

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. **Moynihan**], 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. **Moynihan**, 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.

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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 counties 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. Plummy.

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 belongs 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 add-ons, 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.

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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 Armey** 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.

Mr. MOYNIHAN. Mr. President, may I thank the distinguished Senator from Louisiana for his comments, generous personal comments. May I ask him, Louisiana continues to be an important rice producer, does it not?

Mr. BREAU. We are one of the largest in the United States.

Mr. MOYNIHAN. And will be larger, because for the first time ever, in this agreement rice imports are open--in Japan, in Korea, and all parts of Asia. They do not like it one bit, but it is about time and you will have helped bring this about.

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Mr. BREAU. I thank the chairman for his comments. It is something we have been working on for over 25 years and now we can obtain that goal.

Mr. MOYNIHAN. Twenty-five years. I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I ask the time reserved for me, 10 minutes under the time allotted to Senator **Hollings**, be enacted at this time.

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

Mr. EXON. Mr. President, I ask unanimous consent a copy of a Washington Post editorial be printed at the end of my remarks.

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

(See exhibit 1.)

Mr. EXON. Mr. President, the question before the Senate is an important and difficult one. Should the Senate approve or disapprove or delay the implementing package to the agreement reached under the General Agreement on Tariffs and Trade? Like all pieces of legislation, this bill has its good features and its bad features. Unlike other bills which come before the Senate or the House, the so-called fast-track rules, Members of both bodies are prevented from seeking to remedy the shortcomings of this legislation or to enhance its good features because amendments are not allowed.

In my view this process and the implementing legislation is a mixed bag. I have spent a great deal of time in committee hearings, discussions and study of the details.

First, I would like to discuss and acknowledge the very good features of this agreement. The proposed GATT agreement does advance important U.S. priorities, including better protection of intellectual and other property rights, including some protection for leadership in advanced technology.

I applaud our trade negotiators for this achievement. It is an area in which I have long sought change.

In the area of financial services, it is generally agreed that this new GATT agreement is a success. Trade in financial services is one of America's strongest suits. Progress in this area bodes well for the American banking, financial and insurance industries.

There are clearly some improvements and some measure of success for some of our agricultural producers. Others are not likely to fare well at all.

Mr. President, these important successes have been weighed against what I consider shortcomings of the GATT agreement. My long-held concerns are manyfold. My hopes of receiving satisfactory explanations and assurances from administration officials and colleagues strongly supporting approval have failed. The more I study it, the more convinced my conscience dictates `no.'

The structure of the World Trade Organization [WTO] is a serious problem. Granting an international organization of 130 foreign countries the authority to object to any Federal, State, or local law by filing a trade violation charge and seeking counterbalancing tariffs is no small matter.

It is a loss of power, or sovereignty, when our law could be found to be contrary to GATT and the subject of the WTO trade sanctions.

I am very concerned about the structure of the new World Trade Organization and its methods of dispute resolution. Under this new organization, member nations agree to subject their laws to the view of the WTO. The proponents don't want to concede this. If negotiations between nations fail, a dispute between the two countries, say the United States and Bangladesh, would go to a three member panel for experts to review.

If for example, the United States loses before that panel, the panel could approve trade sanctions by Bangladesh against the United States in an amount equal to the injury caused by the offending United States law. The three-member panels meet in secret and their decisions are binding unless the entire WTO membership--and I emphasize entire--

including the country who filed the action unanimously agree to overrule the panel decision. Such a structure will clearly stack the deck against the United States, since most countries want unlimited access to the coveted U.S. market. Virtually every country will have an invitation to challenge indirectly U.S. law which impedes any imported products.

Yes, as the proponents preach and preach and preach again, only the United States can change its laws in response to a WTO dispute resolution. But it must also be said that only the WTO has the power to determine if another country is justified in imposing trade sanctions against the U.S. law. This they do not preach.

My concerns about the dispute resolution and decisionmaking process procedures are both about sovereignty and fairness.

Another structural problem with the WTO is its decisionmaking process above and beyond dispute resolution. Under the new agreement, decisions will be made on a one country, one vote basis.

Contrary to that, in the United Nations, the United States has an effective veto power over major actions of the United Nations because it is a member of the security council. In the World Bank and the International Monetary Fund, the United States has voting power weighted toward its financial contributions to these institutions. The United States will likely contribute 20 percent of the WTO budget and will bring the largest and most important consumer market to the world trading system, but will have a vote in that organization only equal to the smallest nation.

It is interesting to note that when President Eisenhower proposed another form of the WTO, it included a security council-type body which took into account market size. There is none of this balance in the proposal before us.

I must also observe that it is, if nothing more, ironic that the presumed Senate majority leader of the next Congress, swept into power by promises of deficit reduction and a reduced government, asks that his party members in the Senate waive the budget act; support the creation of a new international bureaucracy and later support a new Federal bureaucracy to watch over the international bureaucracy.

This legislation, over the next 10 years, handles the \$30 billion loss in tariff revenues by raising the Government's take by \$15 billion and raising the national debt by \$15 billion.

I have serious reservations about the agriculture portions of this agreement. While many farm groups support passage of this agreement it

seems we have been down this road before. The promise of a pot of gold for American farmers in foreign markets has been a promise unfulfilled. I am troubled that even after the adoption of this agreement, some of our European competitors will still have higher domestic subsidies than the United States. Yes, this agreement is progress, but faulted.

There are several other nonhighlighted potential problems, such as the provision that allows our competitors to employ higher subsidies by the use of so-called mix and remix of agricultural subsidies.

Mr. President, it is my best judgment that my constituents are probably evenly split on this proposal.

The largest number of corn, hog, cattle, and milo producers support it. They believe, as they always have, that foreign markets are the real chance that they have to escape low commodity prices. They have always believed that they can produce their way to prosperity. They are under serious financial stress. I feel for them. Their investments are high and their returns are low and frequently below the cost of production.

The Farm Bureau is in support. The Farmers Union is opposed. The soybean producers are opposed. My wheat producers are generally opposed. The milk producers are opposed since they know that, for some, GATT is near the end of their troubled road. I have not heard a great deal from our sugar beet producers but GATT surely is a dead end for some of them.

Mr. President, these are all good folks. They are hard pressed. I wish I could agree with all of them. Given the circumstances, it is not possible.

I am fearful passage of this trade agreement will give opponents of agricultural and rural programs one more arrow in their quiver to fire in the heart of American farm families. Mark my words, during consideration of the 1995 farm bill, some of the most innovative reforms will be met with protestants that reform is 'GATT illegal.' Note the editorial of November 30, 1994, from the not-so-farmer-friendly Washington Post which is printed following my remarks. As a veteran of many congressional battles for family farmers, I predict passage of this agreement holds nothing but peril for the new 5-year farm bill that must be passed in 1995.

Mr. President, every trade agreement involves a give and take. Unfortunately for many years the United States gave and gave and gave of its rich consumer market. The United States has allowed the near destruction of some industries in the name of free trade. That is not fair trade.

For the last 20 years working Americans have seen their standard of living slip or remain static. In spite of the recovering economy, Americans feel less secure in their jobs. The idea that children and grandchildren will have a better life than their parents is an open question.

I think cheap foreign labor puts Americans jobs at severe risk. It should not be applauded. It should be condemned.

The proponents of this agreement will try to portray the opponents as protectionist. The choice is not between the World Trade Organization and Smoot-Hawley. There are a number of other options.

America is already the world's most open market. GATT opponents do not advocate unilaterally closing the American market. We should simply insist that the rest of the world catch up or risk their access to the American market. This was the idea behind the 1988 Trade Act. I believe that it is no accident that with this tough message, the U.S. trade deficit declined in the several years following the enactment of the 1988 Trade Act. The downward trend in trade deficit was

reversed with the current GATT-mania. The trend I talk about from 1988 up to now, was reversed by the GATT mania.

Trade should not be the only value the United States holds dear. There are other values--decency, dignity, fairness and conservation of the resources which may and should take precedence over unfettered international trade. Our Nation's abhorrence of tyranny, child labor, and environmental destruction should not be subordinated to the GATT principle of the least trade restrictive measures.

How many Americans and Nebraskans know this agreement prohibits exports of goods made by prison labor but allows exports made by children of, say, 12 years of age working for 50 cents per hour. Now that is something that we all can be proud of. We protect criminals but not the kids.

In closing, let me say that the free trade gurus that live in the world do not seem to understand where the treatment of workers starts and when we should leave workers to their own volition to do what is right. I do not apologize for being concerned about the Nebraska apparel workers, sugar beet growers in the panhandle, and workers in small and large factories throughout the State. They are real live Nebraskans and Americans all. I represent them too.

I am profoundly troubled with the way GATT enthusiasts view low wage, low skill workers as disposable. I remember an America where hard work would earn a decent wage. Today, hard work and good will do not seem to go as far as they once did. The depiction of low skill workers by some GATT supporters demeans the hard work of many Americans. These workers are the families that so many politicians laud. Here is a chance to vote for them. Who's listening?

It is interesting that this same Congress just passed a massive crime bill and the next Congress will consider welfare reform. It is often said there are few of our social ills which could not be solved with a good job. Thousands of entry level jobs will be in peril with this agreement. But lest we forget, they don't vote.

The problem with the fast track procedures is that the Senate has no way to change the bad parts of this agreement. If we had more time, perhaps next year, absent the fast track we possibly could correct it. But as is, it is an all or nothing proposition. Having carefully weighed the benefits with the risks, I have concluded, Mr. President, that I can not lend my support to this agreement.

Thank you, Mr. President. I reserve the remainder of my time.

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Exhibit 1

From the Washington Post, Nov. 30, 1994

[FROM THE WASHINGTON POST, NOV. 30, 1994]

Next Year, a Farm Bill

A major task of the Clinton administration and the Republican Congress next year will be to write a new farm bill. It's a huge undertaking; here will come a five-year bill involving billions of dollars in likely subsidies and other forms of support to an entire sector of the economy at the start of a new era in world trade. But this time the problem is compounded. The administration has no discernible farm policy, has never developed one and seems most unlikely to do so now, when it has been politically weakened and will shortly lack even an agriculture secretary. The Republicans, perhaps particularly in the House, are likewise untested. It's clear enough that they want to cut federal spending and regulation, but not so clear that they want to cut farm spending and regulation--not the elaborate regulatory structures that prop up prices, at any rate.

The major farm support programs are trade-offs of price and income supports for production restraints. The strongest believers in free markets among the Republicans would do away with them. Majority leader-to-be Richard Armey has been among this group in the past. Some urban Democrats have also tried to kill or cut back some of the lesser programs, though for different reasons. There's likely to be a revival of such talk this time around, particularly if Republicans, who tend to be strong in farm states, also pass a balanced budget amendment and begin to make heavy cuts in other spending. If only for political reasons, members not from farm states will try to force them to cut farm spending, too.

The farm state members of both parties can be expected to resist. They have already indicated they will once again try to do no more than make some modest further reductions in support levels. But that, too, can eventually lead to a dissolution of the system, because as support levels drift below break-even points, farmers will be inclined to withdraw from the programs rather than submit to the production limits.

That will be the broadest battleground--how much and how to cut the principal programs. There will also be some lesser battles. Dairy price supports have become dysfunctional; what helps one region hurts another. The system has been so patched over the years that the price of milk is now almost entirely a federal artifact. A truly deregulatory Congress would strike the system down. It would do away with such anti-competitive constructs as the sugar program as well, in which import and now even domestic marketing limitations are used to keep U.S. prices artificially high.

The farm bill also presents environmental issues. What happens next to the conservation reserve program, in which farmers are paid to idle supposedly fragile land? To what extent will either the administration or Congress seek to use the farm bill to make pesticide and/or clean water or wetlands policy?

The administration may not propose a bill. Instead, it is said to be considering a statement of principles, mostly of the steady-as-you-go variety, the effect of which would be to leave the writing of the bill to Congress, which has the power anyway. That would be a bow to political reality as well as a way of preserving the president's options and avoiding blame, all of which might be shrewd. But it still wouldn't constitute a farm policy.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER (Mr. **Harkin**). The Senator from Oregon.

Mr. PACKWOOD. I yield 6 minutes to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 6 minutes.

Mr. JEFFORDS. Mr. President, the Senate will shortly be voting on H.R. 5110, the General Agreement on Tariffs and Trade [GATT] implementing legislation. As my colleagues know, I have always encouraged and supported international trade and will continue to do so in the future. Expanding and developing export markets will not only give Vermonters, but all Americans, the opportunity to gain access into world-wide markets.

As a firm believer in free and fair trade, I regret that I am unable to support the GATT agreement. On first inclination, I am prone to support this agreement which has such worthy goals and intentions. There is no doubt, our economic future depends on the ability of this Nation to compete in the international marketplace. But this agreement is flawed. Upon detailed review of the sections pertaining to the dairy industry, the potentially devastating impact of GATT is clear.

Vermont's dairy farmers have for too long suffered at the expense of our trade policies. This agreement removes protections for Vermont farmers and puts them in direct competition with foreign farmers who receive massive government subsidies, making fair competition an impossibility.

There are few States that take advantage of international trade opportunities more than Vermont. This is a statistic which I think we should be quite proud of, and one which I will work to increase.

Still, this issue is far more complex than just simply reviewing State trade statistics. Back in 1991, we took up the issue of so-called fast-track authority for negotiating the GATT agreement. I opposed this authority because dairy interests have been routinely ignored in trade negotiations. Once again this is true, our trade negotiators have given away the farm on GATT, and I am afraid Vermont's dairy farmers will be the ones to pay for it.

Within GATT, section 22 protections for dairy farmers are eliminated. In addition to that, a 5-percent minimum on food imports is mandated, domestic farm programs,

including Federal dairy programs are reduced, and our domestic food safety laws are weakened. So what do we get in return? Canada is dragging its hooves on opening its dairy markets, and the Europeans are only required to scale back their exports by the same percentage we do.

This may be fair on its face to anybody who does not know dairy, but the Europeans have been massively subsidizing their exports while the USDA seems to regard dairy exports as a nuisance.

Senator **Leahy** and I tried to work with the Clinton administration to make GATT fair to Vermont's farms and all dairy producers. I commend Senator **Leahy** for his efforts in working with me on a dairy export plan to be included within GATT. This plan was supported by most farmers who could see the benefits of creating worldwide markets for their products.

On numerous occasions, I urged the Clinton administration to give our farmers a fair chance in a market open to so many countries and include our export plan. Unfortunately, the President denied our request to include our export plan onto the enabling legislation of the worldwide agreement.

Mr. President, I also have concerns on the effects the GATT agreement will have on the world's environment. Primarily, arguments have been made that GATT will undermine implementation and enforcement of our domestic environmental protection standards. But just as importantly, GATT will interfere with international efforts to protect the environment, potentially reducing the effectiveness of international environmental treaties.

Mr. President, I am extremely disappointed that the President does not value the interests of the U.S. dairy farmers within the world market, along with supporting our strong environmental standards, as I do. Therefore, I cannot accept a trade agreement that will further burden our dairy farmers, weaken environmental standards and limit child labor protection.

I think it is time for the President to stand up for the U.S. dairy industry and value the importance of these farmers to our Nation. He has done it for cattle, and he has done it for wheat. It is high time he pay attention to dairy as well.

Whatever happens here today, I plan to go home having supported the environment and dairy farmers, in Vermont and throughout the Nation. Fairness demands nothing less, Mr. President. For these reasons, I will not vote for this agreement.

Mr. President, I yield the floor.

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Mr. BRADLEY addressed the Chair.

Mr. MOYNIHAN. Mr. President, I yield 10 minutes to the distinguished Senator from New Jersey who has the distinction, among many, of having been a member of the study committee on the GATT in the mideighties.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 10 minutes.

Mr. BRADLEY. Mr. President, we have been debating the Uruguay round agreement for nearly 20 hours now. I believe the proponents of this legislation have made a compelling case.

I do not think it is any exaggeration to say that America's prosperity depends on our vote. Failure to pass this legislation would be a profoundly self-destructive act. It would close us out of world trade and deny us the export engine for economic growth and remove our voice from the councils that will shape the 21st century and national economic system.

Failure to pass the agreement would be a vote of no confidence in our own future. I think it is trite but true to say that the only constant in the world today is change. Our vote is an indication of how we will react to change. We can seize it and shape it to our advantage. That is the response of a self-confident, vigorous nation, and that is the traditional American response. Or we can put our heads in the sand in the vain hope that change will pass us by.

That is the response of a nation without a future.

It is about that future that I would like to talk today. For even as we debate the Uruguay round, we should look ahead to the next round of negotiations that will move the international trading system to the next level.

The world economy did not stand still while our negotiators hammered out the Uruguay round. It changed in ways unimagined by the ministers who first gathered in Punta del Este in 1986. For example, the end of the cold war combined with broad acceptance of the capitalist model in the developing world introduced billions more consumers and competitors into the global economy. The liberalization of capital movements led to an explosion in foreign investment and unleashed daily currency flows that dwarf trade in goods. The information revolution both changed the way we create and measure value, and increased the importance of intellectual property rights. Meanwhile, our environmental problems continued to mount as an unintended consequence of our economic dynamism.

When we ratify this today, we need a new round, sooner rather than later, to adapt the world trading system to these and other transformations shaping the global economy. I see five major areas for a new round to address:

First is trade in services. Advanced economies rely on service industries for new growth. We have made progress in disagreement but there is much more to do.

These already produce over 53 percent of American GDP and provide 70 percent of U.S. jobs. We exported about \$200 billion in services in 1993, with a surplus of \$68 billion. The new round should address services. It should return to the issue. We have not exhausted it in this agreement.

Second is investment. With the increase of capital mobility and the triumph of market economics, foreign investment has exploded. This matters because investment is essential to economic growth, and because trade follows investment. For example, studies indicate that over 20 percent of American goods exports are made to foreign affiliates of the American exporter.

The Agreement on Trade-Related Investment Measures, TRIMS, is a tiny first step toward bringing investment under the disciplines of the world trading system. APEC and the OECD are working on this issue now. The next trade round should use their thinking as a basis to advance beyond the TRIMS agreement, or the current investment policy of this particular bill.

Third is competition policy. Some of the fiercest debates in the Finance Committee, as in Geneva, were over the dumping and subsidies rules. Our ability to make sense of unfair practices and counter them is severely hamstrung by the disconnect between trade policy and domestic competition policy. These two sides of the same coin currently receive separate treatment, leading to the illogical result that competition within borders is treated differently than competition across them. The next round needs to look at ways to integrate competition and trade policies into a more effective whole that recognizes that business activity now takes place in a global market.

Fourth is labor rights. Improving worker rights has been an objective of U.S. trade policy for over a century. However, we are still groping to understand the connection between humane labor practices and trade. Trade policy must not deny developing countries their natural advantage in cheaper labor. At the same time, we cannot condone practices that violate basic human rights. We all want workers to reap the fruit of their labors, but we do not yet agree on where to draw the line between human rights and protectionism.

We need more work to help us understand which labor practices constitute human rights violations, which afford unfair trade advantages, which represent legitimate comparative advantage, and which are simply the result of underdevelopment. The OECD is doing some work on this issue. We need to do more and integrate the findings into the international trading system.

Finally, there is the environment. We now find ourselves in the untenable position of developing two parallel trade/environment structures. On the one hand, we have our environmental commitments, such as the Montreal Protocol, the Global Climate Change Convention, the Biodiversity Convention, and our obligations under the Stockholm and Rio Declarations. These all have trade effects. On the

other, we have our GATT/WTO commitments, which have an impact on the environment.

These structures intersect in many places. They contradict in others, as demonstrated by the problems we have had with the Marine Mammal Protection Act.

Arthur Dunkel once told me he thought the next GATT round would be a green round. Clearly, we need to build a conceptual framework to bring together environmental policy and trade policy. The next round must do so.

I have listed a number of issues, identified a number of problems, and provided no answers. That pretty well reflects the current state of thinking. It is incumbent upon the first Director General of the WTO, whoever he may be, to follow Arthur Dunkel's example and, as his first act, appoint a new eminent person's group to lay the conceptual framework for a new round, just as we laid the conceptual framework for this round in the 1985 group.

In order to participate in new negotiations and meet these new challenges, we must renew the President's fast track negotiating authority. We must make a fast-track bill one of the first priorities of the new Congress. There are many contentious issues to work out, but with a vote in favor of free trade this week we will have the foundation to work out an acceptable negotiating framework.

Still, Mr. President, these are issues for tomorrow. The task at hand is to pass the legislation before us implementing the Uruguay Round Agreement. Before we can move ahead on these issues for the future, we must reaffirm our own commitment to the international trading system.

Some say that we are not 'the' economic superpower. Japan is. If we turn down the Uruguay round, that may become a selffulfilling prophesy. If we approve this Agreement, continue our efforts to bring the budget deficit under control, provide worker education, fix our pension system, and retain our leadership in the world trading system, the United States will remain what it now is--the world's largest, most productive economy.

In the NAFTA debate, a number of my colleagues began their statements, 'I'm a free trader, but * * *' Some said, '* * * but we'll hear a giant sucking sound as jobs go south.' Others said, '* * * but the Mexicans aren't democratic enough.' Although I disagreed with them on NAFTA these were legitimate concerns, given complexity of the commitment we were undertaking.

Well, the returns are coming in, and they show that NAFTA was a good deal for America. There has been no sucking sound of jobs going south, and we have an adjustment program in place for the 10-15,000 workers who could be displaced by NAFTA this year. Instead, the main sound has been the steady 'whoosh' of goods, services, and profits crossing our borders in all directions.

Gary Hufbauer, of the Institute for International Economics, estimates that, because of lower import prices NAFTA will put \$600 million into the pockets of American consumers. American business will have more in gross margin to cover their fixed costs.

In my state of New Jersey alone, a recent study has found that NAFTA has already led to \$287 million in increased exports and over 5000 net new jobs. And the Uruguay Round dwarfs NAFTA in economic size.

NAFTA also served as an anchor to the Mexican political and economic system when it was shaken by the assassination of the ruling party's presidential candidate. It created new economic and financial constraints on the ability of old-style politicians to fix the election. As a result, Mexico ran the cleanest presidential election in its modern history and is poised to do even better next time.

There are no `buts' in the matter before us. We have a clear choice between prosperity and stagnation. We have a choice between enjoying the benefits of a developing international trading system, or retreating into autarky, poverty, and irrelevance. We have a choice between national self-confidence and national decline.

I hope that we will pass this GATT agreement. Opponents have made a number of arguments, one of which is low wages; all the jobs will go to low wage countries. If that were the case, Mr. President, Bangladesh would be an economic superpower. Clearly low wages are not the only criteria for investment around the world.

They have also made the point that we have the problem of child labor.

Mr. President, if there is a problem of child labor in this country, child labor of illegal immigrants in our own country in factories across this land, we have a law now that says if an employer hires an illegal immigrant, whether that is a child or not, he should have been fined and sanctioned.

We do not fund adequately employer sanctions and because we do not fund adequately employer sanctions there are literally thousands of illegal immigrant children at work in this country today. So those who come to this floor and puff about child labor, let us make sure that we fund the economic sanctions that are already in law.

An estimate is that they require an additional 10 times what we are now funding to enforce economic sanctions under the immigration law. We have \$28 million to do that. Estimates are it would cost \$280 million to \$300 million.

So those who are concerned about child labor in Bangladesh or China or somewhere else why not be concerned about child labor in your State, in your town, because it is there today with illegal immigrants and if you want to stop child labor stop it in the United States first.

GATT is a good agreement. We are the most open economy in the world and we will benefit the most from opening other economies.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Oregon.

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Mr. PACKWOOD. I yield 10 minutes to the Senator from Missouri.

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

Mr. BOND. Mr. President, I thank the Chair and my colleague from Oregon.

Mr. BOND. Mr. President, the debate over the GATT and the legislation before us today has raged for many months now. I have been following this very closely both in the public debate and the debate in Congress and the debate in homes and coffee shops and community centers around the country. It is clear that this is an issue that has raised passions, as well as fears, among a large segment of our population.

The arguments on both sides of the debate have been presented forcefully and extensively as they have here. I have listened to the objections of those who oppose the agreement, and I think I have considered each one of them very closely. I would like to take just a moment to review those objections.

First is the budget implication of this bill. Opponents argue that this bill will increase the Federal budget deficit by tens of billions of dollars over the next decade. If that were the case, I would be voting today against the budget waiver and against the bill. The bottom line, however, is that the charge is simply not true. It is based on static budget assumptions which fail to take into consideration the huge impact the new GATT will have on our Nation's economy. By lowering tariffs worldwide, the agreement will result in hundreds of billions of dollars of added economic activity. It is not a zero sum game. It is not just slicing up the pie different. It is slicing up a larger pie.

That agreement that we will approve today, I hope, will generate significant new tax revenues, which will almost certainly reduce, rather than increase, the deficit.

A second argument that continues to be raised in opposition to this agreement is that it creates a new World Trade Organization which will give unfair power to tiny foreign countries, to tiny dictatorships, and which will have the power to overturn U.S. laws. Again, I have looked at these charges carefully. If they were true, I would be down here today arguing strongly against this agreement. It is clear to me, however, that they are not true. The WTO is a new organization that the United States pushed for to give the GATT more muscle to resolve trade disputes and enforce settlements. The reason we pushed for it is because we are the

country which most frequently brings complaints before the GATT. Since we are the ones most often asking for relief, it makes sense to ensure that the GATT has the ability to make its decisions stick. Too often it has been the U.S.A., our farmers, our export workers, our creative producers who have been the losers when GATT did not have the clout to stop unfair practices directed at us. It is time we had a stick instead of a wet noodle to enforce those agreements. This agreement makes a major stride in that direction.

Many opponents have suggested that the United States will find

itself on the losing end of a trade dispute--perhaps as a result of many smaller countries ganging up on us in the WTO--and that we will be forced to forfeit our sovereignty by modifying our laws or lowering health and safety standards. I simply do not accept that. That is not true.

The United States is the world's largest economy. The goal of every other country in the world is to sell as much as possible in our great market. They know that they cannot attack us unfairly with impunity. If they try, we will retaliate and their economy--not ours--will suffer. Furthermore, Congress has put the world on notice that we will monitor the WTO like a hawk, and that we are prepared not to comply with an unfair ruling, or even to withdraw if necessary. We are unlikely ever to see such a situation, however. The GATT has worked over the years by operating through consensus. There is every reason to expect that consensus will continue to be the rule.

With regard to the issue of sovereignty, it is just not true that this agreement will infringe on our right to set our own laws. The U.S. Supreme Court has made very clear that the Government can choose to ignore treaty provisions when it desires. Further, the legislation itself clearly states that no part of the agreement which is inconsistent with U.S. law shall have effect. And finally, we have the right to withdraw from the agreement at any time with only 6 months notice.

There has also been much criticism of the wide range of non-GATT provisions in this legislation which were included to help offset the tariff cut. Many Missourians have called my office to express their concern about giveaways of their tax dollars. I have looked at as many of these provisions as have been brought to my attention and, although I can see how some might oppose the policy behind them, I cannot agree that they are a giveaway of our tax dollars. It could be argued that the Government could have received more for some of these radio spectrum license sales, and that is something the administration has agreed to review, but clearly it is not a giveaway to tax dollars.

After reviewing those concerns, one must then look at the other side of the equation--the benefits that would result from approving the new GATT accord. In my opinion those benefits will be huge both for the United States as a whole and for my State of Missouri.

This agreement will provide the largest tariff--or tax, because

that is what a tariff is--reduction in history. That will mean more money in the pockets of Americans as well as citizens of other countries. That is money that can be saved or that can be spent. Regardless of how it is used, it is certain to result in the creation of thousands of new American jobs.

The benefits of GATT can be seen very clearly just by looking at its impact upon Missouri.

The new agreement will be a boon to Missouri's farmers who already export a quarter of their output. We know that if you take down the barriers they can export more because they are the world's most efficient producers. That percentage is certain to surge as other countries are forced to lower unfair trade barriers which currently keep out Missouri commodities such as rice, corn and beef.

The largest manufacturer in Missouri--McDonnell Douglas--will benefit significantly from rules designed to limit unfair Government subsidies to its overseas competitors in the commercial aerospace field.

Companies like Monsanto, Sprint, Hallmark, Leggett & Platt, and Ralston Purina will find it much easier to sell their products overseas, as well. The tens of thousands of Missourians who make up these companies, and the employees of the small Missouri businesses that supply them, will be the true beneficiaries as new jobs are created, and existing jobs become more secure due to increased worldwide sales.

But it is not just Missouri's large companies that will benefit from GATT. The growing world market will provide tremendous opportunity to the thousands of small companies across the state. As we enter the 21st century, we are truly entering a global economy, and all companies--large and small--will have to participate to survive. This agreement, which lowers tariffs worldwide and helps to level the playing field, only serves to make it easier for smaller companies to succeed.

The bottom line is that the U.S. economy is inextricably tied to the world economy. For that reason, we have to use our power and prestige as the largest market and most powerful economy to move the world toward more open and fair trade. That is the best way to ensure prosperity for the greatest number of Americans.

Having said that, I would hasten to add that in working for free and fair trade, we must be careful not to be played for patsies. We have the muscle to see that the game is played fairly and that our interests are protected. We must do that and, if we find that others are not playing by the rules, then we should retaliate or withdraw from the agreement.

Having considered all of the arguments before us, it is clear to me that this agreement makes sense for the United States. We will be the biggest beneficiary

of its approval. For that reason, I will today support the budget waiver and passage of the implementing legislation, and I ask my colleagues to do so.

Mr. President, I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

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Mr. PACKWOOD. Mr. President, I do not see anyone else here on either side of the aisle to speak.

Then, I might speak a bit to elaborate further on a point that I made.

When we talk about world trade, there are two kinds of trade. One is in merchandise. Merchandise is what we might call goods--cars, refrigerators, jet airplanes, nuclear reactors, hard goods for lack of a better term. The other is services, insurance, credit cards, and tourism.

The United States is without question the world's leader in services. Take credit cards, for example--Visa, Master Charge, American Express. These are all American-centered companies, but they sell licenses throughout the world to provide these cards. The licensees pay money for the license and that money flows back to the United States. We are talking dollars, the same kind of dollars you get when you sell an airplane. It just happens to be a different kind of business.

Last year, 1993, we had a \$57 billion surplus in services--surplus, more coming in than going out.

In merchandise, the goods, the refrigerators, the cars, we unfortunately had a \$116 billion deficit.

Now we exported a lot last year. We exported almost \$450 billion, but we brought in a lot more.

So the first question is, why? And I think I can guess why, although I cannot prove it.

At the end of World War II, we were the only major industrial country left that was relatively unscathed. Japan was devastated. Up until that time, Japan had not been a major factor in world trade anyway. Germany, devastated; France, devastated; Italy, devastated; Russia, which never had been a factor in world trade, and really not much of a factor today, devastated.

So, after World War II, we could sell almost anything we wanted in the world and there was a market. It really did not matter if they were good products or bad products; they were the only products. For years thereafter, we had a tremendous surplus in the merchandise trade sector, the goods sector. It may have been a

Caterpillar tractor--and I might say Caterpillar today does very well. But it did not matter what it was, we sold it around the world. It did not matter if the merchandise was relatively shoddy; you either bought ours or you bought nothing.

The service industry, on the other hand, was an industry that almost did not exist at the end of World War II. I think most of the people listening to me today can remember an era when there were no credit cards, period, we did not have any; when insurance was by and large local. Other than the maritime industry, there were no large conglomerates of insurance companies selling insurance around the world.

But the whole business of services and high-tech goods like computers have really grown up only in the last 20 to 30 years.

Take a company like Intel, which is the largest private employer in Oregon. The company was founded in 1969. It was not around during World War II.

Look what happens when you are an older company--and this was true of the auto companies, true of the steel companies. They came out of World War II having produced tanks and steel and were the only one left in the world in business. They had no incentive to change, for one thing, and they had no competition for probably 20 years, up until the mid-sixties.

Take cars, for example. The only foreign cars that were sold in this country of any consequence, probably until 1970, were those little Volkswagen beetles, which Germany developed in the mid-1950's. They had a small portion of our market, not a large portion. But they had a little cadre of people who liked the beetles--I liked the beetles--and they had sold a fair number. They did not have a large percentage of our market, but they had hard-core followers.

Then there was also the big imported cars, the Mercedes, Rolls Royces, the very expensive cars. We did not make anything in this country comparable to the Rolls Royce. Therefore, there was a market for them. Again, a small market. They did not have a significant impact on our auto industry.

It was not until really the 1970's that two things happened. One was the Arab oil embargo and the sharp increase in the price of oil from about \$3 a barrel to \$12 a barrel in 1973-1974 and then again from roughly \$12 a barrel to about \$35 a barrel in 1979 and 1980. That pushed up our gasoline prices tremendously. It was almost coincidental that in about 1971 and 1972, the Japanese were starting to introduce into this country high-mileage, good, small cars. And I emphasize 'good.' They were good. From the standpoint of repair and maintenance, they were a superior car to our small cars. It is probably coincidental that they were just hitting the market as the oil stock and the gasoline prices went up. The result was Americans flocked to these cars in droves.

I can remember when we first passed the mileage standards in this country which required cars to get to a certain minimum mileage each year. There was

tremendous opposition from the American auto industry to these standards. They had two arguments. One, it would take them 5 to 7 years to develop that kind of car and get it on the market; two, Americans did not want those kinds of cars anyway.

Well, 5 to 7 years, this from an industry that in 6 months went from cars to tanks in World War II. And pretty good tanks. We did not get really into the war until Pearl Harbor and by the summer of 1942 we were turning out tanks instead of cars and turning them out in droves.

But the argument the Americans did not want these kind of cars was just fallacious. We wanted cars that got good gas mileage. Amazingly, we liked good cars. We liked cars that were dependable and that did not take a lot of repair.

The Japanese stole the market from us. Wrong word; we gave it away; gave it away.

Now, to their credit, American manufacturers are now catching up. The Japanese are building cars in this country. I think it will only be another 4 to 5 years until they build more cars here for the American market than they import from Japan. But Ford, GM, and Chrysler are now turning out superior cars, every bit as good as the Japanese, cheaper than the Japanese, as good mileage as the Japanese, and Americans are buying them.

But it took competition over 20 years to force American manufacturers to catch up.

If you read the Wall Street Journal yesterday, you will note that steel has also caught up. Steel went through the doldrums in the 1970's and 1980's. It could not compete with the low-wage Japanese, could not compete with the Koreans. Today we are the lowest cost producer of steel in the world. We are competitive every where. But it took us a long time to catch up.

Having said all that, what is going to happen and what can we do to narrow this terrible trade deficit we keep hearing about?

First, when you calculate the trade deficit, you have to take the merchandise deficit, our deficits in the cars, VCR's, and television, and, against that, offset the services surplus. Our trade deficit for 1993 is about \$60 billion when you offset the surplus of services against the merchandise deficit.

Of that \$60 billion, \$44 billion is oil, imported oil; \$43 billion is imported cars. You get rid of just those two items, cars and oil, and we have a total trade surplus. I should point out, however, that the deficit in cars is starting to shrink.

Now I will pose the question what we should do about oil. I am indebted to the Library of Congress for this information. I have to say, the Library of Congress' Congressional Research Service is the greatest research organization in the world.

I would not trade them for all the rest of the research organizations put together. I only put them on this issue yesterday to see if they could find out if what I thought was probably true is, and they verified that it is true.

Now, I am going to make a bold statement. We import oil because it is cheaper than making oil in this country out of coal. What do I mean by that?

This country has a cornucopia of natural resources. Japan has no natural resources, no oil, no coal, no natural gas, and no great rivers to dam up to make electricity. They have to import all of their energy. This country has a cornucopia of energy. We have a 400-year supply of coal. We have a 200-year supply of oil shale. If you count all of North America, including Canada and Mexico--and I will add that we are all involved now in this North American Free-Trade Agreement--there is more natural gas than we know what to do with and we are finding more than we are using. But we are short of oil, crude oil, the kind you bring out of the ground in liquid form.

I say we are short. I am not sure, because every time we think we might find some oil, we just have a devil of an environmental argument as to whether we should look for it in Prudhoe Bay or in the Outer Continental Shelf. Should we drill? Should we even do experimental drilling to see if oil is there? The answer from the environmental community very often is no. We do not want to look because, if we look, we might find, and if we find, then somebody may want to bring it out. So we import it instead.

But let us assume for the moment there is no oil there. What could we do? It is what South Africa did for the better part of 30 years, because their government had a trade boycott against it and they could not buy oil of any quantity overseas. Well, South Africa, which is, again, a country rich in natural resources, took to making gasoline out of coal. You can do it. Transform the coal into oil, transform the oil into gasoline. It is expensive, but it can be done.

I asked the Library of Congress yesterday and they gave me the answer today, could we make coal into oil in this country? Do we have enough coal? The answer is, yes, we have more coal than we know what to do with. Could we turn the oil into gasoline? Yes. Is it much more expensive? Yes, it is much more expensive. How much? And I said put it in terms that are understandable to me, the layman. They answered that, if we were to take our coal, turn it into oil, turn the oil into gasoline, the equivalent price of gasoline, in their estimate, would be \$3 to \$4 a gallon, instead of what we currently pay. In addition, all other oil prices would go up equivalently. Whatever you pay for fuel oil, whatever you pay for oil to turn the generators to produce electricity, all throughout the economy, you would have these price increases and inflation. But we could get rid of the \$44 billion trade deficit in oil.

Now, the question is: Do we want to do that?

Coal is a problem. Coal burns dirty. It takes a lot of money to burn coal clean. If you are going to turn it into oil it is a lot more expensive and a lot dirtier than just pumping it out of the ground. But if we are so all-fired worried about this trade surplus, would we be willing to get rid of \$44 billion of it by making our own oil out of coal? If you say to the American public: Yes, this trade deficit is so bad that I think we should have gasoline at \$3 to \$4 a gallon, we should have fuel oil for our homes, at whatever the equivalent increase will be, we ought to have the inflation it will bring, and the increase in bond prices and mortgage interest rates that come with inflation, we are willing to have all of that to get rid of this \$44 billion deficit--that is a fair debate, whether or not we want to trade that off. We should not say we cannot do it. South Africa did it. Japan cannot do it. They do not have the resources.

I am going to predict what is going to happen over the years. I do not think we are going to turn to making oil out of coal. However, our services sector is the fastest growing segment in all of the industrial countries of the world. We keep hearing that our manufacturing base has disappeared. It has not disappeared. It has become more productive. I count agriculture as one of our industrial bases. It is a separate category but it is very capital intensive. We put more money per person into farm equipment and farming than we do any other industry.

At the turn of the century it took about one farmer to produce food enough for seven people. Today one farmer produces enough food for about 82 to 83 people. I would wager by the turn of the century one farmer in this country will produce enough food for 100 people. That is a tremendous increase in productivity. It is expensive.

A new combine for cutting wheat costs between \$145,000 and \$150,000. A new tractor to pull that combine is about \$130,000. Yet, with that combine and that tractor and a lot of other expensive equipment that goes with it, a husband and wife and a couple of kids and a hired hand can farm a multithousand-acre wheat farm successfully and compete anyplace in the world. That is the situation in agriculture.

The same thing that has happened in agriculture has happened in automobile manufacturing and steel manufacturing--especially for the last 20 years we have gotten so much better at it that we can turn out more cars with fewer people, more steel with fewer people. We have learned how to become more

productive. It is not that we are producing fewer cars. When people say we have lost our industrial base--we have not lost our base. We are producing more cars with fewer people, more steel with fewer people. We are producing more wheat with fewer people. That is also true in Germany. Not in their agricultural sector which is heavily subsidized and inefficient, but it is true in Germany for steel. It is true in Japan in cars. It is true in all of the industrialized countries of the world. Their manufacturing sector, in terms of manufacturing employment in relation to their total employment, is shrinking. The number of employed stays about the

same but their production increases tremendously and the number of employees in manufacturing in relation to the number of employees in services gets smaller and smaller as a percentage because it is the service industry that is growing. And it is the service industry that we are the best at.

Example: 5 years ago the trade surplus in services was \$25 billion. Five years later it is \$57 billion. I will make a bet 5 years from now it will be \$100 billion in our favor. And the merchandise deficit will go down. There will be an irreducible minimum in my judgment below which it cannot go if we do not do something about oil. If we want to continue to import oil, I do not know if we will ever get to a trade balance in merchandise, no matter how hard we try. But to the extent we can make up that deficit in merchandise with a surplus in services there is nothing wrong with that. Credit cards are not un-American. Insurance is not un-American.

We have almost a death wish fascination with manufacturing, that somehow you cannot be a great country unless you are the world's greatest producer of things: Steel, autos, refrigerators, locomotives. You cannot be a great country because you are the best producer of these little computer chips. I held up one yesterday. Intel--I will give an example. I mentioned Intel once before. Intel is the largest private employer in Oregon. It is a company that was founded in 1969. When I was elected to the Senate in 1968, this company did not exist. They are now investing close to \$2 billion in Oregon--about \$700 million to expand an existing plant and about \$1.2 billion to build a new plant and turn out computer chips. They are now the world's largest manufacturer. They have overtaken the Japanese. They are outselling the Japanese around the world. These are chips for export--this counts as services--export.

How can Intel compete with Bangladesh? Oregon is a relatively high-wage State and a relatively high-tax State.

Do you know what the answer is? And this is true of all of the high-tech industries. You ask them what are your floor labor costs? By floor labor they mean the production laborers, the hands-on workers, not the research and development which they do not plan to move anyplace, nor their management. How much of a percent of your total cost is your floor labor? Seven percent. Eight percent. They are not going to move to Bangladesh where they can pay somebody 50 cents an hour when labor is 7 percent of the total cost anyway.

It is much more critical to them that they have good transportation to get their products around the world. It is more critical to them they have a clean atmosphere. I was in their plant not 2 months ago and you ought to see it now, what they call the clean room. When I started my business a clean room was a white smock. In their clean room today you would swear you were looking at something out of Star Wars. People clothed almost like an astronaut on the Moon. Their breath being monitored through a tube and through a recirculator on their backs so that their breath does not get on the chips that are being made.

Immense temperature control equipment to keep these rooms almost at a perfectly even temperature. They would have to have these things in Bangladesh, and they cost just as much to put them in Bangladesh as here. Bangladesh does not make machines like that. They are not going to move to Bangladesh.

So, can we compete? You bet we can compete. And the things that we will compete at best are very frankly the things that have the lowest percentage of labor cost to total cost. I did not say lowest labor cost. Lowest percentage of labor cost to total cost. Those things that have a high labor cost we may not be able to compete in.

One of those is low-end apparel. I do not mean high-cost apparel. I think even in this country we can compete in apparel made here that is very expensive apparel, but can we compete making a \$1.99 T-shirt or a cheap men's suit when we have not yet learned how to automate the making of a man's suit? I doubt it.

Japan learned that lesson 20 years ago. Thirty years ago, Japan was in the top five in the world in the export of apparel and the export of textiles--apparel being the clothing and textiles being the cloth--30 years ago. Today I defy you to go to a clothing store, look at the garments, look at the 'where they are made' tags, and see if you can find one that says made in Japan. Thailand--yes, Bangladesh--yes, Singapore--yes, Honduras--yes. Japan? No. Japan got out of the apparel business because they figured they do not compete. There was too much hand labor. Japan is still in the top five in the export of textiles. And the difference? Textiles is a highly capital-intensive business. By this I mean it needs machines run by relatively few people. And the machines, just like the Intel machines, cost a lot of money. They cost just as much to put them in Bangladesh, which does not make them, as it does to put them in Kyoto or Tokyo.

Japan also realized something. If we are going to get Thailand to buy our television sets and pay us in yen, they have to be able to make something to sell us to get yen. Why do we not let them sell us apparel? If we want to sell Boeing 747's, General Electric and Westinghouse nuclear reactors, farm products--the biggest single item surplus that we have in our trade is agriculture. We have \$19 billion surplus in agriculture. We are the world's best farmers without question. But if Mexico is going to buy wheat, or if Brazil is going to buy Westinghouse nuclear reactors, what are they going to pay us with? We want dollars.

To pay us, they have to sell us something that we give them money for, so they can buy back what we want to sell them. Mr. President, as sure as we are here we are going to win this battle because time and tide are on our side. In every country that is the big purchaser of anything, it is the services sector that is growing. That is the sector where we compete the best. In the merchandise sector we have become much more competitive than we were 20 years ago.

Oil is an ultimate problem and we have to make a decision there as to whether we would like to buy oil from Venezuela, Indonesia, Saudi Arabia, at \$15 to \$16 a

barrel--which is roughly what the price is today--and have a \$40 billion to \$50 billion trade deficit in oil, or whether we want to produce the oil here at the equivalent of anywhere from \$32 or \$33 to \$45 a barrel, get rid of the trade deficit, and have gasoline at \$3 to \$4 a gallon. Because those are both fair considerations. But for anyone to say that America cannot compete is really saying: America, I do not want to compete.

To my fellow Senators, for better or for worse, we are in a competitive world. We may choose not to compete. We can put up the barriers. We can make all of our own clothing here, all of our own cars here, all of our own video cassette recorders here; sell nothing overseas and buy nothing overseas. Consumer prices will be higher. Products will be shoddier and America will be poorer. But we will not have to worry about competition.

There is an old saying, 'If you think you can or if you think you can't, you're right.' If we think we cannot compete in the world, we will not compete. But if we think we can, then we will develop the Intels of the world and all of the equivalent companies that go with it, and we will master the world in trade.

The choice is ours, and the vote on the bill that is before us today is perhaps a more significant vote for or against competition, depending which way you vote, than any other vote we will make in this decade. I, for one, am going to opt on the side that America can compete; that we have not scratched the surface of what we can do in terms of competition in this world when we are pushed. This bill gives us not only the push we need but it also lowers barriers in markets overseas that we need to get into. We will never have a better opportunity to improve this country.

I thank the Chair. I yield the floor.

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Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER (Mr. **Leahy**). Who yields time?

Mr. PACKWOOD. I yield 11 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina for 11 minutes.

Mr. THURMOND. Mr. President, yesterday during debate on this issue, I outlined my opposition to waiving the budget agreement to pass this bill. Today, I would like to summarize some of the other parts of the GATT implementing legislation that concern me.

Before elaborating on the GATT agreement, I would like to take a moment to talk about how those who oppose this measure have been characterized. It has been

said that we are against trade; that we are isolationists and protectionists. As far as this Senator is concerned, nothing could be further from the truth. I support trade because it helps increase our employment and provides economic growth. I have worked to support efforts which expand our country's exports. However, our trade with foreign manufacturers who are subsidized by their Governments and who have primitive labor laws and ridiculously low wages. Unfortunately, the agreement before us does not address these issues and, therefore, places our workers at a major disadvantage in the global marketplace. Consequently, I cannot support the passage of this bill.

In addition, Mr. President, significant problems exist that are associated with this agreement which go beyond the pure trade provisions of the pact.

For instance, a major concern that I have with this agreement is the establishment of a new international body, called the World Trade Organization, known as WTO. This supranational bureaucracy will adversely affect the sovereignty of our Nation.

The WTO establishes a ministerial conference and a general council. The ministerial conference will meet every 2 years and receive decisions on matters covered by trade agreements. The general council will govern the WTO on a daily basis. The dispute settlement body, which will be established under the general council, will be the ultimate arbitrator of trade disputes. The decisions handed down by the WTO will be voted on by the member countries.

Each country gets one vote regardless of the population or the value of trade by a country and, unlike in the United Nations, the United States will not have a veto power over WTO decisions. Further, the United States will finance up to 20 percent of the budget for operating the WTO.

The WTO will be the arbitrator of trade disputes between signatory countries. By adopting this bill, we will allow our trade disputes to be settled behind closed doors by bureaucrats that are accountable to no one. Let me quote what Ralph Nadar said in testimony before the Senate Committee on Commerce about how the WTO will work:

This is a tribunal in which three trade specialists preside over a totally secret deliberative process. The press is excluded. Nongovernmental organizations are excluded. All citizens are excluded, State attorneys general are excluded. Only representatives of national governments that are parties to a dispute are given a role. Furthermore, all submissions, all briefs and materials that must be open in our courts, can be kept secret.

Mr. President, we should not let trade disputes be settled by secretive panels of specialists who are accountable to no one. I want to repeat that. We should not let trade disputes be settled by secretive panels of specialists who are accountable to no one. Our country was founded on a principle of openness. Our Senate

proceedings are open to public scrutiny. We have sunshine laws that require us to have an open and accountable Government.

At the very least, if the United States is to consider entering into the WTO, then this matter should be considered as a treaty. Article 16, paragraph 4 of the GATT agreement states that 'each member shall ensure the conformity of its laws, regulations, and administrative procedures with its obligation as provided in the GATT.' By changing our laws to satisfy this supranational trade organization, we are giving away our power to make our own laws. By definition, sovereignty is the ability of a country to make and enforce its own laws. When the WTO rules against us and then tells us to change our laws, we are losing our rights as a country.

One argument used to justify the WTO is that other countries would not impose harsh penalties against the United States since we have such a lucrative marketplace. However, I do not think any of us can really be sure how the developing nations of the world, which account for 83 percent of the WTO membership, will vote when a situation arises. During 1993, more than three-quarters of the WTO members voted against the United States and the other G-7 countries on at least half of the votes on matters before the United Nations. What makes us think that they will not vote against us in trade related matters?

Mr. President, those of us who were serving in the Senate during the Tokyo round of GATT talks have heard many of the same arguments that the Clinton administration is currently making in regard to this agreement. The claims regarding the Uruguay round are strikingly familiar to those made by

the Carter administration at the close of the Tokyo round talks in the late 1970's. At that time, we were told that the bold new steps which were incorporated into the Tokyo round were needed to eliminate our trade deficit and to make America more competitive in the global marketplace. Yet, history and our trade deficit show that the exact opposite happened. After implementation of the Tokyo round, the United States trade deficit grew from \$14 billion in 1979 to over \$115 billion for 1993. Further, we saw a major decline in the viability of the steel, textile and apparel, and electronics industries. These industries have struggled to survive in spite of the closed markets that they encountered in other countries.

Mr. President, in my travels around the State of South Carolina, I get the opportunity to talk to many people. My constituents voice concerns about where our country is headed. They realize that they are working longer, but their hard work is not showing up in their paycheck. Wages are stagnant. They are fearful that their jobs are going to be exported. With this fear comes the loss of hope that they will ever be able to improve their economic status in the current environment.

According to Department of Labor statistics, no single U.S. job has been created in industries exposed to world trade for more than 20 years. Every job created has

been in areas that do not face foreign competition, such as health care and retail sales.

During this debate, many proponents of this agreement will use the argument that for each \$1 billion of goods exported, 20,000 jobs are created. I would then ask how many jobs are lost for each billion dollars worth of merchandise trade deficit that the United States incurs? Using the same 20,000 jobs and with our current trade deficit of over \$160 billion in 1994, our country could lose over 3 million jobs this year. As I previously stated, with the last GATT agreement, our trade deficit has continued to climb. I doubt that this trend is going to magically reverse itself with the passage of this bill.

Mr. President, I urge my colleagues to carefully study this agreement before deciding to disregard our budgeting procedures and eroding our sovereignty to accept the dubious benefits of this agreement. Further, I would ask that they not vote to approve this trade agreement.

Mr. President I ask unanimous consent that related materials be printed in the Record.

I yield the floor.

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

September 14, 1994.

President Bill Clinton,
The White House,
Washington, DC.

[Page: S15312]

Dear Mr. President: As advocates for openness in government, we would like to register our deep concern about the dispute settlement process proposed as part of the World Trade Organization agreement. As it now stands, this proposal is riddled with provisions denying access to government deliberations that are an affront to the democratic traditions of this nation.

This unprecedented secrecy is particularly offensive, given the vast powers to punish and penalize that this body will hold, not over just the federal government, but state and local ones, too. Maximum access should be required in this dispute resolution process for the following reasons:

(1) The proposed process would have the power to determine the legality of a wide variety of laws at the local, state and federal levels, although officials from all levels would not be able to take part in the deliberations.

(2) The deliberations affect not only trade issues, but consumer, worker and environmental protections as well.

(3) Penalties exacted in this process could be severe.

We urge you to insist that signatories to this agreement understand that when state and federal laws are subjected to an international authority to the extent proposed in this document, that citizens of the United States have a constitutional right to access to those deliberations. Here are some of the secrecy and confidential provisions of the agreement that we hope will be revised to conform with democratic practices and traditions:

(1) The public and press should be able to monitor deliberations of the dispute settlement panels. Under the present proposal, those sessions would be closed to both the public and the press.

(2) Documents presented during panel deliberations should be made available to the public as they are in the U.S. judicial proceedings. The decisions of the panels in this process have the force of law, with serious penalties for a non-complying nation, yet the only concession to demands for openness on this point has been a proposal to provide a summary of this information. That falls far short of the public's needs in such critical matters.

(3) The American public's First Amendment right to petition the government should be made a part of this proposed agreement. As it stands, there are no means of direct input from the people, no right of public comment or amicus briefs.

(4) Provision should be made for conflict-of-interest disclosure requirements. As the proposal stands, there is no way for the public to determine whether panelists deciding an issue have economic or other interest in that matter. You may recall that the NAFTA dispute settlement panel operates like the one proposed for the WTO, and during a recent timber subsidy case between Canada and the United States it was discovered belatedly that two attorneys on the panel worked for the Canadian lumber industry.

(5) Documents relating to appeals of WTO panel decisions should be made public. Under the current proposal, all of the appeal process is conducted in secret.

The First Amendment advocates whose names appear below take no position, as a group, on the World Trade Organization agreement itself. Some may support it, others may oppose and still others may be undecided. But all of us, as a group, urge you and your negotiators to restore democratic openness to this crucial process. To do otherwise would break a sacred pact with the American people.

Sincerely,

Paul K. McMasters, National President, Society of Professional Journalists.

Jo-Ann Huff Albers, President, Assoc. of Schools of Journalism and Mass Communication.

Paul Anger, President, Associated Press Sports Editors.

Gilbert Bailon, President, National Association of Hispanic Journalists.

John Seigenthaler, Chairman, The Freedom Forum First Amendment Center at Vanderbilt University.

Diana Baldwin, Chairman, Oklahoma Project Sunshine, Oklahoma City, OK.

David Bartlett, Radio-Television News Directors Association, Washington, DC.

Maurine H. Beasley, Professor of Journalism, University of Maryland College of Journalism, 1993-1994 President, Association for Education in Journalism and Mass Communication.

Lawrence K. Beaupre, Editor, The Cincinnati Enquirer, Vice President, Associated Press Managing Editors.

Susan Bischoff, President, American Association of Sunday and Feature Editors.

Ron Bridgeman, Editor, The Oak Ridger, Oak Ridge, TN.

Benjamin Burns, Michigan FOI Committee, Inc., Northville, MI.

Colorado Press Association, Colorado Freedom of Information Council, Denver, CO.

Lucy Dalglish, National Chairwoman, Freedom of Information Committee, Society of Professional Journalists.

Kathleen Edwards, Manager, Freedom of Information Center, Columbia MO.

Dinah Eng, President, Asian American Journalists Association.

Gregory Favre, President, American Society of Newspaper Editors.

The Florida First Amendment Foundation, Miami, FL.

John R. Foreman, Editor, Champaign-Urbana News-Gazette, Illinois State Chairman for Project Sunshine.

Terry Francke, Executive Director, California First Amendment Coalition.

The Freedom of Information Foundation of Texas, Dallas, TX.

Joseph E. Geshwiler, Editorial Associate, Atlanta Constitution, President, National Conference of Editorial Writers.

Loren Ghiglione, The News, Southbridge, MA.

Bob Giles, Editor and Publisher, The Detroit News, Chairman, The Foundation for American Communications.

Dorothy Gilliam, President, National Association of Black Journalists.

Kelly Hawes, Metro Editor, Muncie Star, Muncie, IN.

William Hilliard, Former Editor, The Oregonian, Portland, OR.

Max Jennings, Editor, Dayton Daily News, Dayton, OH.

Ron Johnson, President, College Media Advisers.

Gary Klott, President, Society of American Business Editors and Writers.

Bill Kovach, Curator, The Nieman Foundation, Cambridge, MA.

Linda Lightfoot, Baton Rouge Morning Advocate, Baton Rouge, LA.

Micheal Loftin, The Chattanooga Times, Chattanooga, TN.

Bill Loving, President, FOI Oklahoma, Inc.

Diane McFarlin, Sarasota Herald Tribune, Sarasota, FL.

Robert G. McGruder, Managing Editor, Detroit Free Press.

Karen Lincoln Michel, President, Native American Journalists Association.

The National FOI Coalition.

Ohio Coalition for Open Government, Dayton, OH.

Burl Osborne, The Dallas Morning News, Dallas, TX.

Geneva Overholser, Vice President and Editor, The Des Moines Register, Des Moines, IA.

Peter Prichard, Editor, USA Today.

Hyde Post, Managing Editor, Atlanta Constitution, President, Georgia First Amendment Foundation.

Charles Rowe, Fredericksburg Free Lance Star, Fredericksburg, VA.

Edward Seaton, Editor in Chief, The Manhattan Mercury, Manhattan, KS.

John Simpson, Editor, USA Today International.

Timothy Smith, Director, Ohio Center for Privacy and the First Amendment.

Dick Smyser, The Oak Ridger, Oak Ridge, TN.

State of Connecticut, Freedom of Information Commission, Hartford, CT.

Frank Sutherland, Editor, The Tennessean, Nashville, TN.

William B. Toran, Professor Emeritus, Columbus, OH.

Georgiana Vines, Immediate Past President, Society of Professional Journalists,
Managing Editor, Knoxville News-Seninel, Knoxville, TN.

Pete Weitzel, Senior Managing Editor, Miami Herald, Miami, FL.

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Children's Advocacy Institute,
November 22, 1994.

President Bill Clinton,
White House
Washington, DC.

Senate Minority Leader Bob Dole,

House Minority Leader Newt Gingrich,
U.S. Congress,
Washington, DC.

[Page: S15313]

Gentlemen: The Uruguay Round of the General Agreement on Tariffs and Trade (GATT) is coming before the current Congress for a critical vote during the last several weeks of this session. The terms of this Agreement raise serious questions about the plight of children in many nations placed in factories and fields under regrettable conditions.

Child labor may be cheap, and an international marketplace which functions solely based upon price competition may allow those who most use child labor to have a concomitant market advantage. Such an advantage drives others into similar practices in order to reduce their costs and preserve marketplace. Unless major consuming nations refuse to buy products produced by inappropriate child labor, or international compacts preclude it effectively, competition will drive producers down to the lowest common cost denominator. That may well mean child labor as a competitively pressured alternative.

In some parts of the world, child labor already means irreparable harm to children. While work is also a part of growing up, some children are now forced into sweat shops which may approximate the worst abuses of slavery. Many are deprived of the lost opportunities that an education can bring. Most lose the simple joys of childhood as we have known them.

One counterforce has been the possibility of rejection of products produced by abusive child labor practices by consuming nations, particularly the United States. Nations can, individually or collectively, set standards to assure the protection of children from cruelty and abuse, and enforce them with potent pocketbooks.

But the Congressional Research Service has recently opined in writing that a national statute which bars purchase of products based upon child labor abuses would be 'inconsistent with GATT articles prohibiting quantitative restrictions on imports * * * and that, further, it may be difficult to justify a ban under GATT exceptions.' [Congressional Research Service, American Law Division, Report to Hon. Tom Harkin, July 15, 1993] The Report indicates that the GATT drafters did not consider child labor issues in the draft agreement now pending.

As advocates for children within the United States, we are concerned about long standing child labor abuses within many nations selling products. We do not support the reward of child labor exploitation by American purchase. If an international treaty binding the United States does not reliably protect children, we would hope that our nation would not surrender its sovereign right to do so.

Thus far, the debate on GATT has not involved substantial consultation with those of us who focus professionally on the status of children. We have not had an opportunity to debate fully the momentous implications of this measure as it affects children. We need the time and opportunity to do so.

We ask that you not vote precipitously on a measure with such far reaching and potentially permanent implications without opportunity for full debate, particularly as to issues affecting children.

Very sincerely,

ROBERT C. FELLMETH,
EXECUTIVE DIRECTOR,

Children's Advocacy Institute,
California's Statewide Child Advocates.

ROSALIND MCGEE,
EXECUTIVE DIRECTOR,

Utah Children,
Utah's Child Advocates.

EVE BROOKS,

President, National Association of Child Advocates, The Nation's Umbrella Organization of State-Based Child Advocates for 37 States.

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Playing the GATT Numbers Game

The Clinton Administration and cohorts are promising better returns than the neighborhood bookie as the Congressional vote on the U.S. implementing legislation for the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) nears. Before U.S. consumer, labor and environmental protection laws and sovereignty are gambled away to the whims of a secretive, undemocratic tribunal in Geneva, the U.S. public, the press, and Congress should look behind those promises. Let's consider five of the predictions:

HOW TREASURY CREATED \$200 BILLION IN GATT GDP GAINS

The U.S. gross domestic product (GDP) will increase by \$153 billion in the tenth year alone of the Agreement, according to the U.S. Treasury Department. To calculate that \$153 billion, Treasury started with `static gains' of \$88 billion, based on economic models that took for granted improved allocation of resources as a result of GATT. Never mind that most of the model-based estimates were computed before the Agreement was concluded and the final terms known, or that the models assumed full employment and perfect competition. Next, Treasury added \$27 billion in `guesses' about the GDP impact of nontariff and service trade agreements, an \$11 billion estimate for so-called `model aggregation' from the Administration's chief GATT cheerleader, \$11 billion from the industries most likely to benefit from intellectual property rules in the Agreement, and, to appease the U.S. GATT negotiators, \$11 billion for an `improved' dispute resolution system. The fantasy was topped off with \$53 billion in `dynamic gains,' the latest euphemism for supply-side economics. Even the Council of Economic Advisors couldn't swallow the lofty total and demanded a `cushion' of a negative \$55 billion. (Other estimates range as low as \$7 billion in GATT-related GDP gains for the entire first 10 years of the Agreement.)

GATT IS NO \$744 BILLION WORLDWIDE TAX CUT

This Agreement will create a \$744 billion worldwide tax (tariff) cut over the next 10 years, according to the U.S. Treasury Department. The estimate assumes that all Uruguay Round reductions in tariff and nontariff barriers would take effect immediately. In fact, the decreases would be phased in over a 10 year period. Additionally, the Administration counts as GATT cuts, tariffs that are lowered or

removed as the result of unrelated and unaffected agreements such as NAFTA. According to the Economic Policy Institute, adjusting for these two errors brings the tariff cut down to \$200 billion, or \$3.51 per person per year. The actual cut is even less than \$200 billion because the calculations ignore tariff increases that are part of the Uruguay Round Agreement. Even Treasury admits that some of the benefits of tariff cuts will not be passed on to consumers, but will simply line corporate coffers.

88 PERCENT OF GATT FUNDING IS UNRELATED TO INTERNATIONAL TRADE

The \$12 billion in tariff income lost by the Treasury during the first five years of the Uruguay Round cuts would be offset with increases in revenue and reductions in spending in other areas, according to the Senate Finance and House Ways and means committees. More than half of those offsets generate no money to replace the real dollar tariff losses, but instead rely on accounting gimmicks and PAYGO surpluses. For example, the Congressional committees claim to have created \$1.207 billion in additional revenues simply by collecting excise taxes in September, before the end of the fiscal year, instead of October, when the taxes would have been due. According to the Joint Tax Committee of Congress, more than \$2.5 billion in PAYGO balances (by law intended to reduce the federal deficit) also will be used to offset tariff losses. (PAYGO balances are generated from past legislation that reduced expenditures or increased revenues.)

` NO' VOTE ON GATT WON'T CAUSE A STOCK MARKET CRASH

Failure to ratify the implementing legislation will cause the stock market to crash. Some GATT proponents have even gone so far as to attempt to generate fear of a crash by comparing GATT to NAFTA. They blame stock price decreases prior to the November 1993 NAFTA vote solely on `anti-NAFTA' events and increases on `pro-NAFTA' developments, even though interest rates, inflation fears, and the release of economic reports had an impact. At the time, a chief technical analyst predicted, `As soon as the NAFTA vote is done, people will be back to worrying about quarterly earnings and interest rates. The NAFTA vote is just an emotional thing.' The day after Congress passed NAFTA, stock prices buckled in response to a big retreat in bond prices.

GATT DISPUTE STATISTICS REFUTE KANTOR'S CLAIMS

The U.S. wins 80 percent of the trade disputes deliberated by GATT panels, according to U.S. Trade Representative Mickey Kantor. In fact, the U.S. has won 80 percent of the time only when the U.S. has accused other countries of GATT violations. When other countries have charged that U.S. laws were GATT-illegal, the U.S. has won a comparatively minuscule 21 percent of the time. GATT disputes involving the U.S. have tripled since 1980, compared to the previous

fifteen years. The EEC has recently published its Report on United States Barriers to Trade and Investment, which will `serve as a means of monitoring US measures to implement the Uruguay Round agreement.' At risk are consumer protection rules of the Food and Drug Administration, incentives for small and minority-owned businesses, recycled content requirements, restrictions on purchases of defense products from foreign suppliers, etc.

The implementing legislation for the Uruguay Round is scheduled for a vote in a lame duck session of Congress next week. Under fast track rules, debate is limited and no amendments may be proposed. The House has even adopted special rules which allow no points of order (such as challenging the use of PAYGO) to be raised. The Senate will need to vote to override its balanced budget requirements. Now's the time for the public, the press and Congress to challenge the GATT proponents' numbers game. Otherwise, in response to false promises and threats, U.S. sovereignty may be surrendered to an international bureaucracy whose operating procedures guarantee that consumer, labor and environmental laws will be reduced to the lowest common denominator.

[Page: S15314]

POTENTIALLY GATT-ILLEGAL SENATE BILLS OF THE 103RD CONGRESS

Following is a list of bills introduced in the 103rd Congress that are particularly susceptible to successful challenge under the proposed World Trade Organization if they are signed into law. If WTO dispute panels ruled against the measures, the United States would face a cruel choice: repeal the WTO-illegal measure or pay trade sanctions. Just the threat of such challenges would have a chilling effect on legislative initiatives raised by federal and state legislators.

Buy American bills: S. 1359 Intro. 8/4/93 by Leahy with Harkin, Simon, Moseley-Braun, Wofford, Pryor, Kerrey, Baucus, Johnston; to require the domestic production of food stamp coupons.

Consumer bills; S. 734 Intro. 4/1/93 by Feingold; to temporarily prohibit the sale of milk produced with hormone-injected cows.

S. 735 Intro. 4/1/93 by Feingold; to amend the FDA Act to require labeling of milk produced by cows injected with bovine growth hormone.

S. 954 Intro. 5/14/93 By Kohl with Leahy, Feingold; to prohibit the use of bovine growth hormone in domestic or international commerce until equivalent marketing practices are established in other major dairy exporting nations.

S. 601 Intro. 3/17/93 by Inouye; to require imported fresh papayas to meet the exact requirements imposed on domestic fresh papayas.

S. 2326 Intro. 7/28/94 by Boxer with Feinstein; to require regulations concerning the use of the term `fresh' in labeling poultry.

S. 2453 Intro. 9/22/94 by Daschle with Leahy; to provide for improved health and food safety through the reduction of meat and poultry pathogens by prohibiting the sale or transportation of meat products that exceed established levels of pathogens.

Environmental bills; S. 716 Intro. 11/20/93 by Bond with Coats, Cochran, Conrad, Daschle, Dorgan, Durenberger, Feingold, Glenn, Grassley, Harkin, Heflin, Kassebaum, Kerrey, Levin, Metzenbaum, McConnell, Pressler, Pryor, Sasser, Simon, Wells, Wofford; to require all federal lithographic printing to be performed using ink made from vegetable oil and materials derived from other renewable resources.

S. 818 Intro. 4/22/93 by Hatfield with Packwood, Mitchell, Boxer, Jeffords, Lieberman, Kennedy, Metzenbaum, Kerry, Levin, Harkin, Leahy, Riegle; to require refund values for certain beverage containers.

S. 822 Intro. 4/27/93 by Breaux; to provide for state management of solid waste and to reduce and regulate the interstate transportation of solid waste, including authorization of waste fees with rates that differ according to the origin of the waste.

S. 1145 Intro. 6/23/93 by Jeffords with Akaka; to prohibit the use of outer space for advertising and to prohibit imports of products by manufactures that engage in outer space advertising.

S. 1634 Intro. 11/8/93 by Heflin; to authorize states and certain political subdivisions to control the movement of municipal solid waste generated in or imported into the state or political subdivision.

S. 1636 Intro. 11/20/93 by Kerry with Packwood; to authorize appropriations for the Marine Mammal Protection Act and improve the program to reduce incidental takings of marine mammals during commercial fishing operations.

S. 1873 Intro. 2/24/94 by Dorgan; to permit governors to limit the disposal of out-of-state municipal and industrial waste in the states.

S. 2345 Intro. 10/5/94 by Baucus; to prohibit operators of landfills or incinerators from receiving out-of-state municipal solid waste without explicit authorization from the affected local government.

Trade bills: S. 301 Intro. 2/3/93 by Daschle with Levin, Johnston; to revive and strengthen Super 301 authority, used by the U.S. Trade Representative to eliminate unfair trade barriers.

S. 1132 Intro. 6/17/93 by Riegle; to promote fair trade in auto parts by providing for unilateral remedies to certain unfair trade practices and initiation of antidumping investigations.

S. 1858 Intro. 2/22/94 by Baucus with Danforth; to make permanent U.S. Super 301 powers of unilateral retaliation for unfair trading practices.

S. 1872 Intro. 2/25/94 by Rockefeller; to expand U.S. exports by requiring the development of objective criteria to achieve market access in Japan.

Health bills: S. 331 Intro. 2/9/93 by Kennedy; to regulate pesticide chemical residues in food.

S. 966 Intro. 5/13/93 by Lautenberg with Chafee; to reduce the presence of certain toxic heavy metals that pose public health and environmental hazards in packaging.

S. 1347 Intro. 8/3/93 by Bradley; to impose an excise tax on lead and lead products, including imports, to create a Lead Abatement Trust Fund.

S. 1671 Intro. 11/18/93 by Cohen; to require that promotional products for cigarettes bear labels warning of the dangers associated with smoking.

Human rights bills: S. 189 Intro. 1/26/93 by Helms; to ban imports of goods made in China with forced labor. (GATT only prohibits trade in prison-labor goods; other forced labor, including coerced child labor is acceptable under GATT once China becomes a WTO member.)

S. 613 Intro. 3/18/93 by Harkin with Grassley, Rockefeller, Metzenbaum, Feingold, Campbell, Dorgan, Riegle, Inouye, DeConcini, Wofford, Levin, Kennedy, Daschle; to prohibit imports of foreign goods produced with child labor.

Labor bills: S. 1661 Intro. 11/16/93 by Durenberger with Pell; to provide for uniform warnings on personal protective equipment for occupational use.

Public Safety bills: S. 440 Intro. 2/25/93 by Gorton with Akaka, D'Amato, Thurmond, Kassebaum, Shelby, DeConcini, Breaux, Bryan; to control the diversion of certain chemicals used in the illicit production of controlled substances and to provide flexibility in the controls placed on legitimate commerce in those chemicals.

S. 680 Intro. 3/31/93 by Gorton with Rockefeller, Bryan, DeConcini, Lieberman, Dodd; bill to protect the safety of small children by requiring warning labels on balloons, small balls and games designed for small children and banning the marketing for small children of toy balls that have a diameter of less than 1.75 inches.

S. 799 Intro. 4/20/93 by Metzenbaum with Simon; to permanently label four- and six-gallon buckets to warn of a potential drowning hazard to young children.

S. 1663 Intro. 11/19/93 by Levin with Riegle, Feingold, Kohl; to control the diversion of certain chemicals used in the illicit production of controlled substances.

S. 1848 Intro. 2/10/94 by Danforth with Bryan, Gorton; to provide disclosure of the bumper-impact capability of certain passenger vehicles and require a 5-MPH bumper standard for such vehicles.

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From the USA Today, Nov. 22, 1994

[FROM THE USA TODAY, NOV. 22, 1994]

Reject This Flawed Treaty

(BY RALPH NADER)

How ironic: USA Today's editorial supports the General Agreement on Tariffs and Trade Organization, but USA Today's reporters would be prohibited from covering any of WTO's secret tribunals.

These closed courts would be deciding whether U.S. laws challenged by other countries would have to be repealed, or if you, the taxpayer, would have to pay fines to the winning foreign nation.

You, the readers, would be barred from observing, participating in or appealing any of these tribunals' decisions affecting your health, safety and workplace conditions.

Fifty-one leaders of the media, led by John Seigenthaler of the Freedom Forum First Amendment Center, protested this shutout in a letter to President Clinton in September, but to no avail.

Should you try to improve conditions by amending our country's laws, the State Department would inform you if it considers your consumer, environmental or labor proposals to be trade-restrictive and thereby illegal under GATT-WTO.

This chilling effect from Geneva, where WTO technocrats and global corporate lobbyists will gather together, is made colder by WTO's twin mandates:

One is the supremacy of foreign trade over non-trade practices such as food safety, pollution control, occupational health and tax policies.

Trade agreements should stick to trade.

The second is the international harmonization of standards. This would often mean harmonization downward for our generally higher safety conditions.

Currently, for example, under a similar North American Free Trade Agreement mandate, U.S. and Mexican officials are meeting secretly in Acapulco to harmonize truck-weight standards which in the United States cannot exceed 80,000 pounds. Since the U.S. trucking lobby likes the bigger Mexican rigs that have a 175,000-pound ceiling, which image do you think your rear-view mirror will reflect in a few years?

As a governing regime, the WTO's 123 member-nations are each given one vote. Two dictatorships can outvote the United States, which has no veto. This is why the Bush administration itself opposed this WTO idea before leaving office in December 1992.

Remarkably, countries that mistreat their workers, consumers and environment (including condoning brutalized child labor) do not violate the GATT-WTO. But our country, with more humane standards than many other countries, can be charged at those secret tribunals with restricting trade.

That is why the proposed WTO is a 'pull-down,' not a 'pull-up,' trade agreement.

Fifteen years ago, when the prior revision of GATT called the Tokyo round was completed, Washington made similarly inflated promises of more jobs for the United States.

Since then, our country has suffered from even larger annual trade deficits, including a deficit in manufactured goods.

Even with a cheap dollar, this year's deficit will exceed \$150 billion. That is exporting lots of American jobs from a nation experiencing falling real wages for the past two decades.

Congress should defeat the GATT-WTO and return it to Geneva for renegotiation under democratic processes and 'pull-up' standards of prosperity.

This would also avoid busting the federal budget and overcentralizing unaccountable power in Geneva, and it will prevent the foreign regulation of America.

This lame-duck Congress, with more than 90 defeated or retiring job-seekers, needs to hear by next Tuesday from concerned Americans, who may call their senators and representatives at 202-224-3121.

[Page: S15315]

Brief Response to Some Senators Who Employ the Argument That the United States Can Always Get Out of the WTO on Six Months Notice

(BY RALPH NADER)

Given the array of power pressing the Congress to get into this World trade pact, consider the unlikelihood that we would ever get the Congress to get out of this Pact. Giving notice and getting out means surrendering 50 years of trading rights with other nations. It is not going to happen in this town.

Moreover, the U.S. cannot get out of parts of this Pact. Article 16, Par. 5 of the agreement stipulates that no reservations may be made in respect of any provision of this agreement. The U.S. and all other nations are not permitted any exceptions the way the old GATT (now operating) permits.

Therefore, if exiting the Pact is politically impossible, can we fix the trade pact from inside--regarding the autocratic secretive processes, the one-nation-one vote, no veto etc? Can we amend this agreement given the way the voting power is overwhelmingly stacked against the U.S. and the supramajorities needed for such changes? We have less than one percent of the vote, and shrinking as new large and tiny countries are added to the rolls. Maybe someone can explain how we can fix this agreement, as many Senators have been saying, to try to minimize the disadvantageous provisions that are in the text against the interests of the American democracy and economy. Will any of these Senators stand up and explain the practical points?

1. Can we really quit the WTO once we are in it?
2. Can we really fix the WTO, given the voting odds, once we are in it?
3. And isn't it better to reject the WTO proposal (as a prior Congress 1

did when it was called the ITO and a renegotiation occurred in 1947) and send it back to Geneva for renegotiation while we have some bargaining power left. For without the approval of Congress, the Pact would have to be renegotiated--our major trading partners have acknowledged this reality.

1 Congress did not actually vote to reject; its members signalled that the ITO would not be accepted. The White House listened.

Please think about this!

The 118 Nations That Signed the Uruguay Round of GATT

Antigua and Barbuda, Argentina, Australia, Austria, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Brunei, Burkina Faso, Burendi, Cameroon, Canada, Central African Rep., Nambia, Chad, Chile, Colombia, Congo, Costa Rica, Cote d'Ivoire, Cuba, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Egypt, El Salvador, Fiji, Finland, France, Gabon, Gambia, Germany, Fed. Rep. of, Ghana, Greece, Grenada, Guatemala.

Guyana, Haiti, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Korea, Rep. of, Kuwait, Lesotho, Luxembourg, Macau, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Mynamar, Nambia, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Romania.

Rwanda, Saint Lucia, Saint Vincent, Senegal, Sierra Leone, Singapore, Solvakia, South Africa, Spain, Sri Lanka, St. Kitts and Nevis, Gov't of, Suriname, Swaziland, Sweden, Switzerland, Tasmania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States of America, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia, Zimbabwe.

The PRESIDING OFFICER. Who seeks recognition?

Mr. HOLLINGS. Mr. President, I yield 5 minutes to the distinguished Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 5 minutes.

Mr. HARKIN. Mr. President, I thank the distinguished Senator for yielding this time. I may not take all of that.

I just wanted to state for the record that since 1975 when I first entered the House of Representatives I have worked assiduously and tirelessly on behalf of human rights. The first amendment dealing with human rights and foreign policy was in fact an amendment I offered in 1975 in the House of Representatives.

I do not believe there is any more pressing issue regarding human rights in the world today than the exploitive and abusive use of child labor, whether it is in manufacturing, mining, textiles, rugmaking, shoes, et cetera. I have a bill pending in the Senate which I will introduce again next year, S. 613, which basically would cut off the importation into this country of any items that are made by child labor.

For the record, on September 23, 1993 the U.S. Senate went on record unanimously with a sense-of-the-Senate resolution supporting that legislation. That was just about a year ago. I will read the resolution. It says:

(b) **Sense of the Senate.**--It is the sense of the Senate that--

(1) the economic exploitation of children, especially the practice of bonded child labor should be strongly condemned;

(2) it should be the policy of the United States to not allow the importation of products made by children who are employed in industry or mining; and

(3) the President should take action to seek an agreement with governments that conduct trade with the United States for the purpose of securing an international ban on trade in products made with child labor.

Mr. President, that was just over a year ago when the Senate went on record with that resolution. Last year, I funded through my Subcommittee on Appropriations a study by the Department of Labor of those industries and countries that use exploitive child labor. Nineteen of our trading partners were identified. The study documented some of the more serious abuses of child labor. There are more than 19 countries involved in abusive child labor practices. But that was the limit of the study.

The documentation is irrefutable--millions of children 8 to 14 years of age, bonded labor, working 10 to 12 hours a day 6 to 7 days a week for mere pennies. The facts are clear that as international corporations seek low-wage workers they push down the cost of labor to the lowest level. The lowest level, obviously, is slavery. But since we do not sanction slavery in any country, and to utilize slavery would make a country a pariah, slavery is not utilized.

The next rung up is prison labor. We do not allow prison labor either. As the distinguished Senator from Nebraska said a few moments ago--I repeat what he was said, it was very, very good--we protect criminals but we do not protect the kids. We do not allow the products of prison labor to come in but we do of children. So we protect criminals but we do not protect the kids. What an odd set of circumstances.

So we have a situation that we have to address. Again, what is happening is that so many of these products are now produced overseas.

I ask unanimous consent to have printed in the **Record**, an article from Harper's magazine, August 1992, entitled 'The New Free-Trade Heel.'

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

From Harper's magazine, August 1992

[FROM HARPER'S MAGAZINE, AUGUST 1992]

The New Free-Trade Heel--Nike's Profits Jump on the Backs of Asian Workers

(BY JEFFREY BALLINGER)

Her only name is Sadisah, and it's safe to say that she's never heard of Michael Jordan. Nor is she spending her evenings watching him and his Olympic teammates gliding and dunking in prime time from Barcelona. But she has heard of the shoe company he endorses--Nike, whose logo can be seen on the shoes and uniforms of many American Olympic athletes this summer. Like Jordan, Sadisah works on behalf of Nike. You won't see her, however in the flashy TV images of freedom and individuality that smugly command us to JUST DO IT!--just spend upward of \$130 for a pair of basketball shoes. Yet Sadisah is, in fact, one of the people who is doing it--making the actual shoes, that is, and earning paychecks such as this one in a factory in Indonesia.

In the 1980s, Oregon-based Nike closed its last U.S. footwear factory, in Saco, Maine, while establishing most of its new factories in South Korea, where Sung Hwa Corp. is based. Sung Hwa is among many independent producers Nike has contracted with. Nike's actions were part of the broader 'globalization' trend that saw the United States lose 65,300 footwear jobs between 1982 and 1989 as shoe companies sought non-unionized Third World workers who didn't require the U.S. rubber-shoe industry average of \$6.94 an hour. But in the late 1980s, South Korean laborers gained the right to form independent unions and to strike. Higher wages ate into Nike's profits. The company shifted new factories to poorer countries such as Indonesia, where labor rights are generally ignored and wages are but one seventh of South Korea's. (The Sung Hwa factory and others like it are located in Tangerang, a squalid industrial boomtown just outside Jakarta.) Today, to make 80 million pairs of shoes annually, Nike contracts with several dozen factories globally, including six in Indonesia. Others are in China, Malaysia, Thailand, and Taiwan. By shifting factories to cheaper labor pools, Nike has posted year after year of growth; in 1991 the company grossed more than \$3 billion in sales--\$200 million of which Nike attributes to Jordan's endorsement--and reported a new profit of \$287 million, its highest ever.

The words printed on the pay stub are in Bahasa Indonesia, a language created by fusing Roman characters with a dominant Malay dialect. The message, however, is bottom-line capitalism. 'Per hari' is the daily wage for seven and a half hours of work, which in Sadisah's case is 2,100 Indonesia rupiah--at the current rate of exchange, \$1.03 per day. That amount, which works out to just under 14 cents per hour, is less than the Indonesian government's figure for 'minimum physical need.' A recent International Labor Organization survey found that 88 percent of Indonesian women working at Sadisah's wage rates are malnourished. And most workers in this factory--over 80 percent--are women. With seldom more than elementary-school educations, they are generally in their teens or early twenties, and have come from outlying agricultural areas in search of city jobs and a better

life. Sadisah's wages allow her to rent a shanty without electricity or running water.

`Pendapatan' is the earnings column, and five lines below the base pay figure for the month (50,400 rupiah) is one for overtime. Sadisah and the other workers in this factory are compelled to put in extra hours, both by economic necessity and by employer fiat. Each production line of 115 workers is expected to produce about 1,600 pairs of Nikes a day. According to the column at left, next to `OT (JAM),' Sadisah worked 63 hours of overtime during this pay period, for which she received an extra 2 cents per hour. At this factory, which makes mid-priced Nikes, each pair of shoes requires .84 man-hours to produce; working on an assembly line, Sadisah assembled the equivalent of 13.9 pairs every day. The profit margin on each pair is enormous.

Here are Sadisah's net earnings for a month of labor. She put in six days a week, ten and a half hours per day, for a paycheck equivalent to \$37.46--about half the retail price of one pair of the sneakers she makes. Boosters of the global economy and `free markets' claim that creating employment around the world promotes free trade between industrializing and developing countries. But how many Western products can people in Indonesia buy when they can't earn enough to eat? The answer can't be found in Nike's TV ads showing Michael Jordan sailing above the earth for his reported multiyear endorsement fee of \$20 million--an amount, incidentally, that at the pay rate shown here would take Sadisah 44,492 years to earn.

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Mr. HARKIN. Mr. President, the Harper's magazine article shows the labor cost to manufacturing. For a pair of Nike's made in Indonesia, the cost of labor is 12 cents. They sell for \$80 in the United States.

I have here also an article about a rug made in Morocco. The 13-year old girl that made it got \$19.34. It sold in Macy's for \$499. That is a little better than the Nike shoe example but not much.

I just want to read the last sentence of this article. It says quoting:

Someone in Morocco says we cannot compete with them in India because in India they pay with a bowl of rice for two rugs.

So that is really what is happening. Companies are bidding down the price of labor. And as they do that, since we do not sanction slavery or prison labor, the next rung up on that ladder is child labor. That is what is happening around the world today. It is becoming a more and more serious problem. It is not alleviated.

I am hopeful that we can do something in this country to address the child labor issue. The only way we can do it is through our market system. We can say to

those countries: If you are going to use child labor you will not have access to our markets. That kind of provision is not in the GATT agreement.

I have had discussions with Ambassador Kantor and people within the administration. They say they are going to work in the WTO preparatory committee this month to establish a work program on child labor, labor rights. They are going to work with us to get a bill enacted regarding imports made with child labor. They are going to work with us to deal more effectively with child labor in the GSP, the Generalized System of Preferences, which will be up for reauthorization next year--covering 140 countries, many of them abusing child labor. That is where we ought to also attack this issue of the child labor in other countries. And they have promised to address child labor in future negotiations on regional trade agreements.

Mr. President, I do know that the U.S. must take the lead in reducing and ending exploitive and abusive child labor. Only we can do that because of our longstanding advocacy and support for human rights.

Mr. President, I also want to make a few remarks specifically on the budget point of order that is expected to be raised against this legislation later today.

In that regard, I ask unanimous consent that a letter signed on July 15, 1994 to the President, signed by 19 Members of the Senate, be made part of the **Record**.

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

U.S. Senate,
Washington, DC, July 15, 1994.

President William J. Clinton,
The White House,
Washington, DC.

Dear President Clinton: We write to ask that you join us in opposing any effort to waive provisions of the Budget Enforcement Act for the General Agreement on Tariffs and Trade (GATT) implementing legislation and avoid the requirement that such legislation be fully funded.

Some of us support GATT, others of us oppose the agreement, and still others of us have yet to make a decision, but we are united in our concern about the precedent waiving the provisions of the Budget Enforcement Act could set, undermining our ability to make further progress in lowering the deficit now and in the future.

We are confronted on a regular basis with having to make tough decisions on worthy programs because of our budget rules, and rightly so. The federal budget deficit must be brought down.

That GATT is significant is clear, but the importance of an issue should not determine whether or not it should conform with the budget rules we have set for ourselves. Indeed, the true test of our resolve to bring the deficit under control is our willingness to apply the budget rules to the important issues.

We recognize your commitment to passing GATT implementing legislation. Your support for making that legislation comply with the budget rules will be all the more meaningful because of that commitment, and we hope you will join us in this effort to oppose any effort to dodge this responsibility.

Sincerely,

Russ Feingold, Ben Nighthorse Campbell, Chuck Grassley, Jesse Helms, Dirk Kempthorne, Dale Bumpers, Strom Thurmond, Larry Pressler, Dave Durenberger, Lauch Faircloth, Larry E. Craig, Trent Lott, Robert F. Bennett, David Boren, John Warner, Hank Brown, Byron L. Dorgan, Alfonse D'Amato, Herb Kohl.

Mr. HARKIN. Mr. President, the letter sent on July 15, 1994 to the President was signed by 19 Members of the Senate saying that they oppose any GATT implementing bill requiring us to waive the budget rules to provide for deficit spending. I will read one sentence. It says:

Indeed, the true test of our resolve to bring the deficit under control is our willingness to apply the budget rules to the important issues.

Now I understand that some of the people who signed the letter now say they are going to vote to waive the budget rules.

I want to make it clear that I believe we ought not to be waiving the budget rules to provide for the GATT agreement.

Therefore, I cannot and I will not vote to waive the budget rules to provide for deficit spending to enact the GATT agreement.

There is nothing wrong with bringing this agreement up next year when it should be brought up, once the funding is worked out. I believe that if we want to, if the people really want to enact a GATT agreement, we will find a way to raise the money, to cover the sum of \$14.6 billion that we will increase the deficit by in the present GATT implementing bill.

Mr. President, I just do not see how Senators can waive the Budget Act to provide for deficit spending, to provide for the enactment of GATT this year. It should be done next year.

The PRESIDING OFFICER. Who seeks recognition?

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum and ask that the time be allocated to each side accordingly.

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

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll. The time will not be allocated to either side.

The legislative clerk proceeded to call the roll.

Mr. MITCHELL. 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. MITCHELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MITCHELL. Am I correct in my understanding that unless otherwise agreed to, a quorum call is charged equally against all of those who now hold remaining time?

The PRESIDING OFFICER. The quorum call is normally charged against the Senator putting in the quorum call. If a quorum call is not put in, it will be charged equally. Of course, that can be changed by unanimous consent as it was in this instance. In this instance there was a unanimous consent request asking that the quorum call not be charged to either side.

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time of the quorum call be charged half to each side and proportionally on the Democratic side equally among the proponents and opponents.

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

The time will be charged as requested in the unanimous-consent request by the Senator from Maine.

Mr. PACKWOOD. Half to us and half to them; is that correct?

The PRESIDING OFFICER. The Senator from Oregon is correct.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREAU. 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. BREAUX. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BREAUX. I will ask the Chair to inform me of how much time this side has remaining.

The PRESIDING OFFICER. The side has 1 hour and 2 minutes remaining.

Mr. BREAUX. Let me yield to the distinguished Senator from Florida 10 minutes.

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

Mr. GRAHAM. Mr. President, thank you. I appreciate my good friend and colleague from Louisiana yielding me time to make a brief comment on the matter which is before us.

Mr. President, I speak strongly in favor of the General Agreement on Tariffs and Trade and hope that our colleagues will approve this historic agreement later today.

I would like to talk about this issue from two perspectives. First, the perspective of my State of Florida, a major export State, and the benefits that it will derive particularly in the area of agriculture and, second, to the importance of this to relations within the Western Hemisphere.

Mr. President, yesterday there was a press conference held in the Capitol. 'Ag for GATT.' Representatives of the major agricultural organizations in America stood together in support of the General Agreement on Tariffs and Trade.

American farmers, as represented by those gathered yesterday, want to do what they are best able in the world to do, which is to produce food and sell it at competitive prices around the globe.

GATT will help Florida farmers in three ways. First, it will increase access to foreign markets. Second, it will reduce export subsidies. Third, it requires countries to base their sanitary rules on sound principles of science.

Florida's \$6 billion agricultural industry will benefit under the GATT. Florida is expected to gain from the Clinton administration's recent pledge of \$600 million in additional funding for agricultural export programs which are acceptable under the GATT.

As a result of GATT, U.S. agricultural exports are projected to reach \$4.7 billion by the year 2000, an increase of \$1.6 billion from today. Agricultural exports are expected to reach \$8.7 billion by the year 2005. The increased agricultural exports

created by the GATT will create as many as 112,000 jobs--112,000 jobs--in the United States, Mr. President, by the year 2000, and 190,000 jobs by 2005.

As a specific example, GATT will greatly benefit Florida's citrus industry. The European Union, Japan, Korea, Switzerland and Thailand have all agreed to lower tariffs on various citrus products upon the passage of the GATT.

Mr. President, there have been considerable statements of concern made relative to the World Trade Organization and some of the powers it will have. I would concede that a consequence of the World Trade Organization is that the United States is going to be less sovereign in terms of its ability to control trade. But the same statement is made about every other country. They are giving up some of their sovereignty and we, Mr. President, have been the targets of some of the misapplication of other nations' economic sovereignty.

As an example, it was not very many years ago that there were boatloads of Florida citrus products, particularly grapefruits, tied up at a particular Pacific nation's ports, unable to be unloaded because that nation was holding that a particular form of treatment which these grapefruits had received, a treatment which is applied on a worldwide basis, did not meet their sanitary standards. There was no scientific basis for that country's sanitary standards. It was an economic effort to exclude from that market Florida grapefruit products. The consequence of that was that the boatload of grapefruit was lost, the economic gain was denied to our farmers, and access to those quality products was denied the citizens of that nation.

It is that type of abuse that the World Trade Organization provisions are intended to rectify.

Mr. President, this agreement will also be especially important to Florida and to our many other States which have substantial economic interests in what happens within this hemisphere, because the GATT will promote better trade opportunities among the countries of North and South America and the Caribbean. The potential for economic prosperity within this hemisphere has never been fully realized, even though Latin America is the only region of the world in which the United States currently enjoys a substantial trade surplus. Last year, we had about a \$3.5 billion trade surplus with the Caribbean and South America. Prior to the break up of the Soviet Union, the United States looked upon Latin America and the Caribbean primarily as a security concern rather than an area of economic opportunity. Now that focus is changing.

Last year, we passed the North American Free Trade Agreement. That is not a book, but rather a chapter in a much larger book of expanding economic relations within the Western Hemisphere. Next week, in Miami, the summit of the Americas will meet, the first time in over a quarter of a century that the heads of Government of all the Nations that are democratically ruled in this hemisphere will meet together. A principal topic of that meeting, Mr. President, will be economic

expansion and the particular role which expanded trade will have in increasing the economic opportunities of all the people within this hemisphere.

The United States prospects for trade with the Caribbean and Latin America are good today, and with the passage of GATT will be better tomorrow.

Latin America has a need for the technologically advanced products that the United States produces. In Mexico, for example, there are 7.3 telephone lines per 100 people. That compares to the United States which has 56.2 telephone lines per 100 people. We have a tremendous opportunity to meet those types of needs which not only will utilize U.S.-produced products, but will also help build a stronger economic infrastructure for our neighbors.

The fastest growing segment of U.S. trade with the Caribbean and Latin America has been in precision equipment, exactly the type of equipment which is necessary in order to enhance the economy of that region, while also producing jobs and opportunities in the United States. This meeting of an identifiable need has already resulted in a substantial increase in trade between the United States and the Caribbean and Latin America.

This year, Latin America, including Mexico, will buy 18 percent of U.S. merchandise exports. And, according to U.S. Trade Representative, Ambassador Mickey Kantor, Latin America will purchase 25 percent--25 percent--of all U.S. exports, totaling \$232 billion by the year 2010.

Mr. President, within 15 years Latin America and the Caribbean will have a greater share of U.S. export than will Europe and Japan combined. That is the scale of the opportunity that is available to the United States through an invigorated economy in Latin America and the Caribbean and our ability to sell effectively into those stronger economies. The United States direct investment in Latin America and the Caribbean has tripled since 1986 and now accounts for 13 percent of all U.S. investment abroad. Latin America is the second-fastest-growing economic region in the world with a projected growth of an average of 5 to 6 percent a year over the next 10 years. Sales to Latin America increased by \$48 billion between 1958 and 1993. This growth created 900,000 new jobs in the United States.

As Latin America becomes more prosperous economically, the demand for U.S. consumer goods will grow. The growing relationship between the United States and Latin America and the Caribbean can be reciprocal. While the United States responds to demands for products in Latin America and the Caribbean, that same region can assist in providing us with much needed natural resources.

Latin American countries have recognized an opportunity for improved trade with the United States and have begun to dismantle barriers to trade and foreign investment. Latin American countries have lowered their tariffs on U.S. goods from an average of 56 percent just 9 years ago, to 15 percent last year. There is still room for improvement.

As tariffs remain higher in Latin America than in most developed nations, the GATT will further Latin American Governments' efforts to deregulate sectors of their economy, reduce subsidies in price controls, private state enterprises, establish antitrust and intellectual property regimes and institute democratic political reforms.

Mr. President, at this point I would like to indicate that it was only a matter of a few years ago that you could count on the fingers of your hand the number of democratic regimes in Latin America and the Caribbean. Today every nation in the Latin American and Caribbean region is a democracy, except for Cuba.

So, Mr. President, I say in summary that Latin America and the Caribbean are a significant but underappreciated sector for U.S. economic growth. The GATT will increase Latin America's economic prosperity and thus contribute to the economic prosperity of the United States and jobs for Americans.

I urge the passage of the agreement.

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

Who yields time?

[Page: S15318]

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

The PRESIDING OFFICER. The Senator from Maine is recognized for 5 minutes.

Mr. COHEN. Mr. President, the global economy is here and offers tremendous opportunities for us.

I was encouraged to find at the two international trade conferences I held in Maine this year that there were literally hundreds of Maine businessmen and women who already are succeeding in the world economy. Most of these businesses are small and their export efforts often go unnoticed, but they are out there. I think it is important to help these small businesses to take full advantage of export opportunities. Small businesses simply do not have the resources to secure foreign sales on their own. The Federal Government, through its export assistance programs, has been helping and must continue to do so.

At issue today is the largest trade agreement in the history of the world. It is not something that can be approached lightly. It is complex and voluminous. Many legitimate questions have been raised.

In particular, as was just expressed by my colleague from Florida, there is great concern that the World Trade Organization could undermine U.S. sovereignty. And that allegation must be taken very seriously. Undoubtedly, the WTO will have more power than the existing GATT accord, and people understandably are

concerned about the WTO's power. However, after careful consideration, I am not convinced that the WTO poses a threat to U.S. laws.

The only laws that could be challenged under the WTO are unfair and illegal trade barriers. The United States has nothing to fear under the WTO because it is other countries, not the United States, that have a record of enacting trade barriers thinly disguised as health or public safety laws. For instance, Japan has continually justified its ban on the United States rice imports on the grounds that our rice poses a threat to the health of Japanese population. Of course, this is a ludicrous argument. There is no evidence to support this outrageous claim, and the WTO would expose Japan's law for what it is--trade barrier masquerading as a health law.

Moreover, it is important to note that the WTO does not have the authority to strike down U.S. laws, even if they are found to violate trade law. The WTO does not have powers like the U.S. Supreme Court. When the Supreme Court finds that a law violates the Constitution, that law is automatically declared void. The WTO, on the other hand, has no such power. The most severe action the WTO could take would be to impose fines on countries that refuse to take down their trade barriers. Again, since the United States is already the most open market in the world, we have little to fear from the WTO and much to gain if it can reduce trade barriers elsewhere in the world.

Finally, the United States reserves the right to withdraw from the WTO at any time after providing 6 months notice. And Congress has the ability to vote once every 5 years as to whether or not we should remain in the WTO.

I think, like others who have stood on the floor today and yesterday to express their reservations, that while there are areas certainly where the GATT could be improved, on balance, I think the agreement is in best long-term interests of American workers. Export-related jobs on average pay 17 percent more than other jobs. Therefore, we must encourage and take advantage of our export opportunities.

The principle goals of GATT are to open foreign markets to American goods and to lower tariffs by one-third.

In a very important way, the GATT agreement is really about shifting power from governments to individuals. By reducing tariffs, money that would have been coming to Washington will stay in the pockets of consumers. Furthermore, by reducing trade barriers, individuals--rather than governments--will decide where they buy their products from and where they sell them. The cornerstone of free trade policy is that individuals--not governments--should make consumer choices. I believe the GATT agreement makes significant progress in this regard.

In embracing GATT and the global economy, however, we must make help those for whom the new economy poses more of a challenge than an opportunity. Federal job training programs and other outreach efforts are essential to help

those in need. The debate over free trade must never focus solely on the benefits to the Nation as a whole. We must also focus on those who are adversely affected by trade, because if trade policies do not in the long term benefit all Americans, there will be a tremendous backlash against efforts like GATT in the future.

So, Mr. President, I am supporting GATT today because I believe it will benefit American families over the long term, but I also intend to assure that we do not forget those who, as the result of freer trade policies, may be adversely affected.

Let me just conclude by stating that I recently returned from a trip to Southeast Asia. To my colleagues, let me say: We are succeeding. We are penetrating markets. Barriers are coming down. Products made in Maine and elsewhere are now penetrating those markets that previously had been barred to United States and Maine-made products. So we are competing effectively. We are the most efficient, the most productive Nation in the world.

It seems to me if we want to continue to promote prosperity on a worldwide basis, from which we can only benefit, this is an agreement that we should support.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

[Page: S15319]

Mr. PACKWOOD. I thank my good friend from Maine very, very much. I am must confess when I talked with him yesterday I had some nervous trepidations, but I am delighted with his statement today. I thank him very much.

I suggest the absence of a quorum and request we charge the time half to the Republican side and half to the Democrats.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time? From whose time does the Senator from Indiana seek recognition?

Mr. LUGAR. I am a proponent of the bill, so I ask the manager who is managing that side to yield me time.

The PRESIDING OFFICER. Without objection, the Senator from Indiana is yielded time from that of the Senator from Oregon.

Mr. LUGAR. Mr. President, there should be no doubt about the proper course of action for the Senate today: We should approve the Uruguay round trade agreements by an overwhelming margin. At a time when many people around the world are wondering aloud about the future of U.S. international leadership, we have today an opportunity--and an obligation--to reaffirm our leading role.

The Uruguay round will allow the United States to increase our exports by as much as \$150 billion a year by 2004. It will boost economies worldwide, accelerating growth in both developed and developing economies.

Among the most significant achievements of the Uruguay round is the agreement on agriculture reached after 7 years of arduous negotiation. As incoming chairman of the Committee on Agriculture, Nutrition, and Forestry, I would like to point out to my colleagues that this agreement subjects agricultural trade to rules and disciplines which have been the norm for industrial products over many decades, but have been applied haphazardly, if at all, to trade in agricultural commodities.

The Uruguay round will require export subsidies to be cut by 36 percent in budget terms, and by 21 percent in terms of subsidized tonnage. This provision helps the United States because for most heavily subsidized commodities, we can export at a competitive price but our European rivals--the major practitioners of export subsidies--cannot.

The round will also require that import quotas be turned into equivalent tariffs. The resulting tariff levels--and indeed all other agricultural tariffs--must be reduced an average of 36 percent, with each individual tariff cut no less than 15 percent.

Finally, the round also recognizes for the first time the trade-distorting potential of domestic farm subsidies, and provides new disciplines in this area. At the same time, countries will receive credit for cuts they have already made; in the United States, having indeed made some cuts, we will not be compelled by GATT to make more.

The U.S. Department of Agriculture projects a rise of up to \$4.7 billion in exports by 2000, along with a gain of 112,000 new jobs and an increase of \$1 billion in farm income. USDA's projections for the following 5 years are even more dramatic.

Mainstream American agriculture agrees. My colleagues have probably received a letter of support for the Uruguay round signed by an unusually large and diverse agricultural coalition: about 300 different companies, grower association, and other groups.

I ask unanimous consent that the text of the letter and its signatories be printed in the **Record**.

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

AG for GATT,
Washington, DC, November 28, 1994.

Hon. Richard G. Lugar,
U.S. Senate,
Hart Senate Office Building, Washington, DC.

Dear Senator Lugar: Very soon you will vote on the GATT implementing bill, one of the most important pieces of economic legislation since the end of World War II. Passage of the bill will mean more U.S. exports, more American jobs, lower taxes and a real stimulus to our economy. Defeat of this bill would be nothing short of a victory for protectionism both here and abroad.

The nearly 300 farm groups, associations and agricultural businesses that make up the Ag for GATT coalition urge you, in the strongest terms, to vote for the GATT and for a better future for American farmers, ranchers and their allied enterprises. With record or near record production of nearly all farm products this year, we need the benefits that GATT will bring to our sector and we need them now, not at some unspecified time in the future.

Agriculture will benefit from expanded export markets, lowered export subsidies and an improved ability to challenge unfair foreign trade barriers. It is estimated that the GATT agreement will increase U.S. farm exports by anywhere from \$5 billion to \$14 billion per year by the end of the transition period. It will also increase net farm income by over \$1 billion and create over 100,000 new jobs throughout the food chain. Quite simply, without the GATT agreement, more farmers will be forced to leave farming and government expenditures in agriculture will rise.

The direct benefits to agriculture have been well-documented. However, there are two other issues in the GATT debate that we would like to address because they have received a great deal of attention and because they have agricultural implications.

The World Trade Organization and U.S. Sovereignty--American agriculture has suffered under exiting weak and often ineffectual GATT dispute settlement rules. We support the improved enforcement of international trade commitments that will come with the WTO. We would not support the agreement if it weakened U.S. sovereignty and we are satisfied that it does not.

The bill itself ensures that U.S. laws and regulations are totally protected. Section 102 reads in part:

Relationship of Agreements to United States Law.

United States Law to Prevail in Conflict. No provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect.

Nothing in this Act shall be construed to amend or modify any law of the United States, including any law pertaining to the protection of human, animal, plant life or health, the protection of the environment, or worker safety, or to limit any authority conferred under any law of the United States . . .

The Budget Issue--A vote against the budget waiver is a vote against the GATT. If the budget waiver is rejected, there will be no vote on GATT and all of the benefits to agriculture from the GATT agreement will be lost.

It is essential to recognize that a vote for the waiver is not a vote to increase the budget deficit. The GATT will result in increased revenues to local, state and federal treasuries, by stimulating economic growth and creating jobs. In fact, rejecting the GATT could be a budget buster. In agriculture alone there are a number of budgetary impacts that are receiving little, if any, attention. For example, without the new markets to be opened by the GATT agreement, U.S. surplus farm production will cost the government more in storage costs, higher deficiency payments and larger export subsidies to continue the ag subsidy battle with the European Union. These are just a few examples of how rejecting the GATT could hurt, not help, efforts to reduce the budget deficit.

The following organizations therefore, urge you to vote for the budget waiver and for the GATT implementing bill, to help American agriculture compete in world markets and in the years to come.

Sincerely,
AG for GATT.

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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 Farmer 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.

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.

Certified Angus Beef Program.

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 & Southwestern Cattle Raisers Association.

Texas Agricultural Cooperative Council.

Texas Cattle Freeders Association.

Texas Department of Agriculture.

Utah Council of Farmer Cooperatives.

Utah Department of Agriculture.

Vermont 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.

Advance Food Company.

Affiliated Rice Milling, Inc.

AgriBank, FCB

AGRIPAC, Inc.

Agri-West International, Inc.

Agrolink Corporation.

AJC International, Inc.

Allegheny Highland Hardwoods, Inc.

Agrolink Corporation.

AJC International, Inc.

Allegheny Highland Hardwoods, Inc.

American Foods Group.

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.

Camdan 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 Beef Company.

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.

Dockocil (Wilson Foods).

Duckwater Farms, Inc.

Edwards Wood Products.

Elanco Animal Health.

El Campo Rice Milling Co.

Energy Beverage Company, Inc.

Excel Corporation.

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.

Frontier Foods International, Inc.

GDM Farms, Inc.

Georgia-Pacific Corporation.

Germain Timber Company.

GROWMARK, Inc.

Gulf Compress

Gutchess International, Inc.

Hampton Angus.

Hardwood Plywood Manufacturers, Inc.

Harris Ranch Beef Company.

Harvest States Cooperatives.

Hatfield Quality Meats, Inc.

High Mountain Associates.

Hitch Enterprises, Inc.

Hormel Foods.

IBP, Inc.

Incotrade, Inc.

International Veneer Co., Inc.

Interstate Producers Livestock Association.

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.

Maverick Ranch Lite Beef Company.

Alan McIlvain Company.

MFA, Incorporated.

MFA Oil Company.

Midwest Lumber & Dimension, Inc.

Frank Miller Comapny.

Miller and Company.

Mitsui O.S.K. Lines.

Monadnock Forest Products, Inc.

Monfort, Inc.

Monsanto Company.

Monticello Hardwood, Inc.

Morgan Farms.

John Morrell & Company.

New City Packing Company.

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. Plumly.

Pacific Lumber & Shipping Company.

Pierce Foods/Hester Industries.

Pioneer Hi-Bred International, Inc.

Port of Orange.

Producers Rice Mill, Inc.

Providence Bay Fish Company.

Purina Mills, Inc.

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.

Rose Packing Company.

Rossi Enterprises.

Rue & Forsman.

Salamanca Lumber Company, Inc.

Schmid Lumber Company, Inc.

Seafood Export, Inc.

Shannon Lumber International.

Simplot Meat Products.

Skylark Meats, Inc.

Southern States Cooperative, Inc.

Spellman Hardwoods, Inc.

St. Paul Bank for Cooperatives.

Stewart Lumber Company, Inc.

Stimson Lumber.

Stinson Seafood Company.

Strauss Veal.

Sun-Diamond Growers of California.

Sunkist Growers, Inc.

Supreme Rice Mill, Inc.

Syntex Animal Health.

T & S Hardwoods.

Taylor-Cross International.

Taylor Lumber, Inc.

Taylor-Ramsey Corporation.

The Bruss Company.

The Jolt Company.

Tradewest Hardwood Company.

Tradewinds International, Inc.

Tree Top, Inc.

U.S. Livestock Genetics Export, Inc.

USA Woods International.

Vienna Sausage.

W.M. Cramer Lumber Company.

W&S Rice Comapany.

Walter H. Weaber Sons, Inc.

Webster Industries, Inc.

West Implement.

Western Farm Credit Bank.

Weyerhaeuser Company.

Whitson Lumber Company.

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World Wood Company.

Mr. LUGAR. I thank the Chair. Mr. President, these groups state in their letter that Congressional approval of the Uruguay round `is essential if U.S. agriculture is to remain a growth industry.' They have put their finger on the key benefit of the round for U.S. farmers and agribusinesses: It will safeguard our future. That is because it will allow the United States agriculture and food industry to use its many comparative advantages: The ability to deliver products in large volumes; the ability to deliver commodities consistently year-round; cutting-edge plant and animal technology and research; the franchise value of many American fast-food firms; U.S. advantages in food packaging, manufacturing and marketing. At the same time, the Uruguay round will bring disciplines in an area where the United States does not have a comparative advantage: subsidies. Here, other countries seem more willing to transfer wealth from their national treasuries and their consumers to their farm sectors. The lesson for the United States is not to copy them, but to work for change in their policies so that our own market-based advantages will have a chance to work. The new GATT accords compel such changes and afford us just such an opportunity.

For my State of Indiana, the Uruguay round offers many benefits beyond agriculture. The agreement will reduce tariffs to zero or very low levels for important industries like steel, farm equipment and chemicals--basic American industries. It will afford new protection for the intellectual property of pharmaceutical companies, medical device makers and other firms in those allied industries. For insurance providers and other services within GATT disciplines for the first time, although more work remains to be done here. All in all, the agreement promises to be in the economic interest of Hoosier businesses, consumers, workers and farmers.

I do want to express my concern about some of the budget offsets included by the administration in this bill. These provisions are not necessarily bad policy in every

case, but they now come before the Senate without any opportunity for amendment, for deletion, or even for very much debate.

As one Senator, I wish we could have a more thorough debate

on the merits of several of these revenue items: not only the `pioneer preference' and savings bond provisions that have been mentioned often in this debate and about which many of my colleagues have expressed concern, but the changes in pension law as well, which will have significant effects on some retirees.

On some of these topics, Senator **Dole** has obtained useful assurances, but I am more concerned about the state of the fast-track process generally. I believe this legislation illustrates that over the years, the fast-track privilege has come to be seen as a vehicle for side deals, special-interest accommodations and provisions of questionable merit--none of which can be changed once included in the implementing legislation, unless a Senator is prepared to defeat the entire agreement, which I certainly am not.

We will continue to need fast-track authority for future trade agreements, but our recent experience suggests we should make some changes when we renew this authority next year. First, we should set out clear negotiating objectives that must be met before any agreement can be submitted under the fast-track privilege.

Second, we should allow amendments to provisions of fast-track legislation that are included only to offset apparent budget costs of the trade agreement. In this way, Senators would be able to change revenue provisions they did not favor, or even delete them altogether. Since these provisions are typically unrelated to the substance of the trade agreement itself, there seems to me no compelling argument to give them absolute insulation against amendment. However, the total time for debate and amendment on a bill under fast-track procedures should continue to be limited.

Third and finally, the President should be allowed to include in fast-track legislation only those provisions that are absolutely necessary to implement the agreement. Current law allows provisions that are `necessary and appropriate,' and in the real world the latter word constitutes an enormous loophole of which both the President and the Congress have taken full advantage.

These reforms will help build public confidence in our trade policy by opening up the fast-track process and making it exceedingly difficult to add special-interest provisions. It is essentially these aspects of the current process that have drawn the most criticism from members of the public. Significantly, much of the opposition to the Uruguay round has focused not the specifics of the agreement, where the United States clearly stands to gain, but on the allegedly closed and corrupt nature of the congressional fast-track process. Opponents have exaggerated much, but where they make legitimate points, we should not be afraid to make changes.

Again, I hope to work with my colleagues, especially those who serve on the Finance Committee, to introduce or join in the introduction of legislation incorporating the principles I have outlined. I welcome the reaction of my colleagues and the public to the changes I have suggested.

Whatever the shortcomings of the fast-track process, they do not outweigh the manifest benefits of the Uruguay round for our economy. To raise questions about some aspects of this agreement is understandable; to reject it would be unthinkable. We should vote for it without hesitation, for it is a good agreement for the United States as we enter a new century in which our Nation must continue to lead.

I will add, Mr. President, that I am heartened by reports that passage of this agreement today will lead to conversations involving the President of the United States, President Clinton, and President Frei of Chile. Chile, for a long time, has looked forward to either a free trade agreement with the United States or accession to the NAFTA treaty or to some other way in which the free trade principles espoused in both of our countries might be enhanced promptly. I am hopeful that stimulus and momentum will continue promptly.

I commend President Clinton for that intent and, likewise, the patience of the Chileans who have waited a long time. I know the occupant of the Chair, who has been involved in many such conversations, will undoubtedly welcome that momentum also of a conference that will occur soon in his great State.

I thank the Chair, and I suggest the absence of a quorum.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER (Mr. **Graham**). The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I ask that the quorum call might be deferred and I can go forward with my remarks. I thank my friend from Indiana.

Mr. President, I rise in support of the Uruguay round agreements of the General Agreement on Tariffs and Trade, GATT. This debate, much like the NAFTA debate, has been riddled with myth and misinformation. I have heard thoughtful arguments against GATT-- indeed I have--as well as for it. And I have also heard some alarms which seem to verge nearly on the hysterical. One would think that some of us are here preparing to bargain away our national sovereignty instead of trying to negotiate away foreign trade barriers. But sadly, that is the level of some discourse.

I admire the people on both sides of this issue. There is no one who speaks with more passion than my friend from South Carolina, Senator **Hollings**. His position is so clear to us. And the wisdom of our ranking member on the Finance Committee, Senator **Packwood**, has given necessary balance to the debate. This has been a very good debate.

The fine people of my State, like those of any State, are deeply worried about their jobs and about the economic future facing them and their children. There are, of course, no simple prescriptions available to create prosperity. One thing is very clear: Jobs are not destroyed by trade; jobs are created by trade. And the more plentiful and fair and open that trade is, the more jobs are created here at home.

We do not--I repeat, not--produce jobs at home by refusing to participate in the difficult work of dismantling foreign trade barriers. I cannot stress strongly enough that I would never support any piece of legislation that would adversely affect the people and the economy of Wyoming. The GATT agreement is good for the economy, it is good for the people of Wyoming, it is good for the people of America. I would not say that it, or its financing mechanism, is perfect, but it is far, far preferable to the fallout and lost opportunities that would come from rejecting it.

The United States took a responsible step last year when it approved the North American Free-Trade Agreement. That agreement opened the door to greater exports to our biggest and best trading partners, Canada and Mexico. Exports to these NAFTA partners last year alone accounted for almost two-thirds of our export growth. The exports to Canada and Mexico surpassed exports to Asia and even Europe, and the benefits of this expanded trade are now a matter of record. They are on the record. The GATT agreement gives us the opportunity to build on that success and extend those principles now around the world.

I want to commend Mickey Kantor. Ambassador Kantor has been superb. He has done a tremendous job. I admire his work. And he has always been accessible and receptive to things I have shared with him about issues in Wyoming that have to do with grain and agricultural products. The U.S. Trade Representative calls the Uruguay round a \$750 billion global tax cut. That is a direct reference to the tariffs that consumers around the world will no longer have to pay.

Indeed, it is estimated that this trade agreement will be responsible for a gain in global income of more than \$500 billion by the year 2005. This is an important decision for our foreign policy, as well as for our domestic economic interests. What sort of a message would the rejection of GATT convey to the world? I believe the answer is very clear. If we choose to reject GATT, then Germany, France, Japan, China, and the rest of Asia will go right back to their old protectionist ways, ways that kept U.S. exporters out of their markets. Our export opportunities will evaporate before our eyes. We will face the same old obstacles to trade as we have in the past.

We should well remember and recall the stated belief by the Japanese that only Japanese downhill skis worked on Japanese snow. I remember that one. We in Wyoming knew that not to be the case, especially with Wyoming powder. But how about that one? We do not want to go back to that. Japan is one of our finest

allies, and one of our finest trading partners. We do not want to hear any more things like that.

During the 7 years that the GATT was negotiated I had the opportunity to receive the opinions of more than several hundred constituents. My constituents are not fainthearted. They discussed GATT. Some of the discussion came from individuals who had been fed some fallacious information sent to them by individuals with a big stake in defeating GATT who had been led to fear for their own job security if GATT is passed. I will make a brief comment on those. But first, for the most part, I have heard in great detail about the benefits GATT would provide to my State.

Let me just say that all of us are guided often by provincial energy. Let me say that I represent a State of 473,000 human beings. My good colleague to my immediate left, Senator **Patrick Daniel Moynihan**, represents a State of millions of human beings. I want to commend the senior Senator from New York for the work he has done on this issue. He has been intrepid, dedicated, and completely forward in his support of it. His energies, I hope, will be met with success this evening.

But in this State of 473,000 people in 93,000 square miles, if we do not have the ability to export, we will perish. We are the largest producer of trona, which is soda ash, which is in every piece of glass. One-third of the world's trona comes from southwest Wyoming. And this will reduce tariff barriers in Belgium and France on soda ash which will be of tremendous longterm benefit until the end of the reserves in that part of Wyoming. This is the greatest benefit to an entire quadrant of my State that you could ever have had. That is what it will do with the big boys in Brussels and France and the soda ash producers, completely reducing those tariffs.

We are the largest producer of coal in the United States, bigger than West Virginia, bigger than Kentucky, bigger than Pennsylvania. This will help. We produce pork, beef, sugar beets, lamb, and wool. These are things that Wyoming emphasizes; also, chemical and MTBE production. These are commodities and goods that GATT will benefit.

So our whole economy is based on trade. That means fair trade. It means the elimination of trade barriers that will continue to exist if GATT is defeated.

We trade in all of these things, including timber, and a great array of manufactured goods. We are a State rich, rich indeed, in raw materials that amount to far more than whatever we could consume. Without access, without these openings, we would dry up and disappear. This is our export opportunity. This is our future. This is the way we keep our young people in Wyoming to work, and live and play there.

I believe GATT has made some tremendous advancements toward the objective of free and fair trade. Certainly there are key elements that are somewhat disturbing. But I think we have had those answered.

The key is tariffs, reduction in foreign tariffs, either fully eliminated or significantly cut on approximately 85 percent of world trade including construction, agricultural equipment, even beer--which is a very lucrative world market I might add.

The General Agreement on Trade and Services, which is GATS, will assist in opening export markets and ensuring fair foreign investment rules for American service companies and professional, business, communications, financial, health, tourism, education, environmental fields, industries which employ millions of Americans.

Agriculture will be included for the first time in a GATT agreement. Here is the one issue that has messed up international trade for decades. Agricultural support systems and the burning of commodities on the Champs-Elysees in Paris, getting rid of potatoes here, grain here. That is absurd.

Finally, we deal with that. Finally we get to that. We increase these trade opportunities. We are going to reduce agricultural export subsidies by a total of 36 percent, which is \$8 billion, over half of which is accounted for by the European unit.

Member nations are going to cut \$35 billion in support for domestically consumed agricultural products; 18 percent reduction. But it is going to benefit wheat, barley, beef, pork, sugar. And I will have to tell my constituents because somebody has them all worked up and giving them erroneous information. I will be very glad to help educate them and tell them what we are doing here, and that it is not about the loss of sovereignty. It is not about the World Trade Organization. I wish they had picked a different name for it. It seems to have connotations that led to most sinister references. There

is a gross misunderstanding about that. Clarifying these misconceptions is very important. And I shall do that because they will wonder why I am voting and so strongly helping to pass GATT.

The Uruguay round would also extend significant protection to American producers, in the realm of intellectual property. The GATT would finally offer some substantial protection for U.S. companies that manufacture pharmaceutical drugs, computer programs and games, semiconductor chips, books, films, and compact music disks. Not only would it provide for recognition of U.S. patents, copyrights and trademarks abroad, but it also requires foreign governments to provide effective enforcement of them. This is an area of unquestionable importance for U.S. exporters. Protections in this area are absolutely critical for preserving the global integrity of those industries.

One issue on which many people have expressed concern is the establishment of the World Trade Organization [WTO]. I believe there is a gross misunderstanding about that and I would like to try to clarify some of the misconceptions as I mentioned earlier, since the formation of the GATT in 1948, member nations have renegotiated the global trade rules approximately every 5 years. As a result of the

Uruguay round, the rules have been substantially expanded and extended to most trading nations on an equivalent basis.

Because of this expansion, it has become necessary to formally reorganize the current GATT officiating body. The WTO would simply replace that current body. The WTO will provide the world with procedures for negotiating additional reductions of trade barriers and for the prompt resolution of trade disputes between countries.

I strongly believe that no trade agreement, whatever its economic benefits, should be approved if it infringes upon State or Federal sovereignty. But provisions in the GATT agreement clearly state that U.S. law prevails in every situation under the WTO. There are significant safeguards in the implementing legislation--including an outright statement that gives primacy to U.S. laws--to ensure that our sovereignty is fully protected.

But let me just read one section of the legislation because we are talking about sovereignty. Here it is, section 102(A)(1) of that legislation which clearly States this:

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No provision of any of the Uruguay round agreements, nor the application of any such provision to any person or circumstances, that is inconsistent with any law of the United States shall have effect.

Mr. MOYNIHAN. Period.

Mr. SIMPSON. I appreciate the emphasis from my colleague from New York, `period.' There it is. That is it. You cannot say it. It could have been a little better syntax, I think.

But, nevertheless, in its jumbled version it says exactly what people have been concerned about, and I think that is very important.

I believe that this provision fully recognizes the fact that the power to create and abolish U.S. law is ultimately reserved to Congress and the State legislatures. That power is derived directly from the U.S. Constitution and I can assure my listeners that there is no method by which those legislative duties will be relinquished to some international trade court in Switzerland. Suggestions to the contrary reveal only how cynical many have become about the patriotism and good faith of those in government, particularly those who negotiated the agreement.

Second, the implementing legislation sets up procedures by which Congress will maintain oversight of WTO actions as they relate to the United States. It also ensures that the administration will always coordinate with Congress in its responses to upcoming WTO voting issues. That is a very important element which will ensure that Congress--and the public's--voice with regard to U.S. positions on

international trade is clearly heard. All briefs and decisions made by the WTO and dispute settlement panels will be available to public inspection. Secret tribunals will not exist nor are they authorized under the WTO.

Furthermore, in the event that Congress becomes dissatisfied with WTO decisions at any time, the bill sets up a special, expedited procedure by which we can decide every 5 years whether or not to revoke the agreements. There is also a safety hatch that allows us to withdraw at anytime with six months notice.

Finally, Senator **Dole** has negotiated an additional safeguard in the form of an agreement with the President to establish a WTO Dispute Settlement Review Commission. The Commission would consist of five judges appointed by the President and the leadership of both Houses. The Commission will review all final WTO dispute settlement reports where the report rules against the United States. If the judges determine on three occasions that the WTO exceeded its authority or diminished the rights of the United States, any member of either House could introduce a resolution to disapprove U.S. participation in the WTO. Three strikes and we're out of the WTO.

In order to pass GATT, the Senate is required to waive the Budget Act. The budget waiver is required even though most experts agree that the benefits of GATT greatly surpass any losses which would result from reduced tariffs. Our own budget rules here in the Senate require strict deficit neutrality over a course of 10 years as 'scored' by static scoring models--models which do not account for changes in behavior which may result from the change in law.

The \$11.7 billion tax cut from the GATT legislation for the first 5 years is paid for with \$11.1 billion of deficit reduction measures and \$600 million of previously enacted budgetary savings. Moreover, because the GATT financing package is mostly outlay reductions, not revenue increases, the net effect of the package is to provide for a substantial net tax cut for Americans.

Nonetheless, GATT still requires a waiver of the Congressional Budget Act. A failure to approve the budget waiver for GATT will mean that the bill is dead. A vote against the budget waiver is a vote against the GATT.

This morning we were at the White House and I wanted to conclude with what our leader, George **Mitchell**, said, if I may paraphrase correctly. He said something like this: I thought it was devastatingly appropriate. He said: I think everyone will admit that already the United States of America is the most open trading country in the world. That is a given. We have less restrictions, less tariffs, less games, less punishment, less all the things that become tricky in this, and countervailing duties, and so on.

So if we are already the most open trading country on the Earth, and GATT is about opening trade, how can we miss? We cannot miss. America cannot miss on this. If we are already the most open country on Earth and the sole purpose of this legislation is to open trade around the world, that is good for America and

good for Wyoming. It is plain and simple. The agreement will open up important foreign markets for Wyoming, and it will reduce hideous tariffs around the world. We have a choice to chart a course forward, a fairer and more profitable choice.

I am proud to make that choice and to support this historic agreement.

Mr. MOYNIHAN. May I congratulate the distinguished Republican whip for his thoughtful, analytic, factual statement. If we could hear what he has said and extend it to our own States, as is easily done, the case has been made. I thank him for his graciousness and his courtesy, which is unfailing, and the skilled cowboy knows his international trade.

Now I have the pleasure to yield 10 minutes to my friend and neighbor from Massachusetts, the Honorable **John Kerry**.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. I have been listening to a number of my colleagues who paint a very grim picture of diminishing U.S. sovereignty; the weakening of environmental laws; and the withering away of the U.S. manufacturing base that would result if we pass this bill.

Well, Mr. President, I think those fears, as a number of my colleagues have articulated, are misplaced. This agreement will not do any of these things.

Indeed, with respect to the sovereignty issue, it is interesting to note that a cross-section of American institutions--the American Bar Association, the Consumers Union, and the Heritage Foundation, which I think rarely agree on anything--all agree that the Uruguay round will not harm the sovereignty of this Nation one iota. The ABA stated, 'In particular, the Uruguay round dispute settlement provisions leave United States domestic legal powers totally intact.'

In point of fact, if the WTO did begin to hand down a number of decisions adverse to the United States, we would have the ability to withdraw from this agreement--by merely providing 6 months' notice.

A second concern is the impact this agreement will have on the environment, but there, too, the GATT recognizes specifically the right of each country to protect human, animal, and plant life; and the health, the environment and consumers. It allows each country to set a level of protection for health, and the environment and consumers that the particular government deems appropriate.

The third concern, and the most important, is that this agreement will reduce jobs. However, by forcing other countries to play by the same rules of fair play that the United States has always abided by, the agreement will increase--by 300,000 to 700,000 over 10 years. Moreover, annual U.S. income will increase \$100 to \$200 billion over the same period.

We are 4 percent of the world's population; 96 percent of the world's population is where 90 percent of the development and growth will take place over the course of the next years. If we do not pass this agreement, we deny ourselves access to that market and we invite our most voracious competitors--the French, Germans, Japanese, Taiwanese, Singaporean, and a host of others--to rush in where we fear to tread.

In fact, not only will the passage of the Uruguay round not threaten our sovereignty nor our prosperity, but on the contrary, I believe that failure to pass it would in fact subject us to these very fears--by forcing us to confront the inevitable continued globalization of the world's economy, unregulated by a set of multilateral rules.

Why do so many people oppose this agreement then? I suppose it is because so many do not want to acknowledge that continued globalization of the world economy that we have witnessed is inevitable. It is going to continue whether we like it or not, and whether we pass the Uruguay round implementing legislation or not. We cannot turn back the clock.

In many ways it is good that we cannot. The jobs created by exports traditionally pay 17 percent higher than the U.S. average. Eleven million people in the United States owe their jobs to exports--one-quarter of our workforce. This number is expected to increase to one-third of our work force in the next 10 years.

This agreement is an opportunity for us to make this change work for American workers--by increasing U.S. exports.

I was just in India, where I met with the Finance Minister, the Minister of Telecommunications, and the Foreign Minister. I gave each of them a Polaroid camera made in Massachusetts, with two packets of film. I said, 'When you finish these packets of film, you will not--unless a friend brings you more--be able to buy more in India because they are kept out by tariffs of 50 percent. Despite the fact that no Indian company manufactures these cameras --and therefore there is no domestic industry asking for protection--you maintain one of the highest tariffs on film in the world.'

I hope that the Government of India will decide to reduce this tariff in the next several months.

Under GATT, similar tariffs would be reduced, creating enormous opportunities for companies like Polaroid, and their employees.

That, Mr. President, means jobs for Americans. In Fall River, MA, there is a company called Quaker Fabrics. They have increased their capacity to make textiles in America and sell them abroad. Of the 500 people they have hired over the last few years, 300 of them are directly related to the increase in export capacity. They support GATT.

In addition to those examples as to why GATT is important, let me just quickly summarize a few others. It is the largest tax cut --by virtue of the reduction of tariffs--in world history. It will eliminate major foreign barriers to the export of our goods.

It will permit--and in some cases actually strengthen--the United States's ability to enforce its laws against foreign unfair trade practices.

It will protect intellectual property of United States entrepreneurs from piracy in world markets.

And it will boost the currently stalled world economy, thereby creating even more export opportunities for U.S. firms.

The benefits to my home State are especially large. In addition to the direct benefits of the jobs I just mentioned, it will eliminate duties for medical equipment and printed matter. It will lower significantly tariffs on fish and fish products, which are a mainstay of Massachusetts.

It will provide strong intellectual property rights protection which will benefit particularly exports of semiconductor manufacturers, computers and software.

Finally, I will say this is not a perfect agreement. No agreement is. There are obviously deep concerns that we have about labor standards in other countries. There are concerns that we have about the ability of those countries to meet some of the environmental standards we consider critical.

Therefore, we must bear in mind that with this vote our job is not finished.

Opening up opportunities in the new global economy is important. But we must also prepare all our citizens for the impact of that globalization.

Some of our most vulnerable citizens will be hurt in the transition process. It is a tragedy that in this Nation we have not fully funded worker training and adjustment programs. As some benefit, it should not be at the expense of others.

Further, we must make certain that we ensure that international labor standards are protected and increased through the World Trade Organization. This will entail a major effort by the United States, but we are obliged to make it.

We also must do everything we can to ensure that textile markets around the world are opened so that our textile manufacturers, who will be newly challenged under this agreement, do not find themselves relinquishing the protection of the multifiber agreement without finding fairness in foreign markets. I am convinced that it is through the GATT that we can help them to achieve that equity in the marketplace. This agreement will help us to open up those last barriers.

Lastly, we must follow the progress of the new Environment and Trade Committee of the WTO to ensure that the goal of sustainable development is not relegated to the marketplace in Geneva.

In all of these cases, if we find that the new agreement and the WTO are not working to our benefit and are undermining our labor and environment standards, we should be prepared to exercise our option to waive.

These are the tangible steps that we can and must take in order to guarantee that GATT is not a hollow victory today and that we continue to be concerned for the workers of this country.

But like NAFTA, Mr. President, this agreement is a good one, and it is good for U.S. workers.

I urge my colleagues to acknowledge the facts, to recognize that we are better off with a world community trading by global agreement rather than the chaos of individual bilateral arrangements. It is precisely those arrangements that have created some of the worst inequities in the marketplace today, and it is precisely this agreement that attempts to redress that.

Again, I thank the distinguished chairman both for the time and for his leadership on this issue.

The PRESIDING OFFICER. The Senator from New York.

[Page: S15324]

Mr. MOYNIHAN. Mr. President, may I congratulate the Senator from Massachusetts, first for his enterprise in bringing Polaroid cameras to New Delhi and making a very proper neat point.

I can add that the President of Kodak, which is of course a New York firm, has made the point that there are 4 billion people on Earth who never snapped a photograph and he would like to sell them cameras.

I would like to make the point that we surely are heading for the moment where a third of our work force will be in export industries, if we adopt the GATT. If we do not, remember dollar week, remember 1933. That is what Cordell Hull and Franklin Roosevelt tried to take us out of on this very important point about displaced workers and there will be, and multifiber agreement. It happens I was one of the three persons who negotiated for President Kennedy the long-term cotton textile agreement in 1962 which made possible the Trade Enhancement Act of that year that led to the Kennedy round.

That was involved. The original cotton textile agreement became multifibers. It had been in place 32 years now and we have another 10 years in this agreement, about half a century, but it also provided for displaced workers and that

commitment was made and that is when the labor movement was behind us then and we have not kept faith with them.

The Senator's commitment is a very important one which I think we should all undertake to keep.

[Page: S15325]

Mr. KERRY. I thank the chairman.

Mr. MOYNIHAN. Mr. President, I see our distinguished friend from Colorado, and I am happy to yield 10 minutes, if that is agreeable, on Senator **Packwood**'s time.

Mr. BROWN. I thank the distinguished chairman of the committee.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. BROWN. Thank you, Mr. President.

Mr. President, it is quite clear that this measure is going to pass, that the distinguished chairman of the Finance Committee, and others, have made an excellent case.

I rise out of concerns over the GATT, and I want to raise a couple specific points that I hope at least in the record of this debate will be reflected upon at some point.

Americans used to take great pride in being called Yankee traders. It was an aggressive term. It was one we liked to call ourselves, and we think it implied that not only were we capable traders when we were involved in the international marketplace, but we were at least savvy about the way we did it, as well as that in the trades we put together we thought of ourselves of at least capable of holding our own and perhaps even at times outrading everybody else in the world. Perhaps that is part of the American mystique. While we are made up of few from around the globe, we also pride ourselves in having something a little better than the rest of the world.

How will we evaluate this GATT agreement? Some will say this is simply a free trade agreement that benefits all and so the discussion needs to end there. I have read many editorials lately that have reflected that viewpoint. How could you possibly oppose GATT because you ought to be in favor of free trade?

Mr. President, I am in favor of free trade. I am in favor of reducing trade barriers. I do think it is an advantage to our economy and other economies around the world. I think it is a plus for consumers.

But, Mr. President, the issue that is before us is not free trade. How can I say that? It is in the agreements themselves, in agreement after agreement after agreement, and as I think the distinguished Members know there are a number of

agreements included in this measure. It calls on the United States to open its markets but allows other countries to keep their markets closed or exempts them from the requirement to open their markets or exempts them from the marketing opening provision. Please do not confuse this with the free trade agreement that opens both markets. It does not.

Many of the agreements have a specific provision for countries of the free world. What they say is, the United States, you open your market but countries in the Third World can keep it closed for 5 years. For some it is 7 years and for some it is 8 years. In another agreement it goes to 10 years and even one it goes to 12 years.

Does anybody think that is a good trade? Would anybody be happy to be the U.S. Trade Representative and come back and say look what I got you; I got you the right to make your concessions immediately, but the other ones do not have to match them until a dozen years from now. That is not being a Yankee trader. That is being a chump.

This is not a good agreement. Those who are advocates of free trade ought to understand there is more involved than simply slogans, that they have to look at the agreements to evaluate them.

Some will say, 'Well, OK, we will suffer for 5 years or a dozen years, but then at least at the end of that time we will have achieved something great. We will have opened those other markets, too.'

Mr. President, everybody who believes that I hope will go down and register their name, because we have some real estate in Florida or perhaps Colorado we would like to sell them.

The truth is, what is included in the WTO, included in this agreement, is an empowerment of the general council or the ministerial conference by a vote to amend the rules.

Well, some will say, 'Well, Heavens, that takes a supermajority to amend the rules.' Surely no one would come forward after giving those special privileges to Third World countries and would waive the requirement that they eventually come into line.

Mr. President, people need to read this agreement. This agreement does give that power. There is the ability to amend the rules. What does it take? Three-quarters. How can anybody, for such a difficult position to defend, assume that you could amend those rules. One reason might be that people who vote in the World Trade Organization are going to vote for their interests. Most of those countries are not what we would call free traders. And, as a matter of fact, if all of the Third World countries join in the WTO, they will have 83 percent of the vote. Maybe they all will not join. Ninety have joined already. They have by now already three-quarters

of votes. All they have to do is vote for themselves and they will be able to extend these provisions.

Has anybody talked about it? Yes, they have. There are references to extending them.

Mr. President, this is not a good bargain. And it has nothing to do with whether you like free trade or not. It has to do with a lousy job of negotiating a contract and making sure that the other side has to live by the same rules we live by. If anybody is proud of this agreement in terms of negotiation, I hope they will come down and defend it. They may be proud of the concept, and I am all with them. But when you look at the text of the agreement, they have nothing to be proud of.

Some discussion has been made with regard to the expense of GATT, and I want to share this with Members because I want to make a forecast. The United States cost to administer GATT has increased 181 percent from 1984 to 1993. That is because the GATT expenses have increased 72 percent. Is it a lot of money? Well, not in terms of the Federal Government. But \$9 million is a lot to some people.

What are the chances that it is going to increase? I want to draw the Members' attention to a couple of things. Currently, each country's share of the total annual expense of GATT is equal to the country's portion of total trades in goods and contracting priorities and associated governments. In other words, it is a trade figure. We get to pay between 14 and 16 percent. Currently it is about 14.6, as the distinguished chairman pointed out yesterday, of the cost to operate GATT.

However, there is this change and our source for this change is from Focus--an official GATT newsletter published by the General Agreement on Tariffs and Trade, Geneva, Switzerland.

Beginning in 1996, every country's assessment will reflect its share in international traded goods, services and intellectual property. Therefore, the U.S. contribution to WTO will significantly increase because we have the largest trade in services and intellectual property in the world. In other words, 14.6 percent is going to go up, not down.

But, Mr. President, in addition to that, we have been in discussion with people from the State Department and they indicate that the provisions that allocate costs along with the size of the gross domestic product, or the gross national product that incidentally is used in the United Nations, is under consideration here. If we do that, our share to the WTO will clearly go up to about 23 percent.

Some will say, `Well, wait a minute. We have to have votes on that first.'

Let me draw the Members' attention to this question. One, in this new agreement it is not spelled out. We have not been guaranteed what the allocation will be nor are we guaranteed what the costs will be.

But, Mr. President, we do know the process. The ministerial conference elects the director general. The director general will reflect that majority. Keep in mind that the countries that will be voting, a majority of them, have voted against the United States in the United Nations over 50 percent of the time. This is not a benign group. This is a group that has opposed us in policies in the United Nations consistently. They will elect the director general, not the United States. The director general helps set up the secretariat and the secretariat is the one that appoints the people who will be judges. We call them panelists, dispute settlement body panelists. But the budget is proposed by the director general.

That budget is then forwarded to the committee on budget, finance and administration. Once they have made their recommendation it goes to the general council. The general council will have over 80 percent, perhaps as high as 83 percent of its members from the Third World. It only takes two-thirds to approve budget matters. Does not the Third World have the opportunity to skew the budget and to give us a disproportionate cost? Absolutely. Do not kid yourself. Do not kid yourself. They have the votes.

Now, would they possibly do that? I have heard Members convey to me in private, 'Look, we are so influential on trade matters, no one would stick us with a disproportion of the cost.'

Please take a look at what happens in the United Nations. If any Member of this body is comfortable with the share of the costs we pay in the United Nations, if anybody feels it is proportional to what it ought to be, I would love to have them come forward and say so. It is my impression that it is not anywhere near close. We get taken. We pay far more than our share of the cost.

Is that a good trade? Of course not.

What we have had is a negotiation where the United States gave up on most of the key important points and signed a bad deal. And now we are going to ratify it. To have bad negotiators go and represent this country may not be our responsibility, but if we vote for this measure it is our responsibility.

Americans, Yankee traders, ought to be able to do better than that. They ought to be able to do better in a negotiation than have this country not get equal access. I think it is fair to insist that we have the same access to other countries as they have here. It is not in this agreement. It is the opposite.

I think it is fair for us to have a weighted vote as we do in the International Monetary Fund, or vetoes as we in the United Nations, or at least something that is proportional. We do not have that in this agreement. That is not a good trade.

Mr. President, the way the courts are administered does not include due process. No one claims it does. It has the potential of being very abusive to Americans and American interests. That is not a good trade.

Whether it is the cost of the operation, whether it is the trade agreements themselves, whether it is the mechanism that is established, whether it is the quasijudicial procedures that are set up, whether it is the votes in the general council, this country came out on the short end.

The PRESIDING OFFICER. The Senator's time has expired.

[Page: S15326]

Mr. PACKWOOD. I yield 6 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair and I thank the floor managers for allowing me to come in at this time.

Mr. President, later this afternoon, we will be casting the 328th vote, and possibly the 329th vote of this second session of the 103d Congress. These will be historic votes not only because they will be the last votes of this Congress, but because on these votes, unlike all of the other votes we have cast, the entire world is watching and awaiting the outcome.

In reaching my decision, I have tried to balance the positive economic components of the agreement against the uncertainties associated with the idea of creating a supranational body--the World Trade Organization [WTO]--to govern international trade disputes.

I have always believed that an open trading system is in the best interests of citizens of Alaska and the Nation as a whole. And so I wanted to give the proponents of the agreement every opportunity to make their case and help me overcome my very serious reservations about the WTO.

Many Alaskans have asked me why I have waited until today to make my decision on the agreement. The reason I have waited so long is that I had very specific concerns about certain aspects of the agreement, and how they would affect my home State of Alaska. One of my principal concerns was whether Alaska's unitary tax system is protected under the new agreement.

ALASKA'S UNITARY TAX METHOD

Many Alaskans have expressed concern that the State's unitary method of corporate taxation could be challenged by one of our trading partners, and if the WTO ruled against Alaska, the State would either have to dismantle its tax system or the

United States would face retaliatory penalties. Last week, I wrote to the U.S. Trade Representative, Ambassador Mickey Kantor, concerning the potential of a challenge to Alaska's unitary system. Three days ago, Ambassador Kantor

responded and assured me that `Alaska's unitary tax system is fully protected under the new Uruguay round agreements.'

According to Ambassador Kantor, Alaska's unitary tax system is excepted from the agreement and `WTO member countries would have no ground on which to suspend Uruguay round trade concessions in response to Alaska's unitary tax system.' In addition, Alaska's Governor has examined this issue and reached a conclusion consistent with Ambassador Kantor's analysis.

Although I am satisfied that Ambassador Kantor's interpretation of the agreement is correct, nothing precludes another country from attempting to challenge the unitary tax systems in my State or the 15 other States that use this method. I would hope that such a challenge would be summarily dismissed.

Mr. President, I ask unanimous consent that a copy of my letter to Ambassador Kantor, his response, and a letter from John Katz, director of State/Federal relations for the State of Alaska, be included in the **Record**.

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

[See exhibit 1.]

Mr. MURKOWSKI. Mr. President, what made my decision so difficult is the fact that there are clear economic benefits that will flow from the agreement. The agreement that was hammered out with our trading partners is designed to enhance international trade in industrial and high-technology products by cutting tariffs by \$744 billion over the next decade.

By some estimates, if the agreement is approved, U.S. exports will increase by \$150 billion, creating 500,000 new jobs and increasing the income of the average U.S. family by \$1,700 per year over the next 10 years, and the agreement could increase our gross domestic product by \$100 billion to \$200 billion a year.

BENEFITS FOR ALASKA

For the citizens of Alaska, especially those involved in the fishing and wood products industry, the GATT Agreement promises new jobs and new export opportunities. As the largest producer of fisheries products in the United States, Alaska seafood exports currently account for 48 percent of total seafood exports, accounting for more than \$1.5 billion. Under this agreement our seafood exports are likely to increase because Japan has agreed to cut its fishery duties by 24.5 percent and South Korea and other Asian nations will cut their tariffs by 35 percent.

Wood products exports from Alaska, which currently account for more than \$540 million, are likely to increase because the principal markets for our wood products--Japan, Canada, Mexico, and South Korea--have all agreed to cut their lumber and solid wood tariffs by an average of 28 percent. In addition, in Brazil, where

Alaskan wood products have been effectively blocked by tariffs as high as 52 percent, tariffs will be cut by three-fourths to 14 percent.

These potentially positive elements of the agreement are compelling, especially when one considers how important international trade is to Alaska.

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ISSUES OMITTED FROM GATT

But it should be noted that this agreement falls far short of achieving the goals we originally sought when the Uruguay round began. We failed to eliminate governmental subsidies for civil aviation and agriculture. We failed to establish workable rules that would allow free trade in financial services and telecommunications, and were unsuccessful in breaking open the European broadcasting and movie industry. These are all industries where the United States clearly maintains a competitive advantage; yet our negotiators were unable to achieve any major breakthroughs with our trading partners in these areas.

THE WTO

What is of serious concern to the citizens of Alaska and to me is the dispute settlement process authorized by this agreement. I have heard from many Alaskans over the last several months who have expressed legitimate and serious concerns that the newly created World Trade Organization [WTO] could represent a threat to our Nation's sovereignty. As all of my colleagues know, there is real concern throughout the country that a group of faceless foreign bureaucrats whose interests are inimical to the United States will issue rulings in secret that will penalize American business and force Congress to rewrite our laws to conform to the arbitrary whims of other countries.

If this agreement were not being considered under the fast track procedure, I would certainly offer an amendment to strip out the WTO and maintain GATT as the body for governing trade disputes. That, in effect, is what our predecessors did in the late 1940's when the Senate refused to approve an organization similar in concept to the WTO--the so-called International Trade Organization. World trade has flourished since GATT was implemented in 1948 and I think it was a mistake for our trade negotiators to replace GATT with the WTO. Make no mistake, world trade will continue to flourish GATT or no GATT. The world market is too competitive to stop now.

Instead of creating the one-country, one-vote WTO, our negotiators should have used the U.N. Security Council as a model for dispute settlement. Using the Security Council model, the major trading countries--the United States, Japan, Germany, France, Great Britain, Italy, and Canada--could have retained a veto over any decision that was contrary to their interests.

Although the Republican leader, Senator **Dole**, should be commended for winning a commitment from the administration to support legislation that will create a WTO Dispute Settlement Review Commission here in the United States, this review commission does not have the authority to overturn WTO decisions.

If the Commission finds that the WTO exceeded its authority in any case involving the United States, all Congress can do is adopt a resolution calling on the President to negotiate new dispute settlement rules. If the WTO issues three such decisions, Congress could adopt legislation requiring the United States to withdraw from the WTO. That is not totally satisfactory to this Senator.

THE BUDGET WAIVER

Finally, Mr. President, I believe the administration made a fundamental mistake when they sent the implementing legislation to Congress without fully complying with our budget rules. Since the administration has claimed \$1.7 billion in savings from unrelated legislation passed since the 1993 budget, and since the financing package only offsets 5 years' tariff reductions, the GATT Agreement is subject to a budget point of order.

Our Federal debt is approaching \$4.7 trillion. Interest to service that debt will exceed \$225 billion this year. With this extraordinary amount of fiscal red ink, it is fundamentally irresponsible for the administration to have submitted unamendable legislation that is not fully funded. We should not be adding to the debt and the deficit in order to finance this trade agreement.

Instead, the administration should have submitted a series of real spending cuts to finance this entire package. We all know the significance of the debt and what we are doing here is basically additional deficit financing. That is something I abhor.

I refuse to support any legislation that adds a further debt burden to our children and grandchildren.

In the final analysis this is a vote about winners and losers--American winners and losers. Depending on who is counting, either the winners are in the majority or the losers are. The irony of this loud, emotional, and well-meaning debate about free trade is that we lose sight of what we do to ourselves regarding free trade. How can we urge free trade, presumably urging our trading partners to lower their barriers, as we seek entry for our products, when we prohibit by our own laws, the export of our products?

How can we prohibit the export of our own Alaskan North Slope oil for 20 years and yet plead for fairness from our trading partners.

In the old saying, we have met the enemy and it is us.

This would be a very close call on the merits and the issues. I hope we will have an opportunity to send this back for improvements, and I especially hope we will be honest about paying for the agreement with spending cuts before final consideration.

Exhibit 1

U.S. Senate,
Washington, DC, Nov. 22, 1994.

Dear Ambassador Kantor: Concerns have been expressed by some individuals in Alaska that under the terms of the Uruguay Round GATT agreement, the state's unitary tax system could be jeopardized. In particular, there is concern that the state's unitary tax system could be challenged before the World Trade Organization (WTO), and if the WTO ruled that this method of taxation is inconsistent with the principles of national treatment, the state would have to dismantle its tax system or face retaliatory penalties.

GATT Article XIV, subsection (d) provides that nothing in the agreement prevents the adoption of a taxing system 'aimed at ensuring the equitable or effective imposition of direct taxes in respect of services or service suppliers of other Members.' The footnote to subsection (d) attempts to define tax measures that are designed to ensure the 'equitable or effective' collection of taxes. Included in this list are tax systems which 'determine, allocate or apportion income, profit, gain, loss, deduction or credit of resident persons or branches, or between related persons or branches of the same person, in order to safeguard the Member's tax base.' (FN 6, (vi)). Although this definition appears to encompass a unitary tax system, it does not clearly and specifically approve the unitary tax system.

Because of the uncertainty surrounding this issue and its importance to my state, I would appreciate if you would provide me with a written answer to the following questions before the Senate's scheduled vote next week on GATT.

1. What is the status of worldwide unitary tax systems adopted by states such as Alaska under the GATT?
2. Can the state's unitary tax system be challenged before the WTO?
3. If the WTO determines that Alaska's unitary tax system is inconsistent with the principles of national treatment, what sanctions can be imposed on the state, or the United States, as a result of this determination?

Sincerely,

Frank Murkowski,
U.S. Senator.

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THE U.S. TRADE REPRESENTATIVE,

Executive Office of the President,
Washington, DC, Nov. 28, 1994.

Hon. Frank H. Murkowski,
U.S. Senate,
Washington, DC.

Dear Senator Murkowski: Thank you for your letter of November 22, 1994, expressing concerns from some of your constituents that Alaska's unitary tax system might be vulnerable to challenge in dispute settlement proceedings under the proposed World Trade Organization (WTO). I want to assure you that Alaska's unitary tax system is fully protected under the new Uruguay Round agreements.

As you may know, the two Uruguay Round agreements that most directly apply to taxation measures are the General Agreement on Tariffs and Trade 1994 (GATT 1994) and the General Agreement on Trade in Services (GATS). For the reasons explained below, neither agreement provides a basis for challenging state unitary taxation measures.

The relevant provisions of GATT 1994 apply to taxes assessed on the goods rather than on income. Thus, GATT 1994 could not be successfully used to challenge Alaska's unitary tax system. I would point out that the GATT 1994 rules on this subject are no different than those that have been in effect under the GATT since 1948.

With respect to the GATS, its relevant provision--the national treatment (nondiscrimination) rule--does apply to income taxes, subject to a broad exception under Article XIV, which you cited in your letter. The United States insisted on the broad carveout in Article XIV(d) and the language in footnote 6(vi) precisely in order to protect both our federal and state income tax systems, including state unitary tax regimes. In addition, we `reserved' (that is, specifically excluded) from our commitments under the GATS all:

`Sub-federal tax measures which afford less favorable treatment to services or service suppliers of another Member based on the method of allocating or apportioning the income, profit, gain, losses, deductions, credits, assets or tax based of such services suppliers or the proceeds of a services transaction.'

Accordingly, even if Alaska's unitary tax system were found to treat foreign service suppliers less favorably than domestic service suppliers, it would be protected from successful challenge both by the exception in Article XIV(d) and by this reservation.

Our negotiators took great pains to ensure that state unitary tax systems, such as Alaska's, will be fully protected when the Uruguay Round agreements take effect. As a result of their efforts, I am pleased that I can respond to your specific questions as follows:

First, Alaska's unitary tax system is excepted from the relevant provisions of the GATT and GATS;

Second, Alaska's unitary tax system is protected from successful challenge to WTO dispute settlement proceedings; and

Third, therefore, WTO member countries would have no ground on which to suspend Uruguay Round trade concessions in response to Alaska's unitary tax system.

Sincerely,
Michael Kantor.

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STATE OF ALASKA,

Office of the Governor,
Washington, DC, Nov. 30, 1994.

Hon. Frank Murkowski,
U.S. Senate.
Washington, D.C.

[Page: S15328]

Dear Senator: Thank you for your letter of earlier today regarding the potential impact of the GATT on the State's collection of income tax based on the 'unitary tax' method. As you know, the importance to the State of Alaska of maintaining this manner of taxation cannot be understated.

We have reviewed this question with the Governor's office in Juneau, with the Departments of Law and Revenue, and with the MultiState Tax Commission. Our assessment at this hour, as it has been previously, is consistent with the analysis shared with you by Ambassador Kantor.

However, notwithstanding a protected status, the United States could be challenged based on Alaska's use of the unitary tax. In such an instance, reliance must be placed on the Federal government in defending its position and upon the World Trade Organization in upholding the reservation.

If we can be of any further assistance, please let us know.

Sincerely,
JOHN W. KATZ,

Director of State/Federal Relations and Special Counsel to the Governor.

Mr. HOLLINGS. I yield the Senator from North Dakota 3 minutes.

Mr. DORGAN. Mr. President, during this debate I heard a number of people referring to NAFTA, saying the information we received about NAFTA is that it is working very well. We have already created substantial new jobs. They know that because they have been given part of the story.

Let me give it to you in automobiles. They say we have sent 30,000 more automobiles to Mexico under NAFTA during the first 9 months of this year. That is true. They did not tell the rest of the story, that 70,000 additional cars came into this country from Mexico. That means we lost jobs.

I asked the Joint Economic Committee to do an evaluation of the net job situation between here and Mexico with NAFTA. They said it is hard but they put together a staff study. I just got it yesterday. It says the following. I want to read the paragraph.

This analysis summarizes U.S. trade data with Mexico through the first 9 months of 1994. It provides a preliminary and partial perspective on the effects of NAFTA on the U.S. This analysis will show that, while increased exports have created jobs during the period, changes in the overall trade balance with Mexico have resulted in a net deficit of 10,000 U.S. jobs since the agreement went into effect.

The overall trade balance changes have resulted in a net deficit of 10,000 U.S. jobs since the trade agreement went into effect. So the next time someone stands up and says, 'Boy, this NAFTA is really working well,' it is because somebody gave them a part of the story. The rest of the story is here. NAFTA, like GATT, means that companies can access cheap labor and that is what the next paragraph says:

This analysis demonstrates that NAFTA has not increased U.S. employment but rather increased global access to Mexico's low-wage labor supply, as reflected in growing shipments of capital goods and production inputs to Mexico from the U.S. and foreign countries and rapidly rising imports of finished products from Mexico to the U.S.

That is the full story. That is NAFTA. And that is what we are going to read about GATT, after this GATT agreement passes.

Mr. President, I yield back the remainder of the time.

The PRESIDING OFFICER. Who yields time? The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I yield myself such time as I may consume.

Mr. President, let me thank the distinguished Senator from North Dakota for the astute approach that he has made to the problem at hand. There is no question with respect to that sucking sound. We can only look at the facts with respect to electric machinery, sound, TV equipment--since NAFTA was enacted a deficit of \$671 million. Optic photo medical-surgical equipment, a deficit to the United States of \$241 million; an 87 percent increase over the same period of last year. Vehicles and parts, \$218 million.

The fact of the matter is, Mr. President, that what we have had is 244 industries apply for adjustment assistance, representing the loss of 35,000 jobs. I do not question the Joint Economic Committee study about the loss, but we know when 35,000 people lose their jobs, by past experience, less than half will get their jobs back. And if they do get another job it pays 20 percent less.

So down to Mexico, they go with their automobile factories. I counseled a friend from Michigan. I said, 'Look, there is no question about their intent after NAFTA, Volkswagen says they are going to expand the plant to produce a million cars to sell in the United States.' You do not have to wait for economic projections. Nissan, Ford, Chrysler, General Motors have all announced new facilities. We know that recently General Motors has downsized 71,000 jobs. They are all moving down there.

With respect to the productivity, the biggest mislead is when they talk about low income, they think of low skill. The fact of the matter is, they are very high skilled. J.D. Powers made a study of all automobile productivity in the world and found that the most productive Ford plant was not in Europe, not in Detroit, but in Mexico right this minute.

So we know, as we can train them to make automobiles productively, as we never have done before but now have just started in South Carolina, hard common sense says you can do that in Mexico. Fiat has a plant in the Ivory Coast and the automobile industry will move around and go that way.

And, incidentally, BMW has moved to our State, and has also announced a \$180 million new facility investment in Mexico--in Mexico under NAFTA. So we have had, yes, an increase in exports of 17,000 cars, but we have had imports of cars of 154,000. Since the distinguished Senator from Oregon started talking about trucks, the overall we have imported 176,000 cars and trucks. So there is no question in my mind that that sucking sound is there, but, of course, the Fortune Fifth Column in the trade war continues to muffle it.

To try to get into this debate, they said in the Wall Street Journal that trade was not an issue in the last election. You could not get this to be an issue. You could not get on a program. You could not get in a news column. I publicly thank the Christian Science Monitor which finally accepted a column from this particular Senator. Now, in my hometown, I get one this morning after they have been

editorializing for the past 3 months against my position; they finally put in an article today.

Now, Mr. President, the distinguished Senator from New York talked about textiles in the Kennedy round. I want to emphasize that just exactly, because in the Kennedy round, we had cotton in the 7-point Kennedy program. Before President John Kennedy could institute that particular program, we had to get Secretary of Labor Arthur Goldberg and Secretary Dillon from Treasury and Dean Rusk-- actually George Ball subbed for Dean Rusk over there at the State Department-- Luther Hodges at Commerce, and our friend Orville Freeman from Agriculture. The five of them got together, and I happened to bring a good many of the witnesses before them.

We found that next to steel that textiles was the second most important industry to our national security. I pointed out how it brings down the crime in the city. Those are good, valid sewing jobs. Those are the enterprises that we have in the enterprise zones. People do not seem to understand it here: 96,000 of those jobs are in the inner city of New York; 63,000 in Watts in Los Angeles. And you pass this GATT; yes, those sewing jobs are bound to leave to the Pacific rim. And when they leave, you have unemployment, you have unemployment compensation, you have increased taxes there, health costs go up, welfare costs go up and, of course, the crime rate goes up. We have those running around all over the country saying what we ought to do in the inner city is get enterprise zones and give businesses more tax cuts to get them there, as we affirmatively this afternoon remove them. That is the tragedy of this entire debate.

When it comes to the competition we are in, the best headline is from November 23--today is December 1--exactly a week ago: 'Japan Defends Plan to Erect Textile Barriers.'

This is the crowd they are talking about dealing with on free trade. This GATT does not open the market in Japan, Malaysia, Korea--you can just go right on down the list. Anybody that believes that is whistling Dixie. Come on, let us wake up.

The Senator from Oregon said on Crossfire that we did not have a study showing job loss. We put the study in the **Congressional Record**. According to this study, we lose 1,390,000, almost 1,400,000 textile jobs, under this GATT. Very, very important jobs. But they say, 'Oh, here comes the textile Senator.' Well, here comes a Senator who is interested in those high-technology jobs in the aircraft industry. Boeing fired 28,000. Or high technology jobs in computers. Well, IBM fired 60,000. But before I get to the high-technology jobs, I want to get particularly to some of these things that get passed over.

With respect to the \$500 billion increase to the world GNP, we had a hearing-- eight hearings, actually--before the Committee on Commerce. They started out with an OECD study that said \$200 billion. When they were told that that meant only .07 percent to the world GNP, they came up with \$500 billion. Then the

Special Trade Representative came up with \$1 trillion. So you can see how statistics are irresponsibly thrown around.

With respect to the \$750 billion tax cut, Mr. President, let us get right to that one because what it says is really a \$750 billion tariff cut. If you cut the tariffs, the Senator from Ohio brought out that they are not getting the garments any cheaper. Similarly, with the Senator from Iowa, he pointed that out. I pointed it out time and again that when Nike moved offshore from the United States and out of Oregon, the price of shoes did not go up, the profits went up. So, yes, we hope it will give you a cheaper price, but we know that the retailers, part and one of the main troops in the Fortune Fifth Column in this trade war, are only interested in bigger profits. They are not interested in your job and my job or middle America. They are interested in more money.

I want to thank Senator **Brown**. I am hissing along here. He talked with respect to the intellectual property. Yes, but they have exceptions in there, for developing countries, of 10 years. On agriculture, but the Europeans have subsidies greater than ours. What kind of agreement is that? It leaves the United States economy wide open and it keeps their particular economies closed.

Now, with respect to specifically 301, if I was a trade lawyer, I would say the whole thrust of this Uruguay round is to eliminate United States unilateralism under section 301 and super 301. We know from the finding already made by the European commission, and I will read:

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The GATT does not allow for any unilateral interpretation of the rights and obligations of the contracting parties, nor for unilateral action by any one of the contracting parties aimed at inducing another contracting party to bring its trade policies in conformity with GATT.

Then, of course, on the next page it says specifically:

Accordingly, for the United States, this means that section 301 and its hybrids will have to undergo revision in order to ensure compliance with the new WTO dispute settlement structure.

They say no laws are changed. But, nevertheless they mentioned here a minute ago, the Senator from Massachusetts, the Consumers Union, and the American Bar Association--they are wonderful groups. But, nevertheless they are not the judges. The World Trade Organization and the dispute resolution panels--they are the judges. It is said we select them and the opposition selects one, and then WTO. We do not have a veto over that deciding party. We do not have a veto over the GATT agreement itself and the World Trade Organization. We have one man, one vote. Castro cancels us out.

Article 16, section 4, each member shall ensure the conformity of its laws under the obligations of the agreement. That is very simple and clear. Oh, it does not change the law automatically, Mr. President. But, nevertheless I tell you what it does do. It says you play along with this agreement that you signed and confirmed in a national Congress or you pay. You pay or play. You pay with sanctions that can be cross-indexed to other particular industries not even in the particular dispute.

I asked them in the committee hearings, Mr. Ambassador Kantor, or any of them who came up, all of the officials. I said show me the page, the line that has the veto. I asked them today on the floor of the U.S. Senate. Show me the page, the line and do not give me this gobbledygook about consensus because they say, yes, it goes to consensus, and the next line says you cannot get together by consensus. Then the World Trade Organization, one man, one vote, one country, one vote.

With respect to the budget itself, a moment ago when they talked about the \$750 billion tax cut. Of course, it is a tax. I mean it is a tax increase. Here we have a \$31 billion deficit that they are going to have a waiver on the point of order, my distinguished colleague from West Virginia.

I ask unanimous consent to have printed in the **Record** the letter of July 15 by 25 Senators, asking that you join us in opposing any effort to waive the provisions of the Budget Enforcement Act.

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

U.S. Senate,
Washington, DC, July 15, 1994.

President William J. Clinton,
The White House,
Washington, DC.

Dear President Clinton: We write to ask that you join us in opposing any effort to waive provisions of the Budget Enforcement Act for the General Agreement on Tariffs and Trade (GATT) implementing legislation and avoid the requirement that such legislation be fully funded.

Some of us support GATT, others of us oppose the agreement, and still others of us have yet to make a decision, but we are united in our concern about the precedent waiving the provisions of the Budget Enforcement Act could set, undermining our ability to make further progress in lowering the deficit now and in the future.

We are confronted on a regular basis with having to make tough decisions on worthy programs because of our budget rules, and rightly so. The federal budget deficit must be brought down.

That GATT is significant is clear, but the importance of an issue should not determine whether or not it should conform with the budget rules we have set for ourselves. Indeed, the true test of our resolve to bring the deficit under control is our willingness to apply the budget rules to the important issues.

We recognize your commitment to passing GATT implementing legislation. Your support for making that legislation comply with the budget rules will be all the more meaningful because of that commitment, and we hope you will join us in this effort to oppose any effort to dodge this responsibility.

Sincerely,

Russ Feingold, Ben Nighthorse Campbell, Chuck Grassley, Jesse Helms, Dirk Kempthorne, Dale Bumpers, Strom Thurmond, Larry Pressler, Dave Durenberger, Lauch Faircloth, Larry E. Craig, Trent Lott, Robert F. Bennett, Conrad Burns, John Warner, Hank Brown, Byron L. Dorgan, Alfonse D'Amato, Herb Kohl.

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EXECUTIVE OFFICE OF THE PRESIDENT,

Office of Management and Budget,
Washington, DC, August 8, 1994.

Hon. Larry Pressler,
U.S. Senate,
Washington, DC.

Dear Senator Pressler: Thank you for your letter to the President of July 15th, requesting that the President oppose any effort to waive the Budget Enforcement Act (BEA) for the General Agreement on Tariffs and Trade (GATT) implementing legislation. The Administration shares your concern about such efforts.

The Administration firmly believes that the recently completed Uruguay Round accords under the General Agreement on Tariffs and Trade will increase economic growth, here in the United States and around the world. We know that our view is shared by many others in the economic and international trade communities. This Administration has continued to work to bring those negotiations to a conclusion to increase economic growth in the future.

Nonetheless, we do not believe it is necessary to sacrifice budget discipline to pass GATT in the Congress. In fact, we fear that if Congress were to reverse the

progress that has been made on budget discipline over the past few years, we could lose more than we would gain from the GATT accords.

Instead, I hope that we can work with you and other Members of Congress to find offsets for the costs of GATT implementation.

Thank you again for your letter. I hope to be working with you soon on these matters.

Sincerely,

Alice M. Rivlin,
Acting Director.

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Mr. HOLLINGS. Mr. President, there it is as the Senators see it, at least 20 of them.

Here we go. Alice M. Rivlin, a letter dated August 8 to Senator **Pressler**.

`Nonetheless,' says Ms. Rivlin, the Acting Director at that particular time, and now the Director of the Executive Office of the President Office of Management and Budget.

Nonetheless, we do not believe it is necessary to sacrifice budget discipline to pass GATT in the Congress.

But that is what they are doing, fixing the jury. I have talked to the Senators. `The President just called me.' That is not what his Budget Director said. We do not believe in sacrificing the discipline with respect to export jobs.

Fifty companies in that Fortune 500, the top 50 companies account for over half of the total U.S. manufacturing exports. As a result, we look to see whether they are increasing as they talk, increasing the jobs.

Under those export industries, aircraft parts, since 1987 lost 67,000 jobs, industrial machinery, 284,000, electronic and electrical equipment, 694,000, transportation equipment, 278,000.

I ask unanimous consent, Mr. President, that the list be printed in the **Record**. I can read them all. But I want to make sure that they understand that export jobs are not the ones created.

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

JOBS LOST TO THE CHRONIC U.S. TRADE DEFICIT

[Allocation to States by gross State product Shares; in millions of do

State	Merchandise Trade deficit exports, f.a.s./imports,
United States total	(
California	
New York	
Texas	
Illinois	
Florida	
Pennsylvania	
Ohio	
New Jersey	
Michigan	
Massachusetts	
North Carolina	
Virginia	
Georgia	
Washington	
Indiana	
Maryland	
Missouri	
Minnesota	
Wisconsin	
Tennessee	
Connecticut	
Louisiana	

Colorado
Alabama
Kentucky
Arizona
South Carolina
Oregon
Oklahoma
Iowa
Kansas
Mississippi
Arkansas
Nebraska
Nevada
Utah
Hawaii
New Mexico
West Virginia
Alaska
New Hampshire
Maine
Delaware
Rhode Island
Idaho
Montana
South Dakota
Wyoming
North Dakota

Vermont

[Footnote] No reliable data exist for foreign imports by U.S. States. Allocating imports by Gross State Product (1991) shares is one method of driving a very rough set of estimates. MBG Information Services and U.S. Dept. of Commerce, Bureaus of the Census & BEA.

[Footnote] Source: MBG Information Services.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that we print in the **Record**, the Business Week 21st Century, this weekly edition of Business Week entitled `High-Tech Jobs All Over the Map.'

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

The Skills Explosion--High-Tech Jobs All Over The Map

As training and experience in less developed countries rapidly improve, the West's workers may be left behind.

If any megatrend kindles hopes of producing megajobs for skilled Americans, it is the coming of age of the Information Revolution. U.S. companies are already setting industry standards and pioneering virtually all of the key technologies. Plus, America possesses the wealth of creative talents needed to lead the coming wave of newfangled software, multimedia gadgetry, and ingenious programming. There will be jobs enough, it would seem for anyone with a decent education.

But trek out to the laboratory of Kenneth Chou in a new business park on the outskirts of Beijing, and you begin to wonder. There 30 artists, software engineers, and computer programmers at Chou's Bilingual Educational Computing Inc. are busily designing interactive CD-ROM programs, complete with voice and animation, for teaching English. Since 1991, Bilingual has sold 50,000 sets of its First Aid English multimedia lessons, now \$55 apiece, to institutes from Japan to Germany.

In fact, practically anywhere you go in Asia these days, local workers can be found doing the same highly skilled tasks you would expect to find in Palo Alto, Boston, or Tokyo. At a Silicon Graphics Inc. joint venture in Bangalore, India, software designers earning \$300 a month are developing programs to produce three-dimensional images for diagnosing brain disorders. In a sleek industrial park in Singapore, engineers design future generations of personal digital assistants for Hewlett-Packard Co. In Taiwan, Hong Kong, and South China, research and

development teams are at work on multimedia gizmos ranging from digital answering machines to interactive computers for children.

New World Order. The message is that anybody who still thinks the only competitive edge of developing countries is cheap, unskilled labor has a lot of catching up to do. One of the less-heralded developments in the emergence of a global economy is that there is an increasingly better balance of skills in the world. The worldwide shift to market economies, steady improvements in education, and decades of overseas training by multinationals are all producing a global workforce in fields ranging from product development to finance and architecture that is capable of performing tasks once reserved for white-collar workers in the West.

What's more, dizzying advances in telecommunications are making these workers more accessible than ever. As a result, just as Westerners learned in the 1970s and 1980s that manufacturing could be moved virtually anywhere, today it is getting easier to shift knowledge-based labor as well.

Conventional notions of comparative advantage are getting blurred in the process. In electronics, cities such as Taipei, Edinburgh, Singapore, and Penang (Malaysia), which are far away from the end-user and technological breakthroughs, already have emerged as global product-development hubs.

Service providers, too, can now spread across the globe. Citibank taps local skills in India, Hong Kong, Australia, and Singapore to manage data and develop products for its global financial services. Houston-based M. W. Kellogg Co. farms out detailed architectural-engineering work for power and chemical plants it builds around the world to a partner in Mexico. And everyone from law firms to U.S. nonprofit groups cuts costs in managing and analyzing documents by hiring `outsourcers' such as International Data Solutions Inc. in Herndon, Va., which employs thousands of workers in the Philippines.

What makes Third World brainpower so attractive is price (charts). a good computer circuit-board designer in California, for example, can pull down \$60,000 to \$100,000 a year. Taiwan is glutted with equally qualified engineers earning around \$25,000. In India or China, you can get top-level talent, probably with a PhD, for less than \$10,000.

Tedious tasks. Where the big savings can come is in the `back end' of product development--the painstaking work of turning a conceptual design into blueprints, computer code, or working models and in testing the final product. Take Bilingual's **cd-roms**. With wages ranging from \$75 a month for a Chinese keypunch operator to \$400 for a good artist, Bilingual can produce a **cd-roms** product for anywhere from a quarter to one-tenth of the cost in the U.S. In a business as tough as **cd-roms**, where the few titles that succeed can have a shelf life of less than a year, keeping costs under control is critical.

It doesn't matter that few of the staff speak English. Bilingual writes the scripts, the most creative part, in Taiwan. The rest of the work, from, animation to voice-over recording, is done on the mainland. `When you get down to it,' says Chou, `about 80% of the labor in producing software is very tedious.'

Since marketing and creativity will always be in hot demand, graduates of Stanford University business school or Massachusetts Institute of Technology probably needn't worry. Trouble is, the back end happens to be where millions of Americans are employed. And they're well-paying jobs: software designers, bookkeepers, mechanical engineers, draftsmen, libraries. Most require a bachelor's degree or at least a few years in a polytechnic institute. Yet in theory, at least, none of these jobs can be regarded as secure from foreign competition. `Just as with the move of manufacturing overseas, you're going to see a increasing flux of technical jobs out of the U.S.,' predicts Intel Corp. Chief Operating Officer Craig R. Barrett. `We don't have any protected domains anymore.'

New view. Policymakers have only begun to ponder what all this means for American, European, and even Japanese white-collar workers. Until recently, it seemed the impact would be minimal. Groups such as the National Science Foundation have been warning that as the Digital Age makes industries technology-intensive, there will be an acute shortage of technicians in the West. Skilled workers displaced by outsourcing would simply move on to higher value-added sectors.

But this view is being challenged. In a jarring keynote speech to the annual convention of the Institute of Electrical & Electronics Engineers (IEEE) in September, Edith Holleman, counsel to the House Science, Space & Technology Committee, warned that exciting new high-tech jobs `are not reserved for you in the First World.' What's more, she said, high-tech breakthroughs in the U.S. `cannot be counted on to spin off into domestic manufacturing facilities providing employment for many engineers and skilled workers.'

Consider what already has happened to the PC motherboard, the circuit card loaded with chips that runs every computer. Five years ago, most motherboards--regarded as the guts of a PC--were produced in-house by U.S. computer makers. Today, some 60% are subcontracted to Taiwanese companies and their army of 150,000 information-technology engineers. And now, the Taiwanese are becoming a major force in customized computer-chip design and local-area networks. Little wonder, it would seem, that unemployment among U.S. electrical engineers hit a record 5.9% this summer, according to the IEEE, and the situation is expected to get worse.

Still, a host of factors suggests that the outflow of skilled work to cheap Third World havens is only a temporary phenomenon. For one, the wage gap is bound to close eventually, as technicians and engineers in the developing world command

more. Also, the Information Superhighway is a two-way street, allowing U.S. and European engineers to compete for work in Asia as well as the reverse. Moreover, experts fear that education systems in Thailand, Malaysia, Indonesia, and Mexico, among others, are not producing enough skilled workers for those nations to guarantee advancement up the industrial ladder.

ROBO-TECH. What's more, as factories in the Third World turn to state-of-the-art automation to stay competitive with domestic rivals and meet international quality standards, that automation could threaten Third World job growth. Meanwhile, technological leaps in areas such as text and voice recognition and computer-aided design software that reduce the time-consuming code-writing process will wipe out jobs in service industries.

But for now, the ground is shaking under skilled workers as Western companies take advantage of big wage disparities. Anyone who has witnessed the exceptional performances of Chinese, Indian, and Vietnamese emigres in U.S. schools and labs knows that developing countries are loaded with talent. The rapid growth of Asia's economies means they can now apply their skills at home.

A wild card in the global skills game is telecommunications. Consider Hong Kong's Johnson Electric Holdings Ltd., a \$195 million producer of micromotors that power hair dryers, blenders, and auto features such as door locks, windshield wipers, and automatic windows. With factories in South China and an R&D base in a Hong Kong industrial park, Johnston is thousands of miles away from a leading auto maker.

This hasn't stopped the company from virtually cornering the market for the electric gizmos it makes for Detroit's Big Three. 'My customer is right here,' says Managing Director Patrick Wang Shui Chung, pointing to a videoconferencing unit in the midst of hundreds of engineers. For two hours each morning, design teams 'meet' face-to-face with their customers in the U.S. and Europe. Concepts are transmitted from R&D centers in North America and Europe to Hong Kong, where 200 engineers on a network of workstations develop the motors using CAD/CAM software.

Their specifications are programmed directly into Hong Kong production lines. The process is so streamlined that Johnson can take a concept and deliver a prototype to the U.S. in six weeks. To cut that time even further, the company is investing in more advanced telecommunications to link its 9,000-worker operations in China. 'Today, your location doesn't matter,' says Wang. 'It's turnaround time. I want to be the fastest gun in the world.'

Knowhow. The pioneers in bringing foreign technicians into the global workforce are multinationals such as Motorola, Hewlett-Packard, and Philips Electronics. Originally, they set up plants in Asia chiefly for cheap labor. But many of these assembly shops have gathered so much knowhow that they now do critical design-and-engineering tasks.

A good example is Motorola Inc. Its paging-device plant in Singapore boasts 75 local engineers and a new \$35 million building dubbed the Motorola Innovation Center. There, the Scriptor pager was developed almost entirely by Singaporean industrial designers using Singaporean software.

Hewlett-Packard has gone even further. It encourages each of its manufacturing sites around the world to become the global base for its product. Penang, Malaysia, has become a global center for many components used in HP's microwave products and is taking over responsibility for computer hard-disk drives from Palo Alto. And in Singapore, a plant HP opened in 1970 to assemble keyboards is now the global R&D and production center for its line of portable ink-jet printers. It is also the base for all handheld devices, such as persona digital assistants and calculators.

Intensive training by multinationals is another reason that skills are rising rapidly. A key training locale is

the Penang Skills Development Center, a 360-student polytechnic institute funded by 57 foreign companies and the government for local high school and university graduates. Intel donated a \$140,000 microprocessor lab. A 20,000-square-foot 'team building park' for leadership training and a clean room for vacuum technology came courtesy of Seagate Technology Inc., which has a big hard-disk plant nearby, Motorola Inc. kicked in \$320,000 for PC software training and a bachelor-of-science program.

India, China, and Russia are closely watching the successes of Malaysia and Singapore. The potential of all three is staggering given the heavy emphasis their schools place on math and basic science. In these countries, notes Intel's Barrett: 'I see a ton of people who are as technically well-educated as people in the U.S.'

India has the second-largest pool of English-speaking scientific talent in the world, after the U.S. This includes 100,000 software engineers and technicians and hundreds of companies, many locally owned, that supply software to Western customers. The number of engineers could double by the end of the decade. And a monthly salary of \$800 for an engineer with five years' experience is enough to place a worker squarely in India's upper-middle class.

Central Europe also is peppered with brilliant scientists rapidly being discovered and unleashed. The most promising spots as production bases by 2020, according to a study of 404 European locations last year by Cologne-based market researcher Empirica, are Bratislava (in Slovakia), Western Bohemia (in the Czech Republic), GyöAE4r-Sopron (Hungary), and Poznan (Poland).

Germany's Robert Bosch has been making engine parts in the Czech Republic since last year. 'Czech engineers have the technical competence we require,' says Heinz G. Grewe, Bosch's head of management systems for gasoline engines. Despite added startup and training costs, industry analysts say, auto-parts makers can still save 30% by outsourcing to Central Europe.

Farther east, in Russia, most multinationals have been slow to exploit the huge pool of technologists who worked in the former Soviet Union's defense industries. But pioneers such as Sun Microsystems Inc. and ABB Asea Brown Boveri (Holdings) Ltd., which already employ thousands of Russians, are bullish, particularly about the hard-driving younger generation that is eager to get rich (page 128).

Well-stocked waters. The deepest pool of untapped skills is in China. Dataquest Inc., the research firm, estimates that there are at least 350,000 information-technology engineers in Chinese research institutes, state companies, and universities. The average salary: about \$105 a month. And with the Chinese government placing electronics, telecommunications, and software industries high on its list of priorities, colleges across the country are preparing to train hundreds of thousands more (page 126).

Multinationals are fishing in these well-stocked waters. Northern Telecom Ltd. just opened a lab at the 10,500-student Beijing University of Posts & Telecommunications that will soon employ 250 engineers. NT will work with faculty and students on cellular phones, multimedia-transmission devices, and software. In the northern city of Tianjin, Motorola will have 3,000 workers making semiconductors and telecom equipment by yearend. Meanwhile, AT&T, which is just getting started in China, plans to link up the telecom plants it has scattered across the country.

For now, these facilities will focus on the enormous telecom needs of China. But it's only a matter of time before Chinese engineers start playing key R&D roles in products sold globally. 'All of our joint ventures can be technical centers in their businesses,' says AT&T China Inc. Human Resources Director Albert Siu. 'I've never found people more open to learning. They soak up everything.'

Many of the lessons companies are learning in high tech can also be applied to the West's other big job generator; services. There, the potential of offshore skilled labor is just beginning to be tapped. For more than a decade, companies such as American Airlines Inc. and Citicorp have been loading tons of ticket stubs, credit-card receipts, and insurance forms onto planes headed for places such as the Dominican Republic or the Philippines, home of low-paid keypunch operators.

Many experts think high-end services can also be farmed out to overseas workers. Why not let specially trained Filipino accountants do much of the grunt work in preparing tax returns for multinationals? Or how about outsourcing the legal research for expensive product-liability cases? Using CD-ROM libraries, paralegals in India could churn out the mountain of writs and affidavits for such cases at a deep discount. Anupam P. Puri, managing director of McKinsey & Co.'s Bombay office, says such task transfers are long overdue. 'Most of our multinational clients are still very behind in seeing how they can redistribute service work around the world,' he says.

Regulatory hurdles remain, of course. But the technological barriers are falling fast. International Data Solutions, for example, scans case and client files for U.S. law firms and transmits them in digital form via satellite to the Philippines. There, workers organize and index the documents so they can be readily retrieved by a computer network in the U.S. International Data employs two full-timers in Virginia--and up to 3,000 Filipinas. `With the Information Superhighway revolution, this trend is accelerating dramatically,' says International Data President Kenneth R. Short. `It really doesn't matter where the work is done as long as quality, price, and service are right.'

Broader View. In the construction industry, Houston's M. R. Kellogg has teamed up with Mexico's Bufete Industrial on contracts to build petrochemical-refining systems worldwide. After developing conceptual drawings on a computer, Kellogg transmits them to Bufete, of which Kellogg owns 21 percent. The Mexicans turn the drawings into detailed blueprints. The arrangement, says Kellogg Manager Robert Salazar, `makes us competitive all over the world.'

While this flexibility sounds great for corporations, it could be traumatic for professionals who are not well-equipped for a global economy. As gaps between experience levels and wages narrow around the world, skilled workers will compete on a more equal footing. To profit from the emerging trends, workers will require broader training than is now provided by most education systems--in both the East and the West.

Rather than focus on one discipline, for example, professional workers will need to understand the economics and technologies that are revolutionizing their industries. In the banking world, `the pure technologist is already dead,' says George P. DiNardo, Singapore-based chief technology officer for Citibank's Asian consumer business. `And so is the pure businessperson.'

In electronics and telecommunications, engineers discarded by Corporate America are taking advantage of cheaper access to data and video networks by forming their own design houses for Asian manufacturers. In many other fields, professionals may have to similarly redefine their jobs in order to prosper from the globalization of work rather than be at its mercy.

[Page: S15332]

Mr. HOLLINGS. Mr. President, the message is that anybody who still thinks the only competitive edge of the developing countries is cheap unskilled labor has a lot of catching up to do.

Mr. President, the Senator from Oregon referred to Intel. Well, here is what is happening at Intel. `Just as with the move of manufacturing overseas, you are going to see an increasing flux of technical jobs outside of the United States,' predicts Intel Corporation chief operating officer, Craig R. Bennett, in Business Week.

` We don't have any protected domains anymore.'

Then it goes on to say,

` Consider what already has happened to the PC mother board, the circuit card loaded with chips and runs of computer. Five years ago most mother boards, regarded as the guts of a PC, were produced in-house by the U.S. computer makers. Today, some 60 percent are subcontracted to Taiwanese companies and their army of 150,000 information technology engineers.

On and on, Mr. President. Dispelling that myth, I read from the Business Week of December 17, 1990. Here it is. I quote:

From all the fuss about the United States becoming more export oriented, hardly any additional industries have joined the exporting sector in the past 10 years.

Do not keep coming up here talking export jobs.

Moreover, success overseas is not translating into job creation at home.

I quote then not reading the entire article, but quoting word for word:

These trends show no sign of abating. Using government employment forecasts Business Week is projecting an increase of 9.6 percent in the size of the exporting sector over the next 10 years, far less than the projected national employment growth of 14.6 percent. True, the exporting sector could expand faster if import competing industries such as machine tools, some domestic industries' machine tools and our tools regain market share in the United States or if some domestic industries learn how to be big exporters. Barring these competitive gains, the proportion of Americans producing for world markets will just continue to shrink in the 1990's.

Mr. President, why can't we understand what is going on? We are in a decline.

Mr. President, Vermont is due to lose 6,100 jobs this year under GATT. The total loss from the trade deficit is 3,100,000 jobs.

With respect to being in decline, we have none other than Lee Kuan Yew, and I quote:

America is not the surplus country. It is Japan and Germany. It is New York with the expertise but Tokyo and Bonn with the actual cash.

` The greatest problem for Americans,' he said, ` was coming to terms emotionally with this shift, accepting in our guts that there is a permanent change in competitive position.'

Mr. President, read this language and listen to it very, very clearly. Talking about GATT agreements, ` These agreements, saying it word for word, offer new

opportunities for all Americans. For American farmers the agreements expand world markets for American farm products. For American workers the agreements offer more jobs, higher income and more effective responses to unfair competition.

That was none other than Robert Strauss in 1979, the Tokyo round under which we are in. What did his Texas colleague and our good friend and former chairman of the Finance Committee say in 1987 with respect to that particular Tokyo round in 1987? I am reading word-for-word, because we never seem to learn. We listen to the same babble, technobabble and statistical babble, but we do not look at the reality. Here is what Senator Bentsen in the Finance Committee itself reported:

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The Committee is concerned that the Tokyo round trade negotiations and the legislative branch and executive branch actions to implement the Tokyo round trade agreements, have not had the effect of improving the American standard of living as intended. Perhaps worst of all--

Listing many things.

the composition of the merchandise trade deficit has changed from mainly an oil deficit--

Talking about oil jobs, which was bad enough.

to mainly a manufacturing and agricultural deficit, which strikes at the heart of U.S. export strength.

Agricultural exports alone have fallen from about \$40 billion in 1980 to about \$25 billion in 1987. And if petroleum prices in 1986 had been the same as in 1980, then the 1986 trade deficit could well have been over \$200 billion. The mainstays of American trade competitiveness are in trouble.

This is the now Secretary of Treasury.

By last year, West Germany surpassed the United States as the world's leading exporter and Japan had 10 percent of the world's exports in 1986, compared so 10.3 percent for the United States, who may well move into second place in 1987. The size and composition of the trade deficit have caused retching adjustments on the American farm and American industry and among American workers. For example, the widening trade deficit reduced real potential GNP by nearly 20 percent in 1983 and 1984, according to the International Trade Commission. The National Association of Manufacturers found that 2 million fewer jobs were created as a result of the growth of the trade deficit in this period. The deficit deterioration of American high-wage industrial employment concentrated employment growth this decade in the lower-wage service sector.

Mr. President, how can you do it any better than that? What happens is, as we put in the **Record** on yesterday from Lars Erik Nelson--and I have the entire article. I will read a paragraph:

The economists keep foisting their theory on the Clinton administration. No proposition enjoys greater unanimity among economists than the idea that free trade will, on net, be a win-win situation, says Bob Shapiro, a nondogmatic economist at the Progressive Policy Institute. This is why, Shapiro says, economists close their eyes to the social cost of free trade. They don't know how to deal with the problem, but they can't give up the economics of free trade. The fact is there are significant social costs.

That is what the election in November was all about. Here we have 40 million living in poverty. Their take-home pay is 20 percent less; they are working longer hours and being paid less. We have gone from the biggest creditor Nation to the biggest debtor Nation. Our manufacturing, since 1985, has gone from 26 percent of the work force down to 16 percent. And the inner cities are in turmoil with crime and drugs and deprivation. Yet, they are telling us we are on 'a rising tide,' as they said in the Washington Post. There is no rising tide. We are going out of business, and the social costs are there. Here the group that came to town for the middle class, Mr. President, is decimating the middle class.

I heard the Senator from Texas earlier today say if he had a Republican President, he would vote for this. Well, on this particular trade policy, he has a Republican President, I can tell you this now, because we are not protecting the middle class, the jobs, and we are not striking out against the social instability caused by the unemployment, not striking out against the deficits caused by unemployment compensation, increased health and welfare costs, increased crime costs, and the like. We are not doing it. We are exacerbating it here with this debate this afternoon and with this vote.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. **DeConcini**). Who seeks recognition?

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. On whose time does the Senator seek recognition?

Mr. BYRD. Mr. President, I believe the distinguished Senator from South Carolina has assured me that I might have 14 minutes?

The PRESIDING OFFICER. Does the Senator from South Carolina yield 14 minutes?

Mr. HOLLINGS. I yield the time remaining to the Senator from West Virginia.

Mr. BYRD. Mr. President, GATT is a budget buster, any way you want to slice it. By itself, GATT would increase the deficit by more than \$25 billion over the next 10 years. To partially offset this deficit increase, the pending bill includes a number of so-called 'revenue raisers,' several of which I find very questionable.

Among those provisions is one which would repeal the 4-percent statutory minimum interest rate on U.S. savings bonds. Under current rules, a person can lose, at most, one month of interest. Under the repeal contained in this bill, a purchaser of U.S. savings bonds can lose up to 6 months worth of interest.

In other words, to help pay for this trade deal, we have gone so far as to undermine the U.S. savings bond. That same bond that we have for generations given to our grandchildren and to our sons and daughters will no longer be quite the dependable, sound investment it has been for decades--so that we can pay for GATT.

While this GATT Uruguay round agreement may arguably be good for U.S. businesses, U.S. workers are placed at a competitive disadvantage under this agreement.

For businesses in developing countries, and motivated by a 'greatest-profits-at-lowest-cost' mentality, a return to the world of Dickensian sweatshops populated by underpaid, overworked, uneducated, and uncomplaining children will be irresistible.

For example, the export of U.S. jobs overseas has hit my own State of West Virginia hard over the years, as U.S. trade liberalization has made it more advantageous for firms to move manufacturing and assembly jobs overseas while still retaining easy access to the U.S. marketplace. While part of this decline is due to improvements in mechanization that require fewer workers to produce the same level of output, jobs in the coal mining industry in West Virginia have declined 28 percent just since 1988.

The once-thriving glassware and pottery industries in West Virginia have fallen victim to overseas competition as well. Jobs in the stone, clay, and glass products industries have declined 68 percent since 1960, dropping from 22,400 jobs to just 7,100 jobs in 1993, according to the Department of Labor. Tariff reductions will not help those companies.

I am not generally opposed to trade agreements if those agreements are good for the United States and its workforce. But let me make clear that this country and the U.S. workforce in West Virginia and throughout the Nation are this Senator's paramount concerns.

There is a lot of leeway granted in this agreement to developing countries. The aid is to help improve the economies and the standards of living in other nations.

Free trade is fine, but fair trade should be our goal. Yes, our workers are among the most productive in the world, but how can they hope to continue to compete with workers who are willing to toil for 50 cents an hour or 25 cents an hour?

I cannot support the new, slick trend toward one-worldism which seems to be emerging with this agreement. It is almost as if some people in this country feel that the United States should sacrifice so that other nations can grow--that Uncle Sam ought to blush if the United States prospers much more than other nations.

To that point of view I say, beware of the `idiot who praises with enthusiastic tone, all centuries but this and every country but his own.'

Support for this agreement flies in the face of the results of the recent election. Look at these poll figures. This poll was taken by the Yankelovich Partners survey, November 23 through November 27, 1994.

Do you favor or oppose passing GATT?

Fifty-one percent oppose; 33 percent favor; 16 percent not sure.

What about the budget wavier on GATT? Is it inappropriate or appropriate?

Sixty-seven percent inappropriate; twenty percent appropriate; thirteen percent not sure.

What about deferring GATT over to the 104th Congress?

Sixty-three percent say defer it to a new Congress; 29 percent say let the old Congress do it; 8 percent not sure.

Then, what about the WTO and U.S. law? Do you think the World Trade Organization should be able to override the laws of member nations?

Seventy-two percent say `no'; 17 percent say `yes'; and 11 percent say `not sure.'

So, Mr. President, the people's view is clear. Only in this convoluted Capitol City could doing what the people want ever be perceived as bad for the President.

Some Senators have said to me that putting GATT over into the next Congress would damage the President if this waiver is rejected. Not according to these polls. Not according to these polls. In my view, rejecting this agreement as it presently stands would be doing a service to the President because it would give him time to go back to the table and get a better agreement--one that the people can support, as reflected in the poll. Those who support this Agreement now may say that they like what they are getting, but they may, in the final analysis, not get what they like.

It is a fig leaf that has been concocted by our distinguished Republican leader and the administration. First, the Review Commission cannot even review the record of the GATT panels, since the proceedings will be secret.

Mr. President, Members of the Senate who read the Scriptures, and I take it that Members do read the Scriptures, will remember Ezekiel and the valley of the dry bones. Senators have probably heard sermons on that scripture. The spirit of the Lord sat Ezekiel down in the valley of the dry bones. The Lord told Ezekiel to speak prophecies unto the dry bones and God would put sinews and flesh and skin on them; bones would be joined together, the four winds would breathe breath into these bones and they would come to life.

Mr. President, the Lord God kept his promise to Ezekiel. Flesh and sinews came upon the bones, and they lived, and stood upon their feet. Those old dry bones became an exceeding great army.

Mr. President, there will be no life breathed into this dry bone that has been worked out between the minority leader and the Administration. This fix will not work. This miracle will not work. This dry bone is a dry bone is a dry bone is a dry bone. And no amount of hocus pocus is going to change it.

Here is the dry bone. Here it is in my hand. Here is the dry bone put out by the Bureau of National Affairs containing an explanation of the agreement between the Clinton Administration and Mr. Dole.

Well, this dry bone will only serve as a rhetorical cover for Senators to vote for something that is seriously flawed.

This is an agreement in disguise. It is the Mrs. Doubtfire trade agreement. What you see is not necessarily anything like what you may get.

Moreover, the WTO cannot be fixed by the Dole legislation. First, the Review Commission cannot even review the record of the panels, since the proceedings are secret.

Second, the idea that we would withdraw from the WTO after three adverse decisions in a five-year period flies in the face of a history in which we have never withdrawn from any important international organization. It would take a resolution passed by both Houses, and most probably over a President's veto--a highly unlikely scenario.

So this is a fig leaf only serving as rhetorical cover for Senators to vote for something that is seriously flawed and can be manipulated regularly against the best interests of our country and our people.

This fix is in the time-honored tradition of such legendary promises as, `The check is in the mail.' It ranks right up there with, `Yes, I will still love you tomorrow,' and `Don't call me, I'll call you.'

Unless one's I.Q. is lower than the air temperature, it should be plain that none of these so-called promises can be counted on. Neither can the Senate count on this so-called fix.

Hanging one's hat or one's vote on this so-called future fix may produce nothing but future shock. It is like trying to hang one's hat on a greasy flagpole. The hat will not stay and the people will not buy this fix as a cover for a bad vote.

The President and others argue that to delay action until next year will kill the GATT.

Here we see this headline on Business Week, 'Delay Will Mean the Death of GATT.' Don't you believe it. Don't you believe it.

That is a bogus scare tactic. The thing that might really kill GATT is scrutiny by 100 Senators and the discovery that it is a mega-turkey. The implementing legislation can be introduced again next year, and we have until next July to approve it. No other major nation's legislature has approved it--everyone is waiting to see what good old Uncle Sam will do. So there is no rush.

We hear the siren song of doom from the rafters of the White House. The dead will live again and flourish. Jesus, according to the scriptures, brought Lazarus, the brother of Martha and Mary, back to life. Jesus brought back to life the son of the widow of Nain. He brought back to life the daughter of Jairus. And Elisha breathed new life into the child of the Shunammite woman. Let me assure Senators that miracles are not over. If this budget waiver is rejected today, this matter will only be put over until next year. It will be child's play for the spin doctors, for the trading giants to breathe life into the treaty. Just you wait and see what happens if we sustain the budget point of order. Then the spin doctors will go to work.

All our major allies will be brought together, those who have all been sitting on their hands, like Japan and our European allies, waiting to see what we will do. You can bet that if this Agreement is so great for everyone, there will be a rush for airline tickets to get on planes bound for Geneva. The restaurateurs in Geneva will be putting in extra supplies of turkey for the occasion.

I would also argue that delay is not always bad. It does wonderful things for a cheese and and old wines and old violins. Delay will not kill this treaty. Delay may well improve this Agreement. I have every confidence that our President and our trade negotiators who have listened to this debate could then negotiate a better agreement in the months ahead.

The argument that delay until next year would kill the Uruguay Agreement is a G-string under the fig leaf of the so-called 'fix' we have all heard about. It is the last argument. If all else fails, proponents can claim that a delay will kill this Agreement.

For these extremely important budget, institutional, and political reasons, I believe that the legislation before us today should be deferred until the next Congress, at a time when Senators will have had the time to study the Agreement more closely, and when there is ample time for debate and deliberation. And the way to accomplish this is to vote against the waiver.

Mr. President, I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Who yields time?

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Mr. PACKWOOD. Mr. President, how much time is left on each side?

The PRESIDING OFFICER. The Senator from Oregon has 1 hour and 4 minutes. The Senator from New York has 35 minutes.

Mr. PACKWOOD. I thank the Chair.

Mr. President, I yield myself as much time as I may need.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I think it was Disraeli, but I would not bet the mortgage on that, who once said there are three kinds of lies. There are lies, there are damned lies, and then there are statistics.

We have heard the statement made over and over that for every \$1 billion of imports, 20,000 jobs are lost. That figure is premised on a study that said for every \$1 billion of exports, 20,000 jobs are created. And those who choose to take that statistic and use it in their favor on imports has simply turned it on its head, as if 20,000 jobs for \$1 billion of exports means 20,000 jobs lost with \$1 billion of oil imports.

Let me give you just two examples, then I have other points to touch on, where this just is not true.

I have talked several times about the import of oil in this country. We imported last year about \$44 billion worth of oil. We import this oil because we do not have, or have not chosen to look for, in one way or another, to get oil out of the ground in this country. We need the oil.

First, the drilling for and the extraction of oil is capital intensive, not labor intensive. I doubt that there are 20,000 jobs associated with \$1 billion worth of oil exports or \$1 billion worth of oil imports.

But I want you to think what would happen in this country if we did not import \$44 billion of oil. Do you think if we did not import it, we would create 880,000 jobs? That is 20,000 jobs for every \$1 billion of imports.

I will tell you what would happen if we did not import \$44 billion of oil in this country. We would have an absolutely up- to-your neck depression in this country because this country runs on oil. We generate electricity with it; our industries run on it; we run our cars on it. And we do not have the capacity in this country to produce it immediately.

I had indicated earlier we could produce it if we wanted to make it out of coal. We have a 400-year supply of coal, but it is expensive to make oil out of coal.

I had the Library of Congress check for me--and I want to give them credit again, the Congressional Research Service, for the extraordinary research they do, because I only asked them yesterday.

South Africa, of course, has produced oil out of coal for years. They had a trade embargo when the white-only government was in power and they could not import, so they had to produce it. And they have lots of natural resources. They produced oil out of coal and gasoline out of oil, but it was very expensive.

The Library of Congress said, yes, we have enough coal to make oil out of it. If we did, the Library of Congress' estimate is--and they did not want me to hold them too closely to it--that the cost of gasoline, if we produced it from coal in this country, would be between \$3 and \$4 a gallon instead of what we pay for it now. And, of course, home heating oil would go up equivalently; the oil we use to generate electricity would go up equivalently. I have no idea what that would do to inflation. I have not asked the Library of Congress to check about the impact of an increase in inflation, which would in turn increase interest rates, home mortgage rates, and everything else. My hunch is that approach is not going to help this country.

So let us put this bogeyman--that because we are importing \$44 billion worth of oil, we are losing 880,000 jobs--to rest.

Now, let me move to a study my friend from South Carolina, Senator **Hollings**, has cited over and over and over again. This is a study by Charles McMillion. He is a business consultant who testified against the GATT before the Commerce Committee. Mr. McMillion took this 20,000 figure and he calculated, therefore, what every State would lose in terms of jobs based upon \$1 billion of imports in that State.

States have customs districts which keep track of imports. Oregon imported about \$1.6 billion in imports through the Portland customs district. Therefore, he multiplied 1.6 times 20,000 and said Oregon would lose 32,000 jobs. Mr. McMillion says Oregon will lose 32,000 jobs because of imports.

Well, Portland is the fourth largest importer of cars in the United States. Different ports excel at different things. Portland excels at importing cars. As a matter of fact, we are also the largest exporter for Hondas in the United States. They are made in Marysville, OH, trucked to Portland, and off they go throughout the world.

For the moment, just stick with the imports. Do you think that Oregon would have more jobs or fewer jobs in Oregon if we did not import cars? We do not make any cars in Oregon, but we do have longshoremen that unload cars and we have teamsters that drive the trucks upon which the cars are loaded. We have a rather thriving little industry in Portland on importing cars. We are not going to lose jobs because of these imports. We gain jobs.

That is the trouble with statistics. So I want to put aside statistics and I want to talk about real world cases, if I might.

Before I do, I want to emphasize the principal thing the United States asked out of this trading negotiation. I am going to quote a very short sentence from the Trade Act of 1988.

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The principal negotiating objective of the United States with respect to dispute settlement is to provide for more effective and expeditious regulation of the disputes and enable better enforcement of United States rights.

We bring far more cases in the GATT--we have not yet gotten to the World Trade Organization; it is not established yet--complaining about overseas trade practices than are brought against us. Say we get into a dispute with Germany and we ask a GATT panel to look into it. The GATT panel is a group that listens to the two sides and says who is right and who is wrong. Under the current GATT arrangement, even if we win, it is not enforceable unless the loser agrees.

Well, the loser never liked us to begin with. That is why we are having this dispute panel settle things.

So we insisted in the Uruguay round negotiations that these panel decisions involving trade disputes between countries have some modicum of enforcement.

Under GATT, and I see no reason it is going to change under the World Trade Organization, we won 80 percent of all the cases in which we were a complainant. It is no wonder we want them enforceable. And it is understandable why we bring more cases. We are a more open country. We allow things easier into this country than other countries allow into their countries. And we are asking for a level playing field. We want in. We want as much access to their countries as they have to ours.

The reason we brought all these cases in the past is that we have not had that access and this trade agreement that we are about to enact--and I am confident

we have the votes to enact it--is going to lower the barriers for our getting into these countries. The agreement makes these panel decisions enforceable unless all of the countries to the panel agree not to enforce it. It is just the opposite of what we had before.

Before you had to have all of the countries that are a part of the panel dispute agree to enforce the panel decision. Under this new agreement, the panel decision is enforceable unless all of the countries disagree. The only reason that would happen is as follows: The United States has a case with Germany. We win. And then Germany says, 'OK, you win. Now we negotiate some kind of agreement. You have won. We concede that, but we really do not want to give up on what you have won but we will give you some other trading preference.' And we negotiate and say OK. Then both parties would agree not to enforce the panel decision. And that is going to happen from time to time with both sides. So we have won in the GATT what we hoped we would win.

I listened to Senator **Byrd** from West Virginia talk about industries in his State and what is happening. I want to take just a cross-section of industries in Oregon. Not necessarily unique, not just timber products--we are a big timber producer--but a cross-section, and give you an example of what industries big and small can do in foreign trade.

Take Smith Frozen Foods, of Weston, OR. Weston is a town 225 miles east of Portland in the modestly populated wheat and cattle section of our State. Smith Frozen Foods almost went bankrupt 10 years ago. Then the young son of the founder took it over and built it up, now, to 800 employees. It processes frozen peas, carrots, corn, and beans and what not. About 125 of the 800 employees are pretty much directly related to the sale of the products overseas.

I might say, the founder's son is an extraordinary man. In fact this body would appreciate his success. He spent 10 years building up this business. Then, in 1992, he decided to go into politics and was elected to the Oregon State Senate in November of 1992 and took office in January of 1993. Perhaps in May or June of 1993 the Republican leader in the Oregon State Senate resigned, for whatever reason. And this young man, Gordon Smith, was selected as the leader in his first 4 months in the legislature.

The Republicans took control of the senate this year and he will be the senate president in his second session of the senate. This is an extraordinary talent at business and politics. That is Smith Frozen Foods.

Another company is Met One of Grants Pass, OR. Grants Pass is a town of 15,000, 260 or 270 miles south of Portland and about 450 miles north of San Francisco. Again, here we have a very small town with a small airport and a trucking service on the interstate. It is not a major metropolitan area. Met One makes indoor pollution monitoring devices, especially lab equipment monitoring devices. It has 110 employees, 35 of them related to sales overseas. This business is growing

tremendously. As we are becoming more pollution conscious throughout the world, both indoors and outdoors, this company is doing very well.

Medford Steel, of Medford, OR, is another company 300 miles south of Portland and about 400 miles north of San Francisco. It makes industrial parts for mining and manufacturing and has 135 employees, 40 of them related to overseas trade.

Sabroso, I have talked about so often on this floor, is also located in Medford, OR, has 160 employees, about half of them involved in foreign trade. This company takes fruit and makes a puree out of it. It is the largest supplier of the base for baby foods for the three principal baby foods in the United States: Beechnut, Heinz and Gerber's. I used posters yesterday showing labels from their cans: one in Arabic, one in Spanish. They sell all over the world. They look at this agreement as an absolute bonanza and an opportunity. Operating out of Medford, OR.

Wing-Lynch makes photo-processing equipment. It is a small company, 23 employees; 5 of them responsible for foreign trade.

Enway is one of my favorites. Enway, a 20-employee firm, sells everything they make overseas. They make frozen processed potatoes and they have found some way--secret or not--of processing them and selling them overseas and doing it wonderfully and successfully.

Then let me mention a couple of lumber companies. North Douglas Wood Products in Drain, OR, is 200 miles away from Portland; 65 of their 70 employees were involved in overseas sales. Starfire Lumber in Cottage Grove has a similar experience.

One of my favorites, though, is Vanport Lumber, because I remember a particular circumstance. You have to understand the humor in some of this, as to how old-line American industries look at things as opposed to newer industries. When I first came to the Senate, elected in 1968, one of the big debates we were having with the Japanese and with other countries was over what we called size standards. We wanted them to buy our two-by-fours. Of course, do not worry they are on the metric system and they do not measure the same way we do. Any other normal business says, 'What does my customer want? I will make it for my customer.' The American wood products industry wanted Japan to change its measuring standards so that they could buy our standard two-by-fours.

Japan is very conscious about high-quality wood with their post and beam interior construction and exposed wood. They do not want bad wood and they want it exactly measured. We must have gone through 10 years of this debate on size standards.

Then along comes Adolf Hertrich. I think he was either Swiss or German by birth and spoke English with a Germanic accent. I do not think he had a background, really, in lumber. I do not know when he came to this country or how, but he forms this Vanport Lumber Co. and produces lumber using relatively outmoded

equipment, as a matter of fact, then. He was convinced you could crack this Japanese market and he had enough money to last initially 2 or 3 years.

He would go over there and explain this is what he could do and he would show the quality he could produce. Then 'no, they were not satisfied yet.' Finally, in about 1981, he got the Japanese to agree they would send an inspector over and look at his plant. He would have to pay for it, have to put him up, have to feed him, but the inspector would come over and look at his plant and maybe they would buy some things if he could do what they wanted. He had a Japanese inspector over for a couple of years. Finally, by 1983 he convinced them he could, indeed, produce the wood they wanted. They did not have to have their inspectors there anymore. And hallelujah, it had taken him 5 years to get to this place.

I did not know him at this time. I discovered him in about 1984 when he calls me and he has a problem. Bear in mind he has 220 employees and is selling all of his product to Japan. He calls me because the Internal Revenue Service refused to let him deduct a Japanese tea house he had built on his property to show buyers when they came over. IRS said this is not an ordinary and necessary business expense. You do not need a tea house.

He says all I do is sell to the Japanese. They use this wood for tea houses. I want to show them what we have.

I went out there. Picture this. Here is Adolf Hertrich, speaking with his Germanic English. My chief of staff is an English woman who speaks like Eliza Doolittle at the end of 'My Fair Lady' with very proper English. Then there was a Japanese buyer there speaking in sort of Japanese English. And me--whatever. We all sit down with our feet under the table in the Japanese tea house, and are served tea by a woman dressed in the Japanese outfit. After hearing English English from the administrative assistant and Japanese-English from the Japanese buyer and the German-English, finally the IRS gave up and let him construct the tea house. But we had to go through that. But here is an example of a guy who says, 'I know I can do it.'

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Mr. MOYNIHAN. Will the Senator yield for a question on my time?

Mr. PACKWOOD. Yes, by all means.

Mr. MOYNIHAN. On what he has been saying about this combination in the State of Oregon, you are the largest importer of cars on the west coast.

Mr. PACKWOOD. We are the fourth-largest importer of cars in the United States.

Mr. MOYNIHAN. And you export.

Mr. PACKWOOD. We are the largest exporters----

Mr. MOYNIHAN. It is a practice that has been in place, understand, as long as this Republic. I took the occasion of this debate to read the Report on Manufacturers, Communication to the House of Representatives, December 5, 1791 from Alexander Hamilton, Secretary of the Treasury. He was saying we cannot, need not remain a simply pure agricultural nation. We can manufacture and we can trade. And he spoke the wonderful phrase--he had that wonderful language and he was a New Yorker at this point, as you know--he spoke of those who would sacrifice the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing. Have we not heard some of that on this floor?

Mr. PACKWOOD. As a matter of fact, that is some people's definition of a level playing field. They will buy from us, but we will buy nothing from them.

Mr. MOYNIHAN. We will sell to them and we will buy nothing from them.

Mr. PACKWOOD. Take another company, a big company, Tektronics. This is a company founded in the 1940's or 1950's by an Oregonian. The company invented a state-of-the-art oscilloscope that sold all over the world. This is the kind of business you cannot stay still in very long. They were up 25,000 employees one time at the top of the market maybe 15 or 20 years ago. They went way down. Now they have branched into all other kinds of things. They have about 4,500 employees, which is big for Oregon. It would be big in New York. Two thousand of their employees are directly involved in sales overseas in high-tech computer products.

Morale II is a research subsidiary of United Parcel Service. They came up with a device to keep track of where packages were in the delivery system. I visited them when they were experimenting with the device.

But they thought to themselves, 'Wait a minute, wouldn't this be a wonderful thing for police departments,' or 'Wouldn't this be a wonderful thing for any company that delivers to be able to, by satellite, communicate up and back and on your screen have an entire grid of a city you can push buttons and change the grid and exactly tell where your truck is in the city.'

The police thought it was a wonderful idea. They can tell exactly where the police car is. Without even having to call them, you know where it is.

This company has been very successful in moving beyond just products for the United Parcel Service. Obviously, navigation equipment is a natural.

Lektro is located in Warrenton, OR, on the Oregon coast, about 110 miles from Portland. It is a small company with 20 employees. They make aircraft towing devices. Those things you see hooked up on the front of trucks that drag planes around. They sell these all over the country and are involved in world trade. When I first saw them, they were operating out of an old airplane hangar. They are very successful.

Yesterday, I mentioned Denton Plastics. They are a fun company. I discovered, by the way, since yesterday, they have 40 employees. Denton recycles plastics, such as, the sacks from grocery stores, the sacks from dry cleaners, and plastic wraps from frozen food. They put them into something like a vat and heat it quickly. They turn it, grind it, take all the color out, and it comes out in little black pellets. Then they sell them around the world in Korea, in China. People make toys, garbage pails, et cetera, out of the pellets. Denton, with 40 employees, is the biggest company north of Los Angeles and west of the Mississippi River in this business. Denton is an excellent example that you do not have to be a big company to be, relatively speaking, a giant in an industry.

[Page: S15337]

Mr. MOYNIHAN. I have learned that.

Mr. PACKWOOD. This is the amazing thing we all learned in our States. I wager the Senator from New York has had the same experience. You go around and run across companies you never heard of that are doing very well in foreign trade, and they have a handful of employees. They have a niche that they are doing well at.

So when people say America cannot compete, I just look at these examples in Oregon of all kinds of different companies. But there is almost one thing they all have in common: Brains and patents, trademarks or copyrights--intellectual property, as we call them--things that they have thought up that nobody else thought up and they have protected with a patent or a copyright and they are selling it around the world.

If there is any single thing where there is a quantum leap forward in this GATT agreement, it is in the protection of what we call intellectual property, patents, copyrights, trademarks around the world. All it can do is benefit these companies.

I will make one last comment about these companies. Not a single one of these companies is a minimum-wage company. Some of them are not high wage, but there is not a single one that is minimum wage. Some of them are in the \$7 to \$8 an hour bracket, some in the \$9 to \$10, some of them more. But how often have we heard on this floor that you cannot compete with Bangladesh or India paying \$1, \$1.50 an hour? Without exception, every one of these companies is competing.

I will use a last example, and then I will close because this is a company everyone has probably heard of: Freightliner. They make those large trucks and cabs that you see on the highway. Freightliner has a large plant in Portland with over 2,000 workers, a large plant in North Carolina with over 2,000 workers, and another plant in Cleveland, NC. This is high-wage employment.

In Portland, the plant is unionized, organized by the International Association of Machinists. At the high end of their production floor workers, counting fringe

benefits, earn about \$25 an hour. About a third of that is fringe benefits, and that is the high end of the production work.

At the moment, there is a 20 percent tariff on trucks going into Mexico. So Freightliner packages up its trucks in kit form and sends them to Mexico where they are assembled. If you send them that way, the tariff does not apply. At the moment, about 10 kits a day are going out of the North Carolina plant to Mexico.

I talked to the president of the company yesterday morning. He said the 20 percent tariff is scheduled to come down to zero in the North American Free Trade Agreement with Mexico. Around 1998, the tariff will be reduced enough where it will be economically justifiable to make the entire truck in the United States instead of the kit.

At that stage, they are going to quit sending the kits to Mexico and make the trucks here and send them down in final form. Their U.S. workers make \$25 an hour. Do not tell me we cannot compete.

Freightliner just landed a contract with Israel for 800 to 1,200 trucks which will be made in its North Carolina plant. That is a big order, having to compete with trucks apparently made in India or trucks apparently made in Brazil, or wherever trucks are made. Do not tell me we cannot compete.

Tonight, in about an hour, we are going to have a chance to vote up or down on this agreement. A vote for this agreement is a vote to give the green light to the best companies in America--and they are not all big, most of them, as a matter of fact, are small--to compete throughout this world on a much fairer basis than they have been able to compete to date.

A no vote is a vote to say, no, we really cannot do it when State after State, company after company, even under adverse circumstances today, are proving they can do it.

So I say to the chairman, Senator **Moynihan**, it has been a thrilling time working with him on this. There are moments when he and I had some fears and trepidations, I think. I cross my fingers; I think we now have the votes. For the good of this country, I hope in the next hour that overwhelmingly we pass this agreement.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I congratulate my future chairman and past chairman for the extraordinarily important exposition of the proposition. We are told that the Fortune 500 have not added an employee in the last 10 years. That is because American enterprise is working. Firms with 20 are going to 30. That is a 50-percent increase. And they are working all over the world.

If I may just one last time invoke that great West Indian, New Yorker, Alexander Hamilton, and his report on manufacturers, who talked about those misguided nations which sacrificed the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing. It cannot be done. He saw the future, and it is here. The future is now. And the future will be ours if we seize it this evening. In an hour's time, we shall have the opportunity.

I have the great honor and pleasure to yield 10 minutes to the learned, indefatigable--a great citizen, a great citizen of Pennsylvania--Senator **Wofford**.

Mr. WOFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. **Wofford**].

Mr. WOFFORD. Mr. President, that gentleman from the West Indies and New Yorker, Alexander Hamilton, began the Federalist Papers, as I recall the first sentence, the first proposition, by saying that it is reserved to the American people to determine to prove whether our fait accompli must be forever controlled by accident and force, or whether it is possible to determine it by reflection and choice.

I congratulate the Members of this body in these last 2 days of debate for making sure that we make this important decision by reflection and choice.

Mr. President, after much thought, I rise in support of the General Agreement on Tariffs and Trade because I believe that on balance, it is good for our country. This agreement is far from perfect. No agreement forged in compromise is likely to be perfect, certainly not one negotiated with more than 120 nations.

Some of the arguments voiced by opponents of GATT are strong and disturbing. They are right that GATT does not give America enough leverage in critical areas such as child labor, human rights, and environmental standards.

Mr. President, I believe it is wrong in trade negotiations for economic concerns to supersede all other concerns. It is wrong for the conditions of child labor described by Senator **Wellstone** this morning to be ruled out of consideration in any limitations on trade.

On questions of economic justice, human rights, and environmental health, the world should be able to look to America for leadership. We have a responsibility to provide that leadership--a responsibility that is not given adequate scope in the World Trade Organization provided for in this agreement.

So in the years to come, as we work within GATT and within the new World Trade Organization, and as we move forward to negotiate new bilateral trade agreements, we must honor that obligation to give leadership and work and fight to supplement the trade-only approach of GATT.

Those of us who will be on the outside of government will have a responsibility to take action in these matters. For not all of the pressure needed to uphold America's ideals should come from government. Much of it must come from private citizens.

When I was head of the International League for Human Rights, I often pressed the point that the concept of human rights goes beyond just political rights. It must include abuses of human rights in the form of the child labor portrayed by the Senator from Minnesota.

Determined support by private citizens helped change our trade policies with South Africa and helped bring about the changes that are underway in that nation today.

So concern about the exploitation of labor and the unfair competition that follows from it should not be the province solely of the American labor movement. It should be the concern of this Congress and of the American people at large.

Let me add another vital point for the future American agenda.

While I believe GATT will benefit most industries and most Americans, some industries and some workers and their families will suffer, at least in the short term.

In Pennsylvania, the textile and dairy industries--both already hard pressed--will lose certain protections on which they have come to rely.

We should take special responsibility for the fait accompli of such industries. This includes a responsibility to help those men and women who lose their jobs to learn new skills and pursue new opportunities. That will come to the fore when this Congress turns next year to the reemployment bill that is before it. These industries need our special concern and help.

Despite these strong reservations that I have just added my voice to, I will be casting my vote in favor of GATT for the reasons that have been eloquently given in this body already in the last 2 days because, on balance, I am convinced it is good for the economy of Pennsylvania and good for the American economy, because I believe it will, in not many years, prove not to increase our deficit but to reduce it; because I believe it would be wrong to go back to the drawing board after so many long years of negotiations; and because I have faith in America's ability to compete successfully and to provide leadership, leadership for human rights as well in the global economy.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

[Page: S15338]

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum and ask that the time be charged equally to each side.

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MOYNIHAN. 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. MOYNIHAN. Mr. President and Members of the Senate, we are in the closing moments now of an epic debate, a defining moment in American history. It has been said that the vote we will cast this evening is comparable to votes--a half dozen, at most, in the 20th century--such as the Marshall Plan, to name but one. We are going to define the American future on how we vote this morning.

We are about to hear from our leaders, after which time the votes will commence. It cannot be stated too strongly that we are choosing a future for the United States, and the distinguished chairman-to-be of the Committee on Finance and I feel confident; we feel ebullient, if I may say. Sixty years of American foreign trade policy that began with Cordell Hull and Franklin Roosevelt in the depths of our Depression and the world depression in 1934, in the Reciprocal Trade Agreements Act, culminating now in the Congress--as Cordell Hull called it, a 'Congress of international trade' in a speech on the floor of the House of Representatives in 1916. It is not a large one. The World Trade Organization has 450 employees--the GATT, rather--after 40 years. It is contemplated that an additional 15 will be employed now. But a world trading system will be in place for settling disputes, for making agreements, and for creating a future.

I am confident that we will make the right choice, Mr. President, hugely acknowledged not only by your support but by Members on both sides of the aisle. I make the simple point that this measure was reported from the Committee on Finance 19-0. I do not know that the margin will be quite that emphatic in the next hour, but I hope it will be sufficient so that the world will know that the United States has not only led the world to this moment, but means to continue to do so.

Mr. President, I thank the Chair and I suggest the absence of a quorum, the time to be charged equally to the two parties.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. 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. DOLE. Mr. President, first of all, I thank my colleague, Senator **Moynihan**, the chairman of the committee, and Senator **Packwood**. I have been listening to some of the debate, and I certainly know of the impact their statements have had.

Let me say also that we sort of reached the point right now, the moment it is going to happen, now, in the next 30 or 40 minutes. It has been 8 years in the making, 8 years, a long time.

I must say, just having come back from a very brief trip to the United Kingdom and Brussels, I said to Secretary Bentsen this morning at the White House in a meeting with the President and others who were undecided on this particular matter--Secretary Bentsen had been telling me for some time that the whole world was waiting for America to act in a positive way--I said, Lloyd, by 'the whole world' you mean everybody is waiting for the U.S. Senate, the U.S. House to vote on GATT? He said yes, nearly the whole world.

I want to confirm that statement, because while we were in Belgium, Brussels, we talked about NATO we talked about Bosnia. But there were ambassadors there from countries all over the world. When we were in London, we talked with the Prime Minister. I think his first question was about GATT. We talked to Margaret Thatcher about GATT. I spoke at a meeting last night made up of former Prime Ministers and others, people interested in trade, about GATT.

The point I am making is this is a decision we are making today that is going to have impact around the world, a positive impact. And if we did not act in a positive way, it would have impact, it would be a very negative impact.

So I would start by saying that I want to thank all of my colleagues who are supporting GATT, who are supporting us on the waiver of the point of order, that is the critical vote.

I want to thank Secretary Bentsen.

I want to thank Mickey Kantor, the U.S. Trade Representative. He has done an outstanding job and worked with me and others to resolve some of the real differences that we have and it has made a difference.

I want to thank the President for his efforts, and former Presidents, Republicans and Democrats up and down the line, who understand the importance of trade and the importance of this particular vote and this particular moment, after 8 years.

There are a lot of countries involved and like any other big trade agreement, it was up and it was down, and people thought it was going to break down. People

walked away, and they came back. But anyway we persevered and finally got it worked out, and about the eighth round of negotiations finally concluded last December.

I think it is fair to say, because there are critics--and I have said many times we are getting about 2,000 phone calls a day in our office opposed to GATT, two or three slip in in favor of GATT--if you took the phone calls that this is a measure of support in America, you could say there is no reason to bring this matter before the Senate. Many of the callers are certainly well-intentioned. Many of the calls are orchestrated. Many of the callers have a strong point of view. Many of the callers are critical of any of us who even think about even trying to fix it, they are just flat against it, they want it killed, they do not want any trade agreement, they are concerned about sovereignty and other issues that I will discuss later. But I must say most of the callers are well-intentioned and they are concerned, concerned about their jobs, concerned about their children, concerned about something.

So I think we need to state for the record this is not a perfect agreement. On the way back last night I had a big book, it weighed about 10 pounds, briefing material. I did not read the entire document, but I read many, many of the arguments on the pros and cons. It is not a perfect trade agreement. We never achieve all of our objectives. We have to go back and complete the work in some of the areas, especially services, including financial services, telecommunications and audio-visual.

In addition, Mr. President, the overall economic impact of the Uruguay round agreements I think probably has been overstated. But it is always the case around here that with each administration, maybe overstatements are made from time to time. But in this case there are overstatements in both directions.

To hear some of the supporters you would think this agreement cures everything but the common cold, and maybe even the common cold. If we just vote yes our troubles are over.

If you listen to the other stream on the other side, you get a different picture.

We are told this is going to create hundreds of thousands of jobs, maybe millions of jobs, billions of dollars. And I know for some reason Wichita, KS sort of became the anti-GATT capital of the world, and I have heard a host of statements and a lot of information, a lot of letters from people that I know--a hundred times worse than NAFTA, a stealthlike power grab by the bureaucrats, by international bureaucrats--and all the other arguments you heard on the floor today and before.

But I believe on balance that this is a good trade agreement. The benefits certainly are going to be modest or better, but clearly going to be a net gain for the American people. No doubt about it, for if our trade policy does not serve the American people, we ought to change it or we should not extend it. I am talking about the American people, the working family making \$20,000, \$25,000,

\$30,000, \$35,000, a year, they are ones who are concerned, they are the ones who, in many cases are calling or going to the meetings. Others have different motives.

So this creation of a new trade bureaucracy is not our objective. It is domestic and economic growth, and increasing the standard of living of hardworking American families. Trade should serve the people and not the other way around, and I think this does.

It will be tested. We will find it is not complete in many areas, we will find that probably some things will have to change. This is going to create jobs and opportunities. I am not going to say how many jobs, I will leave that to the experts. But let us face it, we are going to be the big beneficiary, the United States of America. Any way you cut it, we are the biggest beneficiary.

It is going to bring down tariffs worldwide, and that is why we are going to be the big beneficiary, because our tariffs are already low, around 4 percent. And around the rest of the world they are relatively high, around 20 percent. One-third cut in global tariffs under this agreement certainly means disproportionate benefits to U.S. exports. That is what it is all about.

It means tariffs are going to be lowered, some estimate, \$744 billion. That is a huge reduction in the most tangible barrier to trade that exists, the direct tax on imports. That is going to be reduced.

In some sectors--construction equipment, agricultural equipment, steel, beer, distilled spirits, paper, toys and furniture--tariffs are not just reduced they are eliminated, they go to zero. And these are the so-called zero-for-zero products. These are sectors in which the U.S. producers are already very competitive. This trade agreement is going to make us even more competitive.

Overall, U.S. merchandise exports, it is estimated, will be over \$150 billion per year over the next 10 years. So maybe it is not \$150 billion, maybe \$140, or maybe it is \$160. They are estimates. But they are positive estimates. Let me talk about agriculture.

I met last week, or the week before, I guess, with representatives of 20 different sectors of agriculture--cattle, hogs, wheat, soybeans, farm bureaus, different farm groups, corn growers. There is no doubt that the U.S. farmers are the most productive in the world. They are going to be forced to compete--or would have been forced to compete--primarily with foreign treasuries had it not been for some changes in this agreement. Because if we lower the subsidies, and we are prepared to do that--in fact, our subsidies are already so low it is not going to take additional effort from the Americans, it is going to take additional effort elsewhere.

But our subsidies are low compared to other countries. So we are going to require not as much as we wanted to do, do not misunderstand me, but we are going to

level out the playing field, something President Bush started and President Reagan announced years ago about eliminating subsidies so we could compete worldwide. And if we can compete, we will win more than our share of the market. That is what it is all about: Market access and market share.

Market access, as far as agriculture products that are produced in my State and nearly every State in the Nation, are going to increase as tariffs come down--we are going to expand--as nontariff barriers are converted to tariffs and then reduced, and as minimum access levels are implemented. These are certainly important goals if you are talking about global agriculture and global agriculture trade.

And, again, these are estimates, but again they are expected to increase exports by \$4.7 billion to \$8.7 billion by the year 2005. According to the U.S. Department of Agriculture, exports of grains and feeds will increase \$2 billion to \$4 billion; cotton by nearly \$600 million; meats, dairy, and other animal products by \$1.7 billion to \$2.5 billion. That is real money. Horticultural products by \$200 million to \$400 million; and oilseeds and products by \$800 million to \$1.3 billion.

What does that mean? It means more farm income. It means that the average farm family, whether it is in New York or Kansas or Oregon or New Mexico, or wherever, is going to have more income. Some estimate--and again these are all estimates, and I think this is where much of the problem is, because nobody knows precisely where it is--but the estimates are it will increase agriculture income by \$2.5 billion by the year 2005. So we are talking about 190,000 jobs in that same timeframe--190,000 jobs. That is a lot of jobs.

And I think one thing that we have received assurances on--and I would like to put this in the **Record**. My colleague in the House, Congressman **Pat Roberts**, from Kansas, who will become the chairman of the House Agriculture Committee starting the next Congress, does an outstanding job for agriculture. He is not concerned that agriculture may be cut as other programs are cut, but he did not want agriculture singled out by saying, 'Well, we will take it all out of agriculture and more out of agriculture somewhere else.'

So at his request, I was able to receive assurances from Leon Panetta, the Chief of Staff at the White House, concerning agriculture and agriculture programs, important not just to Kansas but other States.

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

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

The White House,
Washington.

The Honorable Robert Dole,
U.S. Senate,
Washington, DC.

[Page: S15340]

Dear Senator Dole: It was good to meet with you on Saturday regarding a number of your concerns about the GATT legislation. Lloyd Bentsen, Mickey Kantor and I felt that we had a constructive discussion and are hopeful that you will be joining all of us on both sides of the aisle who are supporting the GATT legislation.

You had raised some specific concerns related to agriculture, which I wanted to follow up with this brief note. Overall, as you know, U.S. agriculture is projected to benefit substantially from the GATT agreement. The coalition of some 265 agricultural organizations who are supporting GATT cite the projections that GATT will lead to increases in U.S. agricultural exports by \$5 to \$14 billion over the next 5 years, which will help to create over 110,000 new jobs in the agriculture sector and help to generate \$10-\$30 billion in related economic activity throughout the U.S. economy.

One of your concerns was whether the Administration was singling out agriculture programs for spending cuts. I can reassure you that is not the case. The Administration will honor the commitments in this area made by Director Rivlin and Secretary Espy in their September 30, 1994 joint letters to the leadership of the Senate and House Agriculture Committees. Those letters committed the Administration to maintaining discretionary spending on USDA agricultural programs at or above the FY 1995 level in the FY 1996 and 1997 Budget requests to Congress. Regarding mandatory programs, the Administration will consider potential spending changes only in the context of its overall reviews of entitlement programs and in the farm bill process.

You asked specifically about the Export Enhancement Program (EEP) and the Conservation Reserve Program (CRP). With respect to the EEP program, we are following through on our commitment to use it to the maximum extent allowed, as demonstrated by our recent EEP actions on wheat, barley, and pork. In fact, for the FY 1995 budget just enacted, the Administration requested full funding for EEP and it was the Congress that reduced the funding by twenty percent. We have also decided, as part of the implementation of GATT, to reform EEP to focus on market expansion and promotion, not just for combating unfair trade practices.

Regarding the CRP, the Administration strongly supports and will propose reauthorization and extension of the CRP in 1995. In addition, we will take further administrative actions as needed to support a continuation of the CRP at the fullest possible level. That will be reflected in the FY 1996 Budget baseline for FY96 and future years.

In the context of concerns held by wheat growers, you asked if the Administration is willing to streamline the approval process for EEP decisions. I am happy to

report that we already are moving forward on our commitment in the Rivlin/Espy letters to do exactly that. As a result, the most recent EEP decisions were cleared in periods ranging from one to four weeks, in contrast to earlier actions which sometimes took six months.

Finally, you raised questions about how the Administration could aid the oilseed industry. Unfortunately, the funds that you identified to pay for purchases of vegetable oil for food assistance programs have already been included in the GATT legislation to help cover the overall costs of the package. However, oilseed products are specifically included in the additional \$600 million of 'greenbox' export promotion program levels that the Administration proposed to carry forward if the GATT passes. Decisions on greenbox spending will be based on criteria such as the importance of programs in promoting value-added products, additionality, and other criteria to be developed in consultation with the Congress.

Oilseeds would benefit from further reductions in trade barriers. The U.S. industry took the lead on the oilseeds zero-for-zero initiative in the Uruguay Round, and the Administration, as stated in the Statement of Administrative Action accompanying the GATT legislation, intends to pursue negotiations to achieve duty reduction and elimination for oilseeds. Our negotiations with China are directed in part toward achieving meaningful access for U.S. agricultural products, including oilseeds, to the Chinese market.

We appreciate the strong support for GATT that the overall U.S. agriculture community has given over the past weeks. I hope that the information I've provided here will reinforce that support and demonstrate the seriousness of our commitments to the industry.

I hope we will have your support in passing the GATT legislation for the good of agriculture and the whole U.S. economy.

Sincerely,

Leon E. Panetta,
Chief of Staff.

Mr. DOLE. So, on the whole, let me say very clearly that we are going to be able to demonstrate next year and the year after that and the year after that that the GATT agreement did help the American farmer, the American producers, the American rancher, and the farm families.

The GATT agreement also establishes for the first time rules governing intellectual property, services, and investment trade. It is my hope that coverage of these areas by trade rules will especially benefit the United States. We have a big trade surplus, nearly \$60 billion, and I think this is going to help us with that, as we bring rules and disciplines to trade in services that allow us to continue to be the leader in global services.

And, again, no country in this case--and I reconfirmed this last night; read it time and again to make certain I understood it. Under this agreement, as opposed to previous agreements, you are not going to have any single country out there be able pick and choose from the benefits of the agreement, sort of `a la carte.' For the first time, the selections on the menu must be taken all or nothing. You cannot pick out what benefits you want and leave what does not benefit you. You cannot do that anymore. So whether it is on subsidies, antidumping, customs valuation, or standards, everyone will have to observe the same rules. This, too, will benefit the United States, since we will not have to change our practices much, while many other countries will have to come into conformity.

Now, let me say there is one aspect of the agreement that I think we have had more phone calls on, more letters, more concern, more frustration, than any other, and that is the question of the World Trade Organization. It is new. Maybe another name would have been better, any other name. When you start talking about world trade, world anything, people are nervous. So perhaps here, too, the benefits and dangers I think have been overstated. I think, judging from the thousands of phone calls and letters we have received, no aspect of this agreement is of deeper concern to the American people.

I have heard from Ross Perot; I have heard from Pat Buchanan; I have heard from Ralph Nader; I have heard from Lane Kirkland. They are all good people; all feel very strongly that this agreement ought to be killed on the spot. Do not fix it. Do not fix it; kill it.

Well, my intent never was to kill it. My intent was to fix it. If we can fix it, and it is good for America, let us fix it.

So while I have respect for their views and their opinions, I hope in fairness they will say, `Well, maybe you did fix it a little. Maybe it is a little better.'

So there are a couple of major concerns behind the criticism of the WTO. One is that the WTO could produce bad decisions that might be grossly unfair to U.S. interests. Now, the more I looked at the issue and the more I studied the issue, the less likely I feel that could happen. But the other is that somehow we are diminishing or selling out our `sovereignty' if we sign up as a member of the WTO; that the WTO represents `world government.' And when you talk about world government, as I say, you are fighting a lot of people.

The first concern seemed to me to have some real substance, Mr. President. The WTO is not just an international `watchdog' organization. It will have judicial powers, in effect. What will we do if the WTO decides to exercise those powers in an `activist' way? Here in the United States, our judiciary has a tradition of judicial restraint, but no such tradition exists in the World Trade Organization. It is a brand new organization.

Furthermore, decisions by the WTO dispute settlement panels will be automatically adopted by the WTO, unless all members, including the winning country, agree

the decision should not be adopted. This is an important change from current GATT practice, which permits any country, under present law, to block or veto the adoption of a decision. I believe that most of the time, this change will benefit the United States since so many times in the past, we have won cases in the GATT only to have the losing countries refuse to comply with the rulings against them. We win the cases, they do not comply, and nothing happens. The Europeans repeatedly refused to comply with the soybean decision against them, and Japan thumbed its nose at the GATT on beef imports. Nevertheless, in cases where the United States is the loser and the WTO dispute settlement panel exceeded its powers or simply made an arbitrary decision, it seemed to me important to have additional protection.

And I want to make this very clear. There was a concern here. We believed it was real. We understood that people who were calling us were concerned about it. They understand it, or someone else understood it, and had them call. So we went to work.

I talked to the chairman about it, Chairman **Moynihan**. I talked to Senator **Packwood** about it. I talked to Mickey Kantor about it. I said, 'Mickey, what can we do? How can we fix it? I want to support the trade agreement.'

So they agreed we needed some additional protection against decisions by the WTO that go beyond the WTO's authority. And we agreed that next year, a dispute settlement review commission would be created to review WTO actions and determine whether the WTO exceeded its power and authority. After three such cases, Congress would vote on whether to withdraw from the WTO. It is as simple as that, Mr. President.

I know, 'you can withdraw in 6 months,' but that is the Executive. They are not going to withdraw. We wanted Congress to have some say. And Congress now has some say. It is going to allow us to get out if necessary, if the decision is arbitrary and capricious, and we have about 3 other standards. We can get out of WTO if our rights are being trampled by dispute settlement panels in Geneva. I would like to have printed in the **Record** at this point the agreement we made with the administration in this area.

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

THE U.S. TRADE REPRESENTATIVE,

Executive Office of the President,
Washington, DC, Nov. 23, 1994.

Hon. Bob Dole,
Senate Minority Leader,
U.S. Senate,
Washington, DC.

[Page: S15341]

Dear Senator Dole: Secretary Bentsen, Leon Panetta, and I appreciated the chance to discuss the remaining issues of concern to you in the Uruguay Round implementing legislation. We believe that your concern can be addressed in a way that enables you to join us in providing the leadership to bring the Uruguay Round effort to a successful conclusion.

You have expressed concern about (1) the World Trade Organization (WTO), dispute settlement, and sovereignty; and (2) the change proposed in the term of patent protection. Let me respond on each issue.

WTO, Dispute Settlement, and Sovereignty.

Critics of the Uruguay Round have charged that proposed WTO and the Dispute Settlement Understanding (DSU) would unacceptably infringe U.S. and state sovereignty. I agree that no trade agreement, whatever its economic benefits, should be approved if it infringes U.S. or state sovereignty. But it is clear, as I have testified many times, that the critics' fears concerning sovereignty are without foundation.

Three Administrations--two Republican and one Democratic--steadfastly safeguarded our sovereignty throughout the negotiations. This year, working together on a bipartisan basis, the Administration and Congress established further protections for sovereignty through the implementing legislation.

A broad range of individuals and groups of diverse views across the political spectrum support the view that the Uruguay Round agreements do not affect U.S. sovereignty. These include Consumers Union, the Heritage Foundation, the American Enterprise Institute, Judge Robert Bork, the National Governors Association, the National Conference of State Legislatures, Citizens for a Sound Economy, the American Bar Association, just to name a few.

Section 102(a)(1) of the implementing legislation unequivocally reaffirms that U.S. law prevails in every situation over any conflicting provision of the Uruguay Round agreements. Further, Articles IX and X of the WTO agreement make it clear that no substantive right or obligation of the U.S. can be altered or changed unless we agree. Article IX establishes that the WTO will operate by consensus--just as the GATT has. The charge that the United States will be outvoted on important issues in a system where each country has one vote is a `scarecrow' in the view of Judge Bork. In its recent report on the WTO, the Heritage Foundation posed the question: `Does the WTO have any power over the United States that could undermine U.S. sovereignty?' The Foundation's unequivocal answer was `none whatsoever'.

Neither the WTO nor WTO dispute settlement panels will have the power to change, or order any change, in Federal, state, or local laws or regulations. Only we in the United States can change our laws. Longstanding practice of the GATT,

continued in the WTO, assures that in disputes, we will only be in front of panelists approved by the United States.

Moreover, while the dispute settlement process is not yet as open as the litigation process in the United States, it is far removed from being the 'secret tribunal' that critics allege. U.S. briefs in panel cases will take into account Congressional advice and the views of the public. In addition we will provide prompt access to our submissions, and access to at least non-confidential summaries of other WTO member submissions. Panel reports will be made public as soon as we receive them, and our response to any panel report will be developed with Congress. Also, section 123(g)(3) of the implementing legislation permits the appropriate committees of Congress to vote on whether the United States should comply with a panel report.

We have fully safeguarded the right of federal, state, and local governments to protect human, plant, and animal health and safety at whatever level of protection we see fit. Furthermore, state governments may impose more stringent standards than the Federal government and we will be free to exceed international standards when necessary to achieve the level of protection we believe appropriate.

Thanks to extensive consultation with groups of state officials, led by the National Association of Attorneys General and the Multistate Tax Commissioners, state sovereignty is fully protected. This includes the right of the states to participate at every stage of the dispute settlement process if a state law is challenged.

Finally, while the Administration believes that U.S. interests are fully protected, the WTO agreement permits the United States to withdraw on six months' notice at any time and for any reason. Additionally, section 125 of the implementing legislation provides an expedited process by which Congress can review U.S. participation in the WTO every five years, and revoke approval of the WTO agreement if it so chooses.

Sovereignty has been the central issue in the debate on the WTO throughout this year. When members of Congress or other individuals or groups have come forward with concerns, we have worked hard, and effectively, to address them. Nevertheless, we recognize that concerns remain, in Congress and around the country, about our sovereignty under the WTO, and particularly the impact of a dispute settlement system where 'blocking' of panel reports is no longer permitted. We believe that it is important to approve the Uruguay Round agreements with the broadest possible bipartisan support and public confidence. Consequently, the Administration wants to ensure that WTO dispute settlement decisions are fully consistent with the Uruguay Round agreements by providing additional guarantees that WTO dispute settlement decisions will be vigorously monitored to ensure that U.S. sovereignty is not adversely affected.

To that end, the Administration will support legislation next year to establish a WTO Dispute Settlement Review Commission. The Commission would consist of

five Federal appellate judges, appointed by the President in consultation with the Leadership of both Houses and the Chairmen and Ranking Members of the Ways & Means and Finance Committees. Each Commissioner would have a four-year term with possible renewals. Provision would be made for appropriate staggering of the terms of the Commissioners.

The Commission will review all final (i.e., adopted) WTO dispute settlement reports (by a panel if the panel report is not appealed or by the Appellate Body) where the final report is adverse to the United States. In each such case, the Commission would determine whether the panel or Appellate Body:

1. Demonstrably exceeded its authority or terms of reference or, where the matter concerned the Uruguay Round Antidumping Agreement, failed to apply Article 17.6 concerning standard of review;
2. Added to the obligations or diminished the rights the United States assumed under the pertinent Uruguay Round agreement;
3. Acted arbitrarily or capriciously, engaged in misconduct, or demonstrably departed from the procedures specified for panels or the Appellate Body in the agreements; and whether
4. The action in 1, 2, or 3 materially affects the outcome of the report.

The Commission would issue its determination within 120 days after the report is adopted. Three votes would be required for an affirmative determination. The U.S. Government and interested parties would have the right to be heard by the Commission.

Following issuance of any affirmative determination by the Commission, any Member of each House would be able to introduce a joint resolution calling on the President to negotiate new dispute settlement rules that would address and correct the problem identified by the Commission. The resolution would be privileged. The resolution would be discharged from the Ways & Means and Finance Committees under the same procedures provided in section 125 of the implementing legislation; floor action would be expedited under the same procedures.

If there are three affirmative determinations in any five-year period, any Member of each House would be able to introduce a joint resolution to disapprove U.S. participation in the Uruguay Round agreements under the same procedures set forth in section 125 of the implementing legislation. If the resolution is enacted by the Congress and signed by the President, the United States will commence withdrawal from the WTO Agreement.

Term of Patent Protection.

You have expressed concern about the provision of the implementing legislation which would change the terms of patents in the United States. Specifically, you have asked the Administration to support legislation next year which would change the patent term to grant patents for a term beginning on the date on which the patent issues, and ending on the later of 20 years from the date on which the patent application was filed in the United States or 17 years after the date of the grant.

Under present law, patent rights exist for a term of 17 years measured from the date the patent is granted. The legislation would change our current system to provide for a patent term of 20 years measured from the earliest effective filing date of the application that leads to the patent.

This change, which has the strong, bipartisan support of the House and Senate Judiciary Committees, has been recommended numerous times by expert study groups starting as far back as 1967. One reason the Committees support both the change and the approach taken in the implementing bill is that it will address the problem of `submarine patents'.

A `submarine patent' can exist when a patent applicant delays grant of the patent, sometimes for years, even after the Patent and Trademark Office has determined that a patent can be granted. In the meantime, an entire industry has built up around the technology, since patent applications are held secret until after the patent is issued. When the patent issues, the inventor often demands high royalties as the price of not suing companies for patent infringement. The proposal of providing a term of the longer of 20 years from filing or 17 from grant of the patent would not address this problem, since there still will be no incentive for the patent applicant to stop delaying patent grant.

Under the implementing bill, almost all U.S. patent owners will have a longer term of protection than they now have. There are several reasons for this, but the key point is that we included provisions that would add up to five years to the 20-year term provided under the implementing bill if there is delay in getting the patent and that delay is not the fault of the patent owner.

For all these reasons, we believe that the case for the change is compelling, and it will bring great benefits to our patent holders and innovators. The proposed change has extraordinarily broad support in the business and intellectual property communities, ranging from manufacturing and chemical companies, such as 3M, Dow Chemical, Westinghouse, MARS, Exxon Research and Engineering Company, Deere & Company, Bridgestone/Firestone, DuPont, Cinnati Milacron, Pioneer Hybred, and Fisher-Rosemount to the Intellectual Property Law Section of the ABA, the American Intellectual Property Owners' Association (AIPLA), and the Intellectual Property Owners' Association (IPO).

We believe that if Congress reconsiders the issue next year it will reach the same conclusion reached by the Administration and the Judiciary Committees over the

nine months that we work on the implementing bill. Nevertheless, if the Congress does revisit the issue and reaches the conclusion that a change in accordance with your proposal should be made, the Administration would not oppose legislation to achieve that change.

Once again, thank you for discussing this matter with us. I look forward to working with you to secure approval of this historic agreement.

Sincerely,
Michael Kantor.

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Mr. DOLE. That is the first concern and it has merit.

The second concern in my view has no merit. The World Trade Organization is not world government. Our sovereignty is not threatened by this agreement or by the WTO. The WTO has no power to force the United States to do anything. They cannot make us do anything. It is not a world power.

If the WTO finds that U.S. law does not square with the obligations we have assumed under the agreement, we remain totally free to disregard that finding. It does not change U.S. law. It does not change State laws, as some of the critics have said. The critics should be answered, and they have been answered. But they keep coming back with the same message.

I do not know who you could go to, if you want to talk to somebody who felt strongly about something and you wanted some conservative jurist to give you a legal opinion. So somebody asked Judge Bork to address this issue. I know it has been recited on the floor before. Judge Bork has a pretty good reputation as being a scholar and understanding the law. As he pointed out, our ultimate compliance with the agreement is a matter of international comity or accommodation, not of sovereignty. We are talking about comity or accommodation--not sovereignty. Our legislative and executive branches will continue to function exactly as before. Let me quote Judge Bork. I know he has been quoted before, but I want to quote him again because I think the well-meaning people in America who oppose this agreement because of the sovereignty issue ought to know about the quote. Maybe they will read it. Maybe they will hear it. I would be happy to send them a copy of the letter. This is what Judge Bork said:

The U.S. constitutional framework safeguards U.S. sovereignty by providing the motion recent action by the political branches of the Federal Government supersedes prior laws or international agreements. As long as the United States can relieve itself of any international obligation that conflicts with U.S. law by enacting a subsequent statute, U.S. sovereignty is protected. Arguments to the contrary distort American law and contradict principles recognized by the Supreme Court for more than one hundred years.

That is not **Bob Dole**. That is not **Bob Packwood**. That is not **Pat Moynihan**. That is Judge Bork. He is not infallible, but he has a great reputation. So I would say to those who rant and rave about the sovereignty issue, I think it has been answered.

I would also note one of the most vocal critics of the WTO's infringement on our sovereignty, Professor Lawrence Tribe, of Harvard, recently reversed his position on the issue. He was a critic. He was on the other side. He was supporting Ross Perot and Pat Buchanan and Pat Choat and Ralph Nader and others who feel strongly about this issue. This is the memorandum he sent to me and other Senators dated November 28, and I quote:

Although it might be less embarrassing for me simply to say nothing, I regard it as my responsibility, in light of Assistant Attorney General's Dellinger's recent forceful analysis, to say that I believe the Clinton administration has based its position on the Uruguay round agreements on constitutional arguments that are both powerful and plausible.

Not **Bob Dole**, not **Pat Moynihan**, not **Bob Packwood**--Laurence Tribe.

So the sovereignty issue is a red herring. And, if our rights are being trampled we are going to be able to fix it. We have worked it out. We are going to have to pass a law next year and we will have administration support, and bipartisan support in the House and Senate. Our sovereignty could not be better protected. No one in this Chamber is going to stand up and diminish our sovereignty or somehow sell out or diminish some of our sovereignty that I know of on either side of the aisle.

Let me finally say this. I know the majority leader is waiting to conclude the debate.

We were also concerned about some of the measures in the implementing legislation. Frankly, we thought there were too many things added. It was not clean. There were just too many things added to the implementing legislation. So a lot of charges have been made that millions and millions and billions of dollars are being spent. It is almost like a reconciliation bill. You cannot amend it. All you can do is debate it and vote it up or down.

So we raised some of those questions with the administration. I think it is clear that one reason the fast track process may be in danger from now on is we have to clean up our act. We cannot load up the implementing legislation with extraneous provisions that have nothing to do with trade because this bill is not subject to the normal rules of debate. As I said, you cannot amend it. You debate it and vote it up or down. So it has a whole variety of things in there that benefit certain people, probably certain interests that should not be there at all. And I have addressed those.

I ask at the appropriate time those letters be printed in the **Record**. One is a pioneer preference provision. I am just trying to find out if it is fair. If it's fair that

is fine with me. But we are going to try--going to review it next year. We have a promise from the administration to work next year with the administration to ensure that Government is fully and fairly compensated for the licenses in question. That is all we want. We are not after anybody.

So I guess the truth of the matter is, the fast track vehicle is carrying a lot of unauthorized cargo. And it is abuse of the fast track process and I hope that, if we use the fast track process again, we will be able to clean that up. I voted for the fast track extension and I think certainly this undermines the process if that is going to be approved next year.

We have another term dealing with patents. This was raised by a colleague on the House side, Congressman **Rohrabacher**. That has been addressed. We think the administration now agrees it will not oppose legislation, if it is offered next year. I ask that statement by him be made a part of the **Record**. That was from the Trade Representative, from Mickey Kantor.

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

The White House,
Washington, November 23, 1994.

Hon. Robert Dole,
U.S. Senate,
Washington, DC.

[Page: S15343]

Dear Senator Dole: I appreciate the opportunity to respond to your concerns about the so-called 'pioneers' preference provision,' which is found in Title VIII of the GATT implementing legislation.

As you know, this provision serves two basic purposes. First, it prevents the pioneers from obtaining the use of radio spectrum for free. Absent the GATT provision there is, in our judgment, an unacceptable risk that the pioneers will succeed in overturning the current FCC Order which, reversing an earlier order, now requires payment from the pioneers. Second, it rewards the innovation produced by the pioneers who, in the judgment of the FCC, have helped to spur the current interest in the provision of Personal Communications Services. Indeed, we are only days away from the beginning of the broadband PCS auction. The PCS auctions, which were proposed by President Clinton and established in the budget reconciliation act of 1993, are expected by OMB to raise \$12.6 billion for the federal government.

Under the GATT provision, the three pioneers will contribute a significant percentage of the total proceeds to be gained from the PCS spectrum. OMB

estimates that, over a five-year period, the three pioneers will pay about \$1.5 billion to the federal treasury.

We are aware, of course, of competing estimates that have been made by opponents of the GATT agreement and potential competitors of the pioneers. In general, those assertions attempt to compare mature, small markets for established wireless services that possess a significant customer base with the incipient, multistate, demographically-diverse markets for new PCS services. In our judgment, no known alternative estimate establishes a credible basis for analysis.

Of course, as the Administration has consistently noted, no one can predict with certainty the outcome of the coming PCS auctions and, therefore, it is impossible to be absolutely sure how much the pioneers will pay under the GATT provision or how much that payment might differ from the alternative formulae contained in the current FCC Order.

I can commit to you, therefore, that the Administration will work with Congress next year to do the following:

1. Compare the price paid by the pioneers to the payments paid by the PCS auction winners;
2. Determine whether the government received a fair return for the licenses obtained by the pioneers;
3. If the determination in (2) above is negative, pass legislation that would adequately compensate the United States in accordance with the determination on fair return.

Congress, of course, could still act on its own. We are sending under separate cover a letter expressing our views with regard to the constitutionality of future legislation on this issue.

Sincerely,

Leon E. Panetta,
Chief of Staff.

Ms. MIKULSKI assumed the Chair.

Mr. DOLE. The rest of my statement deals with the budget. I understand Senator **Packwood** made a brilliant speech. I was not here to hear it, but I have had people fax me notes on how he explained the budget process and the waiver. And I thank him for that.

But it is pretty clear to me that if we do not waive the budget, we are going to doom the whole process. There is no question about it. And that is a steep price to pay. So we have addressed it. We think it has been addressed as much as we

could. And we have to keep in mind, too, we are talking about cutting tariffs, going to create more jobs, more opportunities--a lot of things are going to happen in the second five years. So I think in the long run, increased economic activity which is going to result from this trade agreement certainly is going to outweigh the losses and obligations caused by the tariff cuts. In other words, over time, tariff cuts pay for themselves. In fact this argument is reminiscent of an argument we have been making for a long time with regard to capital gains rate reduction. I hope next year, as I said in my letter to my colleagues, the administration will be receptive to this argument in the context of the capital gains debate.

So, finally, I would just say, Madam President, that I think the bottom line is we just cannot isolate ourselves from the rest of the world. We have to have a big 'open for business' sign all over America. Everywhere in America it has to say we are open for business. We want your business in America. We want to create jobs, we want to create opportunities in America. We do not want to put a 'closed' sign in America, 'Not welcome in America.'

We want them to bring down the barriers for our products and our services. We are going to lock in this agreement--market opening measures pave the way for further measures.

I have always thought that we could compete with anybody else in the world as long as we have access to that market and that we have assured access. I think this agreement is going to help us in that regard.

So, Madam President, I ask any other material I have not included in the **Record** relating to this agreement be printed at this point. And again thank my colleagues for their leadership.

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

GENERAL COUNSEL OF THE

U.S. Department of Commerce,
Washington, DC, November 23, 1994.

Hon. Robert Dole,
Minority Leader,
U.S. Senate Washington, DC.

Dear Senator Dole: One of the revenue measures included in the GATT implementing legislation would require the Federal Communications Commission to recover for the public a portion of the value of the public spectrum that has been awarded by the Commission to licenses granted under the 'pioneers preference' program. The legislation requires the pioneers to pay not less than 85 percent, on a per population basis, of the highest bids for licenses in the 20 largest markets in which no applicant has obtained preferential treatment (the 3 pioneer markets). Assuming enactment of the GATT legislation free from

constitutional infirmities that re-calculates the fees to be paid by the pioneers. This subsequent legislation would likely occur after the FCC proceeds to issue the licenses to the pioneers and would raise a constitutional question whether such subsequent legislation could be effective on a retroactive basis. We believe that the Congress retains wide discretion to enact retroactive economic legislation to support legitimate legislative purposes and such legislation would be permissible from a legal perspective.

In a case decided June 13, 1994, the Supreme Court held in *United States v. Carlton*, 114 S.Ct. 2018 (1994), that due process was not violated by retroactive application of an amendment to a federal estate tax statute limiting availability of a deduction despite evidence that a taxpayer detrimentally relied on the previous provision and had no notice that the provision would be retroactively amended. In the case, the Court noted that the due process standard to be applied to tax statutes with retroactive effect 'is the same as that generally applicable to retroactive economic legislation.' 114 S.Ct. at 2022. In quoting from its decision in *Pension Benefit Guaranty Corp. v. R.A. Gray & Co.*, 104 S.Ct. 2709 (1984), the Court stated:

' Provided that the retroactive application of a statute is supported by a legitimate legislative purpose furthered by rational means, judgments about the wisdom of such legislation remain within the exclusive province of the legislative and executive branches.'

We believe that the Supreme Court's holding in the Carlton case would be controlling if the Congress enacted subsequent legislation with retroactive effect regarding the price paid by the pioneers. There, as here, the subsequent Congressional action would be intended as a 'curative' measure to correct previous legislation with 'significant and unanticipated' revenue consequences (Congress had estimated the revenue loss from the deduction in the Carlton case at \$300 million over 5 years but subsequently discovered the loss could be as much as \$7 billion). There, as here, the 'corrective' legislation would be enacted promptly with only a 'modest period of retroactivity.' Just as a taxpayer 'has no vested right in the Internal Revenue Code,' no party has a vested right in conveyance of Government spectrum at a discount. See 114 S.Ct., at 2023. In addition, two factors which the appellate court found troubling in that case, a lack of notice and detrimental reliance, would not be present provided the Congress included floor statements in the **Congresisonal Record** noting the possibility of subsequent legislation relating to the fee question.

For these reasons, we believe that Congress could, if it wished, enact subsequent legislation with retroactive effect regarding the assessment of fees to be paid by the pioneers.

Sincerely,
Ginger Lew.

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Department of the Treasury,
Washington, DC, November 23, 1994.

Hon. Robert Dole,
U.S. Senate,
Washington, DC.

[Page: S15344]

Dear Bob: I appreciate the work you have done to address the concerns of your constituents and other Senators before making a final decision about the GATT agreement. I am encouraged that the sovereignty issue has been resolved. I believe your announcement today in support of GATT will certainly bring us closer to the 60 votes needed for the budget waiver.

As the President stated in his press conference Tuesday, the Administration is unwilling to link any conversation regarding capital gains to GATT. But Members of the 104th Congress will no doubt set forth ideas for capital formation. I can assure you that these proposals will be carefully reviewed.

It would of course be our hope that the work of the 103rd Congress be completed next week with a bipartisan victory, not by a narrow margin, but by a resourcing vote of confidence. You and I have lead important fights in the past to expand economic growth in our country. Few are as important as this one. If we can achieve this, I believe the American people will hold both our political parties in greater esteem. With my best wishes for a Happy Thanksgiving.

Sincerely,
Lloyd Bentsen.

Mr. DOLE. I want to commend my colleagues who are on the other side. They feel very strongly about it. I think it has been our hope that we could answer some of the concerns they had.

Some are just flat opposed to it. Some believe there is a conspiracy out there. Some believe that some of us are out to do in America. That is not my record and I do not think it is the record of anybody else.

It seems to me we had two choices: Kill it or make it better and pass it. In my view we have made it better. It is better than it was, because of the cooperation we have had with the administration and because they, too, understand that the WTO was causing real concern with real people all across America. And now Congress has some say or will have some say when we pass the legislation next year.

So, Madam President, I hope that--we probably cannot have a unanimous vote--but let us try for 70 votes, at least 70, on the budget waiver.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. I yield the remainder of the time I have to Senator **Warner**.

The PRESIDING OFFICER. The Senator from Virginia has 2 minutes 40 seconds.

Mr. WARNER. Madam President, I shall be very brief. I wish to associate myself with the remarks of the distinguished Republican leader. I have counseled with him on this matter from the very beginning, and he has laid forth the precedents, the points that I shall place in the **Record** in support of my decision on this measure.

An easier vote perhaps would have been to vote against the point of order, then vote for the treaty. But to me that is not being honest. That is not being straightforward, and I feel that as the distinguished Republican leader feels, we ought to stand and be counted and vote if it is in our judgment this is in the best interest of the United States.

I waited, Madam President, such that all across Virginia calls came, as the distinguished leader said, and others, in opposition, in large measure. I did not want to cut off the avenue of my constituents to reach me with their views, and I forced an open mind. But it is the wise counsel of our Republican leader and that of the two managers of this bill, the Senator from New York, Senator **Moynihan**, and the Senator from Oregon, Senator **Packwood**, and others, to persuade me this is in the best interest of the United States.

Mr. WARNER. Mr. President, I rise today to voice my support for H.R. 5110, legislation to implement the Uruguay Round Agreement reached under the General Agreement on Tariffs and Trade (GATT). After many months of closely scrutinizing the agreement, I have come to the conclusion that this agreement is in the best interests of Virginia and the Nation as a whole. It moves the United States toward free trade and positions us to compete vigorously in the worldwide market.

Virginia recorded merchandise exports in 1993 of \$8.2 billion--the second largest State total in the South Atlantic region. Nationally, Virginia ranked 15th among the States in the value of export sales. Over the 1978-93 period, Virginia's merchandise exports rose by 159 percent--well above the 90 percent increase for the Nation as a whole and the 12th largest percentage gain among States. Virginia's top three export markets in 1993 were Japan, Canada, and Belgium and 87 percent of Virginia's 1993 export sales consisted of manufactured goods. Also, it should be noted that Virginia posted substantial export gains in virtually all major manufactured product categories over the 1987-93 period.

I anticipate that under the Uruguay Round Agreement reached under GATT Virginia will experience greater economic expansion particularly in the areas of: fish and fish products, maritime industry, household and office furniture, renewable energy technology, industrial machinery, electronic equipment, tobacco, and high technology exports. In the area of agriculture, economic expansion is expected in, among others, these areas: corn, soybean, small grains, apples, beef, poultry, and horticultural products.

Those areas listed above are just a few of the areas that will benefit under the agreement. The worldwide lowering of tariffs will help open other countries' markets, therefore creating markets in the future for many other Virginian goods and services.

Mr. President, I would like to say a few words about the World Trade Organization (WTO) and its impact on U.S. sovereignty. The WTO will have the authority to pass out penalties to member nations that have violated the agreement. After reviewing the WTO provisions of the agreement I, like many others, was concerned with that aspect of the agreement.

However, I believe that former U.S. Appeals Court Judge Robert H. Bork, in a letter to Senator **Don Nickles**, helped clarify this matter. Judge Bork stated that 'the U.S. constitutional framework safeguards U.S. sovereignty by providing that the most recent action by the political branches of the federal government supersedes prior laws or international agreements.' Judge Bork concluded by saying that 'as long as the United States can relieve itself of any international obligation that conflicts with U.S. law by enacting a subsequent statute, U.S. sovereignty is protected.'

In addition, incoming Senate Majority Leader **Dole** reached an agreement with the Clinton administration on the matter of the WTO. The Dole-Clinton agreement commits the Clinton administration to support prompt enactment next year of legislation creating a permanent commission of five sitting U.S. appellate court judges, appointed by the President in consultation with appropriate House and Senate leaders. The commission will review all final WTO dispute settlement reports, subjecting them to a three-part test. If the majority of the commission believes that the WTO panel did not demonstrate adherence to certain guidelines then action could be taken by Congress to request that the President negotiate new dispute settlement rules addressing the problems identified by the commission. If the commission issues three affirmative decisions in a 5-year period, any Member of Congress would be able to introduce a joint resolution to disapprove U.S. participation in the WTO.

Mr. President, we must not sit idle and let the world pass

us by. We are the worlds largest exporter and we can only benefit from a lowering of worldwide tariffs that in turn allow us access to more foreign markets. The Uruguay Round Agreement does just that and I intend to support it.

Mr. President, in closing I ask unanimous consent that an Op-Ed written by Mr. John W. Snow, Chairman, President, and CEO of Richmond, Virginia based CSX Corporation and Chairman of the Business Roundtable, be included in the **Record** following my statement.

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

[Page: S15345]

From the Richmond Times Dispatch, Nov. 27, 1994

[FROM THE RICHMOND TIMES DISPATCH, NOV. 27, 1994]

Virginia, U.S., Have Stake in Expanded Trade

Let's cut to the heart of the GATT debate: If America wants more jobs, higher living standards, and lower taxes, then this vital international trade agreement must be approved by the U.S. Congress *immediately*. Defer action and we lose.

The latest round of GATT (shorthand for General Agreement on Tariffs and Trade) has been seven years in negotiation and represents the cumulative work of 123 nations to reduce trade barriers and encourage economic growth. It is the most comprehensive trade deal in history and would not have happened without American leadership. Presidents Reagan, Bush, and Clinton have all championed this effort.

The present 'Uruguay Round'--the eighth in the history of GATT--stands as the latest, best opportunity to continue the process of making American values a fixed part of the international economic system.

Yet we hear objections. It is argued, without factual basis, that the U.S. will lose control of its destiny. Others say, 'Why rush, let's improve it'--ignoring the years of difficult, step-by-step struggle this agreement represents.

A lot of this is disturbingly familiar. The road to passing the North American Free Trade Agreement (NAFTA) was littered with exaggerated dangers and unsubstantiated claims by opponents. In fact, the early report card on NAFTA is even more encouraging than many proponents had predicted.

NAFTA HAS BENEFITTED CONSUMERS

For unrestricted trade to be of benefit, both imports and exports should rise. In the first six months of 1994, the U.S. Commerce Department reports that Mexican exports to the U.S. rose 21 percent, to \$23.4 billion, from a year ago, and U.S.

exports to Mexico rose 16 percent, to \$25.5 billion. Such numbers portend solid growth for American businesses and respectable savings for American consumers.

GATT, like NAFTA, will be a plus for the American people, because America wins with free trade. The United States is by far the world's largest exporter and the world's most open market. Any agreement like GATT that binds more than 100 nations to the same discipline we impose on ourselves can only benefit our economy over the long term.

It is simply remarkable that anyone would oppose this opportunity for economic growth--particularly in Virginia, where exports have driven and sustained our economy, where from 1987 to 1993, merchandise exports soared by 159 percent--way above the national average of 90 percent. Last year alone, Virginia racked up \$8.2 billion in export sales. so much a part of Virginia's past, international trade requests our best chance in the future.

The state's exports touch on many sectors of its economy, from agriculture and livestock, production to manufacturing of products ranging from electronics and computers to chemicals and heavy machinery, and encompass the gamut of large to small employers. A study done in 1987 found that 95 percent of Virginia enterprises involved in export trade had fewer than 500 employees.

Without a doubt, the citizens of the Commonwealth would benefit from overall business growth and creation of new jobs resulting from more open international trade. Several gubernational administration representing both Democrats and Republicans have seen the Value equation in international trade and have worked effectively to market Virginia's exports to the world. The GATT stands to extend those economic benefits will into the 21st Century.

Since the GATT process began in 1947, world trading nations have cut average tariffs from 40 percent to 5 percent today, thanks largely to U.S. efforts that have once again spanned both Republican and Democratic administrations. The result has been the fastest global economic growth in history. The newest GATT agreement obligates signatory nations to take serious action against discriminatory non-tariff import barriers and to reduce or eliminate tariffs and quotas on a range of products affecting 85 percent of world trade. The result will be a \$744 billion reduction in tariffs on world trade, the largest tax cut in the history of the world.

Implementing the Uruguay Round is expected to cost the United States \$40 billion in foregone tariffs over the next 10 years. However, for every dollar lost in revenue from tariff cuts, the Clinton administration estimates an additional \$3 in new revenues will be generated from increased economic activity. Obviously, one aspect of the GATT debate focuses on how much additional growth the United States can expect.

The administration estimates that the GATT will pump an extra \$100 billion to \$200 billion into the U.S. economy every year after the agreement takes full effect

in 10 years. This assessment recently was boosted by a study released by the GATT Secretariat showing that the trade accord would add another \$122 billion to the U.S. economy by the year 2005.

GAINS OUTWEIGH ANY LOSSES

But even the most conservative assessment of the GATT by independent analysts shows that the accord will contribute an extra \$25 billion to \$30 billion per year to the U.S. gross domestic product. That would be far in excess of the GATT's projected 10-year cost of \$40 billion.

The truth is that more open trade will generate far more to the American economy than it will cost. Right now the biggest danger is that the Congress will fall prey to GATT opponents who are using the complexity of the agreement to urge delay on ratification until next year's formal deadline. Those who oppose free trade expansion know that delay crushes political chances for approval and certainly damages America's standing with its trading partners.

It is worth repeating that talks began on the latest trade pact more than seven years ago under President Reagan and enjoyed the support of President Bush during the 1992 campaign, before being embraced by and concluded under President Clinton. Improving the climate for international trade was, until recent times, a subject that enjoyed broad bipartisan leadership.

Earlier this month, voters sent a strong message to Washington that they expect more leadership on a host of issues connected to the nation's future direction and a collective sense of well-being for our families and communities.

The upcoming vote on the GATT agreement is certainly a once-in-a-generation opportunity: for the President to govern, for the Democrats to vote their great hopes for the nation's future, and for the Republicans to show their leadership. Even a delay in considering the GATT agreement could cost future generations of Americans immeasurably, as a number of our political leaders have expressed the view that a delay on the GATT vote will ultimately kill its chance for implementation. Such is the power of America's position on this issue around the world.

Our representatives in Congress will be asked to demonstrate their bipartisan leadership in the next few days. They will have the opportunity to sow the seeds of future prosperity for our nation and our fellow citizens by approving the GATT agreement.

In the final analysis, GATT is about change. It's about moving toward the future, not away from it. It's about knocking down barriers to global commerce and allowing economic competition to flourish throughout the world.

AMERICAN PRODUCTS WILL WIN

Congress should approve the agreement, thereby opening the doors, leveling the playing field, and preparing the way for an American victory. America will win with GATT because our workers are the most productive in the world. America will win because our science is better, our products are superior, and our companies are more efficient. America also will win because of the ideas we hold dear. It's really extraordinary. In this decade, the ideological battle between command economies and market-driven economies has ended. The verdict is in. Markets win!

The worldwide advance of economic liberty is the great victory of the late 20th Century. Freedom has momentum on its side. The U.S. and 17 other Pacific Basin countries--a group constituting half of the world's production and 45 percent of world trade--have just agreed to opening their economies and removing all trade barriers by the year 2020. Other expansions of freedom beckon; the future is promising. But nothing is guaranteed. A defeat of GATT would send the wrong message at the worst possible time.

Congress must not let that happen. If anything, the recent election affirmed Americans' desire for greater economic opportunity. Now, at a time when the world has come to embrace that same desire, for freedom and prosperity, it would be a sad irony for America to step backward. We should approve GATT now--and I urge Virginians to so inform their congressional representatives.

Mr. LEVIN. Mr. President, the decision on how to vote on the implementing legislation of the Uruguay Round of GATT has been a particularly difficult one for me. I have painstakingly studied the bill. I have corresponded extensively with USTR and others to obtain clarification of many of its provisions and I have carefully weighed the pros and cons of this agreement. There are many strengths.

This agreement will put in place a set of rules which will allow the U.S. to compete on a more level playing field in trade relationships with other nations. Overall, I believe progress toward free trade is good for the United States. This agreement includes many positive steps toward that end.

First, GATT would create a new international trade framework and establish rules to govern international trade. It would also expand the number of participating nations from 40 to 123.

Second, GATT's intellectual property provisions would broaden and strengthen the protection of U.S. patents, copyrights and trademarks around the world. This would provide new and better protection in world markets from piracy of U.S. entrepreneurship, copyright and invention in industries such as pharmaceutical, entertainment and computer software.

Third, the Uruguay Round would expand the trading system to include services and agriculture for the first time. This includes many important U.S. industries

such as accounting, advertising, computer services, tourism, engineering and construction.

Finally, this GATT agreement would set forth multilateral trading rules for all member countries to abide by, including developing nations. Furthermore, it would establish a forum and procedures to resolve trade disputes that might arise among trading partners. Together, these measures would create a more level playing field in international trade than exists today.

But let us be candid--the Uruguay Round Agreement does not bring about free and fair trade. This agreement permits a number of countries to continue to engage in blatant protectionism. And as a result, certain countries and industries will do better under this agreement than others.

I am deeply troubled by the fact that this agreement continues to allow unfair foreign trade restrictions which adversely affect key Michigan exports in autos and auto parts. GATT fails to address the discriminatory trade barriers of greatest importance to Michigan. I'm speaking of Japan's keiretsu system, the collusive and unfair Japanese business practice whereby producers and suppliers form strategic alliances and effectively block outside competition. Measures to break down such non-tariff trade barriers such as these are conspicuously absent in GATT.

Since this GATT agreement does not specifically cover Japan's keiretsu system, we would most likely have to fight barriers to trade such as this using U.S. domestic trade remedy laws. I specifically asked the Administration to indicate how it would deal with Japan's keiretsu system under the new GATT agreement. I was assured by the USTR that they would continue a firm bilateral approach with Japan in an effort to bring about an end to Japan's discriminatory trade practices. But this is the same decades-old method that has failed to produce any result.

This agreement could actually make matters worse and weaken remedies under U.S. trade law that we can use to retaliate against unfair trade practices. I

am concerned that the use of quotas and tariffs to retaliate against unfair trade practices, such as those contained in Section 301 and Super 301, would be in violation of the agreement. Under the new system, should the U.S. choose to use sanctions, such as Section 301, to respond to unfair and restrictive Japanese trade policies not explicitly prohibited by GATT, such as keiretsu, the WTO could well rule that such U.S. action violates the GATT agreement and such finding could no longer be blocked by a United States veto under the new GATT. In my view, this might tend to undermine the credibility of a threat to use Section 301.

In the Statement of Administrative Action, the Administration has made assurances that it intends to use Section 301 to pursue vigorously unfair trade barriers that violate U.S. rights or deny benefits to the U.S. under the Uruguay round agreements. The Administration has also stated their intention to use section 301 to pursue foreign unfair trade barriers that are not covered by the GATT agreements. The implementing legislation specifically identifies two

important manufacturing industries that face unfair competition policies that are not clearly covered under GATT--auto parts and flat glass--to be addressed under the revised Section 301 law. The Administration has strongly committed to the continued use of U.S. trade remedy laws unilaterally when deemed necessary.

I also have a serious problem with an agreement that reinforces Mexico's local content requirements which discriminate against U.S. auto parts. These requirements have often resulted in U.S. manufacturers locating production in Mexico rather than in the U.S. While the Uruguay Round Agreement will eventually eliminate all such local content requirements, Mexico is allowed to maintain these protections for ten years under the terms of this agreement. Although I am glad to see Mexico's local content requirements phased out, I think we got a bad deal in this area under NAFTA and now GATT reinforces it.

The Uruguay Round also allows the European Union to maintain its limits on imports of vehicles from Japan for five more years. Because the U.S. government has no similar import restraints, and under the Uruguay Round we will be restricted from imposing similar restrictions, I am concerned that there is the danger that Japan will dump its excess auto capacity into the U.S. market.

On the other hand, the European-Japanese agreement exists now and is unlimited in duration. This GATT agreement arguably has the virtue of setting a time limit on it.

The issue is close surely. But a factor pointing toward a `yes' vote is the impact of rejection of GATT on American leadership in the world. If we abandon this hard fought agreement, after eight long years of negotiation, with the nations of the world looking to us to lead, it will be a blow to America's role in the world.

On balance, I have decided to cast my vote in favor of the budget waiver and the implementation of the Uruguay Round agreement.

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Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the attached letter by John O. Wilson and Robert Kramer be printed in the **Record**.

Bank of America,
August 10, 1994.

Hon. Dianne Feinstein,
U.S. Senate,
Washington, DC.

Dear Senator Feinstein: During your recent meeting with a delegation of California businessmen and women who support passage of the Uruguay Round Agreement, Mark Kadesh asked that Bank of America provide additional information on the impact the Agreement would have on the California economy.

We have attached the results of a study of this question using the bank's California macroeconomic model (attachment 1).

We used the model to project out the likely effects of the Agreement over the next five years on: employment, unemployment rates, exports through California ports and exports originating within the state. Since the Agreement will be phased in over a ten year period not all of the impact is captured by this five year projection, however, the trend is quite apparent. California will benefit substantially from passage of the Uruguay round, and delaying passage could have serious repercussions of the state's ongoing economic recovery (attachment 2).

Sincerely,

John O. Wilson,
Executive Vice President, Chief Economist.

Robert Kramer,
Vice President, Policy Manager.

Attachments.

ATTACHMENT 1: IMPACT OF THE GATT URUGUAY ROUND AGREEMENT [URA] ON CALI

I. California civilian employment (thousands of jobs)

Without GATT Uruguay round

With GATT Uruguay round

Jobs added by Uruguay round

II. California unemployment rate (percent)

Without GATT Uruguay round

With GATT Uruguay round

Percentage points added to unemployment rate if Uruguay round not pass

III. Merchandise exports through California ports (millions of current

Without GATT Uruguay round

With GATT Uruguay round

Additional exports added by URA

IV. Merchandise exports originating in California (millions of current

Without GATT Uruguay round

With GATT Uruguay round

Added exports added by URA

[Footnote] Source: Bank of America Macroeconomic model of California. Contact: John O. Wilson, Chief Economist. The California econometric model captures movements of key economic components of the California economy. It consists of about 20 annually estimated equations for California's important economic indicators such as employment, gross state product and personal income. It is structured for the corresponding U.S. economic indicators and their forecasts (generated by BofA using DRI's U.S. macroeconomic model) to directly drive the California economy. However, significant differences between California and the United States in the ways these indicators vary over time are also carefully specified.

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Attachment 2

[ATTACHMENT 2]

Impact of GATT on California Economy--August 8, 1994

After seven years of negotiation, a GATT accord was signed in December, 1993. The U.S. Congress is now debating ratification of the GATT accord, and the outcome of that ratification is far from certain. That outcome will have a very significant impact on the California economy. If the GATT accord is not approved by the United States, the current recovery in the California economy would be greatly weakened.

GATT establishes the basis for world trade, and the GATT accord emphasizes such important areas to California as gaining greater access to foreign markets in high-tech goods, capital goods, business and computer services, and agriculture. All of these are leading industries in California. Furthermore, GATT will reduce the average level of tariffs by one-third and eliminate many non-tariff barriers over the next ten years. Since California is such a large exporter, the lower barriers will lead to even further gains in California trade and jobs related to trade.

Furthermore, GATT, through its new structure referred to as the World Trade Organization, sets up new dispute settlement mechanisms which would prevent trade wars which would be detrimental to California exports.

California accounts for 15 percent of U.S. merchandise exports, and the value of exports to the California economy has grown significantly during the past several years. As shown in Table 1, the value of California merchandise exports through California ports has increased from \$54 billion in 1988 to \$82 billion in 1993. Some of these exports were actually manufactured in other states, and transported to California for shipment. This creates jobs for Californians engaged in the transportation and shipping, but not the manufacturing of those goods. However, \$70 billion of the \$82 billion shipped out of California ports in 1993 was manufactured or produced within the state, and this represents the greatest source of trade related employment to California. That employment is significant.

TABLE 1: CALIFORNIA MERCHANDISE TRADE

[Billions of dollars]

	Exports through California ports	Exports produced in California
1988	\$53.6	\$47.8
1989	63.0	53.5
1990	68.6	58.4
1991	73.8	63.1
1992	81.0	68.9
1993	82.3	70.3

The exports which are produced in California account for one million direct jobs. These are jobs that are directly related to the manufacture, production, and transportation of California exports. Another 800,000 jobs support trade employment through the provision of services and support industries. Thus, the total number of jobs created through exports in California is 1.8 million. This represents 13 percent of our entire employment of 14 million.

There have been major changes in the relative importance of California's trading partners during the past several years. While Japan remained the number one export partner in 1993, two neighbors, Canada and Mexico, significantly increased their imports from California during the 1990-93 period. In 1993 their combined

imports easily surpassed Japans imports. Furthermore, California's exports to China increased a staggering 145 percent during the 1990-93 period. (See Table 2)

TABLE 2: MAJOR MARKETS FOR CALIFORNIA EXPORTS

[Millions of dollars]

Country	Value of California exports, 1993	Percent change 1990-93
Japan	\$10,501	2.3
Canada	7,689	32.5
Mexico	6,521	39.6
Taiwan	4,718	49.1
South Korea	4,132	9.1
Singapore	3,705	40.3
Germany	3,511	-3.8
U.K	3,475	3.5
Hong Kong	3,041	80.6
France	2,247	4.6
China	1,611	145.6

California's exports consist primarily of high-tech electronic products, computers, transportation equipment, and agriculture products. Since 1991, the growth in these major products has been very large: electronic products (30 percent), computers (17 percent), and food products (15 percent). Only transportation equipment, primarily aircraft, and petroleum have declined. (See Table 3)

TABLE 3: MAJOR COMMODITIES OF CALIFORNIA EXPORTS

[Millions of dollars]

Commodity	Value of exports 1993	Percent
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Electronic equipment (except computers)	\$16,928
Computers and other industrial equipment	16,613
Transportation equipment	8,486
Food products and agriculture crops	7,012
Precision instruments	5,345
Chemicals	2,644
Petroleum	1,626
Fabricated metal products	1,567
Primary metal industries	1,544

If it is not ratified, what would the absence of a GATT accord have on trade developments? Globally, we could anticipate the following developments in world trade and growth: (1) a general negative impact on global economic growth due to loss of productivity gains that occur in a free-trade economy; (2) an increase in intra-regional trade such as trade within the European Union, trade within ASEAN in Asia, and trade within NAFTA countries in North America, but a reduction in inter-regional trade between Asia, North America, Latin America, and Europe; (3) a move towards unilateral protectionism in the form of higher tariff and non-tariff barriers which will reduce overall world trade.

Specifically for California, we could anticipate the following developments: (1) an increase in tariff and non-tariff barriers to California exports to Asia, Latin America, and Europe; (2) a reduction in California exports to those regions, and particularly to Japan, China, Germany, and France; (3) little impact on trade with Canada and Mexico which would still be guided by the NAFTA agreement; and (4) an immediate loss of 173,000 jobs in California (1995) growing to a loss of 252,000 jobs by 2000. This would increase the unemployment rate by a full one percent.

JOHN O. WILSON,

Executive Vice President and
Chief Economist, Bank of America.

Mr. MACK. Mr. President, when all is said and done, the GATT agreement lowers tariffs by one-third across the board between a majority of the world's trading partners. This, without question, is good for Florida and the United States and therefore I will vote for this agreement.

This GATT agreement is the result of efforts made during the last three administrations. The agreement will mean an expected \$100-\$200 billion increase in our GDP by the year 2005. By any accounting, this will be a tremendous benefit for our country.

Expanding trade opportunities is something the United States should aggressively pursue. It is one of our most promising opportunities for continued economic growth. Our future prosperity lies not in tariff wars but in our ability to capitalize on our strengths and export the resulting products to the world's markets.

Over the last few months, I have heard from businesses in Florida and from across the country in support of the GATT. They have told me how vital this agreement is to their firms and to the people they employ. They're right, and we should continue to knock down foreign trade barriers for American products. The GATT will allow us to do just that.

Recent data from the Commerce Department's International Trade Administration shows the potential benefits the GATT agreement can provide to Florida. Between 1987 and 1993, Florida's exports grew by almost \$7 billion. Over two-thirds of these exports were from industries such as industrial machinery, electric and electronic equipment, chemical products, and scientific measuring equipment. With the lower tariffs under this agreement, Florida will clearly benefit.

The Commerce Department also shows Florida as the Nation's eighth leading exporter of merchandise, with nearly 10,000 businesses who sell goods abroad. What's more, virtually all of these businesses have fewer than 500 employees. Clearly, this agreement is vitally important to the small businesses that create capital, produce jobs and generate an impressive share of this country's economic growth.

Many countries provide subsidies and impose significant tariffs. These trade practices destroy American jobs, and should not be tolerated. The American worker is the most productive in the world, and has always excelled on a level playing field. The GATT will help level the field for U.S. exports.

There is an additional element in this debate that is important to note for both this and future debates. In this legislation, the administration has conceded that there are legislative changes which will pay for themselves, even if the static accounting models used by both the Congressional Budget Office and the Office of Management and Budget do not capture the resulting revenue increases.

In particular, the Clinton administration--and now many in the Democratic leadership--acknowledge that the economic growth created by the passage of GATT will increase revenues to the Federal Government. So despite the loss of some tariff revenue, the economic effects of GATT are a plus for the Federal budget.

This is precisely the same argument that has been made for so long about a capital gains tax reduction. Capital gains tax cuts will generate revenue increases through economic growth just like tariff reductions. I would hope, therefore, that the Clinton administration will concede this point next year when Republicans pass a capital gains tax cut.

Like a reduction in the capital gains tax rate, the GATT will create opportunities, and stimulate the creation of new jobs and new businesses. I look forward to the expansion of the Florida and U.S. economies that will follow the passage of this agreement.

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THE U.S. MUST ENDORSE THE URUGUAY ROUND AGREEMENT

Mr. DASCHLE. Mr. President, I wish to express my strong support for the Uruguay Round Agreement reached under the auspices of the General Agreement on Tariffs and Trade.

Among the nations of the world, the United States of America has long been the foremost advocate of open trade. The Uruguay Round Agreement is the culmination of decades of work--by Americans of all political persuasions--to extend that advocacy. And it is that rare example of a treaty that allows us to benefit while our neighbors in the global community also benefit.

This agreement consolidates the triumph of political freedom we have witnessed in the past few years and extends the philosophy of openness to the field of international economics. It continues the process of tearing down the barriers that hinder trade among nations.

Some critics of this measure say it tears down too many walls, and exposes America too nakedly to the vagaries of the international marketplace. I say, this Nation need never fear fair competition.

Simply put, we are already the most open Nation on earth. We have nothing to fear from further opening the international trading system so long as all nations stand on the same level field. More than ever, this agreement ensures that our trading partners will extend the same openness to us. To deny this agreement would be to deny our national heritage, substitute fear for optimism, and forsake the economic benefits that will accrue to our Nation from free and fair international trade.

This agreement is first and foremost an indispensable tool for facilitating economic growth and job creation in our country. Its benefits to American workers in the form of increased incomes and better job opportunities will extend from high tech industries in the Silicon Valley to farms and ranches in the Heartland to the steel mills of Pennsylvania to the furniture factories of the Carolinas.

But, as beneficial as are the agreement's immediate specific benefits to individual Americans, so too are the principles of multilateral free trade that it advances.

One strong advocacy of a free and fair multilateral trading system began shortly after World War II with the establishment of GATT. The expanded trade resulting from GATT was largely responsible for reviving the depressed, war-torn economies of Europe and creating thriving new markets for American products.

That experience demonstrated the benefits free trade bestows upon both the United States and its trading partners. Since that time, we have been steadfast in our support for GATT, and it has served us well. The many trade agreements reached under its auspices have fueled economic growth around the world and brought more countries and consumers into the international marketplace served by American industry.

Meanwhile, as many are quick to point out, circumstances have changed over the years. While the United States still dominates the international marketplace, competition for market share is becoming fiercer every year. In the face of this new challenge, some have been tempted to turn away from multilateral arrangements toward protectionism.

The concerns and frustration underlying that protectionist sentiment are powerful. And they are understandable. However, the policy response those emotions elicit is myopic. In international trade, our course should be charted along the lines of our enlightened self interest, not by a visceral reaction to the history of our grievances with other nations.

Closing our markets to foreign goods will close our goods to foreign markets. In the long run, that will harm more than help American interests.

By contrast, joining other nations in a multilateral trading system on equal terms will expand opportunities for American businesses to sell their goods and services abroad. This is truly a case of a rising tide lifting all boats.

There is no dispute about our stake in international trade. Exports are vital to the continued growth of the U.S. economy.

Over the past 5 years, international trade has been the bright spot of our economy, generating more new jobs and more economic growth than any other sector. International trade represents roughly 25 percent of our gross domestic product [GDP], a share that has almost doubled in the past 20 years. During the past four decades, new jobs in trade-related fields grew at three times the pace of overall job creation. As a result, export-related industries and companies currently employ over 10 million American workers.

The reduction of trade barriers is absolutely essential to the continued expansion of the U.S. economy. The Uruguay Round Agreement will reduce import tariffs, export subsidies and other trade distorting practices. Moreover, it will create a

structure that will hold signatory countries to their commitments to fair and more open trade.

The agreement is particularly beneficial to the United States because we already have significantly fewer trade barriers than our foreign competitors. Cutting tariffs worldwide by an average of 38 percent over the next 6 years, combined with standardizing and simplifying customs procedures and licensing, will further reduce the cost of exporting U.S. goods and services.

The lower cost of exporting goods and services will encourage more U.S. companies to sell their products abroad. Currently, less than 10 percent of U.S. companies that could export products or services choose to participate in the international marketplace. With the Uruguay Round Agreement, these companies will have new incentives to develop markets around the world. They also will have new assurances that the time they invest in developing new markets will not be squandered on trading partners that abruptly change their rules and close their markets. Such assurances will be especially important to small and innovative companies.

The Uruguay Round Agreement also holds great promise for American agriculture, consistently one of our most successful economic enterprises in the international marketplace. Experts estimate that agriculture exports will increase by as much as \$14 billion over the next 10 years, creating perhaps 190,000 new jobs in the process. And when the agreement is fully implemented, the United States can expect an additional \$10 to \$30 billion of economic activity in agriculture.

As one who is intimately familiar with the economics of the heartland, I can attest that this increased growth is essential to the continued prosperity of rural America.

This new trade environment will be a tremendous advantage for the United States. American workers, farmers and entrepreneurs are the best in the world. If we make everyone play by the same rules, we will continue to excel. The Uruguay Round Agreement is a significant landmark in the march toward free and fair trade.

The projected results of the agreement speak for themselves. Most important is the bottom line: the Uruguay Round Agreement is estimated to create over 1 million new high-wage jobs in the United States over the next 10 years as a result of increased exports of U.S. products and services.

Certainly, this agreement is not perfect. We would all make some changes if given the opportunity to draft it on our own terms. But that is not the way trade agreements are reached. In fact, when one considers the torturous, multiyear negotiating process that brought us to this point, it is surprising how favorable the resulting agreement is to American interests.

Before I conclude, Mr. President, I want to address the controversy surrounding the World Trade Organization. Many Americans are concerned that this new body will undermine American sovereignty. That is a serious concern that should not be minimized. And it has not been minimized.

The WTO has been widely mischaracterized as a world regime with unlimited jurisdiction that will run roughshod over American interests and American laws. In fact, the role of the WTO is limited. It will serve primarily to facilitate resolution of disputes over rules to which the signatories of the Uruguay round have already agreed.

In this role, the WTO will help ensure that our trading partners abide by the commitments they made when they signed the Uruguay Round Agreement. When American companies venture into the international marketplace, they will be able to do so with confidence, because they will know the rules of the game and they will know that those rules will be enforced.

Critics have charged that the WTO will undermine our worker protection, environmental, and food inspection laws. That is not the case. The authority to change or make U.S. laws rests solely with the Congress of the United States. By the express terms of the agreement signed by over 120 countries, even negative rulings of a WTO dispute resolution panel are mere recommendations. The WTO does not have enforcement powers. This fact is reaffirmed in section 102(a)(1) of the implementing language, which explicitly states that U.S. law will not be superseded by any provision of the Uruguay Round Agreement.

While the protections in the agreement and the implementing legislation are significant, those who still have doubts about the WTO should find reassurance in the recent agreement reached between the administration and the Senate Republican leader. The agreement ensures that the United States will have the opportunity to pull out of GATT if the WTO's decisions are repeatedly inconsistent with American interests.

Mr. President, we cannot afford any further delay. Some of my colleagues will oppose this agreement because it violates a technicality in the Senate's budget rules. Others will oppose it because they would like to change various details in the agreement and implementing legislation. I myself am not without some reservations.

But the simple fact is that the time for equivocation has passed. Too much hangs in the balance to back away.

If we fail to act, we risk setting a dangerous protectionist precedent that could nullify all of the gains we have made in market access over the last four decades. If we fail to act, we could begin a process that will break the world into trading blocs--and cause the walls to go once again.

The Uruguay Round Agreement represents an important continuation of our decades-long advocacy of free and fair trade and will serve as a building block for future trade agreements. To balk now, after 7 years of negotiation under three administrations, would send dangerous signals around the world about our commitment to the principles of free and fair trade.

The agreement we consider today reflects the collective bipartisan belief of three presidents that an international trading system that is both free and fair serves the American national interest. I share that assessment.

Mr. President, on November 8 we experienced a remarkable election. While individual members have different reactions to it, the overriding message delivered by the voters was unmistakable. The American people are tired of what they perceive to be `business-as-usual,' partisan wrangling among professional politicians. They question our motives and relevance in the face of our inability to address very real national problems. And they want the Congress and the President to work together to deal constructively with these problems and improve the quality of their lives.

While the new congressional line-up does not take effect until January, this debate marks the initial post-election test of whether Congress learned the lesson of the election and can respond to the will of the American people. There will be policy differences between our political parties and among individual members. That is inevitable in a democracy, and it is healthy.

Votes are judgment calls, and our constituents elect us to analyze facts and make judgments. Americans are, however, becoming less tolerant of our penchant for seeking to score political or rhetorical points while their concerns go unattended.

It is time to stop bickering and start governing. This vote, on this issue, at this time, will demonstrate that we have heard the voice of the people and can work together for the common good.

My judgment is that approval of the Uruguay Round Agreement is important to the future growth of our national economy, and I am delighted that the President and the Republican Leader were able to work together to reach consensus on the implementing legislation that we consider today.

I urge all my colleagues to approve this historic agreement.

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Mr. DODD. Mr. President, I rise in strong support of the Uruguay round agreement.

In this town, we talk a great deal about winners and losers. We wonder who will benefit and who will be hurt by the decisions we make. But on the issue before us today, the answer to this question is quite easy.

The typical working family in America would be the true winner if we approve this trade agreement. To be sure, American business would be a winner, but that's not why we should vote aye. Our standing around the world would be strengthened, but that's not why we should back GATT.

We should back GATT because of what it would mean to working people in this country. Although people in some sectors would unfortunately be hurt, the gains overall would be impressive. Working people would enjoy a major tax cut on many essential products they buy. They could find better employment opportunities in a growing export sector. Their children would look forward to a brighter future in a competitive, vibrant global economy.

That's what is really at stake here this week. We will hear a great deal of ominous talk about a something called a world trade organization. We will hear about dolphins and tuna. We will hear philosophical discussions about national sovereignty and abstract ruminations over international law.

But when it comes right down to it, GATT is about two things a great deal more immediate and a great deal more real to families all across this country: better jobs and lower taxes.

A major boost in family income and a \$12 billion tax cut over five years for the working people of America. When we get through the pages and pages of abstract trade language and the hours and hours of red-hot rhetoric, that's what GATT is all about. Better jobs and lower taxes.

This vote presents us with our first opportunity since the election to come together --Republican and Democrat, conservative and liberal--on behalf of the working families of this country. Passing this trade agreement is just about the best holiday present we could give them.

U.S. TRADE LEADERSHIP

For almost 50 years, the United States has been the principal leader in efforts to expand world trade. After World War II, we vigorously pursued trade liberalization not only to increase our own economic prosperity but also to bolster the stability of our allies and former enemies alike.

Expanded trade has been the success story of the post-war economy. Since the beginning of multilateral trade negotiations, GATT membership has increased from 23 nations to 124, and tariffs--which are simply taxes on traded goods--have been cut from 40 percent to 5 percent. During that time, the global economy has grown faster than during any comparable period of world history, and U.S. job creation in trade-related fields has grown at a rate several times faster than over-all job creation.

Increased trade has also proven to be a foreign policy success. Prosperous nations linked together in trade are far less likely to go to war. People engaged with each other in commerce are far less likely to engage each other in violence.

It took two world wars to teach us this lesson, and it's as valid today as it was half a century ago.

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WHERE DO WE GO FROM HERE?

Today the nations of the world are linked together in a complex web of overlapping trading relations. More than one trillion dollars a day is traded in the global markets. And the growth industries in the industrialized nations of the world are disproportionately those that are succeeding at trade.

Most have sought these opportunities because the domestic markets for their products have been saturated. Their growth--and ours--is dependent on increased trade opportunities.

Recognizing this fact, the past three presidents--Republican and Democratic alike--have demonstrated an extraordinary commitment to opening markets and expanding world trade. A major step was the North American Free Trade Agreement, Already responsible for increasing our exports to Mexico at a rate more than three times as fast as U.S. exports to the rest of the world.

The next step is the Uruguay round of GATT, launched under President Reagan, advanced by President Bush and completed by President Clinton. At the start of negotiations, we enacted legislation outlining our principal trading objectives. The Omnibus Trade and Competitiveness Act of 1988 established three overall goals: increased market access, a reduction of over-all trade barriers and an improved and strengthened dispute

settlement process.

The final Uruguay round agreement achieves all of these objectives. It will cut overall tariffs by approximately one-third, expand GATT discipline to new areas of commercial activity and increase enforcement authority for trade violations.

WORLD TRADE ORGANIZATION

By far, the most controversial part of the Uruguay round agreement is the formation of a world trade organization to administer, oversee and enforce the conduct of trade relations among participating member nations.

The formation of a governing body with teeth was one of the American business community's top priorities during the Uruguay round. Current enforcement

procedures have proven inadequate. Insufficient deadlines for resolving trade challenges have frustrated and delayed decisions for years.

The current reliance on decision-making by consensus has allowed one country to block favorable decisions from being implemented. And lax surveillance and implementation of final decisions have prevented corrective action.

These deficiencies have disproportionately harmed American businesses, which export more products than those from any other nation. Since the United States has fewer trade barriers than other countries, we have the most to gain by creating and enforcing more fair and open international economic playing rules.

We have nothing to fear from fair competition and an even playing field. A team that plays by the rules should have no problem with a referee.

But, as the agreement worked out between the administration and Senator **Dole** last week makes clear, congress can pull the United States out of the World Trade Organization if it repeatedly and groundlessly rules against us.

WHAT EXPANDED TRADE MEANS TO CONNECTICUT

My State of Connecticut is already taking advantage of the Global economy and is poised to do even more should we pass GATT. Exports have been one of the few profit-making and job-creating sectors of Connecticut's economy during the recent downturn. The state's exports grew by \$5.5 billion from 1987 to 1993.

For years, Connecticut has been one of the most defense-dependent states in our Nation. The decline in Federal defense dollars has had a severe and lasting impact on our economy. We are fortunate, however, that exports helped fill the gap--increasing at approximately the same rate as defense dollars declined.

Connecticut businesses are no longer asking why they should export, but how. And they are doing so in greater numbers, thanks to the increased level of awareness in the business community heightened by the NAFTA debate last year. Connecticut firms and their employees are thirsty for trade, and they are anxious to benefit from more targeted and coordinated export and financing opportunities.

The benefits in Connecticut are seen by small and large businesses alike. The commerce department reports that 97 percent of all exporting businesses in Connecticut have fewer than 500 employees.

Let me give you just one example of how international trade is benefiting Connecticut. Heublein Corporation--which employs 2,000 Americans, 800 of them in Connecticut--is now selling American-manufactured Smirnoff vodka in Russia. Smirnoff--produced from a Russian recipe by American workers--is a status symbol in Russia. This year, Heublein will sell 500,000 cases of Smirnoff, up from zero in 1990. Most of the vodka is produced in Hartford.

Heublein has barely tapped this market. The 500,000 cases of vodka represent only one-half of one percent of Russian vodka consumption. If Heublein can increase Smirnoff's share of the Russian market to just five percent, it will see substantial profits, and Connecticut workers will hopefully see more jobs.

The entire New England region--with its large export industries and high-technology companies will benefit substantially from the intellectual property provisions and increased market access included in the Uruguay round.

Let's take just one example: The pharmaceutical industry, which supports 10,000-12,000 jobs in my state alone. While the industry leads the world in the development and production of new medicines, it loses as much as \$5 billion a year through international piracy. A lack of recognized and enforced patent protections have enabled foreign businesses to easily and inexpensively reproduce U.S. drugs, drugs that often take years and millions of dollars to bring to market.

The Uruguay round agreement will help remedy this problem by providing 20 years of patent protection for pharmaceuticals and strict enforcement of intellectual property rights, including special border measures to prevent the importation of infringing imports. That means fair competition for American pharmaceutical firms, and better jobs for American workers.

WESTERN HEMISPHERE FREE TRADE

I hope we will approve this trade agreement, and then look beyond it to find other dramatic ways to cut taxes and create high-quality jobs for working families through international trade. I believe the first step should be a concerted effort to expand trade opportunities in our own hemisphere.

Thirty years ago, John Kennedy proposed a new alliance for progress to strengthen our ties to our Latin American and Caribbean neighbors. Kennedy implored:

Let us once again transform the American continent into a vast crucible of revolutionary ideas and efforts--a tribute to the power of the creative energies of free men and women--an example to all the world that liberty and progress walk hand in hand. Let us once again awaken our American revolution until it guides the struggle of people everywhere--not with an imperialism of force or fear, but with the rule of courage and freedom and hope for the future of man.

Three decades later, the political and economic conditions necessary to give fruit to these hopes have improved substantially. In my view, the hemisphere is ready to move toward free trade and closer ties.

I believe that we should give the President the authority to negotiate a comprehensive and inclusive western hemisphere free trade agreement by the end of this century. We should seize the opportunity presented by the historic summit of the Americas meeting in Miami as the first major step in this direction. If we act

with leadership and vision, the western hemisphere will enter the 21st century strengthened by democracy, warmed by friendship and linked by free trade.

Latin America and the Caribbean are rapidly becoming larger players in the global marketplace, providing promising new markets for American exported goods. Since 1989, U.S. exports to the region have grown by 60 percent. The region is now our third largest trading partner, surpassed only by Canada and Western Europe.

A western hemisphere free trade area would comprise the largest single market in the world. It would include nearly three-quarters of a billion people and have a gross domestic product of more than \$7.3 trillion.

A hemispherewide free trade agreement would cement and further recent democratic and economic reforms in Latin America. Expanded trade is the best tool we have to strengthen the democracies of the region and prevent civil strife. And it is the best tool we have to expand markets thirsty for U.S. products.

In addition to expanding market access, our participation in a hemisphere-wide accord would strengthen our hand in trade negotiations with the Europeans and the Japanese. It would give us more leverage in opening up markets around the world. And it would position our economy for success in the coming century.

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CARIBBEAN INTERIM TRADE PROGRAM

I want to briefly address another piece of unfinished business involving trade in our hemisphere.

Originally, President Clinton had intended to submit as part of the GATT implementing bill a measure that would expand our special trading relationship with the Caribbean basin. This provision, called the Interim Trade Program (ITP), was intended to encourage trade liberalization in the Caribbean region while stimulating a growing market for U.S. exports.

It was--and still is--necessary because of increased pressures on the U.S.-Caribbean trading relationship as a result of the North American Free Trade Agreement and the Uruguay round of the GATT.

During the past few months, I have been contacted repeatedly by U.S. and Caribbean business leaders and government officials who are concerned that without the Interim Trade Program trade relations between the United States and the region will be slowly undermined. Already, there is evidence that Caribbean garment exports to the United States have been displaced by exports from Mexico and Asia. Further erosion of these trade patterns could have a disastrous effect on investment, economic growth and, ultimately, peace and stability in the region.

I understand that the Clinton administration has pledged to resubmit this legislation early next year, and that it `staunchly' supports its enactment as soon as possible. The Caribbean now ranks as our 10th largest trading partner, and it is one of the regions with which we consistently maintain a trading surplus.

So I hope my colleagues will join me in urging the administration to move quickly on this pledge so we can continue to strengthen our mutually beneficial relationship with our Caribbean partners.

ENHANCING U.S. COMPETITIVENESS

Expanding trade opportunities--whether in the Caribbean, Latin America or elsewhere--is essential to our nation's future

prosperity, but it alone is not enough. Throughout our trade debates, concerns have been voiced about the impact of increased international competition on our work force.

While I disagree with these critics' conclusions that we should turn back the clock on free trade, I share many of their concerns. If all Americans are to benefit from expanded trade, it is critical that we enhance the competitiveness of our nation's work force.

The American work force is in the process of substantial structural change. Increased global economic competition and rapid advances in technology have transformed the economy, streamlining manufacturing processes and placing a premium on highly-skilled and highly-educated workers.

While the demand for skilled workers has increased, the number of jobs available for those lacking skills has declined. According to the congressional research service, over the past fifteen years, manufacturing jobs--the bedrock of the middle class--declined by 19 percent, and real wages dropped by 10 percent.

These trends threaten traditional American middle-class life, and they undermine our shared sense of opportunity and experience that form the basis for our success as a nation.

The solution to these difficulties, though, is not to turn back, but to confront the obstacles head-on. And we are doing so.

As a result of the Clinton administration's new investment priorities and broad, bipartisan congressional support: 130,000 more children will enroll in head start each year, and enter school ready to learn; national education standards and goals will help guide student instruction for the first time; new school-to-work programs will assist students who choose to move directly from high school to work through job training programs, apprenticeships and vocational education; student loan reform legislation is expanding college access, permitting more flexible repayment options, and saving taxpayer dollars through direct student

lending; our unemployment system is shifting to a reemployment system, ensuring that Americans who lose their jobs receive skills and job-search assistance to help them find new ones--not just an unemployment check.

We must do more--and we will. I look forward to working with colleagues in both parties in the Congress ahead to increase the security and competitiveness of the American work force.

CONCLUSION

The United States entered the twentieth century as a struggling young democracy, and here in the century's closing days we find ourselves the world's only superpower. The twentieth century has been correctly labelled the American century. If we are to continue our extraordinary and unprecedented record of success and leadership, we must embrace the future with enthusiasm, strength and foresight.

The United States has proven itself to be the strongest and most resilient nation on earth. Our citizens are our greatest source of talent and strength. Time and time again, they have been at their best when they have risen to face difficult challenges.

The American people will face the challenge of the global economy, and they will prevail.

And this Congress will face a decision over whether we will march into the economy of tomorrow face first, with our eyes wide-open, or whether we will be dragged into it from behind, with our eyes firmly fixed on the past.

I urge my colleagues to support the Uruguay round and cast a vote for the working families of America.

Mr. BIDEN. Mr. President, I will vote for this agreement today, Mr. President, because I am convinced that it is a good deal for our country, that it will open more opportunities for our workers--the most productive in the world today--to sell their products in expanding overseas markets.

But before I explain my decision, I want to say a few words about the concerns of those Americans who oppose this agreement.

If this is such a good deal, why do we hear so many voices raised in opposition? I believe that there are real reasons for Americans to be concerned about the place of our economy in the world, and concerned about the possible effects on our standard of living from increased international competition.

In recent years, American faith in the future, American confidence in dealing with the rest of the world, has been replaced with a growing anxiety. Before we have

had a chance to enjoy our victory in the cold war, we now face a world that appears to many of us as a threat to our economic wellbeing.

Mr. President, if you take a hard look at what has happened to our standard of living over recent decades, you know why many Americans no longer face the future with confidence.

Two key elements that traditionally supported Americans' faith in the future were job security and growing incomes. If you worked hard and played by the rules, America was the land where you could make a better life for yourself and your children.

This was the promise, and the reality, of the American economy for a whole generation after World War II.

But in recent years, that reality, that promise, has too often been replaced by stagnant wages and declining job stability. In particular, middle-class manufacturing jobs have become scarcer, and the security of lifetime employment has been replaced by an era of downsizing and restructuring.

In my own State of Delaware, we have worked hard, and succeeded in keeping unemployment below the national average, but those trends have still hit every key industry.

In an atmosphere like this, it only makes sense for Americans to be concerned about the future, and something that appears as new and different as a World Trade Organization as yet another threat to American wages and job security.

For the average working American, wages have not grown for over two decades. Families now have to run faster--with both parents working--just to stay in place. And the jobs that they do find no longer offer the promise of security.

No wonder Americans are skeptical about, even frightened, by an agreement that appears to draw us deeper into a world economy, and, they are told, ties us to a new international organization over which we have no control.

But these changes that worry us today were not caused by the GATT agreement, and rejecting this agreement will not make it any easier for us to deal with those changes.

Other forces have been the source of the changes that rightfully concern us. A revolution in technology--led by the United States--has transformed virtually every industry in this country. Almost every kind of work has been made easier and faster by computers and many other new ways of moving and handling information.

These advances in productivity allow us to make more products with less labor. Productivity gains in turn have caused companies here to restructure the way they do business, reducing workforces and changing the job structure in our country.

Under these new conditions, we must find new, expanding markets for our products if we hope to create new jobs. Those markets exist, overseas, but we need agreements like this one to open them to American goods.

Mr. President, if we reject this agreement, we will give up a \$700 billion cut in other countries' tariffs, \$700 billion in barriers to American products and American job growth.

If we reject this agreement, we will give up American negotiating victories that won us fairer treatment of agricultural and service exports. For the first time, these sectors--our most competitive internationally--will be subject to fairer rules and will be sold at lower prices and higher volume overseas.

If we reject this agreement, we will give up powerful new protections for American intellectual property--the scientific achievements embodied in the advanced products and processes we protect with patents. Other countries are required for the first time to honor those protections.

That means more jobs here at home, jobs that without this agreement will go to countries that will continue to pirate our formulas, software, and other American inventions.

Mr. President, another revolution--against State-controlled societies and economies--was led by the United States. The obvious superiority of democracy and free enterprise--the lesson America helped to teach the world--weakened and then toppled totalitarian systems. Communism failed; we won.

Along with the rise of new, developing, industrial countries, this revolution has opened a huge new market to international competition. We won the cold war, and our way of life is the most copied and most envied on the planet. Now, people in other nations seek their fortunes in a global economy in which we are the best prepared to compete.

Despite the many dangers and evils still abroad in the world today, we now see a world less hostile to our way of life, not a world split by two irreconcilable visions.

Mr. President, we are a long way from a world in which everyone enjoys the rights and privileges of Americans. And as some of my colleagues have argued, there remain far too many countries where wages and living standards are low. But in recent years we have seen more nations look to the American way as the guide for economic development.

This is a world in which our workers, our entrepreneurs, scientists, and inventors, can compete and win. But to win, we must compete, not retreat.

Just this year, our economy returned to its position as the most productive in the world. A world reshaped by our inventions and convinced of the superiority of our way of life offers us rich new opportunities in expanding markets, if only we will stick to our principles of free trade and vote to approve this agreement.

I have listened to the charges that opponents of this agreement have made. They scared me, Mr. President, as they have scared some Americans. If I thought those charges were true, there is no way I could vote for it. But this agreement is not the cause of the problems we face in our economy. In fact, I am convinced that it can be part, but only part, of a solution.

Mr. President, like most of the legislation we pass here in Washington, this latest trade deal is neither all its supporters or its detractors claim it to be. This legislation is a compromise among many different interests, representing something most of us here can agree on but that none of us is completely happy with.

That is also what happened in the years of international negotiations, conducted under the Reagan, Bush, and Clinton administrations, during which this deal was put together. They produced an agreement that is the best accommodation among the one hundred and twenty countries that have committed themselves to the world trading system.

And this agreement is just the latest part of a long history of international trade agreements since World War II.

Mr. President, some Americans might gather from some of the discussion about this agreement that this is something new for the United States, something that will permanently affect our trading relations with the rest of the world.

In fact, this is the eighth round of negotiations we have conducted under the General Agreement on Tariffs and Trade since 1947. As the leading market economy in the world, we have consistently pressed negotiations with our trading partners to reduce artificial barriers to free markets.

The Uruguay round is a significant step forward, including for the first time trade in services and agriculture--areas in which the United States has a real advantage, and bringing the frustrating and chaotic practices and procedures of the GATT system into a more formal structure, the new World Trade Organization.

As important as those changes are, they are incremental, not a radical departure from the past.

For those citizens whose attention is drawn to trade policy for the first time with the debate on this, the eighth round of GATT agreements, it is important to put its features into that historical context.

I see this process a little differently, from a perspective that I gained in a very different policy area--our arms control

negotiations over this same period. In some ways, our attempts to lower trade barriers is similar to our attempts to reduce the threat of weapons around the world.

From the beginning of the cold war, we recognized that we could not achieve our own goal of national security by ourselves. We saw that if every nation went its own way, building more and more weapons to match the threats of others, no one would be safe.

Not everyone thought each deal we struck was the best for us--some criticized arms control agreements for giving too much to the other side, some thought they did not reduce weapons fast enough. But we continued to keep the talks going, in the belief--which proved to be right--that these complicated issues would only yield to long-term, patient negotiation.

Taking the best we could get at each stage, our arms control policy achieved real progress. Today, new, equally difficult negotiations continue this process. The alternative--demanding complete capitulation by the other side, or abandoning negotiations altogether--will gain us nothing.

International trade negotiations follow this same pattern. Because there is no final authority to compel countries to follow any trade rules, progress can only be made on those areas in which there has been agreement.

That point bears repeating, Mr. President. The new World Trade Organization has authority over trade rules only as long as we agree that those rules are in our interest. By the terms of the agreement, we can get out of the organization at any time, on six months notice.

In addition to that fundamental safeguard, we have put into this legislation requirements for an annual report on the benefits of this deal to the United States, and have scheduled votes every 5 years on whether we should stay a member.

A final, additional safeguard sets up a panel of judges to look at any rulings that the World Trade Organization may make affecting the United States. If those rulings are not made according to procedures we accept, that is grounds for a vote to get out.

Mr. President, some of my colleagues have argued that we will have only one vote in the new World Trade Organization, and claim that will put us at an obvious

disadvantage in an organization of 120 countries, many of which are smaller and less developed than we are.

But the formal operating rule of the WTO is decision by consensus--everyone, including the United States must agree before a decision is made. Under the current GATT, consensus is used, but only by tradition, not by the formal rule required in the Uruguay round before us today.

If a vote is taken, if consensus fails to produce a decision, no important change in our rights or obligations can be made without a two-thirds vote, a supermajority in which the influence of the largest market and the most productive economy--the United States--will be felt.

But even if we fail to get support to prevent a two-thirds vote, Mr. President, any change in rights or obligations will apply only to those who vote for it, not to those who disagree. Only by a vote of three-quarters of the members can change in rights and obligations apply to all members, and even then there are provisions for waivers.

These are hardly the procedures of an organization designed to steamroll our country.

And no action of the WTO has any bearing on State laws, such as Delaware's incorporation and other laws that make our State such a good place to do business. The Association of State Attorneys General, National Governors' Association, and National Council of State Legislatures support the Uruguay round agreement because they worked closely with the U.S. Trade Representative to get additional protection into the legislation we will vote on today.

This is not the end of the process. It is one more step in a series of negotiations to improve the long-term growth opportunities for American industries. There are certainly many more barriers and unfair practices out there that we want to remove. But there will be other agreements, if, and only if, there is a structure that continues to serve the interests of the United States.

Do I like every aspect of the deal? I do not. But I am sure of two things: First, with this agreement, American products have better access to more markets around the globe than ever before, and opportunities are better now for future job creation--in the

highest paying jobs, in exporting industries.

And second, I am sure that we have preserved our options--we can continue to use the forum of the World Trade Organization to fight for American economic interests in the future. Without the organization--including the stronger rules that we fought for--countries would go their own way, back into a system where every nation looks after its own narrow interests, and everyone loses.

Mr. President, that retreat into protectionism will cost American jobs, as companies move overseas to beat the tariffs other countries raise against products made here. To keep out cheaper imports, we might try to raise the cost of products from overseas--by raising tariffs, which are taxes on American consumers. We lose jobs, and prices increase--this is no answer to the very real problems in our economy.

If there is any doubt about that, just open your history books to the period of the 1930's. That was when we and the rest of the world retreated behind protectionism, and we accelerated the slide into a world-wide depression. We learned from that bitter experience, and after World War II we established the GATT, and have systematically pushed back trade barriers ever since.

Mr. President, my own State of Delaware has been in a great position to take advantage of lower trade barriers that we have achieved under the GATT. And many of the successes scored by United States negotiators in the Uruguay round directly benefit Delaware's key industries.

At Wilmington, Delaware boasts one of the most important seaports on the East Coast, and many of the world's most important high technology, chemical and pharmaceutical companies. We stand at the edge of our country, and have always looked out to the rest of the world for new opportunities.

The chemical industry is the nation's, and Delaware's, biggest exporter--last year, our companies sold \$2.3 billion of their products overseas, over two-thirds of the State's total exports.

The Uruguay round cuts tariffs of our most important trading partners, widening the markets for Delaware chemical exports. But I want us to do more, particularly to bring developing countries under the same rules our biggest customers have agreed to. That is why I support the creation of a strong organization to continue to press for more open markets.

Our chemical and pharmaceutical companies will also gain important protection for their patents--the 'intellectual property' in their formulas and processes. For years, other countries have pirated these formulas and processes, but at the insistence of the United States, they will now be protected.

The Delaware Department of Agriculture endorses the Uruguay round agreement, because it will increase American exports of poultry and other products important to Delaware. United States poultry exports are predicted to rise 32 percent over the next ten years under the terms of the Uruguay round agreement.

Not just our biggest companies and industries will benefit from this agreement. Delaware has more than 250 exporting businesses. Fully 96 percent of them are small businesses, with fewer than 500 employees each. Throughout our state, jobs are tied to the international economy which will continue to grow with the global tariff cuts in the Uruguay round agreement.

Mr. President, this agreement is one step toward a fairer, more predictable world trading system, one in which the specific advantages of the United States--in the fast growing service sector, in agricultural products, in high technology products--receive new protection and greater access to the markets of the world.

Americans are understandably concerned about the changing role of our economy in a changing world. In response to those concerns, this agreement will open more growing markets to our workers and factories--the most productive in the world. The agreement will remove \$750 billion in tariff barriers in the international economy, increasing the flow of trade in a system where we have the advantage of the biggest single market and the most productive workers.

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Mr. FEINGOLD. Mr. President, I have several concerns with the proposed World Trade Organization [WTO] and associated trade agreements.

The latest series of negotiations on the General Agreement on Tariffs and Trade [GATT] was officially completed on April 15 of this year when representatives of over 100 countries signed the final act of the Uruguay round in Morocco, coming over 4 years after the original completion date of December 1990.

In some important ways, trade barriers are reduced and free-trade is enhanced by the most recent GATT. According to the Congressional Research Service, tariffs will be reduced an average of one-third on thousands of manufactured goods, and it is my understanding that a number of improvements have been made in the area of intellectual property that may benefit U.S. companies.

But, Mr. President, there are aspects of the proposed agreement that are troubling. There are clearly imbalances in the costs and benefits flowing from the proposed agreement, and for certain sectors of the economy, the proposed agreement may be a bad deal.

One of the most important small businesses in my own State of Wisconsin, the family dairy farmer, may be particularly hard hit.

Under the proposed agreement, European nations will be allowed to subsidize 30 billion pounds of dairy exports while we will have reduced subsidized exports to just 1.5 billion pounds. In addition, we have agreed to open our domestic markets to increased dairy imports which will, in all likelihood, reduce domestic prices for our own producers.

A recent analysis of the proposed agreement by Cornell University economist Andy Novakovic concluded that the proposed GATT trade agreement could lower U.S. milk price by as much as \$2 per hundredweight.

In Wisconsin, such a price drop could result in the devastating loss of as much as \$480 million in annual farm income.

Mr. President, the economic consequences of such a drop in income would extend well beyond the family farms themselves. That kind of blow could send many rural areas into significant economic downturns, at a time when many are still recovering from last year's floods, and dairy farmers are already having to cope with the arrival of bovine growth hormone, and the continuing loss of dairy farms to the west and south due in large part to a Federal milk marketing order system that discriminates against them.

Mr. President, the potential economic consequences could go even further, underscoring my second concern that there may be an effort to implement the proposed trade agreement without funding that pact.

Mr. President, some have argued that we should waive the budget rules, and allow the implementing legislation to add to our Federal budget deficit. According to a number of estimates, this will amount to an additional \$40 billion in deficit increases over the next 10 years, not including the additional interest that will accrue because of those higher deficits.

Adding such a huge additional burden to the Federal deficit not only betrays future generations of taxpayers, it arguably undercuts everything we have accomplished in the last year and a half to reduce the deficit. By ducking our responsibility on the proposed implementing legislation, we will have undone the progress we made to reduce the deficit, progress which was so difficult to achieve.

Waiving our own budget rules in this instance also makes it all the easier to do so again whenever finding sufficient funding for a politically appealing proposal becomes difficult.

Making exceptions to tough budget rules will soon render those rules meaningless.

Perhaps even worse than waiving the provisions of our budget rules, some are now proposing to change the way we calculate fiscal effects to allow controversial assumptions to be made about potential economic behavior. The effect of this risky new procedure would be to make it much easier for legislative proposals to be considered without being fully funded.

At least a motion to waive our budget rules is an open, public act, for which each Member may be held accountable. Changing the way fiscal estimates are calculated is a surreptitious and disingenuous attempt to circumvent our budget rules.

I strongly reject such an effort to sidestep our tough budget rules merely to make it easier to promote a political agenda.

The only way we will continue to reduce the Federal budget deficit is to maintain strict budget discipline and fully fund legislative proposals with real offsets, not by 'cooking the books' with questionable assumptions.

If any savings are realized above and beyond those that are calculated under the current, more conservative approach, then they can be applied to further reducing the deficit.

Are we now to change the budget rules every time compliance with them becomes inconvenient or even difficult?

Mr. President, we are confronted on a regular basis with having to make tough decisions on worthy programs because of our budget rules, and rightly so. The Federal budget deficit must be brought down.

The proposed World Trade Organization is certainly a significant matter, but the importance of an issue should not determine whether or not it should conform with the budget rules we have set for ourselves.

Indeed, the true test of our resolve to bring the deficit under control is our willingness to apply the budget rules to the important issues.

To those who suggest that we will generate more revenues than will be lost, I say, 'all the better.' Let us fully fund the implementing legislation. Then, any hoped for additional revenues we realize will reduce the deficit that much further.

Measure that against the terrible precedent of waiving the budget rules, or even worse, of changing those rules to meet our convenience.

Mr. President, the last concern with the proposed World Trade Organization I want to discuss relates to the potential impact it may have on how this body, and other democratic policy-making institutions, will be affected by our adoption of the proposed agreement.

Despite a comprehensive set of rules, detailing what trade activities are permitted and what are not, as well as a dispute mechanism, the world trade system has largely been one of consensus. As the senior Senator from New York [Mr. **Moynihan**] has pointed out, this is because there never has been a formal ratification of what was to have been the treaty formalizing our membership in something called the International Trade Organization, proposed just after World War II.

Instead, we have operated in the trade system by unanimous consent.

Mr. President, this system has worked both for and against our trade interests, just as the rules of this body sometimes stymie legislation we may want, while also providing individual members and groups of members protection against possible abuse of majority power.

An example where the United States has exercised its effective veto power by refusing to consent is the tuna-dolphin issue. Despite findings against our Marine

Mammal Protection law, the United States has not consented to those findings. As a result, we have not had to change our Marine Mammal Protection law, nor have we been forced to pay compensation, nor have we been subjected to trade sanctions because of the findings against us.

This would not be the case under the proposed WTO. If we were to lose the tuna-dolphin dispute as a member of the WTO, and there is every reason to suppose that we will, the United States would be put into the position of having to choose between changing one of our laws, paying compensation, or being subject to trade sanctions.

We would be faced with these same three options any time we lost a dispute with respect to a domestic law.

Mr. President, responsible representatives of a number of different organizations have noted that there may well be a significant impact on our current laws and regulations as well as on future policy and policy-making.

The response that some forward--that the proposed WTO and associated trade agreements will mean freer trade--is not sufficient reason for the Senate to ratify membership in the proposed WTO.

With respect to our Nation's domestic policies, and aside from the noneconomic goals of our country, though free trade may be a priority for our economy, no trade agreement should come at the expense of the policies that enhance the 90 percent of our economy that is entirely domestic.

Nor is free trade the only goal of our foreign policy.

Mr. President, a foreign policy that promotes democratic ideals, that enhances human rights, that protects the common environment of the world in which we live, is certainly also a goal. Two useful methods of achieving these goals have been through trade levers and economic sanctions.

The proposed agreement greatly diminishes our ability to use these tools, and leaves us with fewer, more perilous alternatives.

And, Mr. President, as others have noted, in addition to our federal laws, our State and local laws would be subject to the oversight of the WTO as well.

The ominous and far-reaching effect of this agreement has been felt already. Responding to a number of Members who expressed concerns about the effect the proposed agreement would have on our ability to ban imports made by child labor, U.S. Trade Representative Michael Kantor, in a letter to those Members, conceded that nothing in the proposed agreement would change previous GATT rulings that the United States could not block the importation of a product made by child labor.

Of broader concern were Ambassador Kantor's additional comments in that letter in which he also conceded that it was likely that the administration will oppose legislation they consider to conflict with the rules of the proposed new World Trade Organization.

In fact, this may have occurred already as it is my understanding that during the past session the administration voiced their opposition to at least one telecommunications reform proposal as being GATT illegal.

Mr. President, because of this very aspect of the pact, some have suggested this proposal should be considered as a treaty. Given the potential impact our membership may have on our federal, state and local laws and lawmaking, and on our ability to promote the foreign policy goals I noted earlier, requiring the agreement to be ratified as a treaty may be appropriate.

Mr. President, there have been some recent developments with respect to the proposed implementing legislation that I also want address. In particular, I know many were interested in the agreement reached between the administration and the Republican Leader, Mr. **Dole**.

As I understand this agreement, a judicial panel that would advise Congress is created to review the WTO dispute settlement process, and to determine whether WTO dispute panels exceed their authority or act outside the scope of the GATT agreement.

On the charge given to this proposed judicial panel, I would only note that much of the foreboding that surrounds the WTO dispute settlement procedures have not been that a WTO panel would act

outside its scope or exceed its authority, but that the scope and authority granted such panels in the first place are enormously broad and overly intrusive.

Beyond that, Mr. President, the creation of a judicial review panel to advise Congress on the General Agreement on Tariffs and Trade, whatever its charge, does not satisfy the concerns I have outlined.

The creation of a judicial advisory panel does nothing to solve the deficit problem created by the GATT implementing bill. Not one more penny in offsets is added to the current inadequate level of funding, so the implementing legislation still violates our budget rules.

Nor does the creation of judicial panel correct the gross inequities confronting our domestic dairy industry. European nations will still be allowed to subsidize 30 billion pounds of dairy exports while we will have reduced subsidized exports to just 1.5 billion pounds, with potential devastating economic consequences for family farms and many rural communities.

Nor does the creation of a judicial panel change the outcome of any ruling by the WTO, nor would it change the impact such a ruling could have on our Federal, State, and local laws, or on our ability to conduct foreign policy.

In this respect, the defect in the current agreement, as presented to Congress, is that we are asked to choose between increased trade and independent democratic institutions. That choice is fundamentally flawed, and the creation of a judicial panel does not correct the shortcoming.

Mr. President, I hope we will not decide that, in the name of free trade, we should join a new international organization that may dramatically alter and even harm the ability of our democratic institutions to set trade and non-trade related policies.

Mr. President, we should reject the proposed pact, and seek a new one--one that provides truly free and fair trade for all sectors of the economy, one that is fully funded, and one that preserves our cherished democratic institutions.

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Mr. RIEGLE. Mr. President, I rise in support of this bill to implement the Uruguay Round of the General Agreement on Tariffs and Trade--GATT. While this is not perfect legislation, and there are parts of this bill that I am deeply concerned about, I believe it is important for our Nation's economic future that we pass this legislation.

The Uruguay round opens foreign markets to U.S. goods and services by lowering tariffs and non-tariff barriers in foreign countries, which will benefit many Michigan industries. For example, it will, on average, reduce foreign tariffs on autos by over 50% and on auto parts by over 25% by our major trading partners. It will cut foreign tariffs on household appliances in our major markets by over 40% on average. It will eliminate duties on furniture exports to Japan and the European Union as well as strengthen intellectual property protection for furniture designs. And it will cut foreign tariffs on machine tools and open up foreign government procurement markets to U.S. companies.

While lowering foreign trade barriers, the legislation preserves U.S. trade laws. For example, this bill includes a 1-year legislative extension of Super 301. While the provision is not identical to the original Super 301 provision I coauthored with Senator **Danforth** in the 1988 Trade Act, I am pleased that the administration and the Congress have recognized the usefulness of this important tool for overcoming foreign trade barriers.

The bill also includes a provision directing the President to request the establishment of a working group on trade and labor rights within the new World Trade Organization--WTO. While I would like to have seen more on labor rights in this legislation, I believe that such a working group is an appropriate first step toward grappling with these issues.

There are a number of specific issues included in this legislation that I would like to briefly mention. First of all, let me point out that there are losers as well as winners under this Agreement. One of those industries that we face increased pressure under this Agreement is the zinc alloy industry. Because of reduced U.S. tariffs on zinc alloy imports, this industry is in danger of facing a surge of low-priced imports.

I am pleased that the Statement of Administrative Action--SAA--accompanying this Agreement, which has the force of law, contains a provision which I sponsored requiring the administration to monitor zinc alloy imports. This monitoring will continue as tariffs are reduced for a period of at least 8 years, to determine if there is an injury or threat of injury to the industry and to the national security. If there is reason to believe that there is either severe injury or the threat of severe injury, or injury to national security due to imports of zinc alloys, the administration will initiate a section 201 or section 232 investigation to halt the injurious surge of imports. I hope the administration will be aggressive in its monitoring and investigation activities concerning zinc alloy imports.

A second provision relates to how the anti-dumping laws are applied agricultural growers and processors. This problem came to my attention in the late 1980's when Michigan cherry growers complained that dumped cherry concentrate was causing them injury, even though the domestic processors themselves, the concentrators, were not necessarily affected. Because it was concentrate, and not cherries, that was being dumped, and because not all of the Michigan cherries went into concentrate, the domestic growers did not have a remedy under current law.

This is a very complicated problem, affecting many agricultural products. The SAA commits the administration to review the issue and propose legislation, if appropriate, to solve this problem. Again, I hope the administration will be aggressive in addressing this ongoing problem.

There are other provisions in this legislation, specifically in the area of anti-dumping and countervailing duties, that continue to concern me. One outstanding issue is that of duty absorption. In too many cases, importers who have been caught unfairly dumping or subsidizing their products are simply absorbing the costs of the duties imposed on them. By not raising prices by the amount of the duty as they should be doing, the importers continue their unfair practice of buying market share even though they may be losing money. The result is that the anti-dumping and countervailing duties are not effective in stopping the unfair practices.

This bill takes steps to correct the problem by requiring that duty absorption be considered when the International Trade Commission undertakes its administrative reviews of a dumping order to determine whether those orders should continue. However, the bill does not go the next step to require a

calculation of the size of the duty absorption. Such a calculation as part of the review process would help policymakers by

showing the extent of the problem. The Administration does not need legislation to perform this calculation; nor does the legislation prohibit such a calculation. I hope they will take it upon themselves to make this calculation.

I am also concerned over the method used to calculate the exemption for start-up costs in an anti-dumping or countervailing duty case. This legislation contains a provision clarifying that such an exemption is available only for true start-up costs and not for costs such as a model year change over in the auto industry. However, the legislation allows variable costs, as well as fixed cost, to be excluded from the calculation of costs in start-up situations. While fixed costs are a legitimate start-up expense, variable costs are an on-going operational cost and should not have been included in this exemption. I hope this issue will be revisited by a future Congress.

In addition, I am concerned about the Agreement's new subsidies code. Some of my colleagues fear that the new subsidies rules will force the U.S. into a subsidies war by allowing only a very limited amount of government funding for industrial research. I disagree. The subsidies war started long ago, and America has been losing. I fear that these new subsidies rules will push us more toward unilateral disarmament while not stopping our foreign competitors. An Agreement will not stop other nations from unfairly trying to wreck American industries. That will take vigorous action by the Federal government in enforcing the new rules and in pursuing assistance to industry where allowed under the rules. We must continue to do all that we can to promote and maintain America's technological competitiveness.

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GATT AND NAFTA

Mr. President, I was a strong opponent of the North America Free Trade Agreement (NAFTA). I felt, and still believe, that NAFTA was fundamentally a bad deal for American workers and the American economy. Much of the recent celebratory noises about NAFTA are, at best, premature. Shifts in investment and the movement of plants and jobs takes years to show up in the statistics. However, the trend is very clear. One just has to look at the number of petitions for the special NAFTA Trade Adjustment Assistance benefits to realize that companies are already shipping jobs south.

But the GATT agreement is not NAFTA. At its core, NAFTA was all about the economic integration of a developed nation with a developing nation. It was a merger between two economies with fundamentally different structures and situations.

I supported the U.S.-Canadian Free Trade Agreement (CFTA). The CFTA was essentially a deal between like-parties. The U.S. and Canadian economies are similar in their structure and level of development, and were already highly integrated. The CFTA was an agreement to set in place rules to govern our already intertwined economies. NAFTA was designed to put in place rules to force a joining of very different economies.

In that sense, the new GATT agreement is much more similar to the CFTA than it is to NAFTA--even though GATT does not go as far as toward integrating economies as the CFTA does. GATT is more a deal between equals. While the agreement broadens the scope of GATT coverage to include more developing countries under its rules, its core is comprised of the developed nations--especially the so-called 'quad' of the U.S., Canada, Japan and the European Union.

Whereas NAFTA was, at heart, an issue of economic integration, GATT is, at heart, an issue of lowering foreign trade barriers. The Uruguay Round included an over 40% reduction in tariffs on the most important manufacturing exports to Europe and Japan. It includes large tariff reductions in developing nations, such as the rapidly expanding markets in Asia and the Pacific. It also includes an important agreement on agriculture, including the opening of the Japanese rice market.

At the same time, unlike NAFTA, the Uruguay Round does not eliminate all U.S. tariffs. Under NAFTA, all tariffs on Mexican and Canadian goods will be eliminated. Under GATT, some tariffs will be phased out, others will be reduced, and yet others will remain in place.

A look at the dispute settlement process in GATT and NAFTA confirms the difference. Under NAFTA as an economic integration process, the binational dispute settlement panels can review and overturn decisions by the Commerce Department and the International Trade Commission in cases involving U.S. antidumping and countervailing duty laws. The new WTO dispute settlement panels under the new Uruguay Round agreement don't have the power to overturn U.S. decisions. They can authorize other nations to seek retaliation, but they have no power directly over U.S.

decisions. Rather than seeking economic integration, as under NAFTA, the Uruguay Round Agreement seeks to set up a mechanism to manage the rules of the road on international trade.

Finally, and very importantly, the issue of investment is treated very differently in GATT and NAFTA. NAFTA was, in my view, an agreement to make Mexico safe for U.S. investments. One of its major purposes was to reduce the barriers to U.S. companies who wanted to set up operations in Mexico. The proponents of NAFTA couched this in terms of being able to have Mexican plants to serve the Mexican market. I think time will show that the results will be to move U.S. plants to Mexico to then sell products back to the U.S. market.

GATT, on the other hand, says very little about investment. To some, this is a great short-coming of the agreement. However, I believe that the entire issue of the link between investment and trade is one which we need much more time to discuss and understand. Had the Uruguay Round Agreement taken major steps that would have increased incentives for U.S. companies to move overseas, I would be strongly against it. But the new GATT Agreement, unlike NAFTA, does not include these incentives.

FUNDING

One of the areas that concerns me about this bill is the financing package. Under the current pay-as-you-go budgeting rules, Congress must insure that the bill will be budget neutral. Since implementing the agreement involves reducing tariffs on foreign goods sold in the U.S., Congress must either raise new revenues or cut spending to replace the revenues lost due to these cuts in tariffs. The amount in question is almost \$12 billion over the first 5 years of the agreement. The bill sent to us by the Clinton Administration includes a \$12 billion financing package, worked out in cooperation with the Senate Finance Committee and the House Ways and Means Committee.

Technically, however, the bill does not cover all the revenues lost. Under a special Senate rule, revenues offsets are required for a full 10 years. This rule is separate and beyond the budget deficit reduction requirements we have enacted over the years. As I stated earlier, the funding package included in this bill covers only the first 5 years. Thus, the bill is subject to a point of order under the Senate rules, which requires 60 votes to waive.

I firmly believe that this legislation, by opening foreign markets to U.S. goods and services, will promote economic growth here in America and will not result in an increase in the Federal budget deficit. Therefore, I will vote to waive any budget point of order that may be raised with respect to this bill. We should not allow technical accounting rules to get in the way of doing what must be done to ensure that America remains a strong player in the global economy.

While I generally do not oppose this funding package, I am opposed to one element of it--the provisions concerned with the Pension Benefit Guarantee Corporation [PBGC]. I stand committed to ensuring that secure retirements are available to the working men and women in this country and understand that PBGC reform may be needed. However, the PBGC reform proposal included in this legislation has been subject to few hearings and almost no formal scrutiny by the relevant committees. I am concerned that we may be enacting far reaching changes to the pension system in our country without adequate debate or discussion.

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FAST TRACK

The issue of the PBGC reform proposals highlights my second concern over this bill --the so-called 'fast track' process. Under the fast track procedure, legislation to implement a trade agreement proceeds under a specific timetable for Congressional consideration with no amendments allowed. My concern is not over the timetable for debate. I am, however, deeply concerned over the no amendment rule.

As the PBGC issue illustrates, fast track is being used for more than simply trade-specific items coming out of a multilateral negotiation. At a very minimum, future Congresses should not allow fast track procedures for trade agreements to be used beyond the intended scope to enact non-trade legislation. Any future procedure for handling trade agreements should allow amendments in general--and must, at least, allow amendments to non-trade, non-germane provisions.

There are those who claim that trade agreements must be an all-or-nothing vote by the Congress. They claim that to allow amendments to such a large agreement, negotiated by so many countries, would result in an unraveling of the agreement and its certain death.

I disagree. The Congress, as the elected representatives of the people, should and must have a say in not only the final product of such trade agreements but also in the details.

Even if such a fast track procedure were critical for large, multilateral agreements, the same procedure need not apply to bilateral trade agreements. Proponents of fast track claim it would be impossible to renegotiate an amendment with over 100 other nations. Even accepting that, surely it would be possible to renegotiate with a single nation over an issue held by the Congress to be important. Our experience with the NAFTA side-agreements confirms that such renegotiations are possible.

Likewise, there is no need to extend fast track to the financing packages of a trade agreement. Under the current budget rules, any amendments to the fund provisions would have to be completely offset by a substitute funding provision. Opponents could not kill the agreement by amendment, as some fear. Changes in the financing package would not require renegotiations of the trade agreement itself. Thus, the rationale for fast track does not apply.

I believe that our experience with this GATT implementing legislation should serve as a lesson to future Congresses. When used, if at all, fast track procedures should be explicitly reserved for truly multilateral trade provisions. They must be clearly restricted to only those parts of a multilateral agreement negotiated with other nations. All other parts of the bill must be subject to amendment--including the right of the Congress to add additional safeguards if necessary. Under this process, the rights and obligations of Congress are preserved while the negotiated

parts of the agreement are not subject to amendment and the threat of renegotiation.

This system I have proposed would, I believe, overcome the flaws that have become evidence in the current fast track process, while continuing our ability to negotiate trade agreements. I hope future Congresses will look carefully at this suggestion when debating any renewal of fast track authority.

SOVEREIGNTY AND RELATED ISSUES

While I have concerns over this Agreement, I do not believe that it violates U.S. sovereignty, as some have claimed. The rules under which the WTO will operate are generally the same as for the current GATT--something not well understood. In most cases where there have been changes to the rules, the new rules have a stricter voting requirement--such as increasing the voting requirement from a simple majority or two-thirds to three-quarters, or even to requiring a consensus. Thus, the fears that the U.S. will be 'out-voted' are even less under the new rules than under the existing system.

In addition, the WTO, like the GATT, provides a mechanism for leaving the Agreement. This is the ultimate safeguard of U.S. interests--one that I hope this Administration and future Administrations will use wisely.

There is one change in the rules that has caused legitimate concern. Under the existing system, any finding by a dispute settlement panel can be blocked by either party. In other words, if we challenge another country's trade laws as unfair in the GATT, that country can block a GATT finding that their law or practice is an unfair trade restriction. Likewise, we can block any finding against us.

Some have claimed that this means that all U.S. laws are at the mercy of foreign governments. This is not the case. First of all, the finding of a dispute settlement panel is only that--a finding. Such findings do not overturn U.S. laws or regulations. Only Congress can change U.S. law.

If another nation does win a dispute settlement finding against us, there are only four things that could happen. First, the U.S. could change its law or regulation. Second, the U.S. could give the other nation a trade compensation--such as lowering existing tariffs on some good exported by that nation to us. Such a compensation must be in the same amount as the economic harm to that nation's trade caused by the U.S. law. Third, the other nation could retaliate against some U.S. export by, for example, raising their tariffs in the same amount as the economic harm.

Finally, nothing might happen. The U.S. might decide not to change its law or regulation and not to grant a trade compensation. And the other nation might decide not to retaliate, even under WTO sanction, for fear of starting a trade war.

While I reject the claims that the Agreement violates U.S. sovereignty, I share the concern that adverse rulings by the dispute settlement panel will

be used as political pressure to force a change in U.S. law. We must keep up our vigilance to ensure that U.S. laws, especially those concerning worker rights and health and safety issues, are not changed merely to suit the convenience of other nations. I commended those who have raised this concern and hope that they will continue as strong watchdogs of this Agreement.

FUTURE OF TRADE

Mr. President, as all my colleagues know, I share the concern of many that for too many years, America has been the patsy of the world when it comes to trade. We have opened up our markets while others have kept them closed--a situation I hope this Agreement will finally reverse.

Labor Secretary Robert Reich has coined the term 'the anxious class' to describe the feeling that has afflicted the middle class in this country. Wages, incomes and standards of living for working Americans stagnated over 20 years ago. Two incomes are now needed to maintain middle-class status. At the same time, job security has declined as too many companies continue to look upon workers as a cost rather than as an asset.

Recessions have made matters worse; but recoveries have not helped. Even now, the benefits of the most recent economic recovery have been too few for too many Americans.

Many are opposed to this Agreement--based on these all too real fears. However, rejecting this Agreement will do nothing to advance our agenda to create an effective trade strategy. It will only slow us down as it forces us to re-open all of the old trade arguments of the past decade.

Rather than turn inward, we need to continue to insist on a trade strategy that opens foreign markets to U.S. goods and services. We need a trade strategy that targets our export promotion activities toward those markets and those products where we excel. And we need a trade strategy that aggressively uses all the tools at our disposal to counteract unfair and predatory practices by our trading partners.

We have the elements of the strategy today. For example, the work of the Trade Promotion Coordinating Committee (TPCC) within the Administration has strengthened our export promotion activities. The TPCC has produced and is implementing a strategy to target the so-called Big Emerging Market and Big Emerging Sectors.

These efforts need to be backed up with strong efforts to counter closed markets and unfair trading practices. We have begun to make progress in some cases,

such as in telecommunications and government procurement in Japan. But much more is needed, especially in the area of autos and auto parts.

Finally, we need to proceed carefully with the next steps of trade talks. We should not let the heady rhetoric of global free trade obscure the harsh reality of the strategic nature of the global economy. We should proceed slowly with grand plans for free trade areas in the Asian-Pacific region and Latin American--carefully weighing the costs and benefits of such plans. Opening of foreign markets and the reduction of trade barriers should be our goal--not the headlong rush toward economic integration regardless of the costs.

I am convinced that we can craft a strategic trade policy for America--one that opens markets to U.S. goods and services abroad and raises workers' standard of living at home. The first step is to move forward, not backward. Adoption of this legislation to implement the Uruguay Round Agreement is that step forward. We need to pass this Agreement and move on.

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Mr. PRYOR. Mr. President, today we face one of the most important votes in the economic history of this Nation. The job growth and expansion opportunities for our country hang in the balance of this vote and it is up to us to make the right decision. As the world becomes smaller because of the explosion in communications and information technologies, we must make the transition to this global economy in a way that provides the maximum benefit for these United States of America. Will this task be easy--No. Is it possible--Yes. Well, how can we get there--By passing the Uruguay Round GATT Agreement, the United States can take advantage of our inherent competitive advantages in these new global markets.

Mr. President, our historic debate on GATT, which culminates in a final vote today, should answer a number of important questions for the American people. In the next few minutes, I would like to pose some of those questions and provide some answers.

What is GATT? Simply put, this agreement sets up a system to help govern how the various member countries will trade. With varying cultures, customs, and laws, this type of agreement is necessary to facilitate open and fair trade among nations. GATT reduces tariffs around the world by roughly one-third. Since a tariff is nothing more than a tax on exports, this translates into the largest worldwide tax cut in history of some \$744 billion. Just as the NAFTA agreement has helped open markets with our trading partners to the north and south and set up a better defined system to facilitate trade, the GATT will accrue these same benefits with over 120 countries.

Is the GATT agreement perfect?--No, few things are. Will every sector of our economy win under this GATT?--No, but rejecting this agreement on behalf of a handful of industries is hardly equitable for the overwhelming majority of our

economic sectors that stand to benefit greatly by expanded opportunities around the world.

What does GATT mean for my home State of Arkansas?--It means new markets, new jobs and economic growth. Just look at what Arkansas has experienced the last few years in terms of exports. In 1987, Arkansas exported merchandise worth around \$408 million. By 1993, Arkansas exports had grown to over \$1.1 billion--an increase of 172 percent, giving it the eighth largest percentage increase among all the States. We have clearly demonstrated our ability to compete in the world and this agreement only facilitates more opportunities with new markets.

Where are Arkansas exports going?--All over the world. In the Pacific rim alone, exports from Arkansas totaled some \$269 million. In addition, we enjoyed approximately \$174 million in exports to the European union and had sales to Latin America and the Caribbean region totaling \$107 million.

What kind of exports does Arkansas make?--Some 95 percent of Arkansas' export sales in 1993 consisted of manufactured goods which translate into jobs and opportunities for Arkansans. Specifically, \$305 million of these from the food products

industry, \$185 million from the chemical products industry and nearly \$122 million from the industrial machinery and computers industries, not to mention electric and electronic equipment, transportation equipment, and fabricated metal products representing over \$250 million cumulatively.

Mr. President, I am confident that America will benefit from GATT. But it is also my responsibility to look after the effect GATT or any other measure before Congress will have on the State of Arkansas. Mr. President, the facts I have just mentioned make it abundantly clear that Arkansas will be a major winner under this trade agreement by increasing the trade exports that have benefited our State tremendously during the last several years. I for one, will not sit back and take a pass on an opportunity to increase Arkansas' prosperity.

If it is true that 95 percent of the world's population is outside the United States, then why shouldn't Arkansas and the rest of the nation be the ones to sell food, goods and products to these consumers. If we don't, someone else will. We cannot afford to allow some other country to surpass our position as the world's largest exporter.

Roughly, 60 years ago, this country turned away from foreign markets and sought to build a wall around our country. This legislation was known as the Smoot-Hawley Act and helped lead us to our worst economic depression. Today, the Congress is again faced with the choice between free markets or isolationism. -I believe we should learn from our mistakes and not let history repeat itself. We should take advantage of the enormous benefits this agreement will bring to Arkansas and the rest of the country.

There have been red herring arguments galore in this debate predicting gloom and doom should we pass this legislation implementing the agreement. For example, some have argued the very sovereignty of our country may be jeopardized. Mr. President, as much or more than any member of the Senate, I am concerned anytime our sovereignty may be threatened, but this agreement does not. Even the conservative jurist Robert Bork has studied this agreement and in his legal opinion GATT does not pose a threat to the sovereignty of the United States. The Congress of the United States and only the Congress can change any law of the United States.

Mr. President, let us not fall into the easy traps of being against change especially when the benefits can be so great. The United States needs this GATT agreement and it is up to us to deliver. Let's pass the GATT and any procedural votes necessary to do so.

Ms. MOSELEY-BRAUN. Mr. President, I support the GATT implementing legislation. I believe that the GATT Agreement is good for the American people, good for our international competitiveness, and good for our collective future as a nation and a people.

The history of expanding trade opportunities has been a history of increasing economic growth, both here in the United States and overseas. Lowering trade barriers has consistently produced new jobs--good jobs--here at home.

Over the last 50 years, the United States has provided an enormous market to the countries of the world. At the same time, we have worked to gain market access for American products. Both Americans and the rest of the world have benefitted. Eliminating trade barriers and increasing trade has therefore been a win-win proposition for the United States.

The Uruguay round agreements of the General Agreement on Tariffs and Trade is designed to continue that 'win-win' tradition. It opens markets and reduces tariff and nontariff barriers, in order to expand trade, economic growth and job opportunities.

The evidence is convincing that this agreement will be good for the American people. Over the next 10 years, United States GDP will expand by \$100 to \$200 billion as a result of GATT. It will create hundreds of thousands of new jobs. It will increase U.S. productivity, real wages, and living standards. In 1992, 10 1/2 million U.S. workers owed their jobs to exports of goods and services. And jobs related to exports pay an average of 13 percent more than the national average wage.

Under the new GATT Agreement, the United States achieved a 40 percent average reduction of tariffs that our major trading partners impose on U.S. products. In the area of industrial goods, worldwide tariffs on construction equipment, farm equipment, medical devices, pharmaceuticals, steel mill products, and beer and

distilled spirits will be eliminated. Tariffs on electronic equipment and scientific instruments will be halved.

These are all areas where U.S. products are of the highest quality in the world. What is more, workers who make medical devices and construction equipment are well paid. When we sell more of these products to the rest of the world, we create high skilled, high paying jobs.

In agriculture, the Uruguay round has been very successful in reducing trade-distorting subsidies. The United States Department of Agriculture expects U.S. agricultural exports to nearly double from \$4.7 billion to \$8.7 billion in the next 10 years as a result of the Uruguay round agreements. Increased exports will raise U.S. farm prices, increase farm income, and lower U.S. Government outlays on price and income support programs. Agricultural export-related employment is expected to increase by as much as 190,000 jobs in the next 10 years.

For the first time ever, the GATT Agreements establish multilateral, legally enforceable rules for trade in services. Areas such as accounting, advertising, architecture, and engineering services, as well as financial services, will come under the General Agreement on Trade in Services. Foreign governments' will no longer be able to discriminate against U.S. banking and insurance companies. Service providers from other countries will receive no less favorable treatment than that accorded to local service suppliers. U.S. firms will also have the right of repatriate profits.

Seventy percent of U.S. jobs are in the service sector. The General Agreement on Trade in Services provides new international rules that will greatly benefit this largest sector of the American economy in its effort to compete overseas, and that will mean additional new jobs here in the United States.

In the area of intellectual property, the trade-related intellectual property rights agreement establishes enforceable multilateral obligations to protect copyrights, patents, and trade secrets. Computer software and databases will finally have the same protection as a literary work.

These agreements will have a very positive effect on Illinois, because Illinois is a major exporting State. In 1993, Illinois exported just over \$20 billion of merchandise and services. From 1987 to 1993, Illinois exports doubled, and the GATT Agreement will lead to further major increases in Illinois exports.

More importantly, the GATT reduces tariffs imposed by our largest trading partners. Illinois exports \$4.7 billion of goods and services to the European Union. Those tariffs will be reduced an average of 54 percent. Illinois exports almost \$2 billion of goods and services to Japan. Those tariffs will be reduced an average of 39 percent.

This agreement eliminates and reduces tariffs in areas where Illinois products are strongest. Illinois exported \$5.5 billion in industrial machinery. We exported \$3

billion in agricultural products. With the reduction of tariffs and trade distorting agricultural subsidies, these numbers will only increase. And that means more Illinois jobs for urban, suburban, and rural communities.

I would like to address some of the concerns I have heard from people in Illinois regarding the World Trade Organization, and the new rules regarding dispute resolution. Under the WTO, the procedures of investigating a trade dispute will be much the same as the current process. The difference is that decisions, which are the outcomes of these investigations, will be enforceable.

The United States will continue to be able to reject a decision of the WTO. If a decision is made against the United States, and subsequent negotiations cannot resolve the issue, the plaintiff can retaliate by lifting tariffs back to where they are today. Further, the President will support legislation to establish a WTO dispute settlement review commission to ensure that the WTO acted fairly.

I do not believe that the United States will be losing its sovereignty by joining the WTO. Quite the opposite, the WTO will ensure that the rest of the world practices the kind of fair and open trade that the United States has always practiced.

I would like to take a moment to address the anxiety of labor unions, environmental groups, and consumer groups, who have expressed their deep concerns about the GATT agreements. To my friends in the environmental movement, I would like to say that I would not support the GATT if I thought it would lower American environmental standards. I do not believe that laws that protect food safety and air quality will be found GATT illegal. As we saw in the recent ruling on cafe standards, our environmental laws are legal as long as they do not favor domestic producers over foreign ones.

With regard to labor, I understand the concerns of Americans who worry about losing jobs to low-wage workers overseas. I think it is worth keeping in mind, however, that fully 40 percent of our overall trade deficit is with Japan, a country that pays its workers even more, in dollar terms, than American workers earn. Yet Japan not only runs an enormous trade surplus with the United States, but with the entire world.

It is also worth keeping in mind that defeating the GATT will not protect Americans from low-wage workers abroad. U.S. tariffs are already far lower than tariffs in most other nations, and defeating GATT would not increase them. Our future depends not on high tariffs, but on continuing to do what we are already doing, working much smarter, working much more productively, than our international competition.

To take just one example of what I mean, it wasn't very long ago that many people were writing off the U.S. automobile industry. U.S. manufacturers were steadily losing market share to foreign competitors. Now, the U.S. is the place to manufacture. Foreign car companies eagerly build plants in the United States because of the advantages of manufacturing here, and one of the most important

of those advantages is the American work force. In one industry after another, Americans are demonstrating that we are the most productive workers in the world. We can compete--and win--internationally, and that is what we must continue to do.

Mr. President, the Uruguay round builds upon the long U.S. tradition of open markets. It increases the volume of trade and investment worldwide, which will create jobs at home and abroad. It anchors the United States in the family of trading nations, and it sets fair and universal standards for us to compete in the global marketplace.

The GATT agreements are, in essence, about confidence, confidence in our future and confidence in our children. I am voting for GATT because I am confident that Americans will prosper under the new trading regime. Americans are ready to compete and succeed, and GATT will help them to be more successful.

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Mr. KERREY. Mr. President, after a careful listening to those on both sides of the issue, I have decided to support the implementing legislation for the Uruguay round of the General Agreement on Tariffs and Trade [GATT], as well as the motion to waive the budget point of order against the bill. I have concluded that the Uruguay Round Agreement, on balance, offers a promising opportunity for the United States--already the largest and most open market the world--to secure its fair share of a growing world marketplace, and more importantly, to generate here at home the kind of good-paying, skilled jobs that, in my view, give purpose to our efforts to pursue trade reform.

This agreement, as some of its detractors unfortunately fail to mention, is actually the product of nearly 8 years of negotiations involving over 120 countries. It is a work that has been many, many months in progress, and the subject of numerous hearings and debates in Congress ever since this trade round was inaugurated in September, 1986. This implementing measure would have been voted on months ago, except for the procedures governing consideration of the bill which specifically provided various committees of the Congress an established timetable to examine the bill's provisions and weight its impact. But for the fact that a single committee exercised its full rights under these procedural timetables, we would have voted on this agreement well in advance of this fall's election. Although this bill is indeed a very complex piece of legislation, this is not, in other words, a document that has been sprung on Congress and the American people without notice, without debate, and without the opportunity for challenge. It's a sad commentary on the state of civic debate in this country that the agreement's opponents have resorted to describing the current situation in a manner deliberately intended to fuel public suspicion that this is a back-room deal, written in secrecy under the direction of multinational corporations at the expense of U.S. workers and consumers, presented for rushed, last-minute approval by defeated Members of Congress.

As the largest but already the most open economy in the world, the United States has something to lose but certainly much to gain as we reduce our trade barriers still further but in turn secure from our GATT trading partners, as this agreement does, the obligation to provide even greater access to their markets. The vast majority of the economic assessments that I have seen point to the agreement's likely result in creating more American jobs, boosting national income and returning

more, not less, to the U.S. Treasury, despite the known revenue loss associated with the tariff reductions included in the implementing bill.

The likelihood that this agreement will increase Treasury receipts rather than decrease them is the reason why I will support the motion to waive the budget point of order against the agreement. This bill, I believe, is as clear an example as any why our budget procedures rightly provide a limited opportunity for a waiver. Under our current budget rules, we are required to acknowledge the known costs of a bill--in this case, the revenue losses resulting from the tariff cuts. However, those same rules prevent us from assuming--on the ground that they are too speculative--the likely gains to the Treasury that most studies conclude should result from the increased U.S. employment, income, and tax revenue expected to be generated by the pact. I support the waiver, in short, because I agree that the Uruguay round is likely to lead to increased trade and increased economic activity that will offset expected tariff revenue losses, leaving our annual budget deficits no worse than currently projected. I believe strongly that free trade, fairly conducted, is good for the world economy and particularly good for the United States and its workers. From agriculture, to services, to technology, to basic manufacturing, the U.S. ranks among the world leaders and has the potential, under this agreement, to strengthen its position still more.

A central source of controversy surrounding this agreement involves, of course, the proposed new World Trade Organization [WTO] that will be established to replace the current GATT body as the forum for considering and resolving trade disputes. In my view, this issue essentially boils down to one question: Do we favor finally putting some teeth into the enforcement of decisions that arise from international trade disputes? Or do we prefer to continue the current system under which the United States has, on several occasions, brought unfair trade complaints against other countries, and prevailed under a subsequent GATT review, only to have the offending country ignore the GATT decision and snub the United States? I believe the United States has much more to gain than to lose by giving meaning to the resolution process governing international trade.

I understand that there is strong concern, quite legitimate, about the impact of a WTO finding that may go against the United States. Despite considerable misinformation to the contrary, an adverse WTO decision could not force the United States to change a Federal, State, or local law or regulation. What it would require the United States to do, however, is to decide whether to comply with the WTO decision by enacting changes in our laws

or regulations, or to ignore the decision, thus providing the opportunity for the country that prevailed in the dispute to impose compensatory tariffs on U.S. exports to that country. But it's up to the United States to decide how to comply or whether to comply, and possibly face sanctions. In any event, only the United States may change its own laws, if that's what we decide to do.

On the other hand, it must be pointed out, and I believe this is vital, that the same risks the United States accepts by becoming a member of the new WTO affords the United States, for the first time, the assurance that we can obtain redress and compensation if we win a fair trade case brought before the WTO. As the largest and most open economy already in the world today, it only stands to reason that we have considerably more to gain than to lose by agreeing to participate in a world market suddenly obliged to adhere to enforceable standards of fair trade.

Although I have reached the conclusion, Mr. President, that this legislation, on balance, is good for the United States and deserving of strong support, I believe the agreement itself is deficient in some key respects.

For example, nothing in the agreement prompts the United States and its trading partners to cooperate in a deliberate way to develop the type of environmental and labor standards that we have adopted in this country to help ensure that our economic gains do not come at the cost of environmental degradation and worker exploitation. Yet, I agree with those who espouse the belief that increased trade, and the economic activity and jobs it generates, tends to lift the living standards of those individuals it touches, but I think that as civilized nations, we can and should do more. Those who bring fervor and ideological force to the argument for breaking down trade barriers should be called upon to bring a concurrent commitment to elevating the living and working standards of all those who participate, in whatever small part, in the world economy. We in the United States should cede no economic or trade advantage to another country simply because that country has, for example, no Clean Air Act, no Clean Water Act, no child labor safeguards, or no wage and hour standards. Such countries enjoy no real advantage because they lack such measures, and the United States bears no unacceptable burden because it has them. But we should, as a member of the WTO, do much more to ensure that all nations engaged in international commerce adhere to similar standards. This must be a central objective of the trade agreements of the future.

Finally, Mr. President, I must note that many of those who have

expressed to me their opposition to this agreement have cited their deep-seated concerns about economic concentration in this country; the stressful impact of today's changing and uncertain economy on struggling workers--especially those families with children; the eroding sense of community and company loyalty; and evidence of failed domestic policies in such areas as agriculture. In short, they have expressed to me their personal anxiety about a rapidly evolving economy

that they fear--and the operative word is indeed fear--is producing more losers than winners.

I say to these opponents that I understand and agree with these sentiments. But an international trade agreement alone will not and cannot be expected to overcome the effects of failed domestic policies. Those policies deserve our separate but equally focused attention. And no new trade agreement will halt the fundamental changes that are rocking our economy and are likely to continue apace with or without this agreement. But I am confident, and I urge them to consider, that one of our best opportunities, as a country, to overcome these dislocations in our economy and relieve the anxiety felt by families is to build on the strengths of the many U.S. industries that currently make up our competitive export sector and employ millions of Americans.

For all of these reasons, Mr. President, I intend to support the GATT implementing bill and urge its adoption.

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Mr. DURENBERGER. Mr. President, I rise in strong support of the legislation to implement the GATT Agreement. The agreement represent 7 years of hard work by over 100 countries to overhaul a GATT system that was not working--that was not imposing the needed disciplines which enable countries to work together and prosper in a global economy.

The new World Trade Organization will enable our country, for the first time, to effectively address unfair trade practices by other countries. We will no longer have our complaints blocked by an offending country. This is major progress. A more effective dispute settlement mechanism is something we fought for during the entire negotiation process--and we got it. It will not affect our sovereignty. It will not force us to weaken our environmental protection laws. It will not impose world government. It will help Americans sell their goods and services abroad under a level playing field. It will impose a discipline which I believe will avoid the pursuit of protectionist efforts by other countries as well as to remind our own leaders how counterproductive these efforts can be in our own country.

The Uruguay round agreement achieved significant progress in many areas. Agriculture, services, investment and intellectual property rights will now be covered under GATT disciplines. Tariffs have been cut significantly and important market access goals have been met. Improvements were made in the subsidies and antidumping codes. There will be fewer standards barriers. There was an explicit recognition of the right of all nations to retain their tough health and environment standards--unless those standards are imposed solely for the purpose of restricting imports. This is important progress for Minnesota as well as the whole country.

The progress we made on tariff cuts alone--a global tax cut of \$744 billion over next 10 years--and on expanded market access to help us export more of our

Minnesota products and services, is worth a vote for the agreement through its implementing legislation. That is progress we can all understand.

We have also achieved major progress on more esoteric areas such as subsidies and antidumping. We now have a better system to identify and control the use of government subsidies abroad as well as to maintain and improve our own tough antidumping laws which have benefited industries such as steel. Yet we have attempted to control the kinds of changes in our antidumping laws which could result in more dumping cases against U.S. companies operating in other countries. I have worked with the steel industry in Minnesota throughout my entire career in the Senate to help them combat unfair trade practices and to improve their own competitiveness. That industry has gone through a very painful, but necessary, modernization and restructuring process and appears to be well on its way to regaining its competitiveness globally.

But, it, and all of our other industries, need the level playing field of this Agreement to continue to compete.

The agreement is a definite plus for Minnesota, as an export economy which will significantly benefit from lower tariffs abroad as well as fewer barriers and further access for Minnesota products. Minnesota exported \$10 billion in 1993--the 13th largest State exporter. Minnesota's exports grew by 80 percent over 1987-93 and will only increase under this agreement. Minnesota service companies and agricultural producers will now be able to use the disciplines of the GATT to ensure that they can trade fairly. Tariff cuts will help many of our Minnesota companies cut their costs in order to increase competitive opportunities abroad. Intellectual property protection abroad is instrumental to Minnesota's huge high tech community.

In my judgement, agriculture fared very well in the agreement. Minnesota's agricultural exports are vital to its economy. Agricultural exports in Minnesota increased 25 percent from 1987-93 and totaled \$2.8 billion in 1993.

The USDA has estimated that the GATT Agreement will boost agricultural exports by \$5 to \$14 billion over the next 5 years. Ag subsidies abroad, particularly in the European Union, have been slashed significantly, albeit not to the extent we desired. I am pleased that so many agriculture interests strongly support this agreement--the Corn Growers, Barley Growers, Pork Producers, Cattlemen's Association, the Farm Bureau, Poultry and Egg Council, Sugar Industry and many others.

The dairy industry has protested the market opening which will bring dairy imports up to about 1 percent of consumption--but dairy now has more access for its exports abroad. The soybean growers wanted lower tariffs. The administration is committed to continuing efforts to lower tariffs worldwide. The GATT Agreement does not halt that progress.

To recognize further efforts to help our important agricultural in Minnesota, I was pleased to hear that **Bob Dole** has secured a commitment by the administration to propose \$600 million in additional greenbox programs which will help us export even more agricultural commodities, including dairy and soybeans. Further, the administration indicates it will not propose ag program cuts in the fiscal year 1996 and 1997 budgets.

Minnesota has a long history of support for trade agreements and legislation which expands trade opportunities, My record, from my support of the Tokyo round implementing legislation in 1979, for the two major trade bills we have passed since then, and for the NAFTA has been consistent with the interests of my State. I am proud to have played a role in each one of these efforts, just as I am proud to have been an active promoter of the GATT Agreement.

Despite opposition from labor, I have been encouraged by

estimates of job creation due to the GATT Agreement. The DRI-McGraw-Hill study estimates an employment gain, over that of normal economic expansion, of 1.4 million jobs by the 10th year.

I was also pleased that soon-to-be majority leader **Dole** was able to work out an agreement with the administration to satisfy some of the concerns about the agreement itself, as well as its funding mechanism. While I had thought the 6-month notification period in the agreement that would enable us to withdraw from the WTO was adequate, the Dole-U.S. review panel was a positive improvement and should satisfy some of the concerns that the WTO panel process could be used unfairly against us.

Mr. President, I am well aware that this agreement is controversial, largely because it is not easily understandable by many people. It has not received much attention by the press, partly because much of it is so technical in nature. I regret the opposition by many of my friends from labor unions, from environment groups, from the dairy industry.

Particularly I regret what has been an unfair characterization of the agreement by Ralph Nader and others who have tacked many of the world's evils onto this agreement. They are the ones who do not understand the agreement--who have not read the agreement.

I admit that the agreement fell short in some areas. We did not, and could never, achieve 100 percent of our negotiating objectives. In my judgement, we reached far more of our objectives than other nations. We should not delay the agreement. It cannot be reopened next year to achieve further progress. That just will not happen--no other country would agree to that. So the significant progress we made over 7 years will be lost if that happens.

In addition, the administration communicates that even a 6-month delay would cost the united States \$70 billion in lost production and reduce employment in the

United States by 25,000 jobs a year for 10 years. There is no need to delay. The final agreement has been before us for well over a year. We have known our negotiating objectives and have had briefings over the last 7 years from our negotiators.

The budget waiver vote before us is the only real vote on the implementing legislation. If we do not waive the Budget Act, the GATT Agreement will die.

Earlier in the year, I joined many of my colleagues to protest what I had heard was an intention on the part of the administration to waive the full 10 years of the agreement. This was not acceptable, and I strongly communicated that to the administration. However, the administration was able to waive the first 5 years, and I believe that the economic growth this agreement will bring to us will definitely pay for the second 5 years. In fact, the Treasury Department reports \$100 to \$200 billion in added income per year as a result of the Uruguay round agreement progress. As a result, I will vote to waive the budget rules, although I am generally loathe to do so.

Mr. President, we have far more work to do in the area of addressing unfair trade barriers and to expand export opportunities for American interests. I wish we could have solved all of the problems in the Uruguay round, but we didn't. But we cannot scrap 7 years of hard work that is significant progress. There will be future trade negotiations. There will be efforts to improve the WTO as we gain experience with it. There will be discussions in many international fora to focus on the unfair labor practices and the need for more environmental protection efforts in other countries. We can pursue such issues as CBI parity, which is necessary to afford the same benefits to our CBI friends as that granted under the NAFTA, again next year.

We must adopt this progress and move on to develop and pursue future trade goals which will bring us even closer to where we should be. I believe that as we do move toward implementing the agreement, it will become evident to the public that this is a positive and fair agreement.

I urge the support of my colleagues for the implementing legislation. I particularly urge support for the waiver of the Budget Act and to oppose any constitutional point of order that the agreement should be considered a treaty. Trade agreements have never been negotiated as treaties, and this one was no exception.

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Mr. DANFORTH. Mr. President, there has been some controversy about section 801 of the GATT implementing legislation, which requires PCS pioneers to pay at least half a billion dollars for their FCC licenses. Some have questioned whether this provision is the product of some unfair sweetheart deal for the pioneers.

I am intimately familiar with this provision, which was crafted over the course of several months in an open fashion. I am also familiar with the history of the proceedings at the FCC by which the pioneers obtained their preferences. I believe that section 801 guarantees a more than fair return for the government. That is why I supported section 801 in the first place. As far as I am concerned, the matter of the PCS pioneers should now be considered closed.

The FCC promised for four years to guarantee the pioneers a license as a reward for their innovative efforts--not just an option to purchase a license, but a guaranteed license. In January of this year, the FCC clarified that it would give pioneers free licenses, even though it now can auction licenses. Only in August of this year did the FCC change its mind. The pioneers have taken the FCC to court, and all informed observers believe the pioneers will win. They will receive licenses for free--the taxpayers will get nothing.

The GATT bill guarantees the taxpayers will get payments of 85 percent of an average auction price from the pioneers. The pioneers will make a minimum payment of some \$530 million even if bid prices are lower than expected. No other company has committed to minimum price. And the pioneers have not been granted a ceiling--if the auction yields billions, they will pay according to the GATT legislation's formula.

The GATT implementing legislation's formulation of 85 percent of the auction price for the top 20 non-pioneer markets will produce a fair return for the American taxpayer. The Office of Management and Budget estimates that the GATT bill's formula will bring in \$1.5 billion--more than the FCC formula, which used a figure of 90 percent of the top 10 markets.

Whatever the projection, it is important to remember that the goal of the FCC's pioneer preference policy, which we permitted the FCC to continue in the 1993 auction legislation, was to provide incentives for innovators. Raising revenue was not a consideration. The three companies that received preferences created the new PCS technologies, and their efforts will benefit the public as a whole. Jobs will be created. Tax revenue will be produced. Competition to cellular duopolies and telephone monopolies will be created. And consumers will pay lower prices.

It would have been fair for the pioneers to have received their licenses without charge. Requiring pioneers to pay an 85 percent average auction price is more than fair. The pioneers worked for five years to develop PCS and made their research and

development available to the public so that all could learn and benefit from it. The pioneers relied on a ten-times-reaffirmed promise of a free license--a promise the FCC broke only after the pioneers had performed their side of the bargain. They put millions of dollars at stake at a time when PCS was a glimmer in an entrepreneur's eye.

Some have called for an assessment after the auctions of whether the payments from the pioneers made a fair return to the taxpayers. I would like to make a few points with regard to this proposal:

First, everyone agrees that the pioneers should be immediately granted their licenses. Section 801 specifies that the FCC cannot delay issuing licenses to the pioneers more than 15 days after the legislation's enactment. I do not expect the FCC to have any difficulty complying with that mandate. The license applications have been pending most of this year, and the pleading cycle has been completed for months. The Administration's letters to Senator **Dole** on November 23, 1994, recognized that the pioneers would be issued their licenses now.

Second, all of us who are involved in this issue understand that all relevant factors must be taken into consideration. These factors, as I mentioned before, include the hard work of the pioneers, their commitment of high-risk capital, their public sharing of research results, their longstanding reliance on the FCC's promises, and the extent to which the work of the pioneers created all the auction revenues that the Treasury will receive.

Third, no one involved intends the potential for some future review to have a chilling effect on the commercial plans of the pioneers. We assume that the pioneers will be turning to investors to fund the hundreds of millions of dollars needed to pay the Government for their licenses and build out their systems. These investors should not be concerned that Congress will ignore the contributions of the pioneers and force them into an unfair and retroactive payment scheme. I believe that there will be no further legislation. It is my view, and, I believe, the view of my colleagues on the Commerce Committee, that Section 801 already provides a fair return to the public. This matter should be considered closed.

Finally and most importantly, retroactive legislation to increase the price of the pioneers' licenses would be grossly unfair. For years, the pioneers were led to believe their licenses would be issued early in 1994 and would be free. Then the legislative process delayed issuance of the licenses and we required the pioneers to pay 85 percent of the average auction price for those licenses. Now that the pioneers have some finality, we cannot in good conscience enact legislation to increase the price again. We should let the pioneers get on with the business of PCS. Further retroactive legislation would just be plain wrong.

Mr. SMITH. Mr. President, I believe in free trade. I think that lowering tariffs, eliminating quotas, and reducing other trade barriers is clearly in the best economic interest of the United States. I disagree with those who have taken the floor in opposition not just to the GATT agreement before us, but to the very principles of free trade. In my opinion, the principles of free trade are clear and unwavering.

For far too long, U.S. exports have not had a real chance to compete in many foreign markets. American producers of goods and services are not looking for a handout in the international marketplace. They are looking for a level playing field. They know that they can compete in world markets if they are given adequate access to those markets.

Free trade is not a complicated proposition. If we lower tariffs abroad, American products are less expensive to the foreign consumer. It's like a permanent `sale' on American products. It is the holiday season in America, and any shopper at any store will tell you that they're more likely to buy an item on sale. After all, why pay more when you don't have to?

So free trade means more foreign consumers buying more American goods and services for less money. Foreign sales means American jobs. That is called a win-win agreement. Who could find fault with that?

Mr. President, if the GATT agreement stopped right there, this Senator would be its strongest supporter. I have no qualms with the tariff reduction schedules included in the agreement. I have no problem with the elimination of non-tariff barriers. But the GATT that we are required to vote on today does not stop at that point. It goes much, much further.

The agreement jumps off the free-trade track with the creation of the World Trade Organization (WTO). This Senator doesn't believe we need another international bureaucracy of any kind. But the WTO is particularly offensive, and it should be of grave concern to every American.

The WTO is given substantial legislative, executive and judicial authority. Under the WTO, any member nation--and there are 117 of them--can challenge another nation's law if they believe that the law is `WTO-illegal.' `WTO-illegal' is a vague term that has far-reaching implications. Any domestic law that restricts free trade could be subject to challenge.

Challenges would then be investigated by a three member panel. The dispute panel--or tribunal--would be staffed by trade experts who would not have to adhere to any conflict-of-interest rules. Nor would the panels be required to adhere to previous precedents--the

cornerstone of the judicial system in the United States.

The tribunal would meet in secret: no press, no citizen groups, no industry groups. Only national governments would have standing to address the tribunal. Even worse, the final decisions of the panel would be binding unless there is unanimous agreement among all WTO participants to set aside the findings--a highly unlikely scenario at best.

If a country appeals the decision of the tribunal, the resolution process is no better. Instead of an ad-hoc tribunal, the challenge would be considered by three

people from the seven member WTO appellate body. The appellate panel again issues recommendations or findings that cannot be reversed except by unanimous consent of the members.

So let us assume for a moment that among the thousands of state and federal laws on the books, one is challenged as a barrier to free trade. The initial tribunal is formed and rules that the law is `WTO-illegal.' The United States appeals the decision, and the appellate tribunal also rules that the law is `WTO-illegal.' What is our nation to do?

Under such circumstances, the United States can: (a) negotiate a settlement, or (b) change the offending law, or (c) face fines and/or sanctions from the WTO.

`None of the above' is not a choice under the stringent rules of the WTO.

What leverage would be United States have under such a scenario? The answer is: none. The dispute settlement procedures under the World Trade Organization are clearly and unequivocally flawed.

Other procedures governing the World Trade Organization are similarly defective. Changes to the WTO rules or interpretations will be put to a vote unless--again--there is unanimous consensus among all 117 participating nations. According to article IX of the agreement, `each member of the WTO shall have one vote.' The United States is not given a veto, as it is under the United Nations security council. The United States is not given weighted votes, as it is in the World Bank. Instead, the United States is given one vote--the same as Cuba, and Chad, and Haiti, and Mexico, and on and on and on.

Mr. President, not all nations of the world are equal trading partners, and creating an international bureaucracy to make them equal just doesn't make it so.

There is no reason to believe that--when the votes are cast in the World Trade Organization--the outcome will be favorable to the United States. Let me give a few examples from the voting record of the United Nations:

Nation and percentage of Votes Against U.S.: India--81.5; Cyprus--77.6; Morocco--78.1; Sri Lanka--78.8.

The rest of the 117 nations are not much better. In fact, some have worse voting records. All told, developing nations will hold 83 percent of the votes in the World Trade Organization. When the results are consistently anti-American, no one should feign surprise.

Mr. President, we have a free trade agreement burdened with the ill-conceived World Trade Organization. But the problems do not stop there.

In August, 1994, OMB Director Alice Rivlin wrote that: `We do not believe it is necessary to sacrifice budget discipline to pass GATT in the Congress.'

Yet the Clinton Administration is asking Senators to do just that. Implementing the GATT is projected to result in a budget shortfall of \$26.7 billion over the next ten years. Congressional budget rules require that \$26 billion of this shortfall be paid for by spending cuts and/or tax increases.

The Agreement before the Senate would finance the GATT with \$4.7 billion in tax hikes and \$3.1 billion in spending reductions. The implementing legislation makes changes in the U.S. Savings bond program, pension law, licensing fees and a host of other areas wholly unrelated to free trade. And still, the Clinton Administration failed to reach its goal. The remaining \$18.9 billion will simply be added to the national debt.

That is unacceptable to this Senator. I had looked forward to supporting a clean GATT agreement that would move America forward. Instead, I will vote against an agreement that takes us two steps back.

Mr. President, the GATT legislation before the Senate should be about free trade, and only free trade. It should not be saddled with the weight of an uncontrollable international bureaucracy and unrelated domestic provisions.

I urge my colleagues to oppose this agreement so we can support an improved GATT next year. That is the only way to achieve an unfettered, win-win free trade agreement.

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Mr. HATFIELD. Mr. President, I rise today to discuss a matter of great importance to the citizens of our United States: The Uruguay Round Free Trade Agreement, a bill that needs our immediate attention and support in this turbulent era of international trade. Free trade is truly the road to economic success, both foreign and domestic. By supporting open markets and ensuring our industries have the room they need to compete internationally, the United States will remain the world's trade leader.

Conceived under President Reagan, nurtured under President Bush and finalized by President Clinton, it is time for the Uruguay Round GATT to be implemented. In the United States, lower tariffs and trade restrictions mean increased productivity. As our firms are allowed to compete globally, our workers will maximize their skills and talents. As the demand for U.S. products rises, so too will our Gross Domestic Product. We can welcome a net gain in employment and a stronger economy due to this dramatic rise in exports. When this happens, we will experience the strongest international economy the world has ever seen.

Shielding and protecting domestic industries can lead to preposterous outcomes. The U.S. has come a long way since our protectionist trade policy was so strikingly and detrimentally enacted during the pain of the Great Depression. What happened, in response to these substantially higher tariffs, could be predicted by any first-semester, economics student--international trade came to a stand-still,

reduced to twenty-five percent of its pre-tariff level. The Great Depression became even greater.

A combination of the 1934 Reciprocal Trade Agreements Act, which lowered some tariffs, and World War II, which taught us the power of working with our partners and not against them, laid the groundwork for the first General Agreement on Tariffs and Trade in 1947. Anything less than multilateral negotiations for significantly reduced tariffs and the practical elimination of trade barriers, would drastically hamper the international economy. The original GATT called for this and international trade took a huge step towards increased efficiency and effectiveness through trading partner cooperation. The original GATT agreement and its successors have served us well by expanding world trade. However, the current GATT is not enough, we need the Uruguay Round Trade Agreement in order to keep pace with our rapidly changing global economy.

Be it stopping tariff wars, clamping down on import quotas, or any number of other types of restrictions, international trade needs a boost. For example, the U.S. is constantly and unjustifiably accused, by other nations, of dumping its exports into their economies--consistent, specific antidumping laws simply do not exist outside of the United States. Secondly, unfair agricultural subsidies have been a thorn in the side of U.S. farmers for decades. Fearing U.S. competition, nations resort to protectionist economic policies which not only hurt their industries, but their citizens as well.

When the U.S. brings these disputes to the current GATT Council in Geneva, years may go by before any settlements are suggested. Furthermore, members of the pre-Uruguay Round GATT have been known to completely ignore Agreement rules and dispute settlements. Uruguay Round GATT provisions and the World Trade Organization can bring order to the whirlwind of chaotic bilateral trade agreements and broken promises.

The current system's chaos and inefficiency represent more than mere inconvenience; it translates into lost U.S. efficiency, lost U.S. competitiveness and lost U.S. jobs. Furthermore, without a World Trade Organization, countries who are not members of GATT, who have not agreed to lower their trade restrictions, will continue to unfairly reap the benefits of trade with members who have lowered tariffs. The institution of an organization which efficiently and objectively reports on trade disputes and expedites the process through which a settlement is reached, will benefit current GATT members and give all world traders incentives to play by the rules.

The Uruguay Round includes, for the first time in history, the service sector in a world-wide economic agreement. Members of the new GATT, over 100 nations, are making commitments to open their economies to business, health, environmental, engineering and construction services, to name just a few. This is an incredible boost to the U.S. service sector.

In addition, the agreement strengthens international trade law with regard to intellectual property rights. America loses billions of dollars each year as everything from CDs to computer circuits are pirated in foreign countries. The Uruguay Round GATT would make copyrights, patents, trademarks and even trade secrets enforceable amongst all trading partners.

Advances in biotechnology would also be protected by the new patent rules. While I believe this is a positive step, I continue to express concern over the ethical and moral implications of patenting genes and animals, now magnified in the global sphere. My concern is compounded by the intrusion of 'use' doctrines, currently regulated at the national or local level. Therefore, I strongly urge the establishment of a forum to discuss these issues surrounding the sanctity and essence of life, while preserving the beneficial advancement of biotechnology.

As crucial as this new GATT is to the nation's economy, it runs the risk of being lost if we do not pass the budget waiver. With one vote the Senate can approve using the PAYGO balance of \$1.6 billion and waive the Senate's rule requiring the bill to be financed for ten years. I have not taken budget waivers lightly in the past, nor do I take this one lightly, but we must find the courage to pass this bill. The Budget Rule Enforcement Act was not meant to inhibit our legislative ability. Every so often, in the name of good legislation, an exception needs to be made--this is one of those times. Make no mistake, those who preach 'free trade', but do not support the waiver are not friends of free trade--they are signing this agreement's death warrant.

Any fair discussion of the Uruguay Round GATT must clarify the World Trade Organization's 'one member one vote' policy. Some are worrying that less developed or communist countries will have as much voting power as the United States. It is important to keep this in perspective: The United States is the world's largest importer and this assures economic and political clout, giving a major player such as the U.S. a dominant role in the WTO system; we will take a backseat to no single nation or group of special interests.

It must be emphasized that the WTO cannot change U.S. law and U.S. sovereignty is not in jeopardy. Any vote to add an amendment which affects certain fundamental GATT obligations, such as Most Favored Nation status, the General Agreement on Trade in Services and the Agreement on Trade-Related Intellectual Property Rights, requires a consensus by WTO members. Moreover, any amendments that change the rights or obligations of members, while requiring a two-thirds majority to go into affect, affect *only* those members who vote for the amendment.

While I believe the Uruguay Round satisfies all sovereignty concerns, the Administration has assured Senator **Dole** that if the WTO Dispute Settlement Body rules adversely against the United States, even three times in a five year period, we will begin withdrawal from the WTO Agreement. This is only one part of Senator **Dole**'s efforts to make the Uruguay Round GATT more palatable. I

congratulate the Republican Leader for his courage and foresight in building these safeguards into the agreement.

Finally Mr. President, I want to get specific and discuss how vitally important this legislation is to my state. The Uruguay Round GATT clears the road for statewide economic growth. Oregon has an export economy of over \$6.2 billion, during its 1987 figure. While Oregon is ranked only 29th in population, it ranks 18th among all states for the number of business establishments that export. Oregon's whole economy is preparing to feel solid and significant.

The revised GATT actually provides overlapping benefits for some of Oregon's largest industries. For example, in 1993 Oregon exported one billion dollars worth of industrial machinery and computers. Under the Uruguay Round rules, the European Union, which imports more U.S. computers than any other member of GATT, will reduce its tariffs on U.S. computers by 80 percent. Not only will Oregon benefit from this reduction in trade restrictions, but strengthened intellectual property rights will aid the computer industry even more.

The hi-tech sector is not the only one which stands to gain. The paper industry, one of Oregon's largest exporters, would face tariff cuts of 100 percent. The U.S. Department of Commerce expects a \$2 billion increase in U.S. paper and allied product exports--this means millions for Oregon. Electronic components, industrial and analytical instruments and semiconductor manufacturing equipment are other Oregon industries that will reap huge rewards if the Uruguay Round passes. Agriculture, one of Oregon's mainstays, generates over \$1.4 billion in economic activity. Over five years, the Uruguay Round GATT would increase agriculture exports anywhere from \$5-14 billion.

The Uruguay Round GATT will spur trade on with Oregon's leading trading partners. Looking towards the future, it has the potential of opening up whole new territories such as Russia, the Far East and the markets of developing economies. President Clinton, at the Asia-Pacific Economic Cooperation (APEC) forum, laid the groundwork for economies to be opened and all trade restrictions of Pacific Basin countries to be removed by the year 2020. Let the Uruguay Round finish the job so that Americans can benefit from the buying power of the Asian nations, including Japan.

The United States Congress found the courage to vote for the North American Free Trade Agreement (NAFTA). Since then, we have seen our exports to Mexico increase by 20.5 percent and Canada by 11.4 percent. NAFTA is working, let GATT work too. This is the time for the United States and our trading partners to completely turn our backs on the destructive, isolationist and protectionist policies we have seen this century.

Other countries are looking for us to take the lead--it is time we did. In the realm of international trade, the United States has no choice but to be the leader, but it requires our vote to be a member. The best way to be a champion of the U.S.

economy is to support free trade. Let me have the foresight to pass the Uruguay Round Free Trade Agreement.

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