

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rather than focus on one discipline, for example, professional workers will need to understand the economics and technologies that are revolutionizing their industries. In the banking world, `the pure technologist is already dead,' says George P. DiNardo, Singapore-based chief technology officer for Citibank's Asian consumer business. `And so is the pure businessperson.'

In electronics and telecommunications, engineers discarded by Corporate America are taking advantage of cheaper access to data and video networks by forming their own design houses for Asian manufacturers. In many other fields, professionals may have to similarly redefine their jobs in order to prosper from the globalization of work rather than be at its mercy.

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Mr. HOLLINGS. Mr. President, the message is that anybody who still thinks the only competitive edge of the developing countries is cheap unskilled labor has a lot of catching up to do.

Mr. President, the Senator from Oregon referred to Intel. Well, here is what is happening at Intel. `Just as with the move of manufacturing overseas, you are going to see an increasing flux of technical jobs outside of the United States,' predicts Intel Corporation chief operating officer, Craig R. Bennett, in Business Week.

` We don't have any protected domains anymore.'

Then it goes on to say,

` Consider what already has happened to the PC mother board, the circuit card loaded with chips and runs of computer. Five years ago most mother boards, regarded as the guts of a PC, were produced in-house by the U.S. computer makers. Today, some 60 percent are subcontracted to Taiwanese companies and their army of 150,000 information technology engineers.

On and on, Mr. President. Dispelling that myth, I read from the Business Week of December 17, 1990. Here it is. I quote:

From all the fuss about the United States becoming more export oriented, hardly any additional industries have joined the exporting sector in the past 10 years.

Do not keep coming up here talking export jobs.

Moreover, success overseas is not translating into job creation at home.

I quote then not reading the entire article, but quoting word for word:

These trends show no sign of abating. Using government employment forecasts Business Week is projecting an increase of 9.6 percent in the size of the exporting sector over the next 10 years, far less than the projected national employment growth of 14.6 percent. True, the exporting sector could expand faster if import competing industries such as machine tools, some domestic industries' machine tools and our tools regain market share in the United States or if some domestic industries learn how to be big exporters. Barring these competitive gains, the proportion of Americans producing for world markets will just continue to shrink in the 1990's.

Mr. President, why can't we understand what is going on? We are in a decline.

Mr. President, Vermont is due to lose 6,100 jobs this year under GATT. The total loss from the trade deficit is 3,100,000 jobs.

With respect to being in decline, we have none other than Lee Kuan Yew, and I quote:

America is not the surplus country. It is Japan and Germany. It is New York with the expertise but Tokyo and Bonn with the actual cash.

` The greatest problem for Americans,' he said, ` was coming to terms emotionally with this shift, accepting in our guts that there is a permanent change in competitive position.'

Mr. President, read this language and listen to it very, very clearly. Talking about GATT agreements, ` These agreements, saying it word for word, offer new

opportunities for all Americans. For American farmers the agreements expand world markets for American farm products. For American workers the agreements offer more jobs, higher income and more effective responses to unfair competition.

That was none other than Robert Strauss in 1979, the Tokyo round under which we are in. What did his Texas colleague and our good friend and former chairman of the Finance Committee say in 1987 with respect to that particular Tokyo round in 1987? I am reading word-for-word, because we never seem to learn. We listen to the same babble, technobabble and statistical babble, but we do not look at the reality. Here is what Senator Bentsen in the Finance Committee itself reported:

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The Committee is concerned that the Tokyo round trade negotiations and the legislative branch and executive branch actions to implement the Tokyo round trade agreements, have not had the effect of improving the American standard of living as intended. Perhaps worst of all--

Listing many things.

the composition of the merchandise trade deficit has changed from mainly an oil deficit--

Talking about oil jobs, which was bad enough.

to mainly a manufacturing and agricultural deficit, which strikes at the heart of U.S. export strength.

Agricultural exports alone have fallen from about \$40 billion in 1980 to about \$25 billion in 1987. And if petroleum prices in 1986 had been the same as in 1980, then the 1986 trade deficit could well have been over \$200 billion. The mainstays of American trade competitiveness are in trouble.

This is the now Secretary of Treasury.

By last year, West Germany surpassed the United States as the world's leading exporter and Japan had 10 percent of the world's exports in 1986, compared so 10.3 percent for the United States, who may well move into second place in 1987. The size and composition of the trade deficit have caused retching adjustments on the American farm and American industry and among American workers. For example, the widening trade deficit reduced real potential GNP by nearly 20 percent in 1983 and 1984, according to the International Trade Commission. The National Association of Manufacturers found that 2 million fewer jobs were created as a result of the growth of the trade deficit in this period. The deficit deterioration of American high-wage industrial employment concentrated employment growth this decade in the lower-wage service sector.

Mr. President, how can you do it any better than that? What happens is, as we put in the **Record** on yesterday from Lars Erik Nelson--and I have the entire article. I will read a paragraph:

The economists keep foisting their theory on the Clinton administration. No proposition enjoys greater unanimity among economists than the idea that free trade will, on net, be a win-win situation, says Bob Shapiro, a nondogmatic economist at the Progressive Policy Institute. This is why, Shapiro says, economists close their eyes to the social cost of free trade. They don't know how to deal with the problem, but they can't give up the economics of free trade. The fact is there are significant social costs.

That is what the election in November was all about. Here we have 40 million living in poverty. Their take-home pay is 20 percent less; they are working longer hours and being paid less. We have gone from the biggest creditor Nation to the biggest debtor Nation. Our manufacturing, since 1985, has gone from 26 percent of the work force down to 16 percent. And the inner cities are in turmoil with crime and drugs and deprivation. Yet, they are telling us we are on `a rising tide,' as they said in the Washington Post. There is no rising tide. We are going out of business, and the social costs are there. Here the group that came to town for the middle class, Mr. President, is decimating the middle class.

I heard the Senator from Texas earlier today say if he had a Republican President, he would vote for this. Well, on this particular trade policy, he has a Republican President, I can tell you this now, because we are not protecting the middle class, the jobs, and we are not striking out against the social instability caused by the unemployment, not striking out against the deficits caused by unemployment compensation, increased health and welfare costs, increased crime costs, and the like. We are not doing it. We are exacerbating it here with this debate this afternoon and with this vote.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. **DeConcini**). Who seeks recognition?

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. On whose time does the Senator seek recognition?

Mr. BYRD. Mr. President, I believe the distinguished Senator from South Carolina has assured me that I might have 14 minutes?

The PRESIDING OFFICER. Does the Senator from South Carolina yield 14 minutes?

Mr. HOLLINGS. I yield the time remaining to the Senator from West Virginia.



Mr. BYRD. Mr. President, GATT is a budget buster, any way you want to slice it. By itself, GATT would increase the deficit by more than \$25 billion over the next 10 years. To partially offset this deficit increase, the pending bill includes a number of so-called 'revenue raisers,' several of which I find very questionable.

Among those provisions is one which would repeal the 4-percent statutory minimum interest rate on U.S. savings bonds. Under current rules, a person can lose, at most, one month of interest. Under the repeal contained in this bill, a purchaser of U.S. savings bonds can lose up to 6 months worth of interest.

In other words, to help pay for this trade deal, we have gone so far as to undermine the U.S. savings bond. That same bond that we have for generations given to our grandchildren and to our sons and daughters will no longer be quite the dependable, sound investment it has been for decades--so that we can pay for GATT.

While this GATT Uruguay round agreement may arguably be good for U.S. businesses, U.S. workers are placed at a competitive disadvantage under this agreement.

For businesses in developing countries, and motivated by a 'greatest-profits-at-lowest-cost' mentality, a return to the world of Dickensonian sweatshops populated by underpaid, overworked, uneducated, and uncomplaining children will be irresistible.

For example, the export of U.S. jobs overseas has hit my own State of West Virginia hard over the years, as U.S. trade liberalization has made it more advantageous for firms to move manufacturing and assembly jobs overseas while still retaining easy access to the U.S. marketplace. While part of this decline is due to improvements in mechanization that require fewer workers to produce the same level of output, jobs in the coal mining industry in West Virginia have declined 28 percent just since 1988.

The once-thriving glassware and pottery industries in West Virginia have fallen victim to overseas competition as well. Jobs in the stone, clay, and glass products industries have declined 68 percent since 1960, dropping from 22,400 jobs to just 7,100 jobs in 1993, according to the Department of Labor. Tariff reductions will not help those companies.

I am not generally opposed to trade agreements if those agreements are good for the United States and its workforce. But let me make clear that this country and the U.S. workforce in West Virginia and throughout the Nation are this Senator's paramount concerns.

There is a lot of leeway granted in this agreement to developing countries. The aid is to help improve the economies and the standards of living in other nations.

Free trade is fine, but fair trade should be our goal. Yes, our workers are among the most productive in the world, but how can they hope to continue to compete with workers who are willing to toil for 50 cents an hour or 25 cents an hour?

I cannot support the new, slick trend toward one-worldism which seems to be emerging with this agreement. It is almost as if some people in this country feel that the United States should sacrifice so that other nations can grow--that Uncle Sam ought to blush if the United States prospers much more than other nations.

To that point of view I say, beware of the `idiot who praises with enthusiastic tone, all centuries but this and every country but his own.'

Support for this agreement flies in the face of the results of the recent election. Look at these poll figures. This poll was taken by the Yankelovich Partners survey, November 23 through November 27, 1994.

Do you favor or oppose passing GATT?

Fifty-one percent oppose; 33 percent favor; 16 percent not sure.

What about the budget wavier on GATT? Is it inappropriate or appropriate?

Sixty-seven percent inappropriate; twenty percent appropriate; thirteen percent not sure.

What about deferring GATT over to the 104th Congress?

Sixty-three percent say defer it to a new Congress; 29 percent say let the old Congress do it; 8 percent not sure.

Then, what about the WTO and U.S. law? Do you think the World Trade Organization should be able to override the laws of member nations?

Seventy-two percent say `no'; 17 percent say `yes'; and 11 percent say `not sure.'

So, Mr. President, the people's view is clear. Only in this convoluted Capitol City could doing what the people want ever be perceived as bad for the President.

Some Senators have said to me that putting GATT over into the next Congress would damage the President if this waiver is rejected. Not according to these polls. Not according to these polls. In my view, rejecting this agreement as it presently stands would be doing a service to the President because it would give him time to go back to the table and get a better agreement--one that the people can support, as reflected in the poll. Those who support this Agreement now may say that they like what they are getting, but they may, in the final analysis, not get what they like.

It is a fig leaf that has been concocted by our distinguished Republican leader and the administration. First, the Review Commission cannot even review the record of the GATT panels, since the proceedings will be secret.

Mr. President, Members of the Senate who read the Scriptures, and I take it that Members do read the Scriptures, will remember Ezekiel and the valley of the dry bones. Senators have probably heard sermons on that scripture. The spirit of the Lord sat Ezekiel down in the valley of the dry bones. The Lord told Ezekiel to speak prophecies unto the dry bones and God would put sinews and flesh and skin on them; bones would be joined together, the four winds would breathe breath into these bones and they would come to life.

Mr. President, the Lord God kept his promise to Ezekiel. Flesh and sinews came upon the bones, and they lived, and stood upon their feet. Those old dry bones became an exceeding great army.

Mr. President, there will be no life breathed into this dry bone that has been worked out between the minority leader and the Administration. This fix will not work. This miracle will not work. This dry bone is a dry bone is a dry bone is a dry bone. And no amount of hocus pocus is going to change it.

Here is the dry bone. Here it is in my hand. Here is the dry bone put out by the Bureau of National Affairs containing an explanation of the agreement between the Clinton Administration and Mr. Dole.

Well, this dry bone will only serve as a rhetorical cover for Senators to vote for something that is seriously flawed.

This is an agreement in disguise. It is the Mrs. Doubtfire trade agreement. What you see is not necessarily anything like what you may get.

Moreover, the WTO cannot be fixed by the Dole legislation. First, the Review Commission cannot even review the record of the panels, since the proceedings are secret.

Second, the idea that we would withdraw from the WTO after three adverse decisions in a five-year period flies in the face of a history in which we have never withdrawn from any important international organization. It would take a resolution passed by both Houses, and most probably over a President's veto--a highly unlikely scenario.

So this is a fig leaf only serving as rhetorical cover for Senators to vote for something that is seriously flawed and can be manipulated regularly against the best interests of our country and our people.

This fix is in the time-honored tradition of such legendary promises as, 'The check is in the mail.' It ranks right up there with, 'Yes, I will still love you tomorrow,' and 'Don't call me, I'll call you.'

Unless one's I.Q. is lower than the air temperature, it should be plain that none of these so-called promises can be counted on. Neither can the Senate count on this so-called fix.

Hanging one's hat or one's vote on this so-called future fix may produce nothing but future shock. It is like trying to hang one's hat on a greasy flagpole. The hat will not stay and the people will not buy this fix as a cover for a bad vote.

The President and others argue that to delay action until next year will kill the GATT.

Here we see this headline on Business Week, 'Delay Will Mean the Death of GATT.' Don't you believe it. Don't you believe it.

That is a bogus scare tactic. The thing that might really kill GATT is scrutiny by 100 Senators and the discovery that it is a mega-turkey. The implementing legislation can be introduced again next year, and we have until next July to approve it. No other major nation's legislature has approved it--everyone is waiting to see what good old Uncle Sam will do. So there is no rush.

We hear the siren song of doom from the rafters of the White House. The dead will live again and flourish. Jesus, according to the scriptures, brought Lazarus, the brother of Martha and Mary, back to life. Jesus brought back to life the son of the widow of Nain. He brought back to life the daughter of Jairus. And Elisha breathed new life into the child of the Shunammite woman. Let me assure Senators that miracles are not over. If this budget waiver is rejected today, this matter will only be put over until next year. It will be child's play for the spin doctors, for the trading giants to breathe life into the treaty. Just you wait and see what happens if we sustain the budget point of order. Then the spin doctors will go to work.

All our major allies will be brought together, those who have all been sitting on their hands, like Japan and our European allies, waiting to see what we will do. You can bet that if this Agreement is so great for everyone, there will be a rush for airline tickets to get on planes bound for Geneva. The restaurateurs in Geneva will be putting in extra supplies of turkey for the occasion.

I would also argue that delay is not always bad. It does wonderful things for a cheese and and old wines and old violins. Delay will not kill this treaty. Delay may well improve this Agreement. I have every confidence that our President and our trade negotiators who have listened to this debate could then negotiate a better agreement in the months ahead.

The argument that delay until next year would kill the Uruguay Agreement is a G-string under the fig leaf of the so-called 'fix' we have all heard about. It is the last argument. If all else fails, proponents can claim that a delay will kill this Agreement.

For these extremely important budget, institutional, and political reasons, I believe that the legislation before us today should be deferred until the next Congress, at a time when Senators will have had the time to study the Agreement more closely, and when there is ample time for debate and deliberation. And the way to accomplish this is to vote against the waiver.

Mr. President, I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Who yields time?

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Mr. PACKWOOD. Mr. President, how much time is left on each side?

The PRESIDING OFFICER. The Senator from Oregon has 1 hour and 4 minutes. The Senator from New York has 35 minutes.

Mr. PACKWOOD. I thank the Chair.

Mr. President, I yield myself as much time as I may need.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I think it was Disraeli, but I would not bet the mortgage on that, who once said there are three kinds of lies. There are lies, there are damned lies, and then there are statistics.

We have heard the statement made over and over that for every \$1 billion of imports, 20,000 jobs are lost. That figure is premised on a study that said for every \$1 billion of exports, 20,000 jobs are created. And those who choose to take that statistic and use it in their favor on imports has simply turned it on its head, as if 20,000 jobs for \$1 billion of exports means 20,000 jobs lost with \$1 billion of oil imports.

Let me give you just two examples, then I have other points to touch on, where this just is not true.

I have talked several times about the import of oil in this country. We imported last year about \$44 billion worth of oil. We import this oil because we do not have, or have not chosen to look for, in one way or another, to get oil out of the ground in this country. We need the oil.

First, the drilling for and the extraction of oil is capital intensive, not labor intensive. I doubt that there are 20,000 jobs associated with \$1 billion worth of oil exports or \$1 billion worth of oil imports.

But I want you to think what would happen in this country if we did not import \$44 billion of oil. Do you think if we did not import it, we would create 880,000 jobs? That is 20,000 jobs for every \$1 billion of imports.

I will tell you what would happen if we did not import \$44 billion of oil in this country. We would have an absolutely up- to-your neck depression in this country because this country runs on oil. We generate electricity with it; our industries run on it; we run our cars on it. And we do not have the capacity in this country to produce it immediately.

I had indicated earlier we could produce it if we wanted to make it out of coal. We have a 400-year supply of coal, but it is expensive to make oil out of coal.

I had the Library of Congress check for me--and I want to give them credit again, the Congressional Research Service, for the extraordinary research they do, because I only asked them yesterday.

South Africa, of course, has produced oil out of coal for years. They had a trade embargo when the white-only government was in power and they could not import, so they had to produce it. And they have lots of natural resources. They produced oil out of coal and gasoline out of oil, but it was very expensive.

The Library of Congress said, yes, we have enough coal to make oil out of it. If we did, the Library of Congress' estimate is--and they did not want me to hold them too closely to it--that the cost of gasoline, if we produced it from coal in this country, would be between \$3 and \$4 a gallon instead of what we pay for it now. And, of course, home heating oil would go up equivalently; the oil we use to generate electricity would go up equivalently. I have no idea what that would do to inflation. I have not asked the Library of Congress to check about the impact of an increase in inflation, which would in turn increase interest rates, home mortgage rates, and everything else. My hunch is that approach is not going to help this country.

So let us put this bogeyman--that because we are importing \$44 billion worth of oil, we are losing 880,000 jobs--to rest.

Now, let me move to a study my friend from South Carolina, Senator **Hollings**, has cited over and over and over again. This is a study by Charles McMillion. He is a business consultant who testified against the GATT before the Commerce Committee. Mr. McMillion took this 20,000 figure and he calculated, therefore, what every State would lose in terms of jobs based upon \$1 billion of imports in that State.

States have customs districts which keep track of imports. Oregon imported about \$1.6 billion in imports through the Portland customs district. Therefore, he multiplied 1.6 times 20,000 and said Oregon would lose 32,000 jobs. Mr. McMillion says Oregon will lose 32,000 jobs because of imports.

Well, Portland is the fourth largest importer of cars in the United States. Different ports excel at different things. Portland excels at importing cars. As a matter of fact, we are also the largest exporter for Hondas in the United States. They are made in Marysville, OH, trucked to Portland, and off they go throughout the world.

For the moment, just stick with the imports. Do you think that Oregon would have more jobs or fewer jobs in Oregon if we did not import cars? We do not make any cars in Oregon, but we do have longshoremen that unload cars and we have teamsters that drive the trucks upon which the cars are loaded. We have a rather thriving little industry in Portland on importing cars. We are not going to lose jobs because of these imports. We gain jobs.

That is the trouble with statistics. So I want to put aside statistics and I want to talk about real world cases, if I might.

Before I do, I want to emphasize the principal thing the United States asked out of this trading negotiation. I am going to quote a very short sentence from the Trade Act of 1988.

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The principal negotiating objective of the United States with respect to dispute settlement is to provide for more effective and expeditious regulation of the disputes and enable better enforcement of United States rights.

We bring far more cases in the GATT--we have not yet gotten to the World Trade Organization; it is not established yet--complaining about overseas trade practices than are brought against us. Say we get into a dispute with Germany and we ask a GATT panel to look into it. The GATT panel is a group that listens to the two sides and says who is right and who is wrong. Under the current GATT arrangement, even if we win, it is not enforceable unless the loser agrees.

Well, the loser never liked us to begin with. That is why we are having this dispute panel settle things.

So we insisted in the Uruguay round negotiations that these panel decisions involving trade disputes between countries have some modicum of enforcement.

Under GATT, and I see no reason it is going to change under the World Trade Organization, we won 80 percent of all the cases in which we were a complainant. It is no wonder we want them enforceable. And it is understandable why we bring more cases. We are a more open country. We allow things easier into this country than other countries allow into their countries. And we are asking for a level playing field. We want in. We want as much access to their countries as they have to ours.

The reason we brought all these cases in the past is that we have not had that access and this trade agreement that we are about to enact--and I am confident

we have the votes to enact it--is going to lower the barriers for our getting into these countries. The agreement makes these panel decisions enforceable unless all of the countries to the panel agree not to enforce it. It is just the opposite of what we had before.

Before you had to have all of the countries that are a part of the panel dispute agree to enforce the panel decision. Under this new agreement, the panel decision is enforceable unless all of the countries disagree. The only reason that would happen is as follows: The United States has a case with Germany. We win. And then Germany says, 'OK, you win. Now we negotiate some kind of agreement. You have won. We concede that, but we really do not want to give up on what you have won but we will give you some other trading preference.' And we negotiate and say OK. Then both parties would agree not to enforce the panel decision. And that is going to happen from time to time with both sides. So we have won in the GATT what we hoped we would win.

I listened to Senator **Byrd** from West Virginia talk about industries in his State and what is happening. I want to take just a cross-section of industries in Oregon. Not necessarily unique, not just timber products--we are a big timber producer--but a cross-section, and give you an example of what industries big and small can do in foreign trade.

Take Smith Frozen Foods, of Weston, OR. Weston is a town 225 miles east of Portland in the modestly populated wheat and cattle section of our State. Smith Frozen Foods almost went bankrupt 10 years ago. Then the young son of the founder took it over and built it up, now, to 800 employees. It processes frozen peas, carrots, corn, and beans and what not. About 125 of the 800 employees are pretty much directly related to the sale of the products overseas.

I might say, the founder's son is an extraordinary man. In fact this body would appreciate his success. He spent 10 years building up this business. Then, in 1992, he decided to go into politics and was elected to the Oregon State Senate in November of 1992 and took office in January of 1993. Perhaps in May or June of 1993 the Republican leader in the Oregon State Senate resigned, for whatever reason. And this young man, Gordon Smith, was selected as the leader in his first 4 months in the legislature.

The Republicans took control of the senate this year and he will be the senate president in his second session of the senate. This is an extraordinary talent at business and politics. That is Smith Frozen Foods.

Another company is Met One of Grants Pass, OR. Grants Pass is a town of 15,000, 260 or 270 miles south of Portland and about 450 miles north of San Francisco. Again, here we have a very small town with a small airport and a trucking service on the interstate. It is not a major metropolitan area. Met One makes indoor pollution monitoring devices, especially lab equipment monitoring devices. It has 110 employees, 35 of them related to sales overseas. This business is growing



tremendously. As we are becoming more pollution conscious throughout the world, both indoors and outdoors, this company is doing very well.

Medford Steel, of Medford, OR, is another company 300 miles south of Portland and about 400 miles north of San Francisco. It makes industrial parts for mining and manufacturing and has 135 employees, 40 of them related to overseas trade.

Sabroso, I have talked about so often on this floor, is also located in Medford, OR, has 160 employees, about half of them involved in foreign trade. This company takes fruit and makes a puree out of it. It is the largest supplier of the base for baby foods for the three principal baby foods in the United States: Beechnut, Heinz and Gerber's. I used posters yesterday showing labels from their cans: one in Arabic, one in Spanish. They sell all over the world. They look at this agreement as an absolute bonanza and an opportunity. Operating out of Medford, OR.

Wing-Lynch makes photo-processing equipment. It is a small company, 23 employees; 5 of them responsible for foreign trade.

Enway is one of my favorites. Enway, a 20-employee firm, sells everything they make overseas. They make frozen processed potatoes and they have found some way--secret or not--of processing them and selling them overseas and doing it wonderfully and successfully.

Then let me mention a couple of lumber companies. North Douglas Wood Products in Drain, OR, is 200 miles away from Portland; 65 of their 70 employees were involved in overseas sales. Starfire Lumber in Cottage Grove has a similar experience.

One of my favorites, though, is Vanport Lumber, because I remember a particular circumstance. You have to understand the humor in some of this, as to how old-line American industries look at things as opposed to newer industries. When I first came to the Senate, elected in 1968, one of the big debates we were having with the Japanese and with other countries was over what we called size standards. We wanted them to buy our two-by-fours. Of course, do not worry they are on the metric system and they do not measure the same way we do. Any other normal business says, 'What does my customer want? I will make it for my customer.' The American wood products industry wanted Japan to change its measuring standards so that they could buy our standard two-by-fours.

Japan is very conscious about high-quality wood with their post and beam interior construction and exposed wood. They do not want bad wood and they want it exactly measured. We must have gone through 10 years of this debate on size standards.

Then along comes Adolf Hertrich. I think he was either Swiss or German by birth and spoke English with a Germanic accent. I do not think he had a background, really, in lumber. I do not know when he came to this country or how, but he forms this Vanport Lumber Co. and produces lumber using relatively outmoded

equipment, as a matter of fact, then. He was convinced you could crack this Japanese market and he had enough money to last initially 2 or 3 years.

He would go over there and explain this is what he could do and he would show the quality he could produce. Then `no, they were not satisfied yet.' Finally, in about 1981, he got the Japanese to agree they would send an inspector over and look at his plant. He would have to pay for it, have to put him up, have to feed him, but the inspector would come over and look at his plant and maybe they would buy some things if he could do what they wanted. He had a Japanese inspector over for a couple of years. Finally, by 1983 he convinced them he could, indeed, produce the wood they wanted. They did not have to have their inspectors there anymore. And hallelujah, it had taken him 5 years to get to this place.

I did not know him at this time. I discovered him in about 1984 when he calls me and he has a problem. Bear in mind he has 220 employees and is selling all of his product to Japan. He calls me because the Internal Revenue Service refused to let him deduct a Japanese tea house he had built on his property to show buyers when they came over. IRS said this is not an ordinary and necessary business expense. You do not need a tea house.

He says all I do is sell to the Japanese. They use this wood for tea houses. I want to show them what we have.

I went out there. Picture this. Here is Adolf Hertrich, speaking with his Germanic English. My chief of staff is an English woman who speaks like Eliza Doolittle at the end of `My Fair Lady' with very proper English. Then there was a Japanese buyer there speaking in sort of Japanese English. And me--whatever. We all sit down with our feet under the table in the Japanese tea house, and are served tea by a woman dressed in the Japanese outfit. After hearing English English from the administrative assistant and Japanese-English from the Japanese buyer and the German-English, finally the IRS gave up and let him construct the tea house. But we had to go through that. But here is an example of a guy who says, `I know I can do it.'

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Mr. MOYNIHAN. Will the Senator yield for a question on my time?

Mr. PACKWOOD. Yes, by all means.

Mr. MOYNIHAN. On what he has been saying about this combination in the State of Oregon, you are the largest importer of cars on the west coast.

Mr. PACKWOOD. We are the fourth-largest importer of cars in the United States.

Mr. MOYNIHAN. And you export.

Mr. PACKWOOD. We are the largest exporters----

Mr. MOYNIHAN. It is a practice that has been in place, understand, as long as this Republic. I took the occasion of this debate to read the Report on Manufacturers, Communication to the House of Representatives, December 5, 1791 from Alexander Hamilton, Secretary of the Treasury. He was saying we cannot, need not remain a simply pure agricultural nation. We can manufacture and we can trade. And he spoke the wonderful phrase--he had that wonderful language and he was a New Yorker at this point, as you know--he spoke of those who would sacrifice the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing. Have we not heard some of that on this floor?

Mr. PACKWOOD. As a matter of fact, that is some people's definition of a level playing field. They will buy from us, but we will buy nothing from them.

Mr. MOYNIHAN. We will sell to them and we will buy nothing from them.

Mr. PACKWOOD. Take another company, a big company, Tektronics. This is a company founded in the 1940's or 1950's by an Oregonian. The company invented a state-of-the-art oscilloscope that sold all over the world. This is the kind of business you cannot stay still in very long. They were up 25,000 employees one time at the top of the market maybe 15 or 20 years ago. They went way down. Now they have branched into all other kinds of things. They have about 4,500 employees, which is big for Oregon. It would be big in New York. Two thousand of their employees are directly involved in sales overseas in high-tech computer products.

Morale II is a research subsidiary of United Parcel Service. They came up with a device to keep track of where packages were in the delivery system. I visited them when they were experimenting with the device.

But they thought to themselves, 'Wait a minute, wouldn't this be a wonderful thing for police departments,' or 'Wouldn't this be a wonderful thing for any company that delivers to be able to, by satellite, communicate up and back and on your screen have an entire grid of a city you can push buttons and change the grid and exactly tell where your truck is in the city.'

The police thought it was a wonderful idea. They can tell exactly where the police car is. Without even having to call them, you know where it is.

This company has been very successful in moving beyond just products for the United Parcel Service. Obviously, navigation equipment is a natural.

Lektro is located in Warrenton, OR, on the Oregon coast, about 110 miles from Portland. It is a small company with 20 employees. They make aircraft towing devices. Those things you see hooked up on the front of trucks that drag planes around. They sell these all over the country and are involved in world trade. When I first saw them, they were operating out of an old airplane hangar. They are very successful.

Yesterday, I mentioned Denton Plastics. They are a fun company. I discovered, by the way, since yesterday, they have 40 employees. Denton recycles plastics, such as, the sacks from grocery stores, the sacks from dry cleaners, and plastic wraps from frozen food. They put them into something like a vat and heat it quickly. They turn it, grind it, take all the color out, and it comes out in little black pellets. Then they sell them around the world in Korea, in China. People make toys, garbage pails, et cetera, out of the pellets. Denton, with 40 employees, is the biggest company north of Los Angeles and west of the Mississippi River in this business. Denton is an excellent example that you do not have to be a big company to be, relatively speaking, a giant in an industry.

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Mr. MOYNIHAN. I have learned that.

Mr. PACKWOOD. This is the amazing thing we all learned in our States. I wager the Senator from New York has had the same experience. You go around and run across companies you never heard of that are doing very well in foreign trade, and they have a handful of employees. They have a niche that they are doing well at.

So when people say America cannot compete, I just look at these examples in Oregon of all kinds of different companies. But there is almost one thing they all have in common: Brains and patents, trademarks or copyrights--intellectual property, as we call them--things that they have thought up that nobody else thought up and they have protected with a patent or a copyright and they are selling it around the world.

If there is any single thing where there is a quantum leap forward in this GATT agreement, it is in the protection of what we call intellectual property, patents, copyrights, trademarks around the world. All it can do is benefit these companies.

I will make one last comment about these companies. Not a single one of these companies is a minimum-wage company. Some of them are not high wage, but there is not a single one that is minimum wage. Some of them are in the \$7 to \$8 an hour bracket, some in the \$9 to \$10, some of them more. But how often have we heard on this floor that you cannot compete with Bangladesh or India paying \$1, \$1.50 an hour? Without exception, every one of these companies is competing.

I will use a last example, and then I will close because this is a company everyone has probably heard of: Freightliner. They make those large trucks and cabs that you see on the highway. Freightliner has a large plant in Portland with over 2,000 workers, a large plant in North Carolina with over 2,000 workers, and another plant in Cleveland, NC. This is high-wage employment.

In Portland, the plant is unionized, organized by the International Association of Machinists. At the high end of their production floor workers, counting fringe

benefits, earn about \$25 an hour. About a third of that is fringe benefits, and that is the high end of the production work.

At the moment, there is a 20 percent tariff on trucks going into Mexico. So Freightliner packages up its trucks in kit form and sends them to Mexico where they are assembled. If you send them that way, the tariff does not apply. At the moment, about 10 kits a day are going out of the North Carolina plant to Mexico.

I talked to the president of the company yesterday morning. He said the 20 percent tariff is scheduled to come down to zero in the North American Free Trade Agreement with Mexico. Around 1998, the tariff will be reduced enough where it will be economically justifiable to make the entire truck in the United States instead of the kit.

At that stage, they are going to quit sending the kits to Mexico and make the trucks here and send them down in final form. Their U.S. workers make \$25 an hour. Do not tell me we cannot compete.

Freightliner just landed a contract with Israel for 800 to 1,200 trucks which will be made in its North Carolina plant. That is a big order, having to compete with trucks apparently made in India or trucks apparently made in Brazil, or wherever trucks are made. Do not tell me we cannot compete.

Tonight, in about an hour, we are going to have a chance to vote up or down on this agreement. A vote for this agreement is a vote to give the green light to the best companies in America--and they are not all big, most of them, as a matter of fact, are small--to compete throughout this world on a much fairer basis than they have been able to compete to date.

A no vote is a vote to say, no, we really cannot do it when State after State, company after company, even under adverse circumstances today, are proving they can do it.

So I say to the chairman, Senator **Moynihan**, it has been a thrilling time working with him on this. There are moments when he and I had some fears and trepidations, I think. I cross my fingers; I think we now have the votes. For the good of this country, I hope in the next hour that overwhelmingly we pass this agreement.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I congratulate my future chairman and past chairman for the extraordinarily important exposition of the proposition. We are told that the Fortune 500 have not added an employee in the last 10 years. That is because American enterprise is working. Firms with 20 are going to 30. That is a 50-percent increase. And they are working all over the world.

If I may just one last time invoke that great West Indian, New Yorker, Alexander Hamilton, and his report on manufacturers, who talked about those misguided nations which sacrificed the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing. It cannot be done. He saw the future, and it is here. The future is now. And the future will be ours if we seize it this evening. In an hour's time, we shall have the opportunity.

I have the great honor and pleasure to yield 10 minutes to the learned, indefatigable--a great citizen, a great citizen of Pennsylvania--Senator **Wofford**.

Mr. WOFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. **Wofford**].

Mr. WOFFORD. Mr. President, that gentleman from the West Indies and New Yorker, Alexander Hamilton, began the Federalist Papers, as I recall the first sentence, the first proposition, by saying that it is reserved to the American people to determine to prove whether our fait accompli must be forever controlled by accident and force, or whether it is possible to determine it by reflection and choice.

I congratulate the Members of this body in these last 2 days of debate for making sure that we make this important decision by reflection and choice.

Mr. President, after much thought, I rise in support of the General Agreement on Tariffs and Trade because I believe that on balance, it is good for our country. This agreement is far from perfect. No agreement forged in compromise is likely to be perfect, certainly not one negotiated with more than 120 nations.

Some of the arguments voiced by opponents of GATT are strong and disturbing. They are right that GATT does not give America enough leverage in critical areas such as child labor, human rights, and environmental standards.

Mr. President, I believe it is wrong in trade negotiations for economic concerns to supersede all other concerns. It is wrong for the conditions of child labor described by Senator **Wellstone** this morning to be ruled out of consideration in any limitations on trade.

On questions of economic justice, human rights, and environmental health, the world should be able to look to America for leadership. We have a responsibility to provide that leadership--a responsibility that is not given adequate scope in the World Trade Organization provided for in this agreement.

So in the years to come, as we work within GATT and within the new World Trade Organization, and as we move forward to negotiate new bilateral trade agreements, we must honor that obligation to give leadership and work and fight to supplement the trade-only approach of GATT.

Those of us who will be on the outside of government will have a responsibility to take action in these matters. For not all of the pressure needed to uphold America's ideals should come from government. Much of it must come from private citizens.

When I was head of the International League for Human Rights, I often pressed the point that the concept of human rights goes beyond just political rights. It must include abuses of human rights in the form of the child labor portrayed by the Senator from Minnesota.

Determined support by private citizens helped change our trade policies with South Africa and helped bring about the changes that are underway in that nation today.

So concern about the exploitation of labor and the unfair competition that follows from it should not be the province solely of the American labor movement. It should be the concern of this Congress and of the American people at large.

Let me add another vital point for the future American agenda.

While I believe GATT will benefit most industries and most Americans, some industries and some workers and their families will suffer, at least in the short term.

In Pennsylvania, the textile and dairy industries--both already hard pressed--will lose certain protections on which they have come to rely.

We should take special responsibility for the fait accompli of such industries. This includes a responsibility to help those men and women who lose their jobs to learn new skills and pursue new opportunities. That will come to the fore when this Congress turns next year to the reemployment bill that is before it. These industries need our special concern and help.

Despite these strong reservations that I have just added my voice to, I will be casting my vote in favor of GATT for the reasons that have been eloquently given in this body already in the last 2 days because, on balance, I am convinced it is good for the economy of Pennsylvania and good for the American economy, because I believe it will, in not many years, prove not to increase our deficit but to reduce it; because I believe it would be wrong to go back to the drawing board after so many long years of negotiations; and because I have faith in America's ability to compete successfully and to provide leadership, leadership for human rights as well in the global economy.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

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

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. MOYNIHAN. Mr. President and Members of the Senate, we are in the closing moments now of an epic debate, a defining moment in American history. It has been said that the vote we will cast this evening is comparable to votes--a half dozen, at most, in the 20th century--such as the Marshall Plan, to name but one. We are going to define the American future on how we vote this morning.

We are about to hear from our leaders, after which time the votes will commence. It cannot be stated too strongly that we are choosing a future for the United States, and the distinguished chairman-to-be of the Committee on Finance and I feel confident; we feel ebullient, if I may say. Sixty years of American foreign trade policy that began with Cordell Hull and Franklin Roosevelt in the depths of our Depression and the world depression in 1934, in the Reciprocal Trade Agreements Act, culminating now in the Congress--as Cordell Hull called it, a 'Congress of international trade' in a speech on the floor of the House of Representatives in 1916. It is not a large one. The World Trade Organization has 450 employees--the GATT, rather--after 40 years. It is contemplated that an additional 15 will be employed now. But a world trading system will be in place for settling disputes, for making agreements, and for creating a future.

I am confident that we will make the right choice, Mr. President, hugely acknowledged not only by your support but by Members on both sides of the aisle. I make the simple point that this measure was reported from the Committee on Finance 19-0. I do not know that the margin will be quite that emphatic in the next hour, but I hope it will be sufficient so that the world will know that the United States has not only led the world to this moment, but means to continue to do so.

Mr. President, I thank the Chair and I suggest the absence of a quorum, the time to be charged equally to the two parties.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.



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

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

Mr. DOLE. Mr. President, first of all, I thank my colleague, Senator **Moynihan**, the chairman of the committee, and Senator **Packwood**. I have been listening to some of the debate, and I certainly know of the impact their statements have had.

Let me say also that we sort of reached the point right now, the moment it is going to happen, now, in the next 30 or 40 minutes. It has been 8 years in the making, 8 years, a long time.

I must say, just having come back from a very brief trip to the United Kingdom and Brussels, I said to Secretary Bentsen this morning at the White House in a meeting with the President and others who were undecided on this particular matter--Secretary Bentsen had been telling me for some time that the whole world was waiting for America to act in a positive way--I said, Lloyd, by 'the whole world' you mean everybody is waiting for the U.S. Senate, the U.S. House to vote on GATT? He said yes, nearly the whole world.

I want to confirm that statement, because while we were in Belgium, Brussels, we talked about NATO we talked about Bosnia. But there were ambassadors there from countries all over the world. When we were in London, we talked with the Prime Minister. I think his first question was about GATT. We talked to Margaret Thatcher about GATT. I spoke at a meeting last night made up of former Prime Ministers and others, people interested in trade, about GATT.

The point I am making is this is a decision we are making today that is going to have impact around the world, a positive impact. And if we did not act in a positive way, it would have impact, it would be a very negative impact.

So I would start by saying that I want to thank all of my colleagues who are supporting GATT, who are supporting us on the waiver of the point of order, that is the critical vote.

I want to thank Secretary Bentsen.

I want to thank Mickey Kantor, the U.S. Trade Representative. He has done an outstanding job and worked with me and others to resolve some of the real differences that we have and it has made a difference.

I want to thank the President for his efforts, and former Presidents, Republicans and Democrats up and down the line, who understand the importance of trade and the importance of this particular vote and this particular moment, after 8 years.

There are a lot of countries involved and like any other big trade agreement, it was up and it was down, and people thought it was going to break down. People

walked away, and they came back. But anyway we persevered and finally got it worked out, and about the eighth round of negotiations finally concluded last December.

I think it is fair to say, because there are critics--and I have said many times we are getting about 2,000 phone calls a day in our office opposed to GATT, two or three slip in in favor of GATT--if you took the phone calls that this is a measure of support in America, you could say there is no reason to bring this matter before the Senate. Many of the callers are certainly well-intentioned. Many of the calls are orchestrated. Many of the callers have a strong point of view. Many of the callers are critical of any of us who even think about even trying to fix it, they are just flat against it, they want it killed, they do not want any trade agreement, they are concerned about sovereignty and other issues that I will discuss later. But I must say most of the callers are well-intentioned and they are concerned, concerned about their jobs, concerned about their children, concerned about something.

So I think we need to state for the record this is not a perfect agreement. On the way back last night I had a big book, it weighed about 10 pounds, briefing material. I did not read the entire document, but I read many, many of the arguments on the pros and cons. It is not a perfect trade agreement. We never achieve all of our objectives. We have to go back and complete the work in some of the areas, especially services, including financial services, telecommunications and audio-visual.

In addition, Mr. President, the overall economic impact of the Uruguay round agreements I think probably has been overstated. But it is always the case around here that with each administration, maybe overstatements are made from time to time. But in this case there are overstatements in both directions.

To hear some of the supporters you would think this agreement cures everything but the common cold, and maybe even the common cold. If we just vote yes our troubles are over.

If you listen to the other stream on the other side, you get a different picture.

We are told this is going to create hundreds of thousands of jobs, maybe millions of jobs, billions of dollars. And I know for some reason Wichita, KS sort of became the anti-GATT capital of the world, and I have heard a host of statements and a lot of information, a lot of letters from people that I know--a hundred times worse than NAFTA, a stealthlike power grab by the bureaucrats, by international bureaucrats--and all the other arguments you heard on the floor today and before.

But I believe on balance that this is a good trade agreement. The benefits certainly are going to be modest or better, but clearly going to be a net gain for the American people. No doubt about it, for if our trade policy does not serve the American people, we ought to change it or we should not extend it. I am talking about the American people, the working family making \$20,000, \$25,000,

\$30,000, \$35,000, a year, they are ones who are concerned, they are the ones who, in many cases are calling or going to the meetings. Others have different motives.

So this creation of a new trade bureaucracy is not our objective. It is domestic and economic growth, and increasing the standard of living of hardworking American families. Trade should serve the people and not the other way around, and I think this does.

It will be tested. We will find it is not complete in many areas, we will find that probably some things will have to change. This is going to create jobs and opportunities. I am not going to say how many jobs, I will leave that to the experts. But let us face it, we are going to be the big beneficiary, the United States of America. Any way you cut it, we are the biggest beneficiary.

It is going to bring down tariffs worldwide, and that is why we are going to be the big beneficiary, because our tariffs are already low, around 4 percent. And around the rest of the world they are relatively high, around 20 percent. One-third cut in global tariffs under this agreement certainly means disproportionate benefits to U.S. exports. That is what it is all about.

It means tariffs are going to be lowered, some estimate, \$744 billion. That is a huge reduction in the most tangible barrier to trade that exists, the direct tax on imports. That is going to be reduced.

In some sectors--construction equipment, agricultural equipment, steel, beer, distilled spirits, paper, toys and furniture--tariffs are not just reduced they are eliminated, they go to zero. And these are the so-called zero-for-zero products. These are sectors in which the U.S. producers are already very competitive. This trade agreement is going to make us even more competitive.

Overall, U.S. merchandise exports, it is estimated, will be over \$150 billion per year over the next 10 years. So maybe it is not \$150 billion, maybe \$140, or maybe it is \$160. They are estimates. But they are positive estimates. Let me talk about agriculture.

I met last week, or the week before, I guess, with representatives of 20 different sectors of agriculture--cattle, hogs, wheat, soybeans, farm bureaus, different farm groups, corn growers. There is no doubt that the U.S. farmers are the most productive in the world. They are going to be forced to compete--or would have been forced to compete--primarily with foreign treasuries had it not been for some changes in this agreement. Because if we lower the subsidies, and we are prepared to do that--in fact, our subsidies are already so low it is not going to take additional effort from the Americans, it is going to take additional effort elsewhere.

But our subsidies are low compared to other countries. So we are going to require not as much as we wanted to do, do not misunderstand me, but we are going to

level out the playing field, something President Bush started and President Reagan announced years ago about eliminating subsidies so we could compete worldwide. And if we can compete, we will win more than our share of the market. That is what it is all about: Market access and market share.

Market access, as far as agriculture products that are produced in my State and nearly every State in the Nation, are going to increase as tariffs come down--we are going to expand--as nontariff barriers are converted to tariffs and then reduced, and as minimum access levels are implemented. These are certainly important goals if you are talking about global agriculture and global agriculture trade.

And, again, these are estimates, but again they are expected to increase exports by \$4.7 billion to \$8.7 billion by the year 2005. According to the U.S. Department of Agriculture, exports of grains and feeds will increase \$2 billion to \$4 billion; cotton by nearly \$600 million; meats, dairy, and other animal products by \$1.7 billion to \$2.5 billion. That is real money. Horticultural products by \$200 million to \$400 million; and oilseeds and products by \$800 million to \$1.3 billion.

What does that mean? It means more farm income. It means that the average farm family, whether it is in New York or Kansas or Oregon or New Mexico, or wherever, is going to have more income. Some estimate--and again these are all estimates, and I think this is where much of the problem is, because nobody knows precisely where it is--but the estimates are it will increase agriculture income by \$2.5 billion by the year 2005. So we are talking about 190,000 jobs in that same timeframe--190,000 jobs. That is a lot of jobs.

And I think one thing that we have received assurances on--and I would like to put this in the **Record**. My colleague in the House, Congressman **Pat Roberts**, from Kansas, who will become the chairman of the House Agriculture Committee starting the next Congress, does an outstanding job for agriculture. He is not concerned that agriculture may be cut as other programs are cut, but he did not want agriculture singled out by saying, 'Well, we will take it all out of agriculture and more out of agriculture somewhere else.'

So at his request, I was able to receive assurances from Leon Panetta, the Chief of Staff at the White House, concerning agriculture and agriculture programs, important not just to Kansas but other States.

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

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

The White House,  
*Washington.*

The Honorable Robert Dole,  
*U.S. Senate,*  
*Washington, DC.*

[Page: S15340]

**Dear Senator Dole:** It was good to meet with you on Saturday regarding a number of your concerns about the GATT legislation. Lloyd Bentsen, Mickey Kantor and I felt that we had a constructive discussion and are hopeful that you will be joining all of us on both sides of the aisle who are supporting the GATT legislation.

You had raised some specific concerns related to agriculture, which I wanted to follow up with this brief note. Overall, as you know, U.S. agriculture is projected to benefit substantially from the GATT agreement. The coalition of some 265 agricultural organizations who are supporting GATT cite the projections that GATT will lead to increases in U.S. agricultural exports by \$5 to \$14 billion over the next 5 years, which will help to create over 110,000 new jobs in the agriculture sector and help to generate \$10-\$30 billion in related economic activity throughout the U.S. economy.

One of your concerns was whether the Administration was singling out agriculture programs for spending cuts. I can reassure you that is not the case. The Administration will honor the commitments in this area made by Director Rivlin and Secretary Espy in their September 30, 1994 joint letters to the leadership of the Senate and House Agriculture Committees. Those letters committed the Administration to maintaining discretionary spending on USDA agricultural programs at or above the FY 1995 level in the FY 1996 and 1997 Budget requests to Congress. Regarding mandatory programs, the Administration will consider potential spending changes only in the context of its overall reviews of entitlement programs and in the farm bill process.

You asked specifically about the Export Enhancement Program (EEP) and the Conservation Reserve Program (CRP). With respect to the EEP program, we are following through on our commitment to use it to the maximum extent allowed, as demonstrated by our recent EEP actions on wheat, barley, and pork. In fact, for the FY 1995 budget just enacted, the Administration requested full funding for EEP and it was the Congress that reduced the funding by twenty percent. We have also decided, as part of the implementation of GATT, to reform EEP to focus on market expansion and promotion, not just for combating unfair trade practices.

Regarding the CRP, the Administration strongly supports and will propose reauthorization and extension of the CRP in 1995. In addition, we will take further administrative actions as needed to support a continuation of the CRP at the fullest possible level. That will be reflected in the FY 1996 Budget baseline for FY96 and future years.

In the context of concerns held by wheat growers, you asked if the Administration is willing to streamline the approval process for EEP decisions. I am happy to

report that we already are moving forward on our commitment in the Rivlin/Espy letters to do exactly that. As a result, the most recent EEP decisions were cleared in periods ranging from one to four weeks, in contrast to earlier actions which sometimes took six months.

Finally, you raised questions about how the Administration could aid the oilseed industry. Unfortunately, the funds that you identified to pay for purchases of vegetable oil for food assistance programs have already been included in the GATT legislation to help cover the overall costs of the package. However, oilseed products are specifically included in the additional \$600 million of 'greenbox' export promotion program levels that the Administration proposed to carry forward if the GATT passes. Decisions on greenbox spending will be based on criteria such as the importance of programs in promoting value-added products, additionality, and other criteria to be developed in consultation with the Congress.

Oilseeds would benefit from further reductions in trade barriers. The U.S. industry took the lead on the oilseeds zero-for-zero initiative in the Uruguay Round, and the Administration, as stated in the Statement of Administrative Action accompanying the GATT legislation, intends to pursue negotiations to achieve duty reduction and elimination for oilseeds. Our negotiations with China are directed in part toward achieving meaningful access for U.S. agricultural products, including oilseeds, to the Chinese market.

We appreciate the strong support for GATT that the overall U.S. agriculture community has given over the past weeks. I hope that the information I've provided here will reinforce that support and demonstrate the seriousness of our commitments to the industry.

I hope we will have your support in passing the GATT legislation for the good of agriculture and the whole U.S. economy.

Sincerely,

Leon E. Panetta,  
*Chief of Staff.*

Mr. DOLE. So, on the whole, let me say very clearly that we are going to be able to demonstrate next year and the year after that and the year after that that the GATT agreement did help the American farmer, the American producers, the American rancher, and the farm families.

The GATT agreement also establishes for the first time rules governing intellectual property, services, and investment trade. It is my hope that coverage of these areas by trade rules will especially benefit the United States. We have a big trade surplus, nearly \$60 billion, and I think this is going to help us with that, as we bring rules and disciplines to trade in services that allow us to continue to be the leader in global services.

And, again, no country in this case--and I reconfirmed this last night; read it time and again to make certain I understood it. Under this agreement, as opposed to previous agreements, you are not going to have any single country out there be able pick and choose from the benefits of the agreement, sort of `a la carte.' For the first time, the selections on the menu must be taken all or nothing. You cannot pick out what benefits you want and leave what does not benefit you. You cannot do that anymore. So whether it is on subsidies, antidumping, customs valuation, or standards, everyone will have to observe the same rules. This, too, will benefit the United States, since we will not have to change our practices much, while many other countries will have to come into conformity.

Now, let me say there is one aspect of the agreement that I think we have had more phone calls on, more letters, more concern, more frustration, than any other, and that is the question of the World Trade Organization. It is new. Maybe another name would have been better, any other name. When you start talking about world trade, world anything, people are nervous. So perhaps here, too, the benefits and dangers I think have been overstated. I think, judging from the thousands of phone calls and letters we have received, no aspect of this agreement is of deeper concern to the American people.

I have heard from Ross Perot; I have heard from Pat Buchanan; I have heard from Ralph Nader; I have heard from Lane Kirkland. They are all good people; all feel very strongly that this agreement ought to be killed on the spot. Do not fix it. Do not fix it; kill it.

Well, my intent never was to kill it. My intent was to fix it. If we can fix it, and it is good for America, let us fix it.

So while I have respect for their views and their opinions, I hope in fairness they will say, `Well, maybe you did fix it a little. Maybe it is a little better.'

So there are a couple of major concerns behind the criticism of the WTO. One is that the WTO could produce bad decisions that might be grossly unfair to U.S. interests. Now, the more I looked at the issue and the more I studied the issue, the less likely I feel that could happen. But the other is that somehow we are diminishing or selling out our `sovereignty' if we sign up as a member of the WTO; that the WTO represents `world government.' And when you talk about world government, as I say, you are fighting a lot of people.

The first concern seemed to me to have some real substance, Mr. President. The WTO is not just an international `watchdog' organization. It will have judicial powers, in effect. What will we do if the WTO decides to exercise those powers in an `activist' way? Here in the United States, our judiciary has a tradition of judicial restraint, but no such tradition exists in the World Trade Organization. It is a brand new organization.

Furthermore, decisions by the WTO dispute settlement panels will be automatically adopted by the WTO, unless all members, including the winning country, agree

the decision should not be adopted. This is an important change from current GATT practice, which permits any country, under present law, to block or veto the adoption of a decision. I believe that most of the time, this change will benefit the United States since so many times in the past, we have won cases in the GATT only to have the losing countries refuse to comply with the rulings against them. We win the cases, they do not comply, and nothing happens. The Europeans repeatedly refused to comply with the soybean decision against them, and Japan thumbed its nose at the GATT on beef imports. Nevertheless, in cases where the United States is the loser and the WTO dispute settlement panel exceeded its powers or simply made an arbitrary decision, it seemed to me important to have additional protection.

And I want to make this very clear. There was a concern here. We believed it was real. We understood that people who were calling us were concerned about it. They understand it, or someone else understood it, and had them call. So we went to work.

I talked to the chairman about it, Chairman **Moynihan**. I talked to Senator **Packwood** about it. I talked to Mickey Kantor about it. I said, 'Mickey, what can we do? How can we fix it? I want to support the trade agreement.'

So they agreed we needed some additional protection against decisions by the WTO that go beyond the WTO's authority. And we agreed that next year, a dispute settlement review commission would be created to review WTO actions and determine whether the WTO exceeded its power and authority. After three such cases, Congress would vote on whether to withdraw from the WTO. It is as simple as that, Mr. President.

I know, 'you can withdraw in 6 months,' but that is the Executive. They are not going to withdraw. We wanted Congress to have some say. And Congress now has some say. It is going to allow us to get out if necessary, if the decision is arbitrary and capricious, and we have about 3 other standards. We can get out of WTO if our rights are being trampled by dispute settlement panels in Geneva. I would like to have printed in the **Record** at this point the agreement we made with the administration in this area.

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

THE U.S. TRADE REPRESENTATIVE,

Executive Office of the President,  
*Washington, DC, Nov. 23, 1994.*

Hon. Bob Dole,  
*Senate Minority Leader,*  
*U.S. Senate,*  
*Washington, DC.*



[Page: S15341]

**Dear Senator Dole:** Secretary Bentsen, Leon Panetta, and I appreciated the chance to discuss the remaining issues of concern to you in the Uruguay Round implementing legislation. We believe that your concern can be addressed in a way that enables you to join us in providing the leadership to bring the Uruguay Round effort to a successful conclusion.

You have expressed concern about (1) the World Trade Organization (WTO), dispute settlement, and sovereignty; and (2) the change proposed in the term of patent protection. Let me respond on each issue.

WTO, Dispute Settlement, and Sovereignty.

Critics of the Uruguay Round have charged that proposed WTO and the Dispute Settlement Understanding (DSU) would unacceptably infringe U.S. and state sovereignty. I agree that no trade agreement, whatever its economic benefits, should be approved if it infringes U.S. or state sovereignty. But it is clear, as I have testified many times, that the critics' fears concerning sovereignty are without foundation.

Three Administrations--two Republican and one Democratic--steadfastly safeguarded our sovereignty throughout the negotiations. This year, working together on a bipartisan basis, the Administration and Congress established further protections for sovereignty through the implementing legislation.

A broad range of individuals and groups of diverse views across the political spectrum support the view that the Uruguay Round agreements do not affect U.S. sovereignty. These include Consumers Union, the Heritage Foundation, the American Enterprise Institute, Judge Robert Bork, the National Governors Association, the National Conference of State Legislatures, Citizens for a Sound Economy, the American Bar Association, just to name a few.

Section 102(a)(1) of the implementing legislation unequivocally reaffirms that U.S. law prevails in every situation over any conflicting provision of the Uruguay Round agreements. Further, Articles IX and X of the WTO agreement make it clear that no substantive right or obligation of the U.S. can be altered or changed unless we agree. Article IX establishes that the WTO will operate by consensus--just as the GATT has. The charge that the United States will be outvoted on important issues in a system where each country has one vote is a `scarecrow' in the view of Judge Bork. In its recent report on the WTO, the Heritage Foundation posed the question: `Does the WTO have any power over the United States that could undermine U.S. sovereignty?' The Foundation's unequivocal answer was `none whatsoever'.

Neither the WTO nor WTO dispute settlement panels will have the power to change, or order any change, in Federal, state, or local laws or regulations. Only we in the United States can change our laws. Longstanding practice of the GATT,

continued in the WTO, assures that in disputes, we will only be in front of panelists approved by the United States.

Moreover, while the dispute settlement process is not yet as open as the litigation process in the United States, it is far removed from being the 'secret tribunal' that critics allege. U.S. briefs in panel cases will take into account Congressional advice and the views of the public. In addition we will provide prompt access to our submissions, and access to at least non-confidential summaries of other WTO member submissions. Panel reports will be made public as soon as we receive them, and our response to any panel report will be developed with Congress. Also, section 123(g)(3) of the implementing legislation permits the appropriate committees of Congress to vote on whether the United States should comply with a panel report.

We have fully safeguarded the right of federal, state, and local governments to protect human, plant, and animal health and safety at whatever level of protection we see fit. Furthermore, state governments may impose more stringent standards than the Federal government and we will be free to exceed international standards when necessary to achieve the level of protection we believe appropriate.

Thanks to extensive consultation with groups of state officials, led by the National Association of Attorneys General and the Multistate Tax Commissioners, state sovereignty is fully protected. This includes the right of the states to participate at every stage of the dispute settlement process if a state law is challenged.

Finally, while the Administration believes that U.S. interests are fully protected, the WTO agreement permits the United States to withdraw on six months' notice at any time and for any reason. Additionally, section 125 of the implementing legislation provides an expedited process by which Congress can review U.S. participation in the WTO every five years, and revoke approval of the WTO agreement if it so chooses.

Sovereignty has been the central issue in the debate on the WTO throughout this year. When members of Congress or other individuals or groups have come forward with concerns, we have worked hard, and effectively, to address them. Nevertheless, we recognize that concerns remain, in Congress and around the country, about our sovereignty under the WTO, and particularly the impact of a dispute settlement system where 'blocking' of panel reports is no longer permitted. We believe that it is important to approve the Uruguay Round agreements with the broadest possible bipartisan support and public confidence. Consequently, the Administration wants to ensure that WTO dispute settlement decisions are fully consistent with the Uruguay Round agreements by providing additional guarantees that WTO dispute settlement decisions will be vigorously monitored to ensure that U.S. sovereignty is not adversely affected.

To that end, the Administration will support legislation next year to establish a WTO Dispute Settlement Review Commission. The Commission would consist of

five Federal appellate judges, appointed by the President in consultation with the Leadership of both Houses and the Chairmen and Ranking Members of the Ways & Means and Finance Committees. Each Commissioner would have a four-year term with possible renewals. Provision would be made for appropriate staggering of the terms of the Commissioners.

The Commission will review all final (i.e., adopted) WTO dispute settlement reports (by a panel if the panel report is not appealed or by the Appellate Body) where the final report is adverse to the United States. In each such case, the Commission would determine whether the panel or Appellate Body:

1. Demonstrably exceeded its authority or terms of reference or, where the matter concerned the Uruguay Round Antidumping Agreement, failed to apply Article 17.6 concerning standard of review;
2. Added to the obligations or diminished the rights the United States assumed under the pertinent Uruguay Round agreement;
3. Acted arbitrarily or capriciously, engaged in misconduct, or demonstrably departed from the procedures specified for panels or the Appellate Body in the agreements; and whether
4. The action in 1, 2, or 3 materially affects the outcome of the report.

The Commission would issue its determination within 120 days after the report is adopted. Three votes would be required for an affirmative determination. The U.S. Government and interested parties would have the right to be heard by the Commission.

Following issuance of any affirmative determination by the Commission, any Member of each House would be able to introduce a joint resolution calling on the President to negotiate new dispute settlement rules that would address and correct the problem identified by the Commission. The resolution would be privileged. The resolution would be discharged from the Ways & Means and Finance Committees under the same procedures provided in section 125 of the implementing legislation; floor action would be expedited under the same procedures.

If there are three affirmative determinations in any five-year period, any Member of each House would be able to introduce a joint resolution to disapprove U.S. participation in the Uruguay Round agreements under the same procedures set forth in section 125 of the implementing legislation. If the resolution is enacted by the Congress and signed by the President, the United States will commence withdrawal from the WTO Agreement.

Term of Patent Protection.

You have expressed concern about the provision of the implementing legislation which would change the terms of patents in the United States. Specifically, you have asked the Administration to support legislation next year which would change the patent term to grant patents for a term beginning on the date on which the patent issues, and ending on the later of 20 years from the date on which the patent application was filed in the United States or 17 years after the date of the grant.

Under present law, patent rights exist for a term of 17 years measured from the date the patent is granted. The legislation would change our current system to provide for a patent term of 20 years measured from the earliest effective filing date of the application that leads to the patent.

This change, which has the strong, bipartisan support of the House and Senate Judiciary Committees, has been recommended numerous times by expert study groups starting as far back as 1967. One reason the Committees support both the change and the approach taken in the implementing bill is that it will address the problem of `submarine patents'.

A `submarine patent' can exist when a patent applicant delays grant of the patent, sometimes for years, even after the Patent and Trademark Office has determined that a patent can be granted. In the meantime, an entire industry has built up around the technology, since patent applications are held secret until after the patent is issued. When the patent issues, the inventor often demands high royalties as the price of not suing companies for patent infringement. The proposal of providing a term of the longer of 20 years from filing or 17 from grant of the patent would not address this problem, since there still will be no incentive for the patent applicant to stop delaying patent grant.

Under the implementing bill, almost all U.S. patent owners will have a longer term of protection than they now have. There are several reasons for this, but the key point is that we included provisions that would add up to five years to the 20-year term provided under the implementing bill if there is delay in getting the patent and that delay is not the fault of the patent owner.

For all these reasons, we believe that the case for the change is compelling, and it will bring great benefits to our patent holders and innovators. The proposed change has extraordinarily broad support in the business and intellectual property communities, ranging from manufacturing and chemical companies, such as 3M, Dow Chemical, Westinghouse, MARS, Exxon Research and Engineering Company, Deere & Company, Bridgestone/Firestone, DuPont, Cincinnati Milacron, Pioneer Hybred, and Fisher-Rosemount to the Intellectual Property Law Section of the ABA, the American Intellectual Property Owners' Association (AIPLA), and the Intellectual Property Owners' Association (IPO).

We believe that if Congress reconsiders the issue next year it will reach the same conclusion reached by the Administration and the Judiciary Committees over the

nine months that we work on the implementing bill. Nevertheless, if the Congress does revisit the issue and reaches the conclusion that a change in accordance with your proposal should be made, the Administration would not oppose legislation to achieve that change.

Once again, thank you for discussing this matter with us. I look forward to working with you to secure approval of this historic agreement.

Sincerely,  
*Michael Kantor.*

[ Page: S15342 ]

Mr. DOLE. That is the first concern and it has merit.

The second concern in my view has no merit. The World Trade Organization is not world government. Our sovereignty is not threatened by this agreement or by the WTO. The WTO has no power to force the United States to do anything. They cannot make us do anything. It is not a world power.

If the WTO finds that U.S. law does not square with the obligations we have assumed under the agreement, we remain totally free to disregard that finding. It does not change U.S. law. It does not change State laws, as some of the critics have said. The critics should be answered, and they have been answered. But they keep coming back with the same message.

I do not know who you could go to, if you want to talk to somebody who felt strongly about something and you wanted some conservative jurist to give you a legal opinion. So somebody asked Judge Bork to address this issue. I know it has been recited on the floor before. Judge Bork has a pretty good reputation as being a scholar and understanding the law. As he pointed out, our ultimate compliance with the agreement is a matter of international comity or accommodation, not of sovereignty. We are talking about comity or accommodation--not sovereignty. Our legislative and executive branches will continue to function exactly as before. Let me quote Judge Bork. I know he has been quoted before, but I want to quote him again because I think the well-meaning people in America who oppose this agreement because of the sovereignty issue ought to know about the quote. Maybe they will read it. Maybe they will hear it. I would be happy to send them a copy of the letter. This is what Judge Bork said:

The U.S. constitutional framework safeguards U.S. sovereignty by providing the motion recent action by the political branches of the Federal Government supersedes prior laws or international agreements. As long as the United States can relieve itself of any international obligation that conflicts with U.S. law by enacting a subsequent statute, U.S. sovereignty is protected. Arguments to the contrary distort American law and contradict principles recognized by the Supreme Court for more than one hundred years.

That is not **Bob Dole**. That is not **Bob Packwood**. That is not **Pat Moynihan**. That is Judge Bork. He is not infallible, but he has a great reputation. So I would say to those who rant and rave about the sovereignty issue, I think it has been answered.

I would also note one of the most vocal critics of the WTO's infringement on our sovereignty, Professor Lawrence Tribe, of Harvard, recently reversed his position on the issue. He was a critic. He was on the other side. He was supporting Ross Perot and Pat Buchanan and Pat Choat and Ralph Nader and others who feel strongly about this issue. This is the memorandum he sent to me and other Senators dated November 28, and I quote:

Although it might be less embarrassing for me simply to say nothing, I regard it as my responsibility, in light of Assistant Attorney General's Dellinger's recent forceful analysis, to say that I believe the Clinton administration has based its position on the Uruguay round agreements on constitutional arguments that are both powerful and plausible.

Not **Bob Dole**, not **Pat Moynihan**, not **Bob Packwood**--Lawrence Tribe.

So the sovereignty issue is a red herring. And, if our rights are being trampled we are going to be able to fix it. We have worked it out. We are going to have to pass a law next year and we will have administration support, and bipartisan support in the House and Senate. Our sovereignty could not be better protected. No one in this Chamber is going to stand up and diminish our sovereignty or somehow sell out or diminish some of our sovereignty that I know of on either side of the aisle.

Let me finally say this. I know the majority leader is waiting to conclude the debate.

We were also concerned about some of the measures in the implementing legislation. Frankly, we thought there were too many things added. It was not clean. There were just too many things added to the implementing legislation. So a lot of charges have been made that millions and millions and billions of dollars are being spent. It is almost like a reconciliation bill. You cannot amend it. All you can do is debate it and vote it up or down.

So we raised some of those questions with the administration. I think it is clear that one reason the fast track process may be in danger from now on is we have to clean up our act. We cannot load up the implementing legislation with extraneous provisions that have nothing to do with trade because this bill is not subject to the normal rules of debate. As I said, you cannot amend it. You debate it and vote it up or down. So it has a whole variety of things in there that benefit certain people, probably certain interests that should not be there at all. And I have addressed those.

I ask at the appropriate time those letters be printed in the **Record**. One is a pioneer preference provision. I am just trying to find out if it is fair. If it's fair that

is fine with me. But we are going to try--going to review it next year. We have a promise from the administration to work next year with the administration to ensure that Government is fully and fairly compensated for the licenses in question. That is all we want. We are not after anybody.

So I guess the truth of the matter is, the fast track vehicle is carrying a lot of unauthorized cargo. And it is abuse of the fast track process and I hope that, if we use the fast track process again, we will be able to clean that up. I voted for the fast track extension and I think certainly this undermines the process if that is going to be approved next year.

We have another term dealing with patents. This was raised by a colleague on the House side, Congressman **Rohrabacher**. That has been addressed. We think the administration now agrees it will not oppose legislation, if it is offered next year. I ask that statement by him be made a part of the **Record**. That was from the Trade Representative, from Mickey Kantor.

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

The White House,  
*Washington, November 23, 1994.*

Hon. Robert Dole,  
*U.S. Senate,*  
*Washington, DC.*

[Page: S15343]

**Dear Senator Dole:** I appreciate the opportunity to respond to your concerns about the so-called 'pioneers' preference provision,' which is found in Title VIII of the GATT implementing legislation.

As you know, this provision serves two basic purposes. First, it prevents the pioneers from obtaining the use of radio spectrum for free. Absent the GATT provision there is, in our judgment, an unacceptable risk that the pioneers will succeed in overturning the current FCC Order which, reversing an earlier order, now requires payment from the pioneers. Second, it rewards the innovation produced by the pioneers who, in the judgment of the FCC, have helped to spur the current interest in the provision of Personal Communications Services. Indeed, we are only days away from the beginning of the broadband PCS auction. The PCS auctions, which were proposed by President Clinton and established in the budget reconciliation act of 1993, are expected by OMB to raise \$12.6 billion for the federal government.

Under the GATT provision, the three pioneers will contribute a significant percentage of the total proceeds to be gained from the PCS spectrum. OMB

estimates that, over a five-year period, the three pioneers will pay about \$1.5 billion to the federal treasury.

We are aware, of course, of competing estimates that have been made by opponents of the GATT agreement and potential competitors of the pioneers. In general, those assertions attempt to compare mature, small markets for established wireless services that possess a significant customer base with the incipient, multistate, demographically-diverse markets for new PCS services. In our judgment, no known alternative estimate establishes a credible basis for analysis.

Of course, as the Administration has consistently noted, no one can predict with certainty the outcome of the coming PCS auctions and, therefore, it is impossible to be absolutely sure how much the pioneers will pay under the GATT provision or how much that payment might differ from the alternative formulae contained in the current FCC Order.

I can commit to you, therefore, that the Administration will work with Congress next year to do the following:

1. Compare the price paid by the pioneers to the payments paid by the PCS auction winners;
2. Determine whether the government received a fair return for the licenses obtained by the pioneers;
3. If the determination in (2) above is negative, pass legislation that would adequately compensate the United States in accordance with the determination on fair return.

Congress, of course, could still act on its own. We are sending under separate cover a letter expressing our views with regard to the constitutionality of future legislation on this issue.

Sincerely,

Leon E. Panetta,  
*Chief of Staff.*

Ms. MIKULSKI assumed the Chair.

Mr. DOLE. The rest of my statement deals with the budget. I understand Senator **Packwood** made a brilliant speech. I was not here to hear it, but I have had people fax me notes on how he explained the budget process and the waiver. And I thank him for that.

But it is pretty clear to me that if we do not waive the budget, we are going to doom the whole process. There is no question about it. And that is a steep price to pay. So we have addressed it. We think it has been addressed as much as we



could. And we have to keep in mind, too, we are talking about cutting tariffs, going to create more jobs, more opportunities--a lot of things are going to happen in the second five years. So I think in the long run, increased economic activity which is going to result from this trade agreement certainly is going to outweigh the losses and obligations caused by the tariff cuts. In other words, over time, tariff cuts pay for themselves. In fact this argument is reminiscent of an argument we have been making for a long time with regard to capital gains rate reduction. I hope next year, as I said in my letter to my colleagues, the administration will be receptive to this argument in the context of the capital gains debate.

So, finally, I would just say, Madam President, that I think the bottom line is we just cannot isolate ourselves from the rest of the world. We have to have a big 'open for business' sign all over America. Everywhere in America it has to say we are open for business. We want your business in America. We want to create jobs, we want to create opportunities in America. We do not want to put a 'closed' sign in America, 'Not welcome in America.'

We want them to bring down the barriers for our products and our services. We are going to lock in this agreement--market opening measures pave the way for further measures.

I have always thought that we could compete with anybody else in the world as long as we have access to that market and that we have assured access. I think this agreement is going to help us in that regard.

So, Madam President, I ask any other material I have not included in the **Record** relating to this agreement be printed at this point. And again thank my colleagues for their leadership.

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

GENERAL COUNSEL OF THE

U.S. Department of Commerce,  
*Washington, DC, November 23, 1994.*

Hon. Robert Dole,  
*Minority Leader,*  
*U.S. Senate Washington, DC.*

**Dear Senator Dole:** One of the revenue measures included in the GATT implementing legislation would require the Federal Communications Commission to recover for the public a portion of the value of the public spectrum that has been awarded by the Commission to licenses granted under the 'pioneers preference' program. The legislation requires the pioneers to pay not less than 85 percent, on a per population basis, of the highest bids for licenses in the 20 largest markets in which no applicant has obtained preferential treatment (the 3 pioneer markets). Assuming enactment of the GATT legislation free from

constitutional infirmities that re-calculates the fees to be paid by the pioneers. This subsequent legislation would likely occur after the FCC proceeds to issue the licenses to the pioneers and would raise a constitutional question whether such subsequent legislation could be effective on a retroactive basis. We believe that the Congress retains wide discretion to enact retroactive economic legislation to support legitimate legislative purposes and such legislation would be permissible from a legal perspective.

In a case decided June 13, 1994, the Supreme Court held in *United States v. Carlton*, 114 S.Ct. 2018 (1994), that due process was not violated by retroactive application of an amendment to a federal estate tax statute limiting availability of a deduction despite evidence that a taxpayer detrimentally relied on the previous provision and had no notice that the provision would be retroactively amended. In the case, the Court noted that the due process standard to be applied to tax statutes with retroactive effect 'is the same as that generally applicable to retroactive economic legislation.' 114 S.Ct. at 2022. In quoting from its decision in *Pension Benefit Guaranty Corp. v. R.A. Gray & Co.*, 104 S.Ct. 2709 (1984), the Court stated:

'Provided that the retroactive application of a statute is supported by a legitimate legislative purpose furthered by rational means, judgments about the wisdom of such legislation remain within the exclusive province of the legislative and executive branches.'

We believe that the Supreme Court's holding in the Carlton case would be controlling if the Congress enacted subsequent legislation with retroactive effect regarding the price paid by the pioneers. There, as here, the subsequent Congressional action would be intended as a 'curative' measure to correct previous legislation with 'significant and unanticipated' revenue consequences (Congress had estimated the revenue loss from the deduction in the Carlton case at \$300 million over 5 years but subsequently discovered the loss could be as much as \$7 billion). There, as here, the 'corrective' legislation would be enacted promptly with only a 'modest period of retroactivity.' Just as a taxpayer 'has no vested right in the Internal Revenue Code,' no party has a vested right in conveyance of Government spectrum at a discount. See 114 S.Ct., at 2023. In addition, two factors which the appellate court found troubling in that case, a lack of notice and detrimental reliance, would not be present provided the Congress included floor statements in the **Congresisonal Record** noting the possibility of subsequent legislation relating to the fee question.

For these reasons, we believe that Congress could, if it wished, enact subsequent legislation with retroactive effect regarding the assessment of fees to be paid by the pioneers.

Sincerely,  
*Ginger Lew.*

--

Department of the Treasury,  
*Washington, DC, November 23, 1994.*

Hon. Robert Dole,  
*U.S. Senate,*  
*Washington, DC.*

[Page: S15344]

**Dear Bob:** I appreciate the work you have done to address the concerns of your constituents and other Senators before making a final decision about the GATT agreement. I am encouraged that the sovereignty issue has been resolved. I believe your announcement today in support of GATT will certainly bring us closer to the 60 votes needed for the budget waiver.

As the President stated in his press conference Tuesday, the Administration is unwilling to link any conversation regarding capital gains to GATT. But Members of the 104th Congress will no doubt set forth ideas for capital formation. I can assure you that these proposals will be carefully reviewed.

It would of course be our hope that the work of the 103rd Congress be completed next week with a bipartisan victory, not by a narrow margin, but by a resourcing vote of confidence. You and I have lead important fights in the past to expand economic growth in our country. Few are as important as this one. If we can achieve this, I believe the American people will hold both our political parties in greater esteem. With my best wishes for a Happy Thanksgiving.

Sincerely,  
*Lloyd Bentsen.*

Mr. DOLE. I want to commend my colleagues who are on the other side. They feel very strongly about it. I think it has been our hope that we could answer some of the concerns they had.

Some are just flat opposed to it. Some believe there is a conspiracy out there. Some believe that some of us are out to do in America. That is not my record and I do not think it is the record of anybody else.

It seems to me we had two choices: Kill it or make it better and pass it. In my view we have made it better. It is better than it was, because of the cooperation we have had with the administration and because they, too, understand that the WTO was causing real concern with real people all across America. And now Congress has some say or will have some say when we pass the legislation next year.

So, Madam President, I hope that--we probably cannot have a unanimous vote--but let us try for 70 votes, at least 70, on the budget waiver.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. I yield the remainder of the time I have to Senator **Warner**.

The PRESIDING OFFICER. The Senator from Virginia has 2 minutes 40 seconds.

Mr. WARNER. Madam President, I shall be very brief. I wish to associate myself with the remarks of the distinguished Republican leader. I have counseled with him on this matter from the very beginning, and he has laid forth the precedents, the points that I shall place in the **Record** in support of my decision on this measure.

An easier vote perhaps would have been to vote against the point of order, then vote for the treaty. But to me that is not being honest. That is not being straightforward, and I feel that as the distinguished Republican leader feels, we ought to stand and be counted and vote if it is in our judgment this is in the best interest of the United States.

I waited, Madam President, such that all across Virginia calls came, as the distinguished leader said, and others, in opposition, in large measure. I did not want to cut off the avenue of my constituents to reach me with their views, and I forced an open mind. But it is the wise counsel of our Republican leader and that of the two managers of this bill, the Senator from New York, Senator **Moynihan**, and the Senator from Oregon, Senator **Packwood**, and others, to persuade me this is in the best interest of the United States.

Mr. WARNER. Mr. President, I rise today to voice my support for H.R. 5110, legislation to implement the Uruguay Round Agreement reached under the General Agreement on Tariffs and Trade (GATT). After many months of closely scrutinizing the agreement, I have come to the conclusion that this agreement is in the best interests of Virginia and the Nation as a whole. It moves the United States toward free trade and positions us to compete vigorously in the worldwide market.

Virginia recorded merchandise exports in 1993 of \$8.2 billion--the second largest State total in the South Atlantic region. Nationally, Virginia ranked 15th among the States in the value of export sales. Over the 1978-93 period, Virginia's merchandise exports rose by 159 percent--well above the 90 percent increase for the Nation as a whole and the 12th largest percentage gain among States. Virginia's top three export markets in 1993 were Japan, Canada, and Belgium and 87 percent of Virginia's 1993 export sales consisted of manufactured goods. Also, it should be noted that Virginia posted substantial export gains in virtually all major manufactured product categories over the 1987-93 period.

I anticipate that under the Uruguay Round Agreement reached under GATT Virginia will experience greater economic expansion particularly in the areas of: fish and fish products, maritime industry, household and office furniture, renewable energy technology, industrial machinery, electronic equipment, tobacco, and high technology exports. In the area of agriculture, economic expansion is expected in, among others, these areas: corn, soybean, small grains, apples, beef, poultry, and horticultural products.

Those areas listed above are just a few of the areas that will benefit under the agreement. The worldwide lowering of tariffs will help open other countries' markets, therefore creating markets in the future for many other Virginian goods and services.

Mr. President, I would like to say a few words about the World Trade Organization (WTO) and its impact on U.S. sovereignty. The WTO will have the authority to pass out penalties to member nations that have violated the agreement. After reviewing the WTO provisions of the agreement I, like many others, was concerned with that aspect of the agreement.

However, I believe that former U.S. Appeals Court Judge Robert H. Bork, in a letter to Senator **Don Nickles**, helped clarify this matter. Judge Bork stated that 'the U.S. constitutional framework safeguards U.S. sovereignty by providing that the most recent action by the political branches of the federal government supersedes prior laws or international agreements.' Judge Bork concluded by saying that 'as long as the United States can relieve itself of any international obligation that conflicts with U.S. law by enacting a subsequent statute, U.S. sovereignty is protected.'

In addition, incoming Senate Majority Leader **Dole** reached an agreement with the Clinton administration on the matter of the WTO. The Dole-Clinton agreement commits the Clinton administration to support prompt enactment next year of legislation creating a permanent commission of five sitting U.S. appellate court judges, appointed by the President in consultation with appropriate House and Senate leaders. The commission will review all final WTO dispute settlement reports, subjecting them to a three-part test. If the majority of the commission believes that the WTO panel did not demonstrate adherence to certain guidelines then action could be taken by Congress to request that the President negotiate new dispute settlement rules addressing the problems identified by the commission. If the commission issues three affirmative decisions in a 5-year period, any Member of Congress would be able to introduce a joint resolution to disapprove U.S. participation in the WTO.

Mr. President, we must not sit idle and let the world pass

us by. We are the worlds largest exporter and we can only benefit from a lowering of worldwide tariffs that in turn allow us access to more foreign markets. The Uruguay Round Agreement does just that and I intend to support it.

Mr. President, in closing I ask unanimous consent that an Op-Ed written by Mr. John W. Snow, Chairman, President, and CEO of Richmond, Virginia based CSX Corporation and Chairman of the Business Roundtable, be included in the **Record** following my statement.

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

[Page: S15345]

## **From the Richmond Times Dispatch, Nov. 27, 1994**

[FROM THE RICHMOND TIMES DISPATCH, NOV. 27, 1994]

### **Virginia, U.S., Have Stake in Expanded Trade**

Let's cut to the heart of the GATT debate: If America wants more jobs, higher living standards, and lower taxes, then this vital international trade agreement must be approved by the U.S. Congress *immediately*. Defer action and we lose.

The latest round of GATT (shorthand for General Agreement on Tariffs and Trade) has been seven years in negotiation and represents the cumulative work of 123 nations to reduce trade barriers and encourage economic growth. It is the most comprehensive trade deal in history and would not have happened without American leadership. Presidents Reagan, Bush, and Clinton have all championed this effort.

The present 'Uruguay Round'--the eighth in the history of GATT--stands as the latest, best opportunity to continue the process of making American values a fixed part of the international economic system.

Yet we hear objections. It is argued, without factual basis, that the U.S. will lose control of its destiny. Others say, 'Why rush, let's improve it'--ignoring the years of difficult, step-by-step struggle this agreement represents.

A lot of this is disturbingly familiar. The road to passing the North American Free Trade Agreement (NAFTA) was littered with exaggerated dangers and unsubstantiated claims by opponents. In fact, the early report card on NAFTA is even more encouraging than many proponents had predicted.

### **NAFTA HAS BENEFITTED CONSUMERS**

For unrestricted trade to be of benefit, both imports and exports should rise. In the first six months of 1994, the U.S. Commerce Department reports that Mexican exports to the U.S. rose 21 percent, to \$23.4 billion, from a year ago, and U.S.

exports to Mexico rose 16 percent, to \$25.5 billion. Such numbers portend solid growth for American businesses and respectable savings for American consumers.

GATT, like NAFTA, will be a plus for the American people, because America wins with free trade. The United States is by far the world's largest exporter and the world's most open market. Any agreement like GATT that binds more than 100 nations to the same discipline we impose on ourselves can only benefit our economy over the long term.

It is simply remarkable that anyone would oppose this opportunity for economic growth--particularly in Virginia, where exports have driven and sustained our economy, where from 1987 to 1993, merchandise exports soared by 159 percent--way above the national average of 90 percent. Last year alone, Virginia racked up \$8.2 billion in export sales. so much a part of Virginia's past, international trade requests our best chance in the future.

The state's exports touch on many sectors of its economy, from agriculture and livestock, production to manufacturing of products ranging from electronics and computers to chemicals and heavy machinery, and encompass the gamut of large to small employers. A study done in 1987 found that 95 percent of Virginia enterprises involved in export trade had fewer than 500 employees.

Without a doubt, the citizens of the Commonwealth would benefit from overall business growth and creation of new jobs resulting from more open international trade. Several gubernational administration representing both Democrats and Republicans have seen the Value equation in international trade and have worked effectively to market Virginia's exports to the world. The GATT stands to extend those economic benefits will into the 21st Century.

Since the GATT process began in 1947, world trading nations have cut average tariffs from 40 percent to 5 percent today, thanks largely to U.S. efforts that have once again spanned both Republican and Democratic administrations. The result has been the fastest global economic growth in history. The newest GATT agreement obligates signatory nations to take serious action against discriminatory non-tariff import barriers and to reduce or eliminate tariffs and quotas on a range of products affecting 85 percent of world trade. The result will be a \$744 billion reduction in tariffs on world trade, the largest tax cut in the history of the world.

Implementing the Uruguay Round is expected to cost the United States \$40 billion in foregone tariffs over the next 10 years. However, for every dollar lost in revenue from tariff cuts, the Clinton administration estimates an additional \$3 in new revenues will be generated from increased economic activity. Obviously, one aspect of the GATT debate focuses on how much additional growth the United States can expect.

The administration estimates that the GATT will pump an extra \$100 billion to \$200 billion into the U.S. economy every year after the agreement takes full effect

in 10 years. This assessment recently was boosted by a study released by the GATT Secretariat showing that the trade accord would add another \$122 billion to the U.S. economy by the year 2005.

## **GAINS OUTWEIGH ANY LOSSES**

But even the most conservative assessment of the GATT by independent analysts shows that the accord will contribute an extra \$25 billion to \$30 billion per year to the U.S. gross domestic product. That would be far in excess of the GATT's projected 10-year cost of \$40 billion.

The truth is that more open trade will generate far more to the American economy than it will cost. Right now the biggest danger is that the Congress will fall prey to GATT opponents who are using the complexity of the agreement to urge delay on ratification until next year's formal deadline. Those who oppose free trade expansion know that delay crushes political chances for approval and certainly damages America's standing with its trading partners.

It is worth repeating that talks began on the latest trade pact more than seven years ago under President Reagan and enjoyed the support of President Bush during the 1992 campaign, before being embraced by and concluded under President Clinton. Improving the climate for international trade was, until recent times, a subject that enjoyed broad bipartisan leadership.

Earlier this month, voters sent a strong message to Washington that they expect more leadership on a host of issues connected to the nation's future direction and a collective sense of well-being for our families and communities.

The upcoming vote on the GATT agreement is certainly a once-in-a-generation opportunity: for the President to govern, for the Democrats to vote their great hopes for the nation's future, and for the Republicans to show their leadership. Even a delay in considering the GATT agreement could cost future generations of Americans immeasurably, as a number of our political leaders have expressed the view that a delay on the GATT vote will ultimately kill its chance for implementation. Such is the power of America's position on this issue around the world.

Our representatives in Congress will be asked to demonstrate their bipartisan leadership in the next few days. They will have the opportunity to sow the seeds of future prosperity for our nation and our fellow citizens by approving the GATT agreement.

In the final analysis, GATT is about change. It's about moving toward the future, not away from it. It's about knocking down barriers to global commerce and allowing economic competition to flourish throughout the world.



## AMERICAN PRODUCTS WILL WIN

Congress should approve the agreement, thereby opening the doors, leveling the playing field, and preparing the way for an American victory. America will win with GATT because our workers are the most productive in the world. America will win because our science is better, our products are superior, and our companies are more efficient. America also will win because of the ideas we hold dear. It's really extraordinary. In this decade, the ideological battle between command economies and market-driven economies has ended. The verdict is in. Markets win!

The worldwide advance of economic liberty is the great victory of the late 20th Century. Freedom has momentum on its side. The U.S. and 17 other Pacific Basin countries--a group constituting half of the world's production and 45 percent of world trade--have just agreed to opening their economies and removing all trade barriers by the year 2020. Other expansions of freedom beckon; the future is promising. But nothing is guaranteed. A defeat of GATT would send the wrong message at the worst possible time.

Congress must not let that happen. If anything, the recent election affirmed Americans' desire for greater economic opportunity. Now, at a time when the world has come to embrace that same desire, for freedom and prosperity, it would be a sad irony for America to step backward. We should approve GATT now--and I urge Virginians to so inform their congressional representatives.

Mr. LEVIN. Mr. President, the decision on how to vote on the implementing legislation of the Uruguay Round of GATT has been a particularly difficult one for me. I have painstakingly studied the bill. I have corresponded extensively with USTR and others to obtain clarification of many of its provisions and I have carefully weighed the pros and cons of this agreement. There are many strengths.

This agreement will put in place a set of rules which will allow the U.S. to compete on a more level playing field in trade relationships with other nations. Overall, I believe progress toward free trade is good for the United States. This agreement includes many positive steps toward that end.

First, GATT would create a new international trade framework and establish rules to govern international trade. It would also expand the number of participating nations from 40 to 123.

Second, GATT's intellectual property provisions would broaden and strengthen the protection of U.S. patents, copyrights and trademarks around the world. This would provide new and better protection in world markets from piracy of U.S. entrepreneurship, copyright and invention in industries such as pharmaceutical, entertainment and computer software.

Third, the Uruguay Round would expand the trading system to include services and agriculture for the first time. This includes many important U.S. industries

such as accounting, advertising, computer services, tourism, engineering and construction.

Finally, this GATT agreement would set forth multilateral trading rules for all member countries to abide by, including developing nations. Furthermore, it would establish a forum and procedures to resolve trade disputes that might arise among trading partners. Together, these measures would create a more level playing field in international trade than exists today.

But let us be candid--the Uruguay Round Agreement does not bring about free and fair trade. This agreement permits a number of countries to continue to engage in blatant protectionism. And as a result, certain countries and industries will do better under this agreement than others.

I am deeply troubled by the fact that this agreement continues to allow unfair foreign trade restrictions which adversely affect key Michigan exports in autos and auto parts. GATT fails to address the discriminatory trade barriers of greatest importance to Michigan. I'm speaking of Japan's keiretsu system, the collusive and unfair Japanese business practice whereby producers and suppliers form strategic alliances and effectively block outside competition. Measures to break down such non-tariff trade barriers such as these are conspicuously absent in GATT.

Since this GATT agreement does not specifically cover Japan's keiretsu system, we would most likely have to fight barriers to trade such as this using U.S. domestic trade remedy laws. I specifically asked the Administration to indicate how it would deal with Japan's keiretsu system under the new GATT agreement. I was assured by the USTR that they would continue a firm bilateral approach with Japan in an effort to bring about an end to Japan's discriminatory trade practices. But this is the same decades-old method that has failed to produce any result.

This agreement could actually make matters worse and weaken remedies under U.S. trade law that we can use to retaliate against unfair trade practices. I

am concerned that the use of quotas and tariffs to retaliate against unfair trade practices, such as those contained in Section 301 and Super 301, would be in violation of the agreement. Under the new system, should the U.S. choose to use sanctions, such as Section 301, to respond to unfair and restrictive Japanese trade policies not explicitly prohibited by GATT, such as keiretsu, the WTO could well rule that such U.S. action violates the GATT agreement and such finding could no longer be blocked by a United States veto under the new GATT. In my view, this might tend to undermine the credibility of a threat to use Section 301.

In the Statement of Administrative Action, the Administration has made assurances that it intends to use Section 301 to pursue vigorously unfair trade barriers that violate U.S. rights or deny benefits to the U.S. under the Uruguay round agreements. The Administration has also stated their intention to use section 301 to pursue foreign unfair trade barriers that are not covered by the GATT agreements. The implementing legislation specifically identifies two

important manufacturing industries that face unfair competition policies that are not clearly covered under GATT--auto parts and flat glass--to be addressed under the revised Section 301 law. The Administration has strongly committed to the continued use of U.S. trade remedy laws unilaterally when deemed necessary.

I also have a serious problem with an agreement that reinforces Mexico's local content requirements which discriminate against U.S. auto parts. These requirements have often resulted in U.S. manufacturers locating production in Mexico rather than in the U.S. While the Uruguay Round Agreement will eventually eliminate all such local content requirements, Mexico is allowed to maintain these protections for ten years under the terms of this agreement. Although I am glad to see Mexico's local content requirements phased out, I think we got a bad deal in this area under NAFTA and now GATT reinforces it.

The Uruguay Round also allows the European Union to maintain its limits on imports of vehicles from Japan for five more years. Because the U.S. government has no similar import restraints, and under the Uruguay Round we will be restricted from imposing similar restrictions, I am concerned that there is the danger that Japan will dump its excess auto capacity into the U.S. market.

On the other hand, the European-Japanese agreement exists now and is unlimited in duration. This GATT agreement arguably has the virtue of setting a time limit on it.

The issue is close surely. But a factor pointing toward a `yes' vote is the impact of rejection of GATT on American leadership in the world. If we abandon this hard fought agreement, after eight long years of negotiation, with the nations of the world looking to us to lead, it will be a blow to America's role in the world.

On balance, I have decided to cast my vote in favor of the budget waiver and the implementation of the Uruguay Round agreement.

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Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the attached letter by John O. Wilson and Robert Kramer be printed in the **Record**.

Bank of America,  
*August 10, 1994.*

Hon. Dianne Feinstein,  
*U.S. Senate,*  
*Washington, DC.*

**Dear Senator Feinstein:** During your recent meeting with a delegation of California businessmen and women who support passage of the Uruguay Round Agreement, Mark Kadash asked that Bank of America provide additional information on the impact the Agreement would have on the California economy.

We have attached the results of a study of this question using the bank's California macroeconomic model (attachment 1).

We used the model to project out the likely effects of the Agreement over the next five years on: employment, unemployment rates, exports through California ports and exports originating within the state. Since the Agreement will be phased in over a ten year period not all of the impact is captured by this five year projection, however, the trend is quite apparent. California will benefit substantially from passage of the Uruguay round, and delaying passage could have serious repercussions of the state's ongoing economic recovery (attachment 2).

Sincerely,

John O. Wilson,  
*Executive Vice President, Chief Economist.*

Robert Kramer,  
*Vice President, Policy Manager.*

Attachments.

ATTACHMENT 1: IMPACT OF THE GATT URUGUAY ROUND AGREEMENT [URA] ON CALI

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I. California civilian employment (thousands of jobs)

Without GATT Uruguay round

With GATT Uruguay round

Jobs added by Uruguay round

II. California unemployment rate (percent)

Without GATT Uruguay round

With GATT Uruguay round

Percentage points added to unemployment rate if Uruguay round not pass

III. Merchandise exports through California ports (millions of current

Without GATT Uruguay round

With GATT Uruguay round

Additional exports added by URA

IV. Merchandise exports originating in California (millions of current

Without GATT Uruguay round

With GATT Uruguay round

Added exports added by URA

[Footnote] Source: Bank of America Macroeconomic model of California. Contact: John O. Wilson, Chief Economist. The California econometric model captures movements of key economic components of the California economy. It consists of about 20 annually estimated equations for California's important economic indicators such as employment, gross state product and personal income. It is structured for the corresponding U.S. economic indicators and their forecasts (generated by BofA using DRI's U.S. macroeconomic model) to directly drive the California economy. However, significant differences between California and the United States in the ways these indicators vary over time are also carefully specified.

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## Attachment 2

[ATTACHMENT 2]

### Impact of GATT on California Economy--August 8, 1994

After seven years of negotiation, a GATT accord was signed in December, 1993. The U.S. Congress is now debating ratification of the GATT accord, and the outcome of that ratification is far from certain. That outcome will have a very significant impact on the California economy. If the GATT accord is not approved by the United States, the current recovery in the California economy would be greatly weakened.

GATT establishes the basis for world trade, and the GATT accord emphasizes such important areas to California as gaining greater access to foreign markets in high-tech goods, capital goods, business and computer services, and agriculture. All of these are leading industries in California. Furthermore, GATT will reduce the average level of tariffs by one-third and eliminate many non-tariff barriers over the next ten years. Since California is such a large exporter, the lower barriers will lead to even further gains in California trade and jobs related to trade.

Furthermore, GATT, through its new structure referred to as the World Trade Organization, sets up new dispute settlement mechanisms which would prevent trade wars which would be detrimental to California exports.

California accounts for 15 percent of U.S. merchandise exports, and the value of exports to the California economy has grown significantly during the past several years. As shown in Table 1, the value of California merchandise exports through California ports has increased from \$54 billion in 1988 to \$82 billion in 1993. Some of these exports were actually manufactured in other states, and transported to California for shipment. This creates jobs for Californians engaged in the transportation and shipping, but not the manufacturing of those goods. However, \$70 billion of the \$82 billion shipped out of California ports in 1993 was manufactured or produced within the state, and this represents the greatest source of trade related employment to California. That employment is significant.

TABLE 1: CALIFORNIA MERCHANDISE TRADE

[Billions of dollars]

	Exports through California ports	Exports produced in California
1988	\$53.6	\$47.8
1989	63.0	53.5
1990	68.6	58.4
1991	73.8	63.1
1992	81.0	68.9
1993	82.3	70.3

The exports which are produced in California account for one million direct jobs. These are jobs that are directly related to the manufacture, production, and transportation of California exports. Another 800,000 jobs support trade employment through the provision of services and support industries. Thus, the total number of jobs created through exports in California is 1.8 million. This represents 13 percent of our entire employment of 14 million.

There have been major changes in the relative importance of California's trading partners during the past several years. While Japan remained the number one export partner in 1993, two neighbors, Canada and Mexico, significantly increased their imports from California during the 1990-93 period. In 1993 their combined

imports easily surpassed Japans imports. Furthermore, California's exports to China increased a staggering 145 percent during the 1990-93 period. (See Table 2)

TABLE 2: MAJOR MARKETS FOR CALIFORNIA EXPORTS

[Millions of dollars]

Country	Value of California exports, 1993	Percent change 1990-93
Japan	\$10,501	2.3
Canada	7,689	32.5
Mexico	6,521	39.6
Taiwan	4,718	49.1
South Korea	4,132	9.1
Singapore	3,705	40.3
Germany	3,511	-3.8
U.K	3,475	3.5
Hong Kong	3,041	80.6
France	2,247	4.6
China	1,611	145.6

California's exports consist primarily of high-tech electronic products, computers, transportation equipment, and agriculture products. Since 1991, the growth in these major products has been very large: electronic products (30 percent), computers (17 percent), and food products (15 percent). Only transportation equipment, primarily aircraft, and petroleum have declined. (See Table 3)

TABLE 3: MAJOR COMMODITIES OF CALIFORNIA EXPORTS

[Millions of dollars]

Commodity	Value of exports 1993	Percent
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Electronic equipment (except computers)	\$16,928
Computers and other industrial equipment	16,613
Transportation equipment	8,486
Food products and agriculture crops	7,012
Precision instruments	5,345
Chemicals	2,644
Petroleum	1,626
Fabricated metal products	1,567
Primary metal industries	1,544

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If it is not ratified, what would the absence of a GATT accord have on trade developments? Globally, we could anticipate the following developments in world trade and growth: (1) a general negative impact on global economic growth due to loss of productivity gains that occur in a free-trade economy; (2) an increase in intra-regional trade such as trade within the European Union, trade within ASEAN in Asia, and trade within NAFTA countries in North America, but a reduction in inter-regional trade between Asia, North America, Latin America, and Europe; (3) a move towards unilateral protectionism in the form of higher tariff and non-tariff barriers which will reduce overall world trade.

Specifically for California, we could anticipate the following developments: (1) an increase in tariff and non-tariff barriers to California exports to Asia, Latin America, and Europe; (2) a reduction in California exports to those regions, and particularly to Japan, China, Germany, and France; (3) little impact on trade with Canada and Mexico which would still be guided by the NAFTA agreement; and (4) an immediate loss of 173,000 jobs in California (1995) growing to a loss of 252,000 jobs by 2000. This would increase the unemployment rate by a full one percent.

JOHN O. WILSON,

Executive Vice President and  
*Chief Economist, Bank of America.*

Mr. MACK. Mr. President, when all is said and done, the GATT agreement lowers tariffs by one-third across the board between a majority of the world's trading partners. This, without question, is good for Florida and the United States and therefore I will vote for this agreement.



This GATT agreement is the result of efforts made during the last three administrations. The agreement will mean an expected \$100-\$200 billion increase in our GDP by the year 2005. By any accounting, this will be a tremendous benefit for our country.

Expanding trade opportunities is something the United States should aggressively pursue. It is one of our most promising opportunities for continued economic growth. Our future prosperity lies not in tariff wars but in our ability to capitalize on our strengths and export the resulting products to the world's markets.

Over the last few months, I have heard from businesses in Florida and from across the country in support of the GATT. They have told me how vital this agreement is to their firms and to the people they employ. They're right, and we should continue to knock down foreign trade barriers for American products. The GATT will allow us to do just that.

Recent data from the Commerce Department's International Trade Administration shows the potential benefits the GATT agreement can provide to Florida. Between 1987 and 1993, Florida's exports grew by almost \$7 billion. Over two-thirds of these exports were from industries such as industrial machinery, electric and electronic equipment, chemical products, and scientific measuring equipment. With the lower tariffs under this agreement, Florida will clearly benefit.

The Commerce Department also shows Florida as the Nation's eighth leading exporter of merchandise, with nearly 10,000 businesses who sell goods abroad. What's more, virtually all of these businesses have fewer than 500 employees. Clearly, this agreement is vitally important to the small businesses that create capital, produce jobs and generate an impressive share of this country's economic growth.

Many countries provide subsidies and impose significant tariffs. These trade practices destroy American jobs, and should not be tolerated. The American worker is the most productive in the world, and has always excelled on a level playing field. The GATT will help level the field for U.S. exports.

There is an additional element in this debate that is important to note for both this and future debates. In this legislation, the administration has conceded that there are legislative changes which will pay for themselves, even if the static accounting models used by both the Congressional Budget Office and the Office of Management and Budget do not capture the resulting revenue increases.

In particular, the Clinton administration--and now many in the Democratic leadership--acknowledge that the economic growth created by the passage of GATT will increase revenues to the Federal Government. So despite the loss of some tariff revenue, the economic effects of GATT are a plus for the Federal budget.

This is precisely the same argument that has been made for so long about a capital gains tax reduction. Capital gains tax cuts will generate revenue increases through economic growth just like tariff reductions. I would hope, therefore, that the Clinton administration will concede this point next year when Republicans pass a capital gains tax cut.

Like a reduction in the capital gains tax rate, the GATT will create opportunities, and stimulate the creation of new jobs and new businesses. I look forward to the expansion of the Florida and U.S. economies that will follow the passage of this agreement.

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## **THE U.S. MUST ENDORSE THE URUGUAY ROUND AGREEMENT**

Mr. DASCHLE. Mr. President, I wish to express my strong support for the Uruguay Round Agreement reached under the auspices of the General Agreement on Tariffs and Trade.

Among the nations of the world, the United States of America has long been the foremost advocate of open trade. The Uruguay Round Agreement is the culmination of decades of work--by Americans of all political persuasions--to extend that advocacy. And it is that rare example of a treaty that allows us to benefit while our neighbors in the global community also benefit.

This agreement consolidates the triumph of political freedom we have witnessed in the past few years and extends the philosophy of openness to the field of international economics. It continues the process of tearing down the barriers that hinder trade among nations.

Some critics of this measure say it tears down too many walls, and exposes America too nakedly to the vagaries of the international marketplace. I say, this Nation need never fear fair competition.

Simply put, we are already the most open Nation on earth. We have nothing to fear from further opening the international trading system so long as all nations stand on the same level field. More than ever, this agreement ensures that our trading partners will extend the same openness to us. To deny this agreement would be to deny our national heritage, substitute fear for optimism, and forsake the economic benefits that will accrue to our Nation from free and fair international trade.

This agreement is first and foremost an indispensable tool for facilitating economic growth and job creation in our country. Its benefits to American workers in the form of increased incomes and better job opportunities will extend from high tech industries in the Silicon Valley to farms and ranches in the Heartland to the steel mills of Pennsylvania to the furniture factories of the Carolinas.

But, as beneficial as are the agreement's immediate specific benefits to individual Americans, so too are the principles of multilateral free trade that it advances.

One strong advocacy of a free and fair multilateral trading system began shortly after World War II with the establishment of GATT. The expanded trade resulting from GATT was largely responsible for reviving the depressed, war-torn economies of Europe and creating thriving new markets for American products.

That experience demonstrated the benefits free trade bestows upon both the United States and its trading partners. Since that time, we have been steadfast in our support for GATT, and it has served us well. The many trade agreements reached under its auspices have fueled economic growth around the world and brought more countries and consumers into the international marketplace served by American industry.

Meanwhile, as many are quick to point out, circumstances have changed over the years. While the United States still dominates the international marketplace, competition for market share is becoming fiercer every year. In the face of this new challenge, some have been tempted to turn away from multilateral arrangements toward protectionism.

The concerns and frustration underlying that protectionist sentiment are powerful. And they are understandable. However, the policy response those emotions elicit is myopic. In international trade, our course should be charted along the lines of our enlightened self interest, not by a visceral reaction to the history of our grievances with other nations.

Closing our markets to foreign goods will close our goods to foreign markets. In the long run, that will harm more than help American interests.

By contrast, joining other nations in a multilateral trading system on equal terms will expand opportunities for American businesses to sell their goods and services abroad. This is truly a case of a rising tide lifting all boats.

There is no dispute about our stake in international trade. Exports are vital to the continued growth of the U.S. economy.

Over the past 5 years, international trade has been the bright spot of our economy, generating more new jobs and more economic growth than any other sector. International trade represents roughly 25 percent of our gross domestic product [GDP], a share that has almost doubled in the past 20 years. During the past four decades, new jobs in trade-related fields grew at three times the pace of overall job creation. As a result, export-related industries and companies currently employ over 10 million American workers.

The reduction of trade barriers is absolutely essential to the continued expansion of the U.S. economy. The Uruguay Round Agreement will reduce import tariffs, export subsidies and other trade distorting practices. Moreover, it will create a

structure that will hold signatory countries to their commitments to fair and more open trade.

The agreement is particularly beneficial to the United States because we already have significantly fewer trade barriers than our foreign competitors. Cutting tariffs worldwide by an average of 38 percent over the next 6 years, combined with standardizing and simplifying customs procedures and licensing, will further reduce the cost of exporting U.S. goods and services.

The lower cost of exporting goods and services will encourage more U.S. companies to sell their products abroad. Currently, less than 10 percent of U.S. companies that could export products or services choose to participate in the international marketplace. With the Uruguay Round Agreement, these companies will have new incentives to develop markets around the world. They also will have new assurances that the time they invest in developing new markets will not be squandered on trading partners that abruptly change their rules and close their markets. Such assurances will be especially important to small and innovative companies.

The Uruguay Round Agreement also holds great promise for American agriculture, consistently one of our most successful economic enterprises in the international marketplace. Experts estimate that agriculture exports will increase by as much as \$14 billion over the next 10 years, creating perhaps 190,000 new jobs in the process. And when the agreement is fully implemented, the United States can expect an additional \$10 to \$30 billion of economic activity in agriculture.

As one who is intimately familiar with the economics of the heartland, I can attest that this increased growth is essential to the continued prosperity of rural America.

This new trade environment will be a tremendous advantage for the United States. American workers, farmers and entrepreneurs are the best in the world. If we make everyone play by the same rules, we will continue to excel. The Uruguay Round Agreement is a significant landmark in the march toward free and fair trade.

The projected results of the agreement speak for themselves. Most important is the bottom line: the Uruguay Round Agreement is estimated to create over 1 million new high-wage jobs in the United States over the next 10 years as a result of increased exports of U.S. products and services.

Certainly, this agreement is not perfect. We would all make some changes if given the opportunity to draft it on our own terms. But that is not the way trade agreements are reached. In fact, when one considers the torturous, multiyear negotiating process that brought us to this point, it is surprising how favorable the resulting agreement is to American interests.

Before I conclude, Mr. President, I want to address the controversy surrounding the World Trade Organization. Many Americans are concerned that this new body will undermine American sovereignty. That is a serious concern that should not be minimized. And it has not been minimized.

The WTO has been widely mischaracterized as a world regime with unlimited jurisdiction that will run roughshod over American interests and American laws. In fact, the role of the WTO is limited. It will serve primarily to facilitate resolution of disputes over rules to which the signatories of the Uruguay round have already agreed.

In this role, the WTO will help ensure that our trading partners abide by the commitments they made when they signed the Uruguay Round Agreement. When American companies venture into the international marketplace, they will be able to do so with confidence, because they will know the rules of the game and they will know that those rules will be enforced.

Critics have charged that the WTO will undermine our worker protection, environmental, and food inspection laws. That is not the case. The authority to change or make U.S. laws rests solely with the Congress of the United States. By the express terms of the agreement signed by over 120 countries, even negative rulings of a WTO dispute resolution panel are mere recommendations. The WTO does not have enforcement powers. This fact is reaffirmed in section 102(a)(1) of the implementing language, which explicitly states that U.S. law will not be superseded by any provision of the Uruguay Round Agreement.

While the protections in the agreement and the implementing legislation are significant, those who still have doubts about the WTO should find reassurance in the recent agreement reached between the administration and the Senate Republican leader. The agreement ensures that the United States will have the opportunity to pull out of GATT if the WTO's decisions are repeatedly inconsistent with American interests.

Mr. President, we cannot afford any further delay. Some of my colleagues will oppose this agreement because it violates a technicality in the Senate's budget rules. Others will oppose it because they would like to change various details in the agreement and implementing legislation. I myself am not without some reservations.

But the simple fact is that the time for equivocation has passed. Too much hangs in the balance to back away.

If we fail to act, we risk setting a dangerous protectionist precedent that could nullify all of the gains we have made in market access over the last four decades. If we fail to act, we could begin a process that will break the world into trading blocs--and cause the walls to go once again.

The Uruguay Round Agreement represents an important continuation of our decades-long advocacy of free and fair trade and will serve as a building block for future trade agreements. To balk now, after 7 years of negotiation under three administrations, would send dangerous signals around the world about our commitment to the principles of free and fair trade.

The agreement we consider today reflects the collective bipartisan belief of three presidents that an international trading system that is both free and fair serves the American national interest. I share that assessment.

Mr. President, on November 8 we experienced a remarkable election. While individual members have different reactions to it, the overriding message delivered by the voters was unmistakable. The American people are tired of what they perceive to be `business-as-usual,' partisan wrangling among professional politicians. They question our motives and relevance in the face of our inability to address very real national problems. And they want the Congress and the President to work together to deal constructively with these problems and improve the quality of their lives.

While the new congressional line-up does not take effect until January, this debate marks the initial post-election test of whether Congress learned the lesson of the election and can respond to the will of the American people. There will be policy differences between our political parties and among individual members. That is inevitable in a democracy, and it is healthy.

Votes are judgment calls, and our constituents elect us to analyze facts and make judgments. Americans are, however, becoming less tolerant of our penchant for seeking to score political or rhetorical points while their concerns go unattended.

It is time to stop bickering and start governing. This vote, on this issue, at this time, will demonstrate that we have heard the voice of the people and can work together for the common good.

My judgment is that approval of the Uruguay Round Agreement is important to the future growth of our national economy, and I am delighted that the President and the Republican Leader were able to work together to reach consensus on the implementing legislation that we consider today.

I urge all my colleagues to approve this historic agreement.

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Mr. DODD. Mr. President, I rise in strong support of the Uruguay round agreement.

In this town, we talk a great deal about winners and losers. We wonder who will benefit and who will be hurt by the decisions we make. But on the issue before us today, the answer to this question is quite easy.

The typical working family in America would be the true winner if we approve this trade agreement. To be sure, American business would be a winner, but that's not why we should vote aye. Our standing around the world would be strengthened, but that's not why we should back GATT.

We should back GATT because of what it would mean to working people in this country. Although people in some sectors would unfortunately be hurt, the gains overall would be impressive. Working people would enjoy a major tax cut on many essential products they buy. They could find better employment opportunities in a growing export sector. Their children would look forward to a brighter future in a competitive, vibrant global economy.

That's what is really at stake here this week. We will hear a great deal of ominous talk about a something called a world trade organization. We will hear about dolphins and tuna. We will hear philosophical discussions about national sovereignty and abstract ruminations over international law.

But when it comes right down to it, GATT is about two things a great deal more immediate and a great deal more real to families all across this country: better jobs and lower taxes.

A major boost in family income and a \$12 billion tax cut over five years for the working people of America. When we get through the pages and pages of abstract trade language and the hours and hours of red-hot rhetoric, that's what GATT is all about. Better jobs and lower taxes.

This vote presents us with our first opportunity since the election to come together --Republican and Democrat, conservative and liberal--on behalf of the working families of this country. Passing this trade agreement is just about the best holiday present we could give them.

## **U.S. TRADE LEADERSHIP**

For almost 50 years, the United States has been the principal leader in efforts to expand world trade. After World War II, we vigorously pursued trade liberalization not only to increase our own economic prosperity but also to bolster the stability of our allies and former enemies alike.

Expanded trade has been the success story of the post-war economy. Since the beginning of multilateral trade negotiations, GATT membership has increased from 23 nations to 124, and tariffs--which are simply taxes on traded goods--have been cut from 40 percent to 5 percent. During that time, the global economy has grown faster than during any comparable period of world history, and U.S. job creation in trade-related fields has grown at a rate several times faster than over-all job creation.

Increased trade has also proven to be a foreign policy success. Prosperous nations linked together in trade are far less likely to go to war. People engaged with each other in commerce are far less likely to engage each other in violence.

It took two world wars to teach us this lesson, and it's as valid today as it was half a century ago.

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## **WHERE DO WE GO FROM HERE?**

Today the nations of the world are linked together in a complex web of overlapping trading relations. More than one trillion dollars a day is traded in the global markets. And the growth industries in the industrialized nations of the world are disproportionately those that are succeeding at trade.

Most have sought these opportunities because the domestic markets for their products have been saturated. Their growth--and ours--is dependent on increased trade opportunities.

Recognizing this fact, the past three presidents--Republican and Democratic alike--have demonstrated an extraordinary commitment to opening markets and expanding world trade. A major step was the North American Free Trade Agreement, Already responsible for increasing our exports to Mexico at a rate more than three times as fast as U.S. exports to the rest of the world.

The next step is the Uruguay round of GATT, launched under President Reagan, advanced by President Bush and completed by President Clinton. At the start of negotiations, we enacted legislation outlining our principal trading objectives. The Omnibus Trade and Competitiveness Act of 1988 established three overall goals: increased market access, a reduction of over-all trade barriers and an improved and strengthened dispute

settlement process.

The final Uruguay round agreement achieves all of these objectives. It will cut overall tariffs by approximately one-third, expand GATT discipline to new areas of commercial activity and increase enforcement authority for trade violations.

## **WORLD TRADE ORGANIZATION**

By far, the most controversial part of the Uruguay round agreement is the formation of a world trade organization to administer, oversee and enforce the conduct of trade relations among participating member nations.

The formation of a governing body with teeth was one of the American business community's top priorities during the Uruguay round. Current enforcement



procedures have proven inadequate. Insufficient deadlines for resolving trade challenges have frustrated and delayed decisions for years.

The current reliance on decision-making by consensus has allowed one country to block favorable decisions from being implemented. And lax surveillance and implementation of final decisions have prevented corrective action.

These deficiencies have disproportionately harmed American businesses, which export more products than those from any other nation. Since the United States has fewer trade barriers than other countries, we have the most to gain by creating and enforcing more fair and open international economic playing rules.

We have nothing to fear from fair competition and an even playing field. A team that plays by the rules should have no problem with a referee.

But, as the agreement worked out between the administration and Senator **Dole** last week makes clear, congress can pull the United States out of the World Trade Organization if it repeatedly and groundlessly rules against us.

## **WHAT EXPANDED TRADE MEANS TO CONNECTICUT**

My State of Connecticut is already taking advantage of the Global economy and is poised to do even more should we pass GATT. Exports have been one of the few profit-making and job-creating sectors of Connecticut's economy during the recent downturn. The state's exports grew by \$5.5 billion from 1987 to 1993.

For years, Connecticut has been one of the most defense-dependent states in our Nation. The decline in Federal defense dollars has had a severe and lasting impact on our economy. We are fortunate, however, that exports helped fill the gap--increasing at approximately the same rate as defense dollars declined.

Connecticut businesses are no longer asking why they should export, but how. And they are doing so in greater numbers, thanks to the increased level of awareness in the business community heightened by the NAFTA debate last year. Connecticut firms and their employees are thirsty for trade, and they are anxious to benefit from more targeted and coordinated export and financing opportunities.

The benefits in Connecticut are seen by small and large businesses alike. The commerce department reports that 97 percent of all exporting businesses in Connecticut have fewer than 500 employees.

Let me give you just one example of how international trade is benefiting Connecticut. Heublein Corporation--which employs 2,000 Americans, 800 of them in Connecticut--is now selling American-manufactured Smirnoff vodka in Russia. Smirnoff--produced from a Russian recipe by American workers--is a status symbol in Russia. This year, Heublein will sell 500,000 cases of Smirnoff, up from zero in 1990. Most of the vodka is produced in Hartford.

Heublein has barely tapped this market. The 500,000 cases of vodka represent only one-half of one percent of Russian vodka consumption. If Heublein can increase Smirnoff's share of the Russian market to just five percent, it will see substantial profits, and Connecticut workers will hopefully see more jobs.

The entire New England region--with its large export industries and high-technology companies will benefit substantially from the intellectual property provisions and increased market access included in the Uruguay round.

Let's take just one example: The pharmaceutical industry, which supports 10,000-12,000 jobs in my state alone. While the industry leads the world in the development and production of new medicines, it loses as much as \$5 billion a year through international piracy. A lack of recognized and enforced patent protections have enabled foreign businesses to easily and inexpensively reproduce U.S. drugs, drugs that often take years and millions of dollars to bring to market.

The Uruguay round agreement will help remedy this problem by providing 20 years of patent protection for pharmaceuticals and strict enforcement of intellectual property rights, including special border measures to prevent the importation of infringing imports. That means fair competition for American pharmaceutical firms, and better jobs for American workers.

## **WESTERN HEMISPHERE FREE TRADE**

I hope we will approve this trade agreement, and then look beyond it to find other dramatic ways to cut taxes and create high-quality jobs for working families through international trade. I believe the first step should be a concerted effort to expand trade opportunities in our own hemisphere.

Thirty years ago, John Kennedy proposed a new alliance for progress to strengthen our ties to our Latin American and Caribbean neighbors. Kennedy implored:

Let us once again transform the American continent into a vast crucible of revolutionary ideas and efforts--a tribute to the power of the creative energies of free men and women--an example to all the world that liberty and progress walk hand in hand. Let us once again awaken our American revolution until it guides the struggle of people everywhere--not with an imperialism of force or fear, but with the rule of courage and freedom and hope for the future of man.

Three decades later, the political and economic conditions necessary to give fruit to these hopes have improved substantially. In my view, the hemisphere is ready to move toward free trade and closer ties.

I believe that we should give the President the authority to negotiate a comprehensive and inclusive western hemisphere free trade agreement by the end of this century. We should seize the opportunity presented by the historic summit of the Americas meeting in Miami as the first major step in this direction. If we act

with leadership and vision, the western hemisphere will enter the 21st century strengthened by democracy, warmed by friendship and linked by free trade.

Latin America and the Caribbean are rapidly becoming larger players in the global marketplace, providing promising new markets for American exported goods. Since 1989, U.S. exports to the region have grown by 60 percent. The region is now our third largest trading partner, surpassed only by Canada and Western Europe.

A western hemisphere free trade area would comprise the largest single market in the world. It would include nearly three-quarters of a billion people and have a gross domestic product of more than \$7.3 trillion.

A hemispherewide free trade agreement would cement and further recent democratic and economic reforms in Latin America. Expanded trade is the best tool we have to strengthen the democracies of the region and prevent civil strife. And it is the best tool we have to expand markets thirsty for U.S. products.

In addition to expanding market access, our participation in a hemisphere-wide accord would strengthen our hand in trade negotiations with the Europeans and the Japanese. It would give us more leverage in opening up markets around the world. And it would position our economy for success in the coming century.

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## **CARIBBEAN INTERIM TRADE PROGRAM**

I want to briefly address another piece of unfinished business involving trade in our hemisphere.

Originally, President Clinton had intended to submit as part of the GATT implementing bill a measure that would expand our special trading relationship with the Caribbean basin. This provision, called the Interim Trade Program (ITP), was intended to encourage trade liberalization in the Caribbean region while stimulating a growing market for U.S. exports.

It was--and still is--necessary because of increased pressures on the U.S.-Caribbean trading relationship as a result of the North American Free Trade Agreement and the Uruguay round of the GATT.

During the past few months, I have been contacted repeatedly by U.S. and Caribbean business leaders and government officials who are concerned that without the Interim Trade Program trade relations between the United States and the region will be slowly undermined. Already, there is evidence that Caribbean garment exports to the United States have been displaced by exports from Mexico and Asia. Further erosion of these trade patterns could have a disastrous effect on investment, economic growth and, ultimately, peace and stability in the region.

I understand that the Clinton administration has pledged to resubmit this legislation early next year, and that it `staunchly' supports its enactment as soon as possible. The Caribbean now ranks as our 10th largest trading partner, and it is one of the regions with which we consistently maintain a trading surplus.

So I hope my colleagues will join me in urging the administration to move quickly on this pledge so we can continue to strengthen our mutually beneficial relationship with our Caribbean partners.

## **ENHANCING U.S. COMPETITIVENESS**

Expanding trade opportunities--whether in the Caribbean, Latin America or elsewhere--is essential to our nation's future

prosperity, but it alone is not enough. Throughout our trade debates, concerns have been voiced about the impact of increased international competition on our work force.

While I disagree with these critics' conclusions that we should turn back the clock on free trade, I share many of their concerns. If all Americans are to benefit from expanded trade, it is critical that we enhance the competitiveness of our nation's work force.

The American work force is in the process of substantial structural change. Increased global economic competition and rapid advances in technology have transformed the economy, streamlining manufacturing processes and placing a premium on highly-skilled and highly-educated workers.

While the demand for skilled workers has increased, the number of jobs available for those lacking skills has declined. According to the congressional research service, over the past fifteen years, manufacturing jobs--the bedrock of the middle class--declined by 19 percent, and real wages dropped by 10 percent.

These trends threaten traditional American middle-class life, and they undermine our shared sense of opportunity and experience that form the basis for our success as a nation.

The solution to these difficulties, though, is not to turn back, but to confront the obstacles head-on. And we are doing so.

As a result of the Clinton administration's new investment priorities and broad, bipartisan congressional support: 130,000 more children will enroll in head start each year, and enter school ready to learn; national education standards and goals will help guide student instruction for the first time; new school-to-work programs will assist students who choose to move directly from high school to work through job training programs, apprenticeships and vocational education; student loan reform legislation is expanding college access, permitting more flexible repayment options, and saving taxpayer dollars through direct student

lending; our unemployment system is shifting to a reemployment system, ensuring that Americans who lose their jobs receive skills and job-search assistance to help them find new ones--not just an unemployment check.

We must do more--and we will. I look forward to working with colleagues in both parties in the Congress ahead to increase the security and competitiveness of the American work force.

## **CONCLUSION**

The United States entered the twentieth century as a struggling young democracy, and here in the century's closing days we find ourselves the world's only superpower. The twentieth century has been correctly labelled the American century. If we are to continue our extraordinary and unprecedented record of success and leadership, we must embrace the future with enthusiasm, strength and foresight.

The United States has proven itself to be the strongest and most resilient nation on earth. Our citizens are our greatest source of talent and strength. Time and time again, they have been at their best when they have risen to face difficult challenges.

The American people will face the challenge of the global economy, and they will prevail.

And this Congress will face a decision over whether we will march into the economy of tomorrow face first, with our eyes wide-open, or whether we will be dragged into it from behind, with our eyes firmly fixed on the past.

I urge my colleagues to support the Uruguay round and cast a vote for the working families of America.

Mr. BIDEN. Mr. President, I will vote for this agreement today, Mr. President, because I am convinced that it is a good deal for our country, that it will open more opportunities for our workers--the most productive in the world today--to sell their products in expanding overseas markets.

But before I explain my decision, I want to say a few words about the concerns of those Americans who oppose this agreement.

If this is such a good deal, why do we hear so many voices raised in opposition? I believe that there are real reasons for Americans to be concerned about the place of our economy in the world, and concerned about the possible effects on our standard of living from increased international competition.

In recent years, American faith in the future, American confidence in dealing with the rest of the world, has been replaced with a growing anxiety. Before we have

had a chance to enjoy our victory in the cold war, we now face a world that appears to many of us as a threat to our economic wellbeing.

Mr. President, if you take a hard look at what has happened to our standard of living over recent decades, you know why many Americans no longer face the future with confidence.

Two key elements that traditionally supported Americans' faith in the future were job security and growing incomes. If you worked hard and played by the rules, America was the land where you could make a better life for yourself and your children.

This was the promise, and the reality, of the American economy for a whole generation after World War II.

But in recent years, that reality, that promise, has too often been replaced by stagnant wages and declining job stability. In particular, middle-class manufacturing jobs have become scarcer, and the security of lifetime employment has been replaced by an era of downsizing and restructuring.

In my own State of Delaware, we have worked hard, and succeeded in keeping unemployment below the national average, but those trends have still hit every key industry.

In an atmosphere like this, it only makes sense for Americans to be concerned about the future, and something that appears as new and different as a World Trade Organization as yet another threat to American wages and job security.

For the average working American, wages have not grown for over two decades. Families now have to run faster--with both parents working--just to stay in place. And the jobs that they do find no longer offer the promise of security.

No wonder Americans are skeptical about, even frightened, by an agreement that appears to draw us deeper into a world economy, and, they are told, ties us to a new international organization over which we have no control.

But these changes that worry us today were not caused by the GATT agreement, and rejecting this agreement will not make it any easier for us to deal with those changes.

Other forces have been the source of the changes that rightfully concern us. A revolution in technology--led by the United States--has transformed virtually every industry in this country. Almost every kind of work has been made easier and faster by computers and many other new ways of moving and handling information.

These advances in productivity allow us to make more products with less labor. Productivity gains in turn have caused companies here to restructure the way they do business, reducing workforces and changing the job structure in our country.

Under these new conditions, we must find new, expanding markets for our products if we hope to create new jobs. Those markets exist, overseas, but we need agreements like this one to open them to American goods.

Mr. President, if we reject this agreement, we will give up a \$700 billion cut in other countries' tariffs, \$700 billion in barriers to American products and American job growth.

If we reject this agreement, we will give up American negotiating victories that won us fairer treatment of agricultural and service exports. For the first time, these sectors--our most competitive internationally--will be subject to fairer rules and will be sold at lower prices and higher volume overseas.

If we reject this agreement, we will give up powerful new protections for American intellectual property--the scientific achievements embodied in the advanced products and processes we protect with patents. Other countries are required for the first time to honor those protections.

That means more jobs here at home, jobs that without this agreement will go to countries that will continue to pirate our formulas, software, and other American inventions.

Mr. President, another revolution--against State-controlled societies and economies--was led by the United States. The obvious superiority of democracy and free enterprise--the lesson America helped to teach the world--weakened and then toppled totalitarian systems. Communism failed; we won.

Along with the rise of new, developing, industrial countries, this revolution has opened a huge new market to international competition. We won the cold war, and our way of life is the most copied and most envied on the planet. Now, people in other nations seek their fortunes in a global economy in which we are the best prepared to compete.

Despite the many dangers and evils still abroad in the world today, we now see a world less hostile to our way of life, not a world split by two irreconcilable visions.

Mr. President, we are a long way from a world in which everyone enjoys the rights and privileges of Americans. And as some of my colleagues have argued, there remain far too many countries where wages and living standards are low. But in recent years we have seen more nations look to the American way as the guide for economic development.

This is a world in which our workers, our entrepreneurs, scientists, and inventors, can compete and win. But to win, we must compete, not retreat.

Just this year, our economy returned to its position as the most productive in the world. A world reshaped by our inventions and convinced of the superiority of our way of life offers us rich new opportunities in expanding markets, if only we will stick to our principles of free trade and vote to approve this agreement.

I have listened to the charges that opponents of this agreement have made. They scared me, Mr. President, as they have scared some Americans. If I thought those charges were true, there is no way I could vote for it. But this agreement is not the cause of the problems we face in our economy. In fact, I am convinced that it can be part, but only part, of a solution.

Mr. President, like most of the legislation we pass here in Washington, this latest trade deal is neither all its supporters or its detractors claim it to be. This legislation is a compromise among many different interests, representing something most of us here can agree on but that none of us is completely happy with.

That is also what happened in the years of international negotiations, conducted under the Reagan, Bush, and Clinton administrations, during which this deal was put together. They produced an agreement that is the best accommodation among the one hundred and twenty countries that have committed themselves to the world trading system.

And this agreement is just the latest part of a long history of international trade agreements since World War II.

Mr. President, some Americans might gather from some of the discussion about this agreement that this is something new for the United States, something that will permanently affect our trading relations with the rest of the world.

In fact, this is the eighth round of negotiations we have conducted under the General Agreement on Tariffs and Trade since 1947. As the leading market economy in the world, we have consistently pressed negotiations with our trading partners to reduce artificial barriers to free markets.

The Uruguay round is a significant step forward, including for the first time trade in services and agriculture--areas in which the United States has a real advantage, and bringing the frustrating and chaotic practices and procedures of the GATT system into a more formal structure, the new World Trade Organization.

As important as those changes are, they are incremental, not a radical departure from the past.



For those citizens whose attention is drawn to trade policy for the first time with the debate on this, the eighth round of GATT agreements, it is important to put its features into that historical context.

I see this process a little differently, from a perspective that I gained in a very different policy area--our arms control

negotiations over this same period. In some ways, our attempts to lower trade barriers is similar to our attempts to reduce the threat of weapons around the world.

From the beginning of the cold war, we recognized that we could not achieve our own goal of national security by ourselves. We saw that if every nation went its own way, building more and more weapons to match the threats of others, no one would be safe.

Not everyone thought each deal we struck was the best for us--some criticized arms control agreements for giving too much to the other side, some thought they did not reduce weapons fast enough. But we continued to keep the talks going, in the belief--which proved to be right--that these complicated issues would only yield to long-term, patient negotiation.

Taking the best we could get at each stage, our arms control policy achieved real progress. Today, new, equally difficult negotiations continue this process. The alternative--demanding complete capitulation by the other side, or abandoning negotiations altogether--will gain us nothing.

International trade negotiations follow this same pattern. Because there is no final authority to compel countries to follow any trade rules, progress can only be made on those areas in which there has been agreement.

That point bears repeating, Mr. President. The new World Trade Organization has authority over trade rules only as long as we agree that those rules are in our interest. By the terms of the agreement, we can get out of the organization at any time, on six months notice.

In addition to that fundamental safeguard, we have put into this legislation requirements for an annual report on the benefits of this deal to the United States, and have scheduled votes every 5 years on whether we should stay a member.

A final, additional safeguard sets up a panel of judges to look at any rulings that the World Trade Organization may make affecting the United States. If those rulings are not made according to procedures we accept, that is grounds for a vote to get out.

Mr. President, some of my colleagues have argued that we will have only one vote in the new World Trade Organization, and claim that will put us at an obvious

disadvantage in an organization of 120 countries, many of which are smaller and less developed than we are.

But the formal operating rule of the WTO is decision by consensus--everyone, including the United States must agree before a decision is made. Under the current GATT, consensus is used, but only by tradition, not by the formal rule required in the Uruguay round before us today.

If a vote is taken, if consensus fails to produce a decision, no important change in our rights or obligations can be made without a two-thirds vote, a supermajority in which the influence of the largest market and the most productive economy--the United States--will be felt.

But even if we fail to get support to prevent a two-thirds vote, Mr. President, any change in rights or obligations will apply only to those who vote for it, not to those who disagree. Only by a vote of three-quarters of the members can change in rights and obligations apply to all members, and even then there are provisions for waivers.

These are hardly the procedures of an organization designed to steamroll our country.

And no action of the WTO has any bearing on State laws, such as Delaware's incorporation and other laws that make our State such a good place to do business. The Association of State Attorneys General, National Governors' Association, and National Council of State Legislatures support the Uruguay round agreement because they worked closely with the U.S. Trade Representative to get additional protection into the legislation we will vote on today.

This is not the end of the process. It is one more step in a series of negotiations to improve the long-term growth opportunities for American industries. There are certainly many more barriers and unfair practices out there that we want to remove. But there will be other agreements, if, and only if, there is a structure that continues to serve the interests of the United States.

Do I like every aspect of the deal? I do not. But I am sure of two things: First, with this agreement, American products have better access to more markets around the globe than ever before, and opportunities are better now for future job creation--in the

highest paying jobs, in exporting industries.

And second, I am sure that we have preserved our options--we can continue to use the forum of the World Trade Organization to fight for American economic interests in the future. Without the organization--including the stronger rules that we fought for--countries would go their own way, back into a system where every nation looks after its own narrow interests, and everyone loses.

Mr. President, that retreat into protectionism will cost American jobs, as companies move overseas to beat the tariffs other countries raise against products made here. To keep out cheaper imports, we might try to raise the cost of products from overseas--by raising tariffs, which are taxes on American consumers. We lose jobs, and prices increase--this is no answer to the very real problems in our economy.

If there is any doubt about that, just open your history books to the period of the 1930's. That was when we and the rest of the world retreated behind protectionism, and we accelerated the slide into a world-wide depression. We learned from that bitter experience, and after World War II we established the GATT, and have systematically pushed back trade barriers ever since.

Mr. President, my own State of Delaware has been in a great position to take advantage of lower trade barriers that we have achieved under the GATT. And many of the successes scored by United States negotiators in the Uruguay round directly benefit Delaware's key industries.

At Wilmington, Delaware boasts one of the most important seaports on the East Coast, and many of the world's most important high technology, chemical and pharmaceutical companies. We stand at the edge of our country, and have always looked out to the rest of the world for new opportunities.

The chemical industry is the nation's, and Delaware's, biggest exporter--last year, our companies sold \$2.3 billion of their products overseas, over two-thirds of the State's total exports.

The Uruguay round cuts tariffs of our most important trading partners, widening the markets for Delaware chemical exports. But I want us to do more, particularly to bring developing countries under the same rules our biggest customers have agreed to. That is why I support the creation of a strong organization to continue to press for more open markets.

Our chemical and pharmaceutical companies will also gain important protection for their patents--the 'intellectual property' in their formulas and processes. For years, other countries have pirated these formulas and processes, but at the insistence of the United States, they will now be protected.

The Delaware Department of Agriculture endorses the Uruguay round agreement, because it will increase American exports of poultry and other products important to Delaware. United States poultry exports are predicted to rise 32 percent over the next ten years under the terms of the Uruguay round agreement.

Not just our biggest companies and industries will benefit from this agreement. Delaware has more than 250 exporting businesses. Fully 96 percent of them are small businesses, with fewer than 500 employees each. Throughout our state, jobs are tied to the international economy which will continue to grow with the global tariff cuts in the Uruguay round agreement.

Mr. President, this agreement is one step toward a fairer, more predictable world trading system, one in which the specific advantages of the United States--in the fast growing service sector, in agricultural products, in high technology products--receive new protection and greater access to the markets of the world.

Americans are understandably concerned about the changing role of our economy in a changing world. In response to those concerns, this agreement will open more growing markets to our workers and factories--the most productive in the world. The agreement will remove \$750 billion in tariff barriers in the international economy, increasing the flow of trade in a system where we have the advantage of the biggest single market and the most productive workers.

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Mr. FEINGOLD. Mr. President, I have several concerns with the proposed World Trade Organization [WTO] and associated trade agreements.

The latest series of negotiations on the General Agreement on Tariffs and Trade [GATT] was officially completed on April 15 of this year when representatives of over 100 countries signed the final act of the Uruguay round in Morocco, coming over 4 years after the original completion date of December 1990.

In some important ways, trade barriers are reduced and free-trade is enhanced by the most recent GATT. According to the Congressional Research Service, tariffs will be reduced an average of one-third on thousands of manufactured goods, and it is my understanding that a number of improvements have been made in the area of intellectual property that may benefit U.S. companies.

But, Mr. President, there are aspects of the proposed agreement that are troubling. There are clearly imbalances in the costs and benefits flowing from the proposed agreement, and for certain sectors of the economy, the proposed agreement may be a bad deal.

One of the most important small businesses in my own State of Wisconsin, the family dairy farmer, may be particularly hard hit.

Under the proposed agreement, European nations will be allowed to subsidize 30 billion pounds of dairy exports while we will have reduced subsidized exports to just 1.5 billion pounds. In addition, we have agreed to open our domestic markets to increased dairy imports which will, in all likelihood, reduce domestic prices for our own producers.

A recent analysis of the proposed agreement by Cornell University economist Andy Novakovic concluded that the proposed GATT trade agreement could lower U.S. milk price by as much as \$2 per hundredweight.

In Wisconsin, such a price drop could result in the devastating loss of as much as \$480 million in annual farm income.

Mr. President, the economic consequences of such a drop in income would extend well beyond the family farms themselves. That kind of blow could send many rural areas into significant economic downturns, at a time when many are still recovering from last year's floods, and dairy farmers are already having to cope with the arrival of bovine growth hormone, and the continuing loss of dairy farms to the west and south due in large part to a Federal milk marketing order system that discriminates against them.

Mr. President, the potential economic consequences could go even further, underscoring my second concern that there may be an effort to implement the proposed trade agreement without funding that pact.

Mr. President, some have argued that we should waive the budget rules, and allow the implementing legislation to add to our Federal budget deficit. According to a number of estimates, this will amount to an additional \$40 billion in deficit increases over the next 10 years, not including the additional interest that will accrue because of those higher deficits.

Adding such a huge additional burden to the Federal deficit not only betrays future generations of taxpayers, it arguably undercuts everything we have accomplished in the last year and a half to reduce the deficit. By ducking our responsibility on the proposed implementing legislation, we will have undone the progress we made to reduce the deficit, progress which was so difficult to achieve.

Waiving our own budget rules in this instance also makes it all the easier to do so again whenever finding sufficient funding for a politically appealing proposal becomes difficult.

Making exceptions to tough budget rules will soon render those rules meaningless.

Perhaps even worse than waiving the provisions of our budget rules, some are now proposing to change the way we calculate fiscal effects to allow controversial assumptions to be made about potential economic behavior. The effect of this risky new procedure would be to make it much easier for legislative proposals to be considered without being fully funded.

At least a motion to waiver our budget rules is an open, public act, for which each Member may be held accountable. Changing the way fiscal estimates are calculated is a surreptitious and disingenuous attempt to circumvent our budget rules.

I strongly reject such an effort to sidestep our tough budget rules merely to make it easier to promote a political agenda.

The only way we will continue to reduce the Federal budget deficit is to maintain strict budget discipline and fully fund legislative proposals with real offsets, not by 'cooking the books' with questionable assumptions.

If any savings are realized above and beyond those that are calculated under the current, more conservative approach, then they can be applied to further reducing the deficit.

Are we now to change the budget rules every time compliance with them becomes inconvenient or even difficult?

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

The proposed World Trade Organization is certainly a significant matter, but the importance of an issue should not determine whether or not it should conform with the budget rules we have set for ourselves.

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

To those who suggest that we will generate more revenues than will be lost, I say, 'all the better.' Let us fully fund the implementing legislation. Then, any hoped for additional revenues we realize will reduce the deficit that much further.

Measure that against the terrible precedent of waiving the budget rules, or even worse, of changing those rules to meet our convenience.

Mr. President, the last concern with the proposed World Trade Organization I want to discuss relates to the potential impact it may have on how this body, and other democratic policy-making institutions, will be affected by our adoption of the proposed agreement.

Despite a comprehensive set of rules, detailing what trade activities are permitted and what are not, as well as a dispute mechanism, the world trade system has largely been one of consensus. As the senior Senator from New York [Mr. **Moynihan**] has pointed out, this is because there never has been a formal ratification of what was to have been the treaty formalizing our membership in something called the International Trade Organization, proposed just after World War II.

Instead, we have operated in the trade system by unanimous consent.

Mr. President, this system has worked both for and against our trade interests, just as the rules of this body sometimes stymie legislation we may want, while also providing individual members and groups of members protection against possible abuse of majority power.

An example where the United States has exercised its effective veto power by refusing to consent is the tuna-dolphin issue. Despite findings against our Marine

Mammal Protection law, the United States has not consented to those findings. As a result, we have not had to change our Marine Mammal Protection law, nor have we been forced to pay compensation, nor have we been subjected to trade sanctions because of the findings against us.

This would not be the case under the proposed WTO. If we were to lose the tuna-dolphin dispute as a member of the WTO, and there is every reason to suppose that we will, the United States would be put into the position of having to choose between changing one of our laws, paying compensation, or being subject to trade sanctions.

We would be faced with these same three options any time we lost a dispute with respect to a domestic law.

Mr. President, responsible representatives of a number of different organizations have noted that there may well be a significant impact on our current laws and regulations as well as on future policy and policy-making.

The response that some forward--that the proposed WTO and associated trade agreements will mean freer trade--is not sufficient reason for the Senate to ratify membership in the proposed WTO.

With respect to our Nation's domestic policies, and aside from the noneconomic goals of our country, though free trade may be a priority for our economy, no trade agreement should come at the expense of the policies that enhance the 90 percent of our economy that is entirely domestic.

Nor is free trade the only goal of our foreign policy.

Mr. President, a foreign policy that promotes democratic ideals, that enhances human rights, that protects the common environment of the world in which we live, is certainly also a goal. Two useful methods of achieving these goals have been through trade levers and economic sanctions.

The proposed agreement greatly diminishes our ability to use these tools, and leaves us with fewer, more perilous alternatives.

And, Mr. President, as others have noted, in addition to our federal laws, our State and local laws would be subject to the oversight of the WTO as well.

The ominous and far-reaching effect of this agreement has been felt already. Responding to a number of Members who expressed concerns about the effect the proposed agreement would have on our ability to ban imports made by child labor, U.S. Trade Representative Michael Kantor, in a letter to those Members, conceded that nothing in the proposed agreement would change previous GATT rulings that the United States could not block the importation of a product made by child labor.

Of broader concern were Ambassador Kantor's additional comments in that letter in which he also conceded that it was likely that the administration will oppose legislation they consider to conflict with the rules of the proposed new World Trade Organization.

In fact, this may have occurred already as it is my understanding that during the past session the administration voiced their opposition to at least one telecommunications reform proposal as being GATT illegal.

Mr. President, because of this very aspect of the pact, some have suggested this proposal should be considered as a treaty. Given the potential impact our membership may have on our federal, state and local laws and lawmaking, and on our ability to promote the foreign policy goals I noted earlier, requiring the agreement to be ratified as a treaty may be appropriate.

Mr. President, there have been some recent developments with respect to the proposed implementing legislation that I also want address. In particular, I know many were interested in the agreement reached between the administration and the Republican Leader, Mr. **Dole**.

As I understand this agreement, a judicial panel that would advise Congress is created to review the WTO dispute settlement process, and to determine whether WTO dispute panels exceed their authority or act outside the scope of the GATT agreement.

On the charge given to this proposed judicial panel, I would only note that much of the foreboding that surrounds the WTO dispute settlement procedures have not been that a WTO panel would act

outside its scope or exceed its authority, but that the scope and authority granted such panels in the first place are enormously broad and overly intrusive.

Beyond that, Mr. President, the creation of a judicial review panel to advise Congress on the General Agreement on Tariffs and Trade, whatever its charge, does not satisfy the concerns I have outlined.

The creation of a judicial advisory panel does nothing to solve the deficit problem created by the GATT implementing bill. Not one more penny in offsets is added to the current inadequate level of funding, so the implementing legislation still violates our budget rules.

Nor does the creation of judicial panel correct the gross inequities confronting our domestic dairy industry. European nations will still be allowed to subsidize 30 billion pounds of dairy exports while we will have reduced subsidized exports to just 1.5 billion pounds, with potential devastating economic consequences for family farms and many rural communities.



Nor does the creation of a judicial panel change the outcome of any ruling by the WTO, nor would it change the impact such a ruling could have on our Federal, State, and local laws, or on our ability to conduct foreign policy.

In this respect, the defect in the current agreement, as presented to Congress, is that we are asked to choose between increased trade and independent democratic institutions. That choice is fundamentally flawed, and the creation of a judicial panel does not correct the shortcoming.

Mr. President, I hope we will not decide that, in the name of free trade, we should join a new international organization that may dramatically alter and even harm the ability of our democratic institutions to set trade and non-trade related policies.

Mr. President, we should reject the proposed pact, and seek a new one--one that provides truly free and fair trade for all sectors of the economy, one that is fully funded, and one that preserves our cherished democratic institutions.

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Mr. RIEGLE. Mr. President, I rise in support of this bill to implement the Uruguay Round of the General Agreement on Tariffs and Trade--GATT. While this is not perfect legislation, and there are parts of this bill that I am deeply concerned about, I believe it is important for our Nation's economic future that we pass this legislation.

The Uruguay round opens foreign markets to U.S. goods and services by lowering tariffs and non-tariff barriers in foreign countries, which will benefit many Michigan industries. For example, it will, on average, reduce foreign tariffs on autos by over 50% and on auto parts by over 25% by our major trading partners. It will cut foreign tariffs on household appliances in our major markets by over 40% on average. It will eliminate duties on furniture exports to Japan and the European Union as well as strengthen intellectual property protection for furniture designs. And it will cut foreign tariffs on machine tools and open up foreign government procurement markets to U.S. companies.

While lowering foreign trade barriers, the legislation preserves U.S. trade laws. For example, this bill includes a 1-year legislative extension of Super 301. While the provision is not identical to the original Super 301 provision I coauthored with Senator **Danforth** in the 1988 Trade Act, I am pleased that the administration and the Congress have recognized the usefulness of this important tool for overcoming foreign trade barriers.

The bill also includes a provision directing the President to request the establishment of a working group on trade and labor rights within the new World Trade Organization--WTO. While I would like to have seen more on labor rights in this legislation, I believe that such a working group is an appropriate first step toward grappling with these issues.

There are a number of specific issues included in this legislation that I would like to briefly mention. First of all, let me point out that there are losers as well as winners under this Agreement. One of those industries that we face increased pressure under this Agreement is the zinc alloy industry. Because of reduced U.S. tariffs on zinc alloy imports, this industry is in danger of facing a surge of low-priced imports.

I am pleased that the Statement of Administrative Action--SAA--accompanying this Agreement, which has the force of law, contains a provision which I sponsored requiring the administration to monitor zinc alloy imports. This monitoring will continue as tariffs are reduced for a period of at least 8 years, to determine if there is an injury or threat of injury to the industry and to the national security. If there is reason to believe that there is either severe injury or the threat of severe injury, or injury to national security due to imports of zinc alloys, the administration will initiate a section 201 or section 232 investigation to halt the injurious surge of imports. I hope the administration will be aggressive in its monitoring and investigation activities concerning zinc alloy imports.

A second provision relates to how the anti-dumping laws are applied agricultural growers and processors. This problem came to my attention in the late 1980's when Michigan cherry growers complained that dumped cherry concentrate was causing them injury, even though the domestic processors themselves, the concentrators, were not necessarily affected. Because it was concentrate, and not cherries, that was being dumped, and because not all of the Michigan cherries went into concentrate, the domestic growers did not have a remedy under current law.

This is a very complicated problem, affecting many agricultural products. The SAA commits the administration to review the issue and propose legislation, if appropriate, to solve this problem. Again, I hope the administration will be aggressive in addressing this ongoing problem.

There are other provisions in this legislation, specifically in the area of anti-dumping and countervailing duties, that continue to concern me. One outstanding issue is that of duty absorption. In too many cases, importers who have been caught unfairly dumping or subsidizing their products are simply absorbing the costs of the duties imposed on them. By not raising prices by the amount of the duty as they should be doing, the importers continue their unfair practice of buying market share even though they may be losing money. The result is that the anti-dumping and countervailing duties are not effective in stopping the unfair practices.

This bill takes steps to correct the problem by requiring that duty absorption be considered when the International Trade Commission undertakes its administrative reviews of a dumping order to determine whether those orders should continue. However, the bill does not go the next step to require a

calculation of the size of the duty absorption. Such a calculation as part of the review process would help policymakers by

showing the extent of the problem. The Administration does not need legislation to perform this calculation; nor does the legislation prohibit such a calculation. I hope they will take it upon themselves to make this calculation.

I am also concerned over the method used to calculate the exemption for start-up costs in an anti-dumping or countervailing duty case. This legislation contains a provision clarifying that such an exemption is available only for true start-up costs and not for costs such as a model year change over in the auto industry. However, the legislation allows variable costs, as well as fixed cost, to be excluded from the calculation of costs in start-up situations. While fixed costs are a legitimate start-up expense, variable costs are an on-going operational cost and should not have been included in this exemption. I hope this issue will be revisited by a future Congress.

In addition, I am concerned about the Agreement's new subsidies code. Some of my colleagues fear that the new subsidies rules will force the U.S. into a subsidies war by allowing only a very limited amount of government funding for industrial research. I disagree. The subsidies war started long ago, and America has been losing. I fear that these new subsidies rules will push us more toward unilateral disarmament while not stopping our foreign competitors. An Agreement will not stop other nations from unfairly trying to wreck American industries. That will take vigorous action by the Federal government in enforcing the new rules and in pursuing assistance to industry where allowed under the rules. We must continue to do all that we can to promote and maintain America's technological competitiveness.

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## **GATT AND NAFTA**

Mr. President, I was a strong opponent of the North America Free Trade Agreement (NAFTA). I felt, and still believe, that NAFTA was fundamentally a bad deal for American workers and the American economy. Much of the recent celebratory noises about NAFTA are, at best, premature. Shifts in investment and the movement of plants and jobs takes years to show up in the statistics. However, the trend is very clear. One just has to look at the number of petitions for the special NAFTA Trade Adjustment Assistance benefits to realize that companies are already shipping jobs south.

But the GATT agreement is not NAFTA. At its core, NAFTA was all about the economic integration of a developed nation with a developing nation. It was a merger between two economies with fundamentally different structures and situations.

I supported the U.S.-Canadian Free Trade Agreement (CFTA). The CFTA was essentially a deal between like-parties. The U.S. and Canadian economies are similar in their structure and level of development, and were already highly integrated. The CFTA was an agreement to set in place rules to govern our already intertwined economies. NAFTA was designed to put in place rules to force a joining of very different economies.

In that sense, the new GATT agreement is much more similar to the CFTA than it is to NAFTA--even though GATT does not go as far as toward integrating economies as the CFTA does. GATT is more a deal between equals. While the agreement broadens the scope of GATT coverage to include more developing countries under its rules, its core is comprised of the developed nations--especially the so-called 'quad' of the U.S., Canada, Japan and the European Union.

Whereas NAFTA was, at heart, an issue of economic integration, GATT is, at heart, an issue of lowering foreign trade barriers. The Uruguay Round included an over 40% reduction in tariffs on the most important manufacturing exports to Europe and Japan. It includes large tariff reductions in developing nations, such as the rapidly expanding markets in Asia and the Pacific. It also includes an important agreement on agriculture, including the opening of the Japanese rice market.

At the same time, unlike NAFTA, the Uruguay Round does not eliminate all U.S. tariffs. Under NAFTA, all tariffs on Mexican and Canadian goods will be eliminated. Under GATT, some tariffs will be phased out, others will be reduced, and yet others will remain in place.

A look at the dispute settlement process in GATT and NAFTA confirms the difference. Under NAFTA as an economic integration process, the binational dispute settlement panels can review and overturn decisions by the Commerce Department and the International Trade Commission in cases involving U.S. antidumping and countervailing duty laws. The new WTO dispute settlement panels under the new Uruguay Round agreement don't have the power to overturn U.S. decisions. They can authorize other nations to seek retaliation, but they have no power directly over U.S.

decisions. Rather than seeking economic integration, as under NAFTA, the Uruguay Round Agreement seeks to set up a mechanism to manage the rules of the road on international trade.

Finally, and very importantly, the issue of investment is treated very differently in GATT and NAFTA. NAFTA was, in my view, an agreement to make Mexico safe for U.S. investments. One of its major purposes was to reduce the barriers to U.S. companies who wanted to set up operations in Mexico. The proponents of NAFTA couched this in terms of being able to have Mexican plants to serve the Mexican market. I think time will show that the results will be to move U.S. plants to Mexico to then sell products back to the U.S. market.

GATT, on the other hand, says very little about investment. To some, this is a great short-coming of the agreement. However, I believe that the entire issue of the link between investment and trade is one which we need much more time to discuss and understand. Had the Uruguay Round Agreement taken major steps that would have increased incentives for U.S. companies to move overseas, I would be strongly against it. But the new GATT Agreement, unlike NAFTA, does not include these incentives.

## FUNDING

One of the areas that concerns me about this bill is the financing package. Under the current pay-as-you-go budgeting rules, Congress must insure that the bill will be budget neutral. Since implementing the agreement involves reducing tariffs on foreign goods sold in the U.S., Congress must either raise new revenues or cut spending to replace the revenues lost due to these cuts in tariffs. The amount in question is almost \$12 billion over the first 5 years of the agreement. The bill sent to us by the Clinton Administration includes a \$12 billion financing package, worked out in cooperation with the Senate Finance Committee and the House Ways and Means Committee.

Technically, however, the bill does not cover all the revenues lost. Under a special Senate rule, revenues offsets are required for a full 10 years. This rule is separate and beyond the budget deficit reduction requirements we have enacted over the years. As I stated earlier, the funding package included in this bill covers only the first 5 years. Thus, the bill is subject to a point of order under the Senate rules, which requires 60 votes to waive.

I firmly believe that this legislation, by opening foreign markets to U.S. goods and services, will promote economic growth here in America and will not result in an increase in the Federal budget deficit. Therefore, I will vote to waive any budget point of order that may be raised with respect to this bill. We should not allow technical accounting rules to get in the way of doing what must be done to ensure that America remains a strong player in the global economy.

While I generally do not oppose this funding package, I am opposed to one element of it--the provisions concerned with the Pension Benefit Guarantee Corporation [PBGC]. I stand committed to ensuring that secure retirements are available to the working men and women in this country and understand that PBGC reform may be needed. However, the PBGC reform proposal included in this legislation has been subject to few hearings and almost no formal scrutiny by the relevant committees. I am concerned that we may be enacting far reaching changes to the pension system in our country without adequate debate or discussion.

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## FAST TRACK

The issue of the PBGC reform proposals highlights my second concern over this bill --the so-called 'fast track' process. Under the fast track procedure, legislation to implement a trade agreement proceeds under a specific timetable for Congressional consideration with no amendments allowed. My concern is not over the timetable for debate. I am, however, deeply concerned over the no amendment rule.

As the PBGC issue illustrates, fast track is being used for more than simply trade-specific items coming out of a multilateral negotiation. At a very minimum, future Congresses should not allow fast track procedures for trade agreements to be used beyond the intended scope to enact non-trade legislation. Any future procedure for handling trade agreements should allow amendments in general--and must, at least, allow amendments to non-trade, non-germane provisions.

There are those who claim that trade agreements must be an all-or-nothing vote by the Congress. They claim that to allow amendments to such a large agreement, negotiated by so many countries, would result in an unraveling of the agreement and its certain death.

I disagree. The Congress, as the elected representatives of the people, should and must have a say in not only the final product of such trade agreements but also in the details.

Even if such a fast track procedure were critical for large, multilateral agreements, the same procedure need not apply to bilateral trade agreements. Proponents of fast track claim it would be impossible to renegotiate an amendment with over 100 other nations. Even accepting that, surely it would be possible to renegotiate with a single nation over an issue held by the Congress to be important. Our experience with the NAFTA side-agreements confirms that such renegotiations are possible.

Likewise, there is no need to extend fast track to the financing packages of a trade agreement. Under the current budget rules, any amendments to the fund provisions would have to be completely offset by a substitute funding provision. Opponents could not kill the agreement by amendment, as some fear. Changes in the financing package would not require renegotiations of the trade agreement itself. Thus, the rationale for fast track does not apply.

I believe that our experience with this GATT implementing legislation should serve as a lesson to future Congresses. When used, if at all, fast track procedures should be explicitly reserved for truly multilateral trade provisions. They must be clearly restricted to only those parts of a multilateral agreement negotiated with other nations. All other parts of the bill must be subject to amendment--including the right of the Congress to add additional safeguards if necessary. Under this process, the rights and obligations of Congress are preserved while the negotiated

parts of the agreement are not subject to amendment and the threat of renegotiation.

This system I have proposed would, I believe, overcome the flaws that have become evidence in the current fast track process, while continuing our ability to negotiate trade agreements. I hope future Congresses will look carefully at this suggestion when debating any renewal of fast track authority.

## **SOVEREIGNTY AND RELATED ISSUES**

While I have concerns over this Agreement, I do not believe that it violates U.S. sovereignty, as some have claimed. The rules under which the WTO will operate are generally the same as for the current GATT--something not well understood. In most cases where there have been changes to the rules, the new rules have a stricter voting requirement--such as increasing the voting requirement from a simple majority or two-thirds to three-quarters, or even to requiring a consensus. Thus, the fears that the U.S. will be 'out-voted' are even less under the new rules than under the existing system.

In addition, the WTO, like the GATT, provides a mechanism for leaving the Agreement. This is the ultimate safeguard of U.S. interests--one that I hope this Administration and future Administrations will use wisely.

There is one change in the rules that has caused legitimate concern. Under the existing system, any finding by a dispute settlement panel can be blocked by either party. In other words, if we challenge another country's trade laws as unfair in the GATT, that country can block a GATT finding that their law or practice is an unfair trade restriction. Likewise, we can block any finding against us.

Some have claimed that this means that all U.S. laws are at the mercy of foreign governments. This is not the case. First of all, the finding of a dispute settlement panel is only that--a finding. Such findings do not overturn U.S. laws or regulations. Only Congress can change U.S. law.

If another nation does win a dispute settlement finding against us, there are only four things that could happen. First, the U.S. could change its law or regulation. Second, the U.S. could give the other nation a trade compensation--such as lowering existing tariffs on some good exported by that nation to us. Such a compensation must be in the same amount as the economic harm to that nation's trade caused by the U.S. law. Third, the other nation could retaliate against some U.S. export by, for example, raising their tariffs in the same amount as the economic harm.

Finally, nothing might happen. The U.S. might decide not to change its law or regulation and not to grant a trade compensation. And the other nation might decide not to retaliate, even under WTO sanction, for fear of starting a trade war.

While I reject the claims that the Agreement violates U.S. sovereignty, I share the concern that adverse rulings by the dispute settlement panel will

be used as political pressure to force a change in U.S. law. We must keep up our vigilance to ensure that U.S. laws, especially those concerning worker rights and health and safety issues, are not changed merely to suit the convenience of other nations. I commended those who have raised this concern and hope that they will continue as strong watchdogs of this Agreement.

## **FUTURE OF TRADE**

Mr. President, as all my colleagues know, I share the concern of many that for too many years, America has been the patsy of the world when it comes to trade. We have opened up our markets while others have kept them closed--a situation I hope this Agreement will finally reverse.

Labor Secretary Robert Reich has coined the term 'the anxious class' to describe the feeling that has afflicted the middle class in this country. Wages, incomes and standards of living for working Americans stagnated over 20 years ago. Two incomes are now needed to maintain middle-class status. At the same time, job security has declined as too many companies continue to look upon workers as a cost rather than as an asset.

Recessions have made matters worse; but recoveries have not helped. Even now, the benefits of the most recent economic recovery have been too few for too many Americans.

Many are opposed to this Agreement--based on these all too real fears. However, rejecting this Agreement will do nothing to advance our agenda to create an effective trade strategy. It will only slow us down as it forces us to re-open all of the old trade arguments of the past decade.

Rather than turn inward, we need to continue to insist on a trade strategy that opens foreign markets to U.S. goods and services. We need a trade strategy that targets our export promotion activities toward those markets and those products where we excel. And we need a trade strategy that aggressively uses all the tools at our disposal to counteract unfair and predatory practices by our trading partners.

We have the elements of the strategy today. For example, the work of the Trade Promotion Coordinating Committee (TPCC) within the Administration has strengthened our export promotion activities. The TPCC has produced and is implementing a strategy to target the so-called Big Emerging Market and Big Emerging Sectors.

These efforts need to be backed up with strong efforts to counter closed markets and unfair trading practices. We have begun to make progress in some cases,



such as in telecommunications and government procurement in Japan. But much more is needed, especially in the area of autos and auto parts.

Finally, we need to proceed carefully with the next steps of trade talks. We should not let the heady rhetoric of global free trade obscure the harsh reality of the strategic nature of the global economy. We should proceed slowly with grand plans for free trade areas in the Asian-Pacific region and Latin American--carefully weighing the costs and benefits of such plans. Opening of foreign markets and the reduction of trade barriers should be our goal--not the headlong rush toward economic integration regardless of the costs.

I am convinced that we can craft a strategic trade policy for America--one that opens markets to U.S. goods and services abroad and raises workers' standard of living at home. The first step is to move forward, not backward. Adoption of this legislation to implement the Uruguay Round Agreement is that step forward. We need to pass this Agreement and move on.

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Mr. PRYOR. Mr. President, today we face one of the most important votes in the economic history of this Nation. The job growth and expansion opportunities for our country hang in the balance of this vote and it is up to us to make the right decision. As the world becomes smaller because of the explosion in communications and information technologies, we must make the transition to this global economy in a way that provides the maximum benefit for these United States of America. Will this task be easy--No. Is it possible--Yes. Well, how can we get there--By passing the Uruguay Round GATT Agreement, the United States can take advantage of our inherent competitive advantages in these new global markets.

Mr. President, our historic debate on GATT, which culminates in a final vote today, should answer a number of important questions for the American people. In the next few minutes, I would like to pose some of those questions and provide some answers.

What is GATT? Simply put, this agreement sets up a system to help govern how the various member countries will trade. With varying cultures, customs, and laws, this type of agreement is necessary to facilitate open and fair trade among nations. GATT reduces tariffs around the world by roughly one-third. Since a tariff is nothing more than a tax on exports, this translates into the largest worldwide tax cut in history of some \$744 billion. Just as the NAFTA agreement has helped open markets with our trading partners to the north and south and set up a better defined system to facilitate trade, the GATT will accrue these same benefits with over 120 countries.

Is the GATT agreement perfect?--No, few things are. Will every sector of our economy win under this GATT?--No, but rejecting this agreement on behalf of a handful of industries is hardly equitable for the overwhelming majority of our

economic sectors that stand to benefit greatly by expanded opportunities around the world.

What does GATT mean for my home State of Arkansas?--It means new markets, new jobs and economic growth. Just look at what Arkansas has experienced the last few years in terms of exports. In 1987, Arkansas exported merchandise worth around \$408 million. By 1993, Arkansas exports had grown to over \$1.1 billion--an increase of 172 percent, giving it the eighth largest percentage increase among all the States. We have clearly demonstrated our ability to compete in the world and this agreement only facilitates more opportunities with new markets.

Where are Arkansas exports going?--All over the world. In the Pacific rim alone, exports from Arkansas totaled some \$269 million. In addition, we enjoyed approximately \$174 million in exports to the European union and had sales to Latin America and the Caribbean region totaling \$107 million.

What kind of exports does Arkansas make?--Some 95 percent of Arkansas' export sales in 1993 consisted of manufactured goods which translate into jobs and opportunities for Arkansans. Specifically, \$305 million of these from the food products

industry, \$185 million from the chemical products industry and nearly \$122 million from the industrial machinery and computers industries, not to mention electric and electronic equipment, transportation equipment, and fabricated metal products representing over \$250 million cumulatively.

Mr. President, I am confident that America will benefit from GATT. But it is also my responsibility to look after the effect GATT or any other measure before Congress will have on the State of Arkansas. Mr. President, the facts I have just mentioned make it abundantly clear that Arkansas will be a major winner under this trade agreement by increasing the trade exports that have benefited our State tremendously during the last several years. I for one, will not sit back and take a pass on an opportunity to increase Arkansas' prosperity.

If it is true that 95 percent of the world's population is outside the United States, then why shouldn't Arkansas and the rest of the nation be the ones to sell food, goods and products to these consumers. If we don't, someone else will. We cannot afford to allow some other country to surpass our position as the world's largest exporter.

Roughly, 60 years ago, this country turned away from foreign markets and sought to build a wall around our country. This legislation was known as the Smoot-Hawley Act and helped lead us to our worst economic depression. Today, the Congress is again faced with the choice between free markets or isolationism. -I believe we should learn from our mistakes and not let history repeat itself. We should take advantage of the enormous benefits this agreement will bring to Arkansas and the rest of the country.

There have been red herring arguments galore in this debate predicting gloom and doom should we pass this legislation implementing the agreement. For example, some have argued the very sovereignty of our country may be jeopardized. Mr. President, as much or more than any member of the Senate, I am concerned anytime our sovereignty may be threatened, but this agreement does not. Even the conservative jurist Robert Bork has studied this agreement and in his legal opinion GATT does not pose a threat to the sovereignty of the United States. The Congress of the United States and only the Congress can change any law of the United States.

Mr. President, let us not fall into the easy traps of being against change especially when the benefits can be so great. The United States needs this GATT agreement and it is up to us to deliver. Let's pass the GATT and any procedural votes necessary to do so.

Ms. MOSELEY-BRAUN. Mr. President, I support the GATT implementing legislation. I believe that the GATT Agreement is good for the American people, good for our international competitiveness, and good for our collective future as a nation and a people.

The history of expanding trade opportunities has been a history of increasing economic growth, both here in the United States and overseas. Lowering trade barriers has consistently produced new jobs--good jobs--here at home.

Over the last 50 years, the United States has provided an enormous market to the countries of the world. At the same time, we have worked to gain market access for American products. Both Americans and the rest of the world have benefitted. Eliminating trade barriers and increasing trade has therefore been a win-win proposition for the United States.

The Uruguay round agreements of the General Agreement on Tariffs and Trade is designed to continue that `win-win' tradition. It opens markets and reduces tariff and nontariff barriers, in order to expand trade, economic growth and job opportunities.

The evidence is convincing that this agreement will be good for the American people. Over the next 10 years, United States GDP will expand by \$100 to \$200 billion as a result of GATT. It will create hundreds of thousands of new jobs. It will increase U.S. productivity, real wages, and living standards. In 1992, 10 1/2 million U.S. workers owed their jobs to exports of goods and services. And jobs related to exports pay an average of 13 percent more than the national average wage.

Under the new GATT Agreement, the United States achieved a 40 percent average reduction of tariffs that our major trading partners impose on U.S. products. In the area of industrial goods, worldwide tariffs on construction equipment, farm equipment, medical devices, pharmaceuticals, steel mill products, and beer and

distilled spirits will be eliminated. Tariffs on electronic equipment and scientific instruments will be halved.

These are all areas where U.S. products are of the highest quality in the world. What is more, workers who make medical devices and construction equipment are well paid. When we sell more of these products to the rest of the world, we create high skilled, high paying jobs.

In agriculture, the Uruguay round has been very successful in reducing trade-distorting subsidies. The United States Department of Agriculture expects U.S. agricultural exports to nearly double from \$4.7 billion to \$8.7 billion in the next 10 years as a result of the Uruguay round agreements. Increased exports will raise U.S. farm prices, increase farm income, and lower U.S. Government outlays on price and income support programs. Agricultural export-related employment is expected to increase by as much as 190,000 jobs in the next 10 years.

For the first time ever, the GATT Agreements establish multilateral, legally enforceable rules for trade in services. Areas such as accounting, advertising, architecture, and engineering services, as well as financial services, will come under the General Agreement on Trade in Services. Foreign governments' will no longer be able to discriminate against U.S. banking and insurance companies. Service providers from other countries will receive no less favorable treatment than that accorded to local service suppliers. U.S. firms will also have the right of repatriate profits.

Seventy percent of U.S. jobs are in the service sector. The General Agreement on Trade in Services provides new international rules that will greatly benefit this largest sector of the American economy in its effort to compete overseas, and that will mean additional new jobs here in the United States.

In the area of intellectual property, the trade-related intellectual property rights agreement establishes enforceable multilateral obligations to protect copyrights, patents, and trade secrets. Computer software and databases will finally have the same protection as a literary work.

These agreements will have a very positive effect on Illinois, because Illinois is a major exporting State. In 1993, Illinois exported just over \$20 billion of merchandise and services. From 1987 to 1993, Illinois exports doubled, and the GATT Agreement will lead to further major increases in Illinois exports.

More importantly, the GATT reduces tariffs imposed by our largest trading partners. Illinois exports \$4.7 billion of goods and services to the European Union. Those tariffs will be reduced an average of 54 percent. Illinois exports almost \$2 billion of goods and services to Japan. Those tariffs will be reduced an average of 39 percent.

This agreement eliminates and reduces tariffs in areas where Illinois products are strongest. Illinois exported \$5.5 billion in industrial machinery. We exported \$3

billion in agricultural products. With the reduction of tariffs and trade distorting agricultural subsidies, these numbers will only increase. And that means more Illinois jobs for urban, suburban, and rural communities.

I would like to address some of the concerns I have heard from people in Illinois regarding the World Trade Organization, and the new rules regarding dispute resolution. Under the WTO, the procedures of investigating a trade dispute will be much the same as the current process. The difference is that decisions, which are the outcomes of these investigations, will be enforceable.

The United States will continue to be able to reject a decision of the WTO. If a decision is made against the United States, and subsequent negotiations cannot resolve the issue, the plaintiff can retaliate by lifting tariffs back to where they are today. Further, the President will support legislation to establish a WTO dispute settlement review commission to ensure that the WTO acted fairly.

I do not believe that the United States will be losing its sovereignty by joining the WTO. Quite the opposite, the WTO will ensure that the rest of the world practices the kind of fair and open trade that the United States has always practiced.

I would like to take a moment to address the anxiety of labor unions, environmental groups, and consumer groups, who have expressed their deep concerns about the GATT agreements. To my friends in the environmental movement, I would like to say that I would not support the GATT if I thought it would lower American environmental standards. I do not believe that laws that protect food safety and air quality will be found GATT illegal. As we saw in the recent ruling on cafe standards, our environmental laws are legal as long as they do not favor domestic producers over foreign ones.

With regard to labor, I understand the concerns of Americans who worry about losing jobs to low-wage workers overseas. I think it is worth keeping in mind, however, that fully 40 percent of our overall trade deficit is with Japan, a country that pays its workers even more, in dollar terms, than American workers earn. Yet Japan not only runs an enormous trade surplus with the United States, but with the entire world.

It is also worth keeping in mind that defeating the GATT will not protect Americans from low-wage workers abroad. U.S. tariffs are already far lower than tariffs in most other nations, and defeating GATT would not increase them. Our future depends not on high tariffs, but on continuing to do what we are already doing, working much smarter, working much more productively, than our international competition.

To take just one example of what I mean, it wasn't very long ago that many people were writing off the U.S. automobile industry. U.S. manufacturers were steadily losing market share to foreign competitors. Now, the U.S. is the place to manufacture. Foreign car companies eagerly build plants in the United States because of the advantages of manufacturing here, and one of the most important

of those advantages is the American work force. In one industry after another, Americans are demonstrating that we are the most productive workers in the world. We can compete--and win--internationally, and that is what we must continue to do.

Mr. President, the Uruguay round builds upon the long U.S. tradition of open markets. It increases the volume of trade and investment worldwide, which will create jobs at home and abroad. It anchors the United States in the family of trading nations, and it sets fair and universal standards for us to compete in the global marketplace.

The GATT agreements are, in essence, about confidence, confidence in our future and confidence in our children. I am voting for GATT because I am confident that Americans will prosper under the new trading regime. Americans are ready to compete and succeed, and GATT will help them to be more successful.

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Mr. KERREY. Mr. President, after a careful listening to those on both sides of the issue, I have decided to support the implementing legislation for the Uruguay round of the General Agreement on Tariffs and Trade [GATT], as well as the motion to waive the budget point of order against the bill. I have concluded that the Uruguay Round Agreement, on balance, offers a promising opportunity for the United States--already the largest and most open market the world--to secure its fair share of a growing world marketplace, and more importantly, to generate here at home the kind of good-paying, skilled jobs that, in my view, give purpose to our efforts to pursue trade reform.

This agreement, as some of its detractors unfortunately fail to mention, is actually the product of nearly 8 years of negotiations involving over 120 countries. It is a work that has been many, many months in progress, and the subject of numerous hearings and debates in Congress ever since this trade round was inaugurated in September, 1986. This implementing measure would have been voted on months ago, except for the procedures governing consideration of the bill which specifically provided various committees of the Congress an established timetable to examine the bill's provisions and weight its impact. But for the fact that a single committee exercised its full rights under these procedural timetables, we would have voted on this agreement well in advance of this fall's election. Although this bill is indeed a very complex piece of legislation, this is not, in other words, a document that has been sprung on Congress and the American people without notice, without debate, and without the opportunity for challenge. It's a sad commentary on the state of civic debate in this country that the agreement's opponents have resorted to describing the current situation in a manner deliberately intended to fuel public suspicion that this is a back-room deal, written in secrecy under the direction of multinational corporations at the expense of U.S. workers and consumers, presented for rushed, last-minute approval by defeated Members of Congress.

As the largest but already the most open economy in the world, the United States has something to lose but certainly much to gain as we reduce our trade barriers still further but in turn secure from our GATT trading partners, as this agreement does, the obligation to provide even greater access to their markets. The vast majority of the economic assessments that I have seen point to the agreement's likely result in creating more American jobs, boosting national income and returning

more, not less, to the U.S. Treasury, despite the known revenue loss associated with the tariff reductions included in the implementing bill.

The likelihood that this agreement will increase Treasury receipts rather than decrease them is the reason why I will support the motion to waive the budget point of order against the agreement. This bill, I believe, is as clear an example as any why our budget procedures rightly provide a limited opportunity for a waiver. Under our current budget rules, we are required to acknowledge the known costs of a bill--in this case, the revenue losses resulting from the tariff cuts. However, those same rules prevent us from assuming--on the ground that they are too speculative--the likely gains to the Treasury that most studies conclude should result from the increased U.S. employment, income, and tax revenue expected to be generated by the pact. I support the waiver, in short, because I agree that the Uruguay round is likely to lead to increased trade and increased economic activity that will offset expected tariff revenue losses, leaving our annual budget deficits no worse than currently projected. I believe strongly that free trade, fairly conducted, is good for the world economy and particularly good for the United States and its workers. From agriculture, to services, to technology, to basic manufacturing, the U.S. ranks among the world leaders and has the potential, under this agreement, to strengthen its position still more.

A central source of controversy surrounding this agreement involves, of course, the proposed new World Trade Organization [WTO] that will be established to replace the current GATT body as the forum for considering and resolving trade disputes. In my view, this issue essentially boils down to one question: Do we favor finally putting some teeth into the enforcement of decisions that arise from international trade disputes? Or do we prefer to continue the current system under which the United States has, on several occasions, brought unfair trade complaints against other countries, and prevailed under a subsequent GATT review, only to have the offending country ignore the GATT decision and snub the United States? I believe the United States has much more to gain than to lose by giving meaning to the resolution process governing international trade.

I understand that there is strong concern, quite legitimate, about the impact of a WTO finding that may go against the United States. Despite considerable misinformation to the contrary, an adverse WTO decision could not force the United States to change a Federal, State, or local law or regulation. What it would require the United States to do, however, is to decide whether to comply with the WTO decision by enacting changes in our laws

or regulations, or to ignore the decision, thus providing the opportunity for the country that prevailed in the dispute to impose compensatory tariffs on U.S. exports to that country. But it's up to the United States to decide how to comply or whether to comply, and possibly face sanctions. In any event, only the United States may change its own laws, if that's what we decide to do.

On the other hand, it must be pointed out, and I believe this is vital, that the same risks the United States accepts by becoming a member of the new WTO affords the United States, for the first time, the assurance that we can obtain redress and compensation if we win a fair trade case brought before the WTO. As the largest and most open economy already in the world today, it only stands to reason that we have considerably more to gain than to lose by agreeing to participate in a world market suddenly obliged to adhere to enforceable standards of fair trade.

Although I have reached the conclusion, Mr. President, that this legislation, on balance, is good for the United States and deserving of strong support, I believe the agreement itself is deficient in some key respects.

For example, nothing in the agreement prompts the United States and its trading partners to cooperate in a deliberate way to develop the type of environmental and labor standards that we have adopted in this country to help ensure that our economic gains do not come at the cost of environmental degradation and worker exploitation. Yet, I agree with those who espouse the belief that increased trade, and the economic activity and jobs it generates, tends to lift the living standards of those individuals it touches, but I think that as civilized nations, we can and should do more. Those who bring fervor and ideological force to the argument for breaking down trade barriers should be called upon to bring a concurrent commitment to elevating the living and working standards of all those who participate, in whatever small part, in the world economy. We in the United States should cede no economic or trade advantage to another country simply because that country has, for example, no Clean Air Act, no Clean Water Act, no child labor safeguards, or no wage and hour standards. Such countries enjoy no real advantage because they lack such measures, and the United States bears no unacceptable burden because it has them. But we should, as a member of the WTO, do much more to ensure that all nations engaged in international commerce adhere to similar standards. This must be a central objective of the trade agreements of the future.

Finally, Mr. President, I must note that many of those who have

expressed to me their opposition to this agreement have cited their deep-seated concerns about economic concentration in this country; the stressful impact of today's changing and uncertain economy on struggling workers--especially those families with children; the eroding sense of community and company loyalty; and evidence of failed domestic policies in such areas as agriculture. In short, they have expressed to me their personal anxiety about a rapidly evolving economy



that they fear--and the operative word is indeed fear--is producing more losers than winners.

I say to these opponents that I understand and agree with these sentiments. But an international trade agreement alone will not and cannot be expected to overcome the effects of failed domestic policies. Those policies deserve our separate but equally focused attention. And no new trade agreement will halt the fundamental changes that are rocking our economy and are likely to continue apace with or without this agreement. But I am confident, and I urge them to consider, that one of our best opportunities, as a country, to overcome these dislocations in our economy and relieve the anxiety felt by families is to build on the strengths of the many U.S. industries that currently make up our competitive export sector and employ millions of Americans.

For all of these reasons, Mr. President, I intend to support the GATT implementing bill and urge its adoption.

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Mr. DURENBERGER. Mr. President, I rise in strong support of the legislation to implement the GATT Agreement. The agreement represent 7 years of hard work by over 100 countries to overhaul a GATT system that was not working--that was not imposing the needed disciplines which enable countries to work together and prosper in a global economy.

The new World Trade Organization will enable our country, for the first time, to effectively address unfair trade practices by other countries. We will no longer have our complaints blocked by an offending country. This is major progress. A more effective dispute settlement mechanism is something we fought for during the entire negotiation process--and we got it. It will not affect our sovereignty. It will not force us to weaken our environmental protection laws. It will not impose world government. It will help Americans sell their goods and services abroad under a level playing field. It will impose a discipline which I believe will avoid the pursuit of protectionist efforts by other countries as well as to remind our own leaders how counterproductive these efforts can be in our own country.

The Uruguay round agreement achieved significant progress in many areas. Agriculture, services, investment and intellectual property rights will now be covered under GATT disciplines. Tariffs have been cut significantly and important market access goals have been met. Improvements were made in the subsidies and antidumping codes. There will be fewer standards barriers. There was an explicit recognition of the right of all nations to retain their tough health and environment standards--unless those standards are imposed solely for the purpose of restricting imports. This is important progress for Minnesota as well as the whole country.

The progress we made on tariff cuts alone--a global tax cut of \$744 billion over next 10 years--and on expanded market access to help us export more of our

Minnesota products and services, is worth a vote for the agreement through its implementing legislation. That is progress we can all understand.

We have also achieved major progress on more esoteric areas such as subsidies and antidumping. We now have a better system to identify and control the use of government subsidies abroad as well as to maintain and improve our own tough antidumping laws which have benefited industries such as steel. Yet we have attempted to control the kinds of changes in our antidumping laws which could result in more dumping cases against U.S. companies operating in other countries. I have worked with the steel industry in Minnesota throughout my entire career in the Senate to help them combat unfair trade practices and to improve their own competitiveness. That industry has gone through a very painful, but necessary, modernization and restructuring process and appears to be well on its way to regaining its competitiveness globally.

But, it, and all of our other industries, need the level playing field of this Agreement to continue to compete.

The agreement is a definite plus for Minnesota, as an export economy which will significantly benefit from lower tariffs abroad as well as fewer barriers and further access for Minnesota products. Minnesota exported \$10 billion in 1993--the 13th largest State exporter. Minnesota's exports grew by 80 percent over 1987-93 and will only increase under this agreement. Minnesota service companies and agricultural producers will now be able to use the disciplines of the GATT to ensure that they can trade fairly. Tariff cuts will help many of our Minnesota companies cut their costs in order to increase competitive opportunities abroad. Intellectual property protection abroad is instrumental to Minnesota's huge high tech community.

In my judgement, agriculture fared very well in the agreement. Minnesota's agricultural exports are vital to its economy. Agricultural exports in Minnesota increased 25 percent from 1987-93 and totaled \$2.8 billion in 1993.

The USDA has estimated that the GATT Agreement will boost agricultural exports by \$5 to \$14 billion over the next 5 years. Ag subsidies abroad, particularly in the European Union, have been slashed significantly, albeit not to the extent we desired. I am pleased that so many agriculture interests strongly support this agreement--the Corn Growers, Barley Growers, Pork Producers, Cattlemen's Association, the Farm Bureau, Poultry and Egg Council, Sugar Industry and many others.

The dairy industry has protested the market opening which will bring dairy imports up to about 1 percent of consumption--but dairy now has more access for its exports abroad. The soybean growers wanted lower tariffs. The administration is committed to continuing efforts to lower tariffs worldwide. The GATT Agreement does not halt that progress.

To recognize further efforts to help our important agricultural in Minnesota, I was pleased to hear that **Bob Dole** has secured a commitment by the administration to propose \$600 million in additional greenbox programs which will help us export even more agricultural commodities, including dairy and soybeans. Further, the administration indicates it will not propose ag program cuts in the fiscal year 1996 and 1997 budgets.

Minnesota has a long history of support for trade agreements and legislation which expands trade opportunities, My record, from my support of the Tokyo round implementing legislation in 1979, for the two major trade bills we have passed since then, and for the NAFTA has been consistent with the interests of my State. I am proud to have played a role in each one of these efforts, just as I am proud to have been an active promoter of the GATT Agreement.

Despite opposition from labor, I have been encouraged by

estimates of job creation due to the GATT Agreement. The DRI-McGraw-Hill study estimates an employment gain, over that of normal economic expansion, of 1.4 million jobs by the 10th year.

I was also pleased that soon-to-be majority leader **Dole** was able to work out an agreement with the administration to satisfy some of the concerns about the agreement itself, as well as its funding mechanism. While I had thought the 6-month notification period in the agreement that would enable us to withdraw from the WTO was adequate, the Dole-U.S. review panel was a positive improvement and should satisfy some of the concerns that the WTO panel process could be used unfairly against us.

Mr. President, I am well aware that this agreement is controversial, largely because it is not easily understandable by many people. It has not received much attention by the press, partly because much of it is so technical in nature. I regret the opposition by many of my friends from labor unions, from environment groups, from the dairy industry.

Particularly I regret what has been an unfair characterization of the agreement by Ralph Nader and others who have tacked many of the world's evils onto this agreement. They are the ones who do not understand the agreement--who have not read the agreement.

I admit that the agreement fell short in some areas. We did not, and could never, achieve 100 percent of our negotiating objectives. In my judgement, we reached far more of our objectives than other nations. We should not delay the agreement. It cannot be reopened next year to achieve further progress. That just will not happen--no other country would agree to that. So the significant progress we made over 7 years will be lost if that happens.

In addition, the administration communicates that even a 6-month delay would cost the united States \$70 billion in lost production and reduce employment in the

United States by 25,000 jobs a year for 10 years. There is no need to delay. The final agreement has been before us for well over a year. We have known our negotiating objectives and have had briefings over the last 7 years from our negotiators.

The budget waiver vote before us is the only real vote on the implementing legislation. If we do not waive the Budget Act, the GATT Agreement will die.

Earlier in the year, I joined many of my colleagues to protest what I had heard was an intention on the part of the administration to waive the full 10 years of the agreement. This was not acceptable, and I strongly communicated that to the administration. However, the administration was able to waive the first 5 years, and I believe that the economic growth this agreement will bring to us will definitely pay for the second 5 years. In fact, the Treasury Department reports \$100 to \$200 billion in added income per year as a result of the Uruguay round agreement progress. As a result, I will vote to waive the budget rules, although I am generally loathe to do so.

Mr. President, we have far more work to do in the area of addressing unfair trade barriers and to expand export opportunities for American interests. I wish we could have solved all of the problems in the Uruguay round, but we didn't. But we cannot scrap 7 years of hard work that is significant progress. There will be future trade negotiations. There will be efforts to improve the WTO as we gain experience with it. There will be discussions in many international fora to focus on the unfair labor practices and the need for more environmental protection efforts in other countries. We can pursue such issues as CBI parity, which is necessary to afford the same benefits to our CBI friends as that granted under the NAFTA, again next year.

We must adopt this progress and move on to develop and pursue future trade goals which will bring us even closer to where we should be. I believe that as we do move toward implementing the agreement, it will become evident to the public that this is a positive and fair agreement.

I urge the support of my colleagues for the implementing legislation. I particularly urge support for the waiver of the Budget Act and to oppose any constitutional point of order that the agreement should be considered a treaty. Trade agreements have never been negotiated as treaties, and this one was no exception.

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Mr. DANFORTH. Mr. President, there has been some controversy about section 801 of the GATT implementing legislation, which requires PCS pioneers to pay at least half a billion dollars for their FCC licenses. Some have questioned whether this provision is the product of some unfair sweetheart deal for the pioneers.

I am intimately familiar with this provision, which was crafted over the course of several months in an open fashion. I am also familiar with the history of the proceedings at the FCC by which the pioneers obtained their preferences. I believe that section 801 guarantees a more than fair return for the government. That is why I supported section 801 in the first place. As far as I am concerned, the matter of the PCS pioneers should now be considered closed.

The FCC promised for four years to guarantee the pioneers a license as a reward for their innovative efforts--not just an option to purchase a license, but a guaranteed license. In January of this year, the FCC clarified that it would give pioneers free licenses, even though it now can auction licenses. Only in August of this year did the FCC change its mind. The pioneers have taken the FCC to court, and all informed observers believe the pioneers will win. They will receive licenses for free--the taxpayers will get nothing.

The GATT bill guarantees the taxpayers will get payments of 85 percent of an average auction price from the pioneers. The pioneers will make a minimum payment of some \$530 million even if bid prices are lower than expected. No other company has committed to minimum price. And the pioneers have not been granted a ceiling--if the auction yields billions, they will pay according to the GATT legislation's formula.

The GATT implementing legislation's formulation of 85 percent of the auction price for the top 20 non-pioneer markets will produce a fair return for the American taxpayer. The Office of Management and Budget estimates that the GATT bill's formula will bring in \$1.5 billion--more than the FCC formula, which used a figure of 90 percent of the top 10 markets.

Whatever the projection, it is important to remember that the goal of the FCC's pioneer preference policy, which we permitted the FCC to continue in the 1993 auction legislation, was to provide incentives for innovators. Raising revenue was not a consideration. The three companies that received preferences created the new PCS technologies, and their efforts will benefit the public as a whole. Jobs will be created. Tax revenue will be produced. Competition to cellular duopolies and telephone monopolies will be created. And consumers will pay lower prices.

It would have been fair for the pioneers to have received their licenses without charge. Requiring pioneers to pay an 85 percent average auction price is more than fair. The pioneers worked for five years to develop PCS and made their research and

development available to the public so that all could learn and benefit from it. The pioneers relied on a ten-times-reaffirmed promise of a free license--a promise the FCC broke only after the pioneers had performed their side of the bargain. They put millions of dollars at stake at a time when PCS was a glimmer in an entrepreneur's eye.

Some have called for an assessment after the auctions of whether the payments from the pioneers made a fair return to the taxpayers. I would like to make a few points with regard to this proposal:

First, everyone agrees that the pioneers should be immediately granted their licenses. Section 801 specifies that the FCC cannot delay issuing licenses to the pioneers more than 15 days after the legislation's enactment. I do not expect the FCC to have any difficulty complying with that mandate. The license applications have been pending most of this year, and the pleading cycle has been completed for months. The Administration's letters to Senator **Dole** on November 23, 1994, recognized that the pioneers would be issued their licenses now.

Second, all of us who are involved in this issue understand that all relevant factors must be taken into consideration. These factors, as I mentioned before, include the hard work of the pioneers, their commitment of high-risk capital, their public sharing of research results, their longstanding reliance on the FCC's promises, and the extent to which the work of the pioneers created all the auction revenues that the Treasury will receive.

Third, no one involved intends the potential for some future review to have a chilling effect on the commercial plans of the pioneers. We assume that the pioneers will be turning to investors to fund the hundreds of millions of dollars needed to pay the Government for their licenses and build out their systems. These investors should not be concerned that Congress will ignore the contributions of the pioneers and force them into an unfair and retroactive payment scheme. I believe that there will be no further legislation. It is my view, and, I believe, the view of my colleagues on the Commerce Committee, that Section 801 already provides a fair return to the public. This matter should be considered closed.

Finally and most importantly, retroactive legislation to increase the price of the pioneers' licenses would be grossly unfair. For years, the pioneers were led to believe their licenses would be issued early in 1994 and would be free. Then the legislative process delayed issuance of the licenses and we required the pioneers to pay 85 percent of the average auction price for those licenses. Now that the pioneers have some finality, we cannot in good conscience enact legislation to increase the price again. We should let the pioneers get on with the business of PCS. Further retroactive legislation would just be plain wrong.

Mr. SMITH. Mr. President, I believe in free trade. I think that lowering tariffs, eliminating quotas, and reducing other trade barriers is clearly in the best economic interest of the United States. I disagree with those who have taken the floor in opposition not just to the GATT agreement before us, but to the very principles of free trade. In my opinion, the principles of free trade are clear and unwavering.

For far too long, U.S. exports have not had a real chance to compete in many foreign markets. American producers of goods and services are not looking for a handout in the international marketplace. They are looking for a level playing field. They know that they can compete in world markets if they are given adequate access to those markets.

Free trade is not a complicated proposition. If we lower tariffs abroad, American products are less expensive to the foreign consumer. It's like a permanent `sale' on American products. It is the holiday season in America, and any shopper at any store will tell you that they're more likely to buy an item on sale. After all, why pay more when you don't have to?

So free trade means more foreign consumers buying more American goods and services for less money. Foreign sales means American jobs. That is called a win-win agreement. Who could find fault with that?

Mr. President, if the GATT agreement stopped right there, this Senator would be its strongest supporter. I have no qualms with the tariff reduction schedules included in the agreement. I have no problem with the elimination of non-tariff barriers. But the GATT that we are required to vote on today does not stop at that point. It goes much, much further.

The agreement jumps off the free-trade track with the creation of the World Trade Organization (WTO). This Senator doesn't believe we need another international bureaucracy of any kind. But the WTO is particularly offensive, and it should be of grave concern to every American.

The WTO is given substantial legislative, executive and judicial authority. Under the WTO, any member nation--and there are 117 of them--can challenge another nation's law if they believe that the law is `WTO-illegal.' `WTO-illegal' is a vague term that has far-reaching implications. Any domestic law that restricts free trade could be subject to challenge.

Challenges would then be investigated by a three member panel. The dispute panel--or tribunal--would be staffed by trade experts who would not have to adhere to any conflict-of-interest rules. Nor would the panels be required to adhere to previous precedents--the

cornerstone of the judicial system in the United States.

The tribunal would meet in secret: no press, no citizen groups, no industry groups. Only national governments would have standing to address the tribunal. Even worse, the final decisions of the panel would be binding unless there is unanimous agreement among all WTO participants to set aside the findings--a highly unlikely scenario at best.

If a country appeals the decision of the tribunal, the resolution process is no better. Instead of an ad-hoc tribunal, the challenge would be considered by three

people from the seven member WTO appellate body. The appellate panel again issues recommendations or findings that cannot be reversed except by unanimous consent of the members.

So let us assume for a moment that among the thousands of state and federal laws on the books, one is challenged as a barrier to free trade. The initial tribunal is formed and rules that the law is `WTO-illegal.' The United States appeals the decision, and the appellate tribunal also rules that the law is `WTO-illegal.' What is our nation to do?

Under such circumstances, the United States can: (a) negotiate a settlement, or (b) change the offending law, or (c) face fines and/or sanctions from the WTO.

`None of the above' is not a choice under the stringent rules of the WTO.

What leverage would be United States have under such a scenario? The answer is: none. The dispute settlement procedures under the World Trade Organization are clearly and unequivocally flawed.

Other procedures governing the World Trade Organization are similarly defective. Changes to the WTO rules or interpretations will be put to a vote unless--again--there is unanimous consensus among all 117 participating nations. According to article IX of the agreement, `each member of the WTO shall have one vote.' The United States is not given a veto, as it is under the United Nations security council. The United States is not given weighted votes, as it is in the World Bank. Instead, the United States is given one vote--the same as Cuba, and Chad, and Haiti, and Mexico, and on and on and on.

Mr. President, not all nations of the world are equal trading partners, and creating an international bureaucracy to make them equal just doesn't make it so.

There is no reason to believe that--when the votes are cast in the World Trade Organization--the outcome will be favorable to the United States. Let me give a few examples from the voting record of the United Nations:

Nation and percentage of Votes Against U.S.: India--81.5; Cyprus--77.6; Morocco--78.1; Sri lanka--78.8.

The rest of the 117 nations are not much better. In fact, some have worse voting records. All told, developing nations will hold 83 percent of the votes in the World Trade Organization. When the results are consistently anti-American, no one should feign surprise.

Mr. President, we have a free trade agreement burdened with the ill-conceived World Trade Organization. But the problems do not stop there.

In August, 1994, OMB Director Alice Rivlin wrote that: `We do not believe it is necessary to sacrifice budget discipline to pass GATT in the Congress.'



Yet the Clinton Administration is asking Senators to do just that. Implementing the GATT is projected to result in a budget shortfall of \$26.7 billion over the next ten years. Congressional budget rules require that \$26 billion of this shortfall be paid for by spending cuts and/or tax increases.

The Agreement before the Senate would finance the GATT with \$4.7 billion in tax hikes and \$3.1 billion in spending reductions. The implementing legislation makes changes in the U.S. Savings bond program, pension law, licensing fees and a host of other areas wholly unrelated to free trade. And still, the Clinton Administration failed to reach its goal. The remaining \$18.9 billion will simply be added to the national debt.

That is unacceptable to this Senator. I had looked forward to supporting a clean GATT agreement that would move America forward. Instead, I will vote against an agreement that takes us two steps back.

Mr. President, the GATT legislation before the Senate should be about free trade, and only free trade. It should not be saddled with the weight of an uncontrollable international bureaucracy and unrelated domestic provisions.

I urge my colleagues to oppose this agreement so we can support an improved GATT next year. That is the only way to achieve an unfettered, win-win free trade agreement.

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Mr. HATFIELD. Mr. President, I rise today to discuss a matter of great importance to the citizens of our United States: The Uruguay Round Free Trade Agreement, a bill that needs our immediate attention and support in this turbulent era of international trade. Free trade is truly the road to economic success, both foreign and domestic. By supporting open markets and ensuring our industries have the room they need to compete internationally, the United States will remain the world's trade leader.

Conceived under President Reagan, nurtured under President Bush and finalized by President Clinton, it is time for the Uruguay Round GATT to be implemented. In the United States, lower tariffs and trade restrictions mean increased productivity. As our firms are allowed to compete globally, our workers will maximize their skills and talents. As the demand for U.S. products rises, so too will our Gross Domestic Product. We can welcome a net gain in employment and a stronger economy due to this dramatic rise in exports. When this happens, we will experience the strongest international economy the world has ever seen.

Shielding and protecting domestic industries can lead to preposterous outcomes. The U.S. has come a long way since our protectionist trade policy was so strikingly and detrimentally enacted during the pain of the Great Depression. What happened, in response to these substantially higher tariffs, could be predicted by any first-semester, economics student--international trade came to a stand-still,

reduced to twenty-five percent of its pre-tariff level. The Great Depression became even greater.

A combination of the 1934 Reciprocal Trade Agreements Act, which lowered some tariffs, and World War II, which taught us the power of working with our partners and not against them, laid the groundwork for the first General Agreement on Tariffs and Trade in 1947. Anything less than multilateral negotiations for significantly reduced tariffs and the practical elimination of trade barriers, would drastically hamper the international economy. The original GATT called for this and international trade took a huge step towards increased efficiency and effectiveness through trading partner cooperation. The original GATT agreement and its successors have served us well by expanding world trade. However, the current GATT is not enough, we need the Uruguay Round Trade Agreement in order to keep pace with our rapidly changing global economy.

Be it stopping tariff wars, clamping down on import quotas, or any number of other types of restrictions, international trade needs a boost. For example, the U.S. is constantly and unjustifiably accused, by other nations, of dumping its exports into their economies--consistent, specific antidumping laws simply do not exist outside of the United States. Secondly, unfair agricultural subsidies have been a thorn in the side of U.S. farmers for decades. Fearing U.S. competition, nations resort to protectionist economic policies which not only hurt their industries, but their citizens as well.

When the U.S. brings these disputes to the current GATT Council in Geneva, years may go by before any settlements are suggested. Furthermore, members of the pre-Uruguay Round GATT have been known to completely ignore Agreement rules and dispute settlements. Uruguay Round GATT provisions and the World Trade Organization can bring order to the whirlwind of chaotic bilateral trade agreements and broken promises.

The current system's chaos and inefficiency represent more than mere inconvenience; it translates into lost U.S. efficiency, lost U.S. competitiveness and lost U.S. jobs. Furthermore, without a World Trade Organization, countries who are not members of GATT, who have not agreed to lower their trade restrictions, will continue to unfairly reap the benefits of trade with members who have lowered tariffs. The institution of an organization which efficiently and objectively reports on trade disputes and expedites the process through which a settlement is reached, will benefit current GATT members and give all world traders incentives to play by the rules.

The Uruguay Round includes, for the first time in history, the service sector in a world-wide economic agreement. Members of the new GATT, over 100 nations, are making commitments to open their economies to business, health, environmental, engineering and construction services, to name just a few. This is an incredible boost to the U.S. service sector.

In addition, the agreement strengthens international trade law with regard to intellectual property rights. America loses billions of dollars each year as everything from CDs to computer circuits are pirated in foreign countries. The Uruguay Round GATT would make copyrights, patents, trademarks and even trade secrets enforceable amongst all trading partners.

Advances in biotechnology would also be protected by the new patent rules. While I believe this is a positive step, I continue to express concern over the ethical and moral implications of patenting genes and animals, now magnified in the global sphere. My concern is compounded by the intrusion of `use' doctrines, currently regulated at the national or local level. Therefore, I strongly urge the establishment of a forum to discuss these issues surrounding the sanctity and essence of life, while preserving the beneficial advancement of biotechnology.

As crucial as this new GATT is to the nation's economy, it runs the risk of being lost if we do not pass the budget waiver. With one vote the Senate can approve using the PAYGO balance of \$1.6 billion and waive the Senate's rule requiring the bill to be financed for ten years. I have not taken budget waivers lightly in the past, nor do I take this one lightly, but we must find the courage to pass this bill. The Budget Rule Enforcement Act was not meant to inhibit our legislative ability. Every so often, in the name of good legislation, an exception needs to be made--this is one of those times. Make no mistake, those who preach `free trade', but do not support the waiver are not friends of free trade--they are signing this agreement's death warrant.

Any fair discussion of the Uruguay Round GATT must clarify the World Trade Organization's `one member one vote' policy. Some are worrying that less developed or communist countries will have as much voting power as the United States. It is important to keep this in perspective: The United States is the world's largest importer and this assures economic and political clout, giving a major player such as the U.S. a dominant role in the WTO system; we will take a backseat to no single nation or group of special interests.

It must be emphasized that the WTO cannot change U.S. law and U.S. sovereignty is not in jeopardy. Any vote to add an amendment which affects certain fundamental GATT obligations, such as Most Favored Nation status, the General Agreement on Trade in Services and the Agreement on Trade-Related Intellectual Property Rights, requires a consensus by WTO members. Moreover, any amendments that change the rights or obligations of members, while requiring a two-thirds majority to go into affect, affect *only* those members who vote for the amendment.

While I believe the Uruguay Round satisfies all sovereignty concerns, the Administration has assured Senator **Dole** that if the WTO Dispute Settlement Body rules adversely against the United States, even three times in a five year period, we will begin withdrawal from the WTO Agreement. This is only one part of Senator **Dole**'s efforts to make the Uruguay Round GATT more palatable. I

congratulate the Republican Leader for his courage and foresight in building these safeguards into the agreement.

Finally Mr. President, I want to get specific and discuss how vitally important this legislation is to my state. The Uruguay Round GATT clears the road for statewide economic growth. Oregon has an export economy of over \$6.2 billion, during its 1987 figure. While Oregon is ranked only 29th in population, it ranks 18th among all states for the number of business establishments that export. Oregon's whole economy is preparing to feel solid and significant.

The revised GATT actually provides overlapping benefits for some of Oregon's largest industries. For example, in 1993 Oregon exported one billion dollars worth of industrial machinery and computers. Under the Uruguay Round rules, the European Union, which imports more U.S. computers than any other member of GATT, will reduce its tariffs on U.S. computers by 80 percent. Not only will Oregon benefit from this reduction in trade restrictions, but strengthened intellectual property rights will aid the computer industry even more.

The hi-tech sector is not the only one which stands to gain. The paper industry, one of Oregon's largest exporters, would face tariff cuts of 100 percent. The U.S. Department of Commerce expects a \$2 billion increase in U.S. paper and allied product exports--this means millions for Oregon. Electronic components, industrial and analytical instruments and semiconductor manufacturing equipment are other Oregon industries that will reap huge rewards if the Uruguay Round passes. Agriculture, one of Oregon's mainstays, generates over \$1.4 billion in economic activity. Over five years, the Uruguay Round GATT would increase agriculture exports anywhere from \$5-14 billion.

The Uruguay Round GATT will spur trade on with Oregon's leading trading partners. Looking towards the future, it has the potential of opening up whole new territories such as Russia, the Far East and the markets of developing economies. President Clinton, at the Asia-Pacific Economic Cooperation (APEC) forum, laid the groundwork for economies to be opened and all trade restrictions of Pacific Basin countries to be removed by the year 2020. Let the Uruguay Round finish the job so that Americans can benefit from the buying power of the Asian nations, including Japan.

The United States Congress found the courage to vote for the North American Free Trade Agreement (NAFTA). Since then, we have seen our exports to Mexico increase by 20.5 percent and Canada by 11.4 percent. NAFTA is working, let GATT work too. This is the time for the United States and our trading partners to completely turn our backs on the destructive, isolationist and protectionist policies we have seen this century.

Other countries are looking for us to take the lead--it is time we did. In the realm of international trade, the United States has no choice but to be the leader, but it requires our vote to be a member. The best way to be a champion of the U.S.

economy is to support free trade. Let me have the foresight to pass the Uruguay Round Free Trade Agreement.

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