry partnerships in strategic and targeted industries, aggressively supporting efforts by domestic firms to export, and most importantly,

taking any and all steps necessary to produce reasonable balances of trade with other huge world economies.

That is the real challenge we face in a post-GATT world and I conclude that the adoption of GATT will do little to help us in meeting this challenge.

Whether the adoption of GATT will prevent us from maximizing the high-wage job creation we want in future years is another question altogether. In fact, subject to key assurances and assumptions, I agree with proponents of GATT who say that it will not prevent us from achieving our job creation goals.

Mr. President, on balance I have concluded that adoption of GATT at this time by the Congress is the responsible thing to do. The 10 years of preparation that have gone into this agreement and the leadership role this country should play in world trade make it imperative that we move ahead.

On balance, I believe that GATT is also a responsible choice for New Mexico. Like the Nation as a whole, New Mexico will have losers and winners. I believe, however, that the potential for increased exports is great in New Mexico. In 1992, New Mexico exported \$247 million in goods. In 1993, this figure jumped to \$397 million, an increase of approximately 60 percent. GATT can help sustain this trend in exporting, and support good, high-wage jobs in New Mexico. Our leading export industries, which include electric and electronic equipment, industrial machinery and computers, and refined petroleum products, are all likely to reap the benefits of lower tariffs abroad.

In reaching this conclusion I believe that certain assumptions and assurances are critically important. My vote in favor of GATT

today is only being cast based on assumptions and assurances in four major areas:

First, my vote is based on the assumption that the United States will still have the ability to retaliate against unfair trade practices for activities not specifically covered by a rule in GATT;

Second, my vote is based on the assumption that the United States will continue to resist the admission of China to GATT until China agrees to be bound by the rules that apply to other industrialized nations; and

Third, my vote is cast with the expectation that if the new World Trade Organization operates in ways that are inimical to U.S. interests we can, and in fact will, exercise our right to withdraw.

And finally, my vote is based on assurances from the President that he shares my concern about the enormous trade deficits we currently have with Japan, China, Taiwan, Korea, Thailand, Malaysia, and Indonesia and that he will work with me over the coming days to find an effective way to review the cause of those deficits

and their impact on the retention and creation of high-wage jobs in this country, and to come up with specific action steps we can take to deal with that very real problem.

Mr. President, let me just show one chart to my colleagues here to make the point which I have tried to make here in my statement about the growing imbalance in trade deficits with Far Eastern countries.

This chart shows in 1983 the combined trade deficit we suffered with the seven nations that I have cited was \$32 billion. Ten years later, in 1993, it was \$105 billion. This year it is anticipated to be \$117 billion.

I point out to my colleagues that the ability of China to manufacture for export is just now developing.

We have a serious problem in this area, Mr. President. I have discussed it with the Trade Representative and I have discussed it with others in the administration, and I believe strongly that after GATT is adopted--and I believe it will be adopted today by the Senate--we need to give attention to this growing trade imbalance with Asian countries.

This is a problem that is not going to fix itself. It is not one that is going away. It does impact on those working families in this country which are trying to maintain their standard of living and hope for better wages in the future.

First, my vote is based on the assumption that the United States will still have the ability to retaliate against unfair trade practices for activities not specifically covered by a rule in GATT.

One area of concern which I share with many others relates to the ability of signatories to GATT to pursue unilateral retaliation for trade practices not required by a GATT rule to be handled by a dispute settlement body. According to a July GAO report, the European Union takes the position that governments that subscribe to GATT commit not to use trade retaliation except as authorized through the WTO legal system.

I have raised this issue directly with Trade Representative Kantor, and he assures me that the GAO report does not reflect the correct EU position on the issue. He further assures me that this administration's position is solidly to the contrary, that is, the administration's view is that practices and policies of other GATT members which are not specifically covered by a GATT rule can be retaliated against by the United States and that all U.S. trade laws remain in effect even under GATT.

In my opinion the main trade obstacles we face are not covered by any GATT rule, and accordingly it is vitally important that we maintain the ability to act unilaterally against unfair trade practices which we believe require retaliation.

Second, my vote is further based on the assumption that the United States will continue to resist the admission of China to GATT until China agrees to be bound by the rules that apply to other industrialized nations.

Although the chronic trade deficit we run with Japan is clearly the largest single country component of our overall trade deficit, another cause for alarm is the enormous increase in our trade deficit with China in recent years. In 1989, the first year of the Bush administration our trade deficit with China was \$6.24 billion. By 1992, at the end of President Bush's term it had risen 193 percent to

\$18.26 billion. Last year in 1993, it grew to \$22.77 billion and this year it is expected to reach over \$28 billion.

Experts point out that the cause for these increases are many, however, it is indisputable that one of those causes is the conscious policy of the Chinese Government to limit imports, and promote exports. The growth of Chinese exports in excess of imports is primarily into the United States market. And a particularly troubling fact is that even with those large exports, only a small fraction of China's GDP is devoted to exports today. To put it bluntly, we are on our way to importing even more from China than we import from Japan by the end of this decade.

Again, this is a concern that I have raised with Trade Representative Kantor. He has assured me that he shares this concern, not only about the size of our trade deficit with China but also about the Chinese policies and practices that have partially caused that deficit.

He has also assured me that this administration will block the admission of China to GATT until China has shown credible evidence of its willingness to abide by the rules that apply to other industrial nations. Blocking China's admission to GATT will not solve the problem we have today in trade with China, but it will help to maintain a focus on their unfair trading practices, until those practices are corrected.

Third, my vote is cast with the expectation that if the World Trade Organization operates in ways that are inimical to U.S. interests we can, and in fact will, exercise our right to withdraw.

Many have pointed out the potential problems that exist in the structuring of the WTO. The U.S. economy accounts for about 25 percent of world trade today, but under the proposed WTO we will have the same voting weight as those countries with the least amount of world trade. This is a serious problem which will only be alleviated if, in fact, the WTO can operate on a consensus basis as the GATT has in recent years. Time will tell whether this arrangement is a fatal flaw in the WTO which will require us to withdraw. But we need to put all countries on notice that the possibility is real, and I may well support such withdrawal if the need arises.

Finally, my vote is based on assurances from the President that he shares my concern about the enormous trade deficits we currently have with Japan, China,

Korea, Thailand, Singapore, Malaysia, and Taiwan and that he will work with me over the coming days to find an effective way to review the cause of those deficits and their impact on the retention and creation of high-wage jobs in this country, and to come up with specific action steps we can take to deal with that very real problem.

Mr. President, it is my view that the approval of GATT will not dramatically improve our ability to export, although it will result in

tariff reductions over a period of time. GATT neither solves our major trade problems nor significantly impedes our ability to solve them in coming years. Without trying to criticize or demean the importance of GATT, I see it largely as secondary to the central trade issue which we confront.

The central trade issue which cries out for attention is this large and growing trade deficit with Asian countries. In 1993 when you add up the cumulative trade deficit the United States ran with the seven Asian countries of Japan, China, Taiwan, South Korea, Malaysia, Thailand, and Indonesia, it exceeds \$105 billion. Our trade deficit with all nations by contrast was only \$116 billion. American workers see downsizing and streamlining and plant closings and they see more and more of the manufactured products bought by Americans being produced abroad. That increase in imports from abroad can be accepted as long as the jobs we lose are being replaced with jobs of equal worth in sectors of our economy which are exporting. But the existing trade imbalance reflects a job creation imbalance as well. And even though the U.S. economy has been successful at creating many new jobs in the last few years, too few of those jobs are high-wage jobs committed to export.

Japan has built the world's second largest economy by pursuing a policy of manufacturing for export. This has worked to Japan's benefit but has harmful effects on our own ability to retain manufacturing jobs. And now other Asian countries are following the model of Japan. The United States cannot remain strong and U.S. workers cannot maintain their standard of living if we continue indefinitely as the one truly open market for Asian manufactured goods, and Asian retains a maze of impenetrable barriers to our own exports.

My concern about this crucial trade problem has prompted me to urge the President to work with me over the coming days to find an effective way to review the causes of these deficits and their

impact on the retention and creation of high-wage jobs in this country. That review would result in recommendations of specific steps we should take to reverse the adverse trends in our trade relations with these countries and to bring our trade relations into reasonable balance by the turn of the century in such a way that we maximize the creation of high-wage jobs in the United States. It is my hope that this review could provide the basis for real progress in the 104th

Congress in dealing with the challenge we face of making trade support our efforts to create a high-wage economy here in the United States.

Mr. President, before concluding, let me also address the arguments that U.S. ratification of GATT will cede U.S. sovereignty to others or will inundate U.S. laws in the areas of environmental and consumer protection. My reading of the agreement and the implementing legislation lead me to conclude that these arguments are soundless. If an adverse decision is rendered against the United States under GATT, this does not invalidate any Federal, State, or local laws. The result is rather that the successful complaining country will be authorized to take retaliating action against us. Of course any country has that same option at the present time.

In conclusion, based on the assumptions and assurances I have just outlined, I will support the GATT with my vote today. But the approval of GATT by the Congress should not be interpreted as an indication we believe that all is well in world trade. I believe the trade deficit we are experiencing as a nation are intolerable and I hope that the approval of GATT and the other steps I refer to above will lead us toward a resolution of this problem. For only a reversal of these trade deficit trends will allow the working men and women of this country to hope once again that they will have access to the high-wage jobs that can produce more prosperous and economically secure lives than they have today.

So in conclusion, Mr. President, I will support GATT with my vote today. But the approval of GATT by the Congress should not be interpreted as an indication that we believe all is well in world trade. I believe the trade deficits we are experiencing as a nation are intolerable. I hope that the approval of GATT and the other steps I have referred to will lead us toward a solution to the problem. For only a reversal of these trade deficit trends will allow the working men and women of the country to hope once again that we will have access to the high-wage jobs that can produce more prosperous and economically secure lives than they have today.

Thank you, Mr. President. I yield the floor.

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Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the Senator from New Mexico for a compelling case. May I say that the caveats he suggested about would the United States be able to retaliate for trade practices not covered in the GATT, the answer is yes. We have section 301 and we will continue to do so.

But I note that 60-percent increase in exports over 1 year. That is the prospect we have in America. And those are good jobs.

Mr. BINGAMAN. I certainly agree. Again, I thank the Senator from New York for yielding me the time.

[Page: S15302]

SUBSTANTIAL UNDERSTATEMENT PENALTY AMENDMENT

Mr. RIEGLE. I would like to ask the distinguished Chairman for a clarification on section 744 of this legislation, which amends section 6662(d) of the tax code. Am I correct, Mr. Chairman, that this amendment is not intended to alter the definition of a tax shelter for purposes of the substantial understatement penalty?

Mr. MOYNIHAN. The Senator is correct.

Mr. RIEGLE. And is it the understanding of the Chairman that, under current law, only those entities or other arrangements that have as their principle purpose the avoidance or evasion of Federal income tax are considered tax shelters?

Mr. MOYNIHAN. That is my understanding.

Mr. RIEGLE. Am I therefore correct that an entity, plan, or other arrangement that has as its purpose the claiming of tax benefits, such as the low-income housing tax credit under section 42 of the Code or the credit for producing fuel from nonconventional sources under section 29, in a manner consistent with the statute and Congressional purpose is not considered a tax shelter for purposes of the substantial understatement penalty and will not be affected by the proposed amendment?

Mr. MOYNIHAN. The Senator is correct.

Mr. RIEGLE. I thank the Chairman for this clarification.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. I yield 15 minutes to the Senator from Idaho.

The PRESIDING OFFICER (Mr. **Bradley**). The Senator from Idaho is recognized for 15 minutes.

Mr. KEMPTHORNE. Thank you very much, Mr. President.

Mr. President, I rise today to express my strong support for free trade and the proposed \$750 billion reduction of tariffs around the world. I know that the American worker, the American farmer and professional, can compete with anyone in the world, and I am confident that the General Agreement on Tariffs and Trade

would make a major contribution to economic growth in the United States and around the world.

If I could vote for the General Agreement on Tariffs and Trade without voting for the budget waiver and without voting for the World Trade Organization, I would do so without any hesitation. But I cannot do that.

While I strongly support free trade and a reduction in world tariffs, I am also determined to do everything I can to protect the sovereignty of the Federal Government and our 50 states. Despite the acknowledged economic benefits that will result from GATT, I have carefully weighed the evidence and I have come to the inescapable conclusion that the WTO threatens to do more harm than good. Let me be specific. I am convinced the voting arrangements for the World Trade Organization will jeopardize the sovereign right of our State governments and the Federal Government to affect the lives of Americans. While the agreement will not change our governments' right to make laws, it will, in my view, create a situation that puts pressure on State governments to change or repeal their laws and regulations to abide by WTO mandates. And within the WTO, our vote will be equal to the vote of Rwanda, Cuba, or Fiji. This voting arrangement and the enforcement powers given to the WTO lead me to the conclusion that this agreement poses far more risks than benefits to the American way of life.

Under the current GATT procedures, trade disputes are settled by consensus among the relevant parties. While this system has not worked well every time, it has preserved the U.S. ability to veto GATT decisions contrary to our interests. Under the Uruguay round of GATT now before the Senate, this veto power will be lost.

If passed, the World Trade Organization would replace the current GATT consensus structure. In a letter to President Clinton, Harvard Law Pro. Lawrence Tribe stated `the proposed WTO would have authority to impose major financial sanctions on jurisdictions whose laws, either national or local, are found by WTO tribunals to restrict trade in unacceptable ways.' The WTO is clearly difficult from the current GATT structure.

More specifically, under the dispute resolution powers given to the World Trade Organization, a WTO panel will meet, in secret, to settle trade disagreements. During the panel's deliberations, the U.S. Government will be represented by an official from the U.S. Trade Representative's office. Although a state law may be challenged by the WTO panel, the affected state will not be allowed to defend itself before the WTO panel. In addition, the decisions of the WTO panels will be binding and the United States has no ability to veto these decisions. In the event that a WTO panel rules against the United States we are left with three options: change the offending law, reject the WTO ruling and suffer trade retaliation or pay compensation to the offended parties. Under this system it seems likely that the certainty of trade retaliation or penalties will lead the U.S. Government to pressure a state to change a law that the WTO considers an impediment to trade.

Concerned about the ability of the WTO to pass mandates onto the States, 42 State Attorneys General contacted President Clinton, in July, about GATT. They stated that they had concerns about how some of our State laws and regulations would fare under the WTO and its dispute resolution panels. The Attorneys General noted some countries had identified U.S. State laws that they intend to challenge under the WTO. The Attorney General from Idaho, Larry Echohawk, signed that letter.

At the end of July, after several meetings with the USTR and a few changes to the GATT agreement, several of the Attorneys General sent a letter to Ambassador Kantor announcing their support for GATT. The Attorney General from Idaho did not sign this letter. In fact, Mr. Echohawk stated in an August 1 letter to me that `the GATT agreement still raises serious concerns for the rights of states in our federal system of government.'

Mr. Echohawk acknowledged that the changes negotiated between the USTR and the Attorneys General were significant. However, he went on to state that `they are all in the nature of damage control after-the-fact. None of the changes provides the kind of protection that is due to a sovereign state under the federal form of government guaranteed by the United States Constitution.' I agree and I believe States should be concerned. In the same letter to the President on GATT, Professor Tribe stated that `the basic thrust of the Uruguay Round is that it would empower international tribunals effectively to override state laws protecting local workers, consumers, or the environment on the ground that those laws interfere with world trade.'

In addition, in a letter I received today, the Idaho State Tax Commission stated `we believe that the dispute

resolution process to be effected by the World Trade Organization risks a serious diminution of traditional state sovereignty.' Moreover, the Commission recognized the importance of the changes brought about by the negotiations between the USTR and the Attorneys General. However, the Commission stated that `these protections * * * do not change the main fact that GATT represents a significant shift of sovereign authority away from State and local governments.'

The Idaho State Tax Commission and the Attorney General of Idaho have identified numerous State laws that the WTO might call impediments to trade. For example, the Idaho legislature has enacted an investment tax credit which allows companies to deduct plant investments. It is not hard to imagine a WTO panel determining that this investment tax credit favors Idaho industries over foreign competition. Likewise, the State of Idaho has sent the United States Trade Representative 350 pages of Idaho laws that might be challenged by the WTO as trade impediments.

The United States economy is one of the largest markets in the world. Currently, the size of our market gives us increased clout in trade disputes with other

countries. Under the one-nation one-vote formula of the WTO, our influence will be dramatically reduced. This reduced influence poses a direct threat to the sovereignty of State laws. Indeed, many of the health regulations, worker protection laws, including child labor laws, and environmental protection enacted by the various states might be challenged as trade impediments by the World Trade Organization.

As a United States Senator for the State of Idaho, I understand the impact of allowing others to control a State's destiny. This great Nation of ours was formed by a collection of sovereign states and we should reject any agreement or treaty that proposes to cede power and authority to a world organization.

I believe that this agreement should be considered by the Senate as a treaty, which is amendable and, under the U.S. Constitution, requires the support of two-thirds of the Senate body. Harvard Law Professor, Lawrence Tribe, also believes that this agreement should be voted on as a treaty. Speaking on the treaty question, Professor Tribe has stated 'GATT, as presently structured, would entail so substantial a shift of sovereignty from State and local governments to the proposed WTO that the agreement requires Senate ratification as a treaty.'

I am also troubled by the proposal to waive the Budget Act to make up for the lost revenue that would result from enactment of the GATT agreement. The Congressional Budget Office originally estimated that over 10 years

GATT will cost the Federal treasury around \$30 billion. The administration has now put forward some offsets that are said to pay for all but \$15 billion of the lost GATT revenue. But these offsets are questioned by a number of opponents of GATT. In addition, even with these offsets every Senator will be asked to add \$15 billion to our national debt if he or she wants to support the Uruguay round of GATT. I cannot go back to my State and tell the people of Idaho that I just voted to increase our deficit by over \$15 billion.

If this agreement is as good as its supporters suggest, then we ought to pay for it up front. That is why I joined a small number of my colleagues to sign a letter to President Clinton urging him to pay for all of the lost revenue that would result from the passage of GATT. But this request was not agreed to. I also wrote to Senators **Mitchell** and **Dole** requesting that the Senate vote on the budget waiver if the President would not pay for all of the lost revenue from GATT. As we all know, our first vote on today will be concerning this budget waiver.

In conclusion, I would like to just quote from that letter I received yesterday from the Idaho State Tax Commission. They say in their closing paragraph:

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One of the historic and traditional roles of the U.S. Senate is to represent and protect the interests of state in our federal system of government. It is unfortunate that this legislation is before the Senate under rules that require an all

-or-nothing vote. The laudable goals of free trade and reduced tariffs are made inseparable from the more lamentable dispute resolution procedures provided by GATT.

They say it very clearly. I wish I could vote for GATT but vote against the World Trade Organization.

The United States must continue to be a leader in GATT. The administration and Congress should continue to reduce tariffs in the United States and urge their reduction around the world. However, I strongly believe that United States participation in the WTO is a detriment to our 50 States and this Nation, and I oppose passage of the GATT-WTO agreement.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield myself such time as I may assume under the direction of Senator **Moynihan**.

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

Mr. BREAUX. Mr. President, I rise today in support of the new GATT agreement and in support of the jobs and prosperity that it will bring not only to the United States but also to my State of Louisiana which I proudly represent. Today's vote is a vote between--and a choice between--old versus new. It is a question of whether we want to return to the days of the Smoot-Hawley or whether we want to march into the 21st century. It is a question of whether we build walls around the United States or whether we tear down the walls around other countries of the world.

The international trade train of tomorrow is leaving the station and the question is whether we will be on it or whether the United States will be left at the station, surrounded by walls of protectionism. Some say we should reject GATT because it is too risky. They say our sovereignty is at risk, our jobs are at risk. These are the same people who see a half-filled glass of water and say it is half empty. While this agreement may not be perfect--and it is not--I know it is a much better agreement than one that is only half full. It is as close to full as an international trade agreement can ever be.

For example, how else are we going to get an agreement with over 120 countries of the world that expands Louisiana farmers' ability to sell their products abroad by limiting foreign Governments from unfairly subsidizing their own crops? How else are we going to get an agreement with over 120 countries of the world to open their markets to Louisiana chemical manufacturers, our industrial machinery, our processed foods, lumber, wood products, and, yes, our textile industries as well? How else are we going to get an agreement with 120 countries of the world

to respect and pay for the use of Louisiana's creativity, found in our music, our movies, our computer software, our medical drugs, and our inventions?

Under current GATT rules, a country that closes its market to Louisiana products and goods can thumb its nose at a GATT ruling against it. But under this new agreement, our exporters can get deserved relief and Louisiana jobs will grow accordingly. As the world changes and the economic power of other countries grow, international trade rules will become more and more important. While we should not and will not give up our ultimate market leverage to resolve trade disputes as a country established under the rule of law, we should not fear the new trade rules. We will, instead, use these rules to our advantage.

Fruit Of The Loom, the largest employer in the State of Louisiana, Avondale Shipyards, Riverwood International, Procter & Gamble, Dow Chemical, the Louisiana Farm Bureau, the Port of New Orleans and other ports of Louisiana and countless other Louisiana employers and employees support this agreement as a positive step to improve the standard of living in Louisiana, and so do I.

This agreement is not a final answer to our economic prosperity. A level playing field is only as good as the players on that field. But, by leveling the playing field we can now focus our attention on improving the quality of our players as well.

During the 1980's, U.S. companies paid the price to become competitive in the global markets. Now we are ready to seize the opportunity of expanded world trade.

Finally, this effort is an example of how Government should work. It is bipartisan. It is Ronald Reagan, it is George Bush, and it is Bill Clinton working together over two decades to reach the same agreement: GATT.

It is Mickey Kantor and James Baker, it is Ron Brown and Jim Miller, it is **Tom Foley** and **Newt Gingrich** and **George Mitchell** and **Richard Arme**y and also, to their great credit, **Pat Moynihan** and **Bob Packwood**, all together in support of the same package.

At the same time it is an all-American solution which benefits all Americans. It says to Mr. and Ms. America that you are going to win one for a change.

Our choice is very clear: Old versus new. Build a fence around ourselves or knock down the fences of other countries and sell our products overseas. The Senate should pass GATT.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.