

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. BREAUX. 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.

[Page: S15304]

Mr. BREAUX. 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 manifold. 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.

[Page: S15305]

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.

[Page: S15306]

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 had 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.

[Page: S15307]

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.

[Page: S15308]

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.

[Page: S15311]

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-Sentinel, Knoxville, TN.

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

--

--

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.

--

--

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.

--

--

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.

[Page: S15316]

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.

[Page: S15317]

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.

--

--

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. Weaver Sons, Inc.

Webster Industries, Inc.

West Implement.

Western Farm Credit Bank.

Weyerhaeuser Company.

Whitson Lumber Company.

[Page: S15321]

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:

[Page: S15323]

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 unflinching, 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, Singaporese, 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.

[Page: S15327]

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.

--

--

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.

--

--

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:

[Page: S15329]

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.

--

--

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.

[Page: S15330]

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 deriving 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.