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WORLD TRADE (Senate - July 12, 1994)

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Mr. MOYNIHAN. Mr. President, as the Senate returns from the Fourth of July recess, the President returns from an important, indeed in ways, historic visit to Western and Central Europe. We welcome him back, even as he and the other heads of the world's leading industrial democracies, the G-7, welcomed Mr. Yeltsin to their meeting in Naples. At the same time, we share what must be the President's disappointment that the G-7 as a group did not agree to his proposal to begin a review of remaining trade barriers to be placed on the agenda for the G-7 meeting next year in Halifax.

The President was kind enough to ask Ambassador Kantor to call me in New York last Wednesday to outline the proposal he was going to make. I could only speak for myself, but I assured the Ambassador, our distinguished friend, that the President had my full support, and that I could not doubt that the Committee on Finance would feel the same way.

Note that I referred to remaining trade barriers. There are more than a few to be sure. But the great fact of this moment is the successful completion of the Uruguay round of Multilateral Trade Negotiations, conducted under the auspices of the General Agreement on Tariffs and Trade. The negotiations took 7 years, culminating in the vast agreement reached last December in Geneva, and initialed in an international conference in Marrakesh this past April. It now remains for the Congress to enact implementing legislation so that an essentially new world trading system can go into effect January 1, 1995.

I have been involved with trade matters for some time, going back to the Long Term Cotton Textile Agreement negotiations in Geneva in 1962, which were crucial to the success of the Kennedy round, an agreement literally crucial to getting Congress to agree to give President Kennedy the authority to negotiate the Agreement that was subsequently named for him. Indeed, I can remember the GATT when it consisted of little more than Eric Wyndham White and a few French secretaries housed in a villa just above Geneva. We may hope that the new World Trade Organization keeps to that tradition of cordiality and frugality. Indeed, the venerable Harry Hawkins, who in the 1930's handled the Multilateral Trade Agreements program for Secretary of State Cordell Hull, did his best to teach me the subject more than 40 years ago. The GATT, of course, was an ad hoc arrangement put in place after the Senate Finance Committee refused to accede to the proposed International Trade Organization that was to institutionalize the Multilateral Trade Program as one of the post war institutions such as the World Bank, as it is generally known, and the International Monetary Fund.

Hence, I have had no difficulty seeing the Uruguay round as the culmination of 60 years of American trade policy pursued with remarkable consistency and bipartisanship from the time of President Roosevelt. Last Thursday, I notified members of the Committee on Finance that the committee would begin markup of the implementing legislation on Tuesday, July 19, 1 week from today.

The more then was it a blow to pick up Friday morning's Wall Street Journal and to read in the lead item of 'Washington Wire' that 'Clinton aides privately worry that Congress might not even get to the world trade pact this year.' Mr. President, I have the complete text of the Wall Street Journal item, which I ask unanimous consent be printed in the Record.

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

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From the Wall Street Journal, July 8, 1994



[FROM THE WALL STREET JOURNAL, JULY 8, 1994]

Problems Nag Clinton on GATT, Even as He Praises the Trade Pact Abroad

GOP stalwarts Howard Baker and Lawrence Eagleburger organize a `strategy session' of business representatives to discuss fears that the agreement's new World Trade Organization could allow environmentalists to construct barriers blocking U.S. exports. A Baker memo says `a number' of his law firm's clients `have expressed concerns' about how the pact will be enforced.

Clinton and G-7 colleagues at this week's economic summit will pledge anew to ratify GATT this year. But Clinton aides privately worry that Congress might not even get to the world trade pact this year. GATT foes fuel the debate by spreading charges that the World Trade Organization would usurp U.S. sovereignty.

GATT still could be introduced and passed next year, if necessary.

Mr. MOYNIHAN. Mr. President, what is going on here?

Let me first state that there can be no questioning the accuracy of the Journal's report. Note the plural `Clinton aides.' This is the journalistic practice of getting two sources to confirm a report.

Let me go on to state that, regrettably, this is nothing new. The health care debate has been plagued with press accounts of White House aides doubting this Senator, questioning that committee, detecting hidden motives--the while, of course, hiding themselves behind the anonymous leak.

Those leaks have not done the President's health care legislation any good.

If the pattern now takes hold as regards the implementing legislation for the Uruguay round, it could be ruinous.

The full Senate may not be aware of the work that has been going on in the Finance Committee, work which has brought us to the point of scheduling a markup next Tuesday.

That work began over 1 year ago, with the expiration on May 31, 1993, of the President's authority to negotiate in the Uruguay round and to have that agreement considered under fast-track legislative procedures. Without that authority, the negotiations were finished. The President requested an extension of the fast track and the Finance Committee, after careful consideration, granted the request by a vote of 18 to 2. The full Senate followed with its approval on June 30, 1993, by an equally resounding vote of 76 ayes and 16 nays. The legislation passed without amendment. Many said that could not be done; that the Senate would not refrain from amending when such an opportunity came along. And there were moments of doubt, I recall, as I asked Senators to defer amendments on trade issues of importance to them, given the greater importance of the Uruguay round. But we succeeded--the Congress delivered the authority to the President before he left for last year's G-7 summit in Tokyo.

Then last fall, immediately after passage of the NAFTA, I traveled to Geneva to be present for the final days of the Uruguay round negotiations. My purpose--to deliver a message on the importance of that agreement to the Committee on Finance.

My distinguished colleague, Senator **Rockefeller**, was there as well and joined in pressing for what we made clear we would consider an acceptable agreement--an agreement which was, indeed, reached. I stayed 1 week. Our very able chief trade counselor, Marcia Miller, stayed there to aid in the effort to wind up that agreement, which was done with such success.

Well before the Uruguay Round Agreement was signed on April 15, the Committee on Finance was working with administration officials to draft the necessary legislation to bring United States law into conformity with that very considerable agreement. By the time of its signing, we had held four public hearings to review the agreement's provisions, and consider proposals for that legislation.

While the Uruguay round offers enormous benefits, it is also fair to say that it is enormously complex. The agreement itself runs to 22,000 pages, once the specific commitments of each country are included. Indeed, to date this year, the committee staff has held nearly 200 meetings reviewing proposals for the legislation with the administration, the Ways and Means Committee staff, and legislative assistants for Finance Committee members. Of these meetings, nearly half have involved drafting the legislation. When the committee begins its markup next Tuesday, it will work from a 130-page document describing the legislation. The bill itself runs to nearly 300 pages, before the committee has considered a single amendment, and clearly there will be some.

And I speak, of course, just of the work of the Committee on Finance. But there is also legislation to be drafted by the Committees on Agriculture, Commerce, Foreign Relations, Governmental Affairs, and Judiciary.

Could we have acted earlier? Could this markup have been held before now? One might cite as the cause of delay the committee's preoccupation with health care, a matter of great importance to this administration and to the country, and to the Senate. But, for the record, I must point out that the administration's proposals for the most complex elements of this legislation--the antidumping and countervailing duty amendments--have only just been completed.

It was 1 week ago that the committee staff received the last of the administration's recommendations in this area. Indeed, the legislative drafting exercise on this part of the bill continues to take tortuously long and it is not yet complete.

And on the most fundamental issue of funding, we still have no formal administration proposal. Under the Budget Act, the legislation must include provisions to offset the tariff revenues lost because of the Uruguay round. We must accept that the Senate will not waive the Budget Act with respect to the requirement that we pay for the first 5 years of this revenue loss. We may not like that situation, but we are resigned to it.

I have accordingly asked the administration to meet with the committee on this matter of funding. If the committee does not hear a proposal from the administration this week, there will be no markup next Tuesday. We have to have the funding proposals this week. This argument was signed last November, initialed in April, and here we are in July.

The administration neglects to put forward these most necessary provisions, but it has suggested at the same time it would like other elements added to the legislation. It asks for 7 years of fast-track authority for undefined future trade agreements, new laws to govern trade with Russia, and NAFTA-like benefits for Caribbean countries. If the administration is concerned that the Congress might not get to the Uruguay round, then why is it proposing to slow down consideration with these additional, and I have to say controversial matters?

Mr. President, I am committed to acting on the Uruguay round this year. In a study entitled 'Assessing the Effects of the Uruguay Round,' the OECD concludes that, over the next 10 years, the U.S. gross domestic product will increase \$160 billion as a result of the Uruguay round. A similar study, 'Trade Liberalization: Global Economic Implications,' produced jointly by the OECD and the World Bank, concludes that, once phased in, the round will add \$213 billion per year to world GDP. Some dispute the magnitude of the gain, but none contest the basic proposition. I ask my colleagues, how can we afford to delay that gain?

Moreover, delay creates risks. It breeds opposition. I offer to you the fate, earlier cited, that befell the proposed International Trade Organization after World War II. Hostility in the Finance Committee; little enthusiasm in any quarter. Approval of the ITO languished, and in the end it died for lack of support.

One must not forget that the proposal for an International Trade Organization, and the reforms of Cordell Hull's reciprocal trade agreements program, were conceived to ensure that the history of the Smoot-Hawley Tariff Act of 1930 not repeat itself. After Congress and President Hoover enacted that infamous tariff increase, international trade plunged 60 percent in 2 years. Smoot-Hawley precipitated a trade war with political repercussions, as key states turned away from free trade and toward more regional arrangements. Britain with its Commonwealth, Japan and its Co-Prosperity Sphere. Then the breakdown of world peace followed the breakdown of world trade.

Our post-war leaders rightly believed that stronger international economic institutions were essential to prevent a repeat of the Smoot-Hawley disaster. When the United States failed to approve the International Trade Organization, the world was left with the GATT--an interim arrangement with little organizational structure, left to evolve ad hoc over the seven rounds of trade negotiations preceding the Uruguay round. Certainly not an international organization to stand alongside the World Bank and the International Monetary Fund as pillars of the post-war economic system.

With the Uruguay round, we have before us a proposal that would finally make good on the vision of our post-war leaders. The establishment of a World Trade Organization. And we have the basis of a hugely enlarged world trading system.

I understand there are concerns about the new organization, and they deserve to be heard. At the Finance Committee's March 16 hearing, consumer advocate Ralph Nader warned of a potential loss of American sovereignty. The Wall Street Journal tells us the business community fears that, in the name of environmental interests, the World Trade Organization will permit trade restrictions. I will invite Mr. Baker and Mr. Eagleburger to meet with the Committee on Finance so we might hear of those concerns as well. I have also met with Jerry Junkins, who is chairman and CEO of Texas Instruments and chairman of the Alliance for GATT NOW, which represents 200,000 companies who support the Uruguay round.

This is not the first time we have seen concerns such as these voiced about United States participation in international institutions. I cite, for example, the International Labor Organization. Created by the Treaty of Versailles, the ILO began its existence in 1919 right here in Washington--at the Pan American Union Building on Constitution Avenue--although it took 15 more years before Franklin Roosevelt and Frances Perkins finally led the United States into the ILO IN 1934. This year, it celebrates its 75th anniversary.

I speak of the ILO from experience. In 1975, when I was Permanent U.S. Representative to the United Nations, it fell to me to draft the letter giving the required 2-year notice of our intention to withdraw from the ILO--the proceedings of which had become preoccupied with anti-democratic and anti-Israel polemic. Two years later, as a freshman Senator, I moved our withdrawal in the Senate. That had the desired result, and in 1980 I moved our return to the ILO, which was done.

I have led the effort in this body to renew American interest in and respect for the ILO and its body of work. For 35 years, beginning in 1953, the United States failed to ratify a single ILO convention. We finally ended that stalemate by ratifying two conventions in February 1988--with support from Senator **Hatch** and others on the Republican side. A tremendous breakthrough. A clear signal that the United States was ready to participate actively in a new era of ILO history.

We ratified another convention--our tenth overall--in 1990. And with the ratification in 1991 of Convention 105 on the abolition of forced labor, the United States reached a milestone--finally adopting one of the ILO's core human rights conventions.

Let us move forward in a similar positive light with respect to the World Trade Organization. Should it, at some future point, not serve the best interests of the United States and the world trading system, we have the ability to withdraw, given 6 months notice. But let us not miss this historic opportunity to take a huge step forward on trade by engaging in leaks, distortions, and innuendo.

I can only ask and hope that the administration will see the urgency, that White House aides will stop undermining the President in this regard and that we go forward next Tuesday as scheduled.

I thank the Chair for his courtesy.

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