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Senate

(Legislative day of Monday, June 19, 1995)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, the Divine Sovereign of this land and Lord of our lives, You have told us in the Scriptures that, "Righteousness exalts a nation" (Prov. 14:34) and "when the righteous are in authority, the people rejoice" (Prov. 29:2).

As we begin a new week we reaffirm our commitment to exalt our Nation under You by seeking to be righteous leaders. We know that righteousness is to be right with You. We humbly confess whatever may keep us from being in a right relationship with You, both in our personal lives and in our work. Forgive the idols of our hearts. We also acknowledge that righteousness involves how we treat others. Forgive us when we are insensitive to their needs. How shall we be righteous in our deliberations and decisions without seeking and then doing Your will? Forgive any self-sufficiency that makes it difficult to be accountable to You.

In this bracing moment of a fresh encounter with You, we gratefully accept that it is by faith in You that we are made righteous with You. What You desire most is that we humbly trust You and follow Your guidance in all that we do and say. Lord, bless the women and men of this Senate and empower them to be the righteous leaders America urgently needs in this strategic hour. In Your holy name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Mr. DOLE, is recognized.

Mr. DOLE. Thank you, Mr. President.

SCHEDULE

Mr. DOLE. Mr. President, leader time has been reserved, and there will be morning business until 12 noon.

At 12 noon we will resume S. 240, the securities litigation bill. There will be debate throughout the afternoon, and votes start at 5:15 today. The first vote is on a Bryan amendment regarding the statute of limitations; second, a Sarbanes amendment concerning proportionate liability; third, a Boxer amendment, which is relevant. I do not have the details on that amendment.

Further votes are expected throughout the evening. We would like to complete action on this bill today or before noon tomorrow morning.

Mr. President, leader time has been reserved.

MORNING BUSINESS

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from North Dakota.

Mr. DORGAN. Mr. President, my understanding is that the Senate is now in morning business. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DORGAN. Mr. President, I ask unanimous consent to be permitted to speak for 20 minutes as if in morning business.

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

THE BUDGET

Mr. DORGAN. Mr. President, in recent weeks we in the Senate have been treated to a political pony show on the floor of the Senate by those who seem to think it is their duty to wake up crabby and then share that mood with

the rest of us. They come to the floor and parade around in political harness day after day complaining mostly about the President's budget or the lack of it. But more generally, they complain about anything they think they can blame on Democrats—spring rains, high winds, new diseases, cultural disorders.

And we have been patient in recent weeks while watching all of this and have been polite enough not to ask those who come to the floor, "Where is the budget?" that is required to be submitted to the Senate by the majority party. We have not asked that question because we have known where their budget is. It is 71 days late, 71 days beyond when the law requires the Congress to have passed a budget. These folks that had a plan for everything in the first 100 days apparently did not have a plan to meet their responsibility to have a budget by April 15. So it is 71 days later, and we are now told that this Thursday the budget will come to the floor of the Senate.

Where has it been? In conference, we are told. In conference with Democrats? No. Conference committees are usually between two parties. But not this one. This is in conference huddling behind closed doors, hatching new ideas about how to give the wealthy another tax cut and how to have the middle-income taxpayers in this country pay for it. Now they have figured it out, and they are going to unveil it here on the floor of the Senate.

So close your eyes just for a moment while I describe it and ask yourself: Is this not a curtain call to a play you have seen before? It is the let-them-eat-cake budget. They bring to the floor a budget that says let us have tax cuts for the very wealthy, let us have spending cuts for the very poor, and let us spend more money for defense and spend it on things that the Secretary

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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of Defense says we do not need. This budget says we cannot afford star schools, but we must begin immediately building star wars. It says college should be made more expensive for young people and middle-income families and health care should cost more for the elderly and the poor. And all of this when finished, they claim, will produce a balanced budget.

Sound familiar? Well, this kind of budget represents the same old, tired ideas swaddled in designer clothes for the 1990's. America has seen this fashion show once before. It was about \$4 trillion ago in debt. This is a budget with phony figures, bogus promises, and twisted priorities. I know they will explain it this week in sweet language and seductive promises. But as they do, remember the words of Emerson who said, "The louder he talked of his honor the faster we counted our spoons."

One hundred years from now historians will look back at 1995 and none of us will be able to explain what we did in 1995 because we will not be here. But they will be able to view a little bit about how we felt, what we felt the priorities were in our country by what we spent the public resources on.

This budget will surely cause future historians to scratch their heads and wonder how a country deep in debt with the wealthy getting wealthier and the poor getting poorer could develop a budget which says that the rich have too little and the poor have too much and the solution is to simply cut our revenue by offering tax cuts to the most affluent and cutting back on our commitment to kids, the veterans, and to the elderly.

There is still time, it seems to me, for all of us, Republicans and Democrats, to have conference committees in which both parties conference and in which we establish real priorities that make sense for our country, that invest in our future, and that fight for the economic interests of the job creators and the workers in our country. We can do that. But it will not happen with the priorities established in the budget we are about to debate this week. This does not represent, sadly enough, a new direction. It is tired, failed old political dogma long since discredited. And we will have a lot of debate about this budget.

U.S. TRADE POLICY

But let me go beyond the budget to the source of our Federal budget. Even more important than the way we spend our public resources is the kind of economy America has with which to produce these public resources. What kind of a private sector, what kind of initiatives that create jobs and opportunities and economic growth in our country, can produce a country that advances our Nation and its people?

During the 50 years since World War II we have seen it in two distinct economic stories in America. The first 25 years after the Second World War we saw a country in which opportunities

were abundant in America for working families. America saw its working families' incomes grow, real growth; opportunities expand, real opportunities.

So for 25 years people in this country received the fruit of an economy that worked and expanded. In the second 25 years we have seen a different kind of story. We have struggled as international competition has become tough and sharper.

We have seen in the last 20 years that the American families now have less income than they had 20 years ago, if you adjust for inflation. They have fewer opportunities than they had before.

Why is all of that happening? Because there is another deficit no one is talking about: the trade deficit. This nation has a record trade deficit; last year it was the highest deficit in human history.

What does that mean? It means American jobs going overseas, opportunity leaving our country. Frankly, there have not been more than two or three of us in this Chamber regularly talking about this trade deficit which shrinks opportunity in America.

You can make the case—not necessarily accurately—that a budget deficit is simply money we owe to ourselves, but you cannot make the same case on the trade deficit because the trade deficit must be repaid with a lower standard of living in our country.

It is interesting that today, on Monday, the stock market is at record highs, corporate profits at record levels, and last week the U.S. Department of Labor reported that real hourly wages dropped by 3 percent in 1994. A record decline in hourly compensation in this Nation.

Is it not interesting, the disconnection here?

They are having a high old time on Wall Street; corporate profits are doing fine. There is happiness in the boardroom. But what about around the dinner table with the American family whose real wages are decreasing? And the question today is: Why? What causes that disconnection?

I would like to go through a few charts that show what is happening in this country. First of all, our trade policy is a trade policy that injures our country from within and ships American jobs overseas.

I am not someone who believes we ought to erect walls around our country, but I do believe we ought to protect our economic base with good jobs, with good income, and expanded opportunities abroad.

Here are the trade deficits. All you have to do is look at the red lines, our trade losses, and these lines represent jobs. You will see where we are headed—the largest trade deficit in human history last year in this country.

Who are these deficits with? Well, I brought a chart to show what is happening with bilateral trade balances.

Everything on this side of the chart is a deficit, and we have a few surpluses

with very small trading partners. Japan: big deficit; China: big deficit; Canada: big deficit; Germany, Taiwan, Italy, Venezuela. Over a \$160 billion merchandise trade deficit last year.

Who do we have a surplus with? Well, the Netherlands, Argentina, Belgium—all very small surpluses. But the fact is we are being buffeted by very large trade deficits. In fact, these are last year's numbers. The first quarter of this year showed an all-time record high trade deficit—\$45 billion in the first quarter.

Now, it is not an accident that these trade deficits are exploding. Our manufacturing and other productive sectors are withering. Good jobs are being replaced. Americans are working for less.

Why is that happening? It is happening because more and more corporations, the artificial persons we recognize in law, are interested in international, global profits, not American profits.

How do you do that? You simply find a foreign location where it is cheap to produce and send your products here. Produce your shoes in Indonesia and sell them in Pittsburgh. Produce your shirts in China and sell them in Bismarck.

That is the disconnection that is happening in this country, a wholesale movement of American jobs overseas to produce where it is dirt cheap, produce where you can hire 12-year-old kids to work for 12 cents an hour for 12 hours a day and then ship your product back into our marketplace, back into America.

I ask you, is that fair competition for an American business to have to compete with? The answer is no. Is that fair competition for any American worker to have to compete with? The answer is no.

We fought for 50 years in this country for higher standards, saying you ought to have to pay a living wage; you ought to have a safe workplace for your workers; you ought not to dump pollution into the air and chemicals into the water.

Those are battles we have had, and we have put them behind us in our country. We have a minimum wage; we have a safe workplace; we have OSHA; we have pollution laws; and, yes, they are a nuisance, but the fact is we now have cleaner air and cleaner water than 20 years ago. Why? Because we succeeded.

However, those who control our economic output, the agents of production, all too often say, well, that is fine, but if that is the way you want to be, if you want to force us to pay living wages to people, if you want to force us not to degrade the environment, if you want to force us to have safe workplaces, then we will go elsewhere where we are not encumbered, where we are not a nuisance. And the plant leaves America and a job goes somewhere else and an American family is out of work. But the plant produces a product that then comes back to America and undercuts the manufacturer who stayed

here, undercuts the worker who toils here. And that is the dilemma.

Let me turn to China. I wish to talk about a couple of countries and just take a look at what is happening with our trade with these countries.

China: In 1987, we had a surplus with China; this year, a \$30 billion deficit with China. This country has to say to China: We are sorry; you are friends of ours. We like you to be a trading partner, but we are tired of being a cash cow for hard currency for China. If you want to ship all your goods to America, then start buying more from America.

Do you know that when you send wheat to China, we have to subsidize it below the cost of production to get the Chinese to buy it? That is an example of the absurd trade policy in this country. So American jobs are now in China. The agents of production believe they can produce cheaper in China and sell it back in New York and Cincinnati. And maybe they can. But is that fair trade? Is that what we ought to subject the American worker and the American business to in the name of competition? It is not fair where I come from.

Mexico. Well, we just had a Mexican trade agreement called NAFTA. In 1992, we had a big trade surplus with Mexico. This year, we are going to have a big deficit, more than \$15 billion. The same is true with Canada. It seems to me that we ought to be able to win a trade agreement now and then. For the last 20 years have we sent our folks out to negotiate trade agreements, and we have lost.

Japan: a \$65 billion trade deficit. Now, the President, to his credit, for the first time in a long time, has stood up and said to the Japanese: We are sorry, but we are going to insist you open your markets and if you do not there will be consequences.

I mentioned NAFTA. When we debated NAFTA here in Congress, the prophets of nirvana said if we just pass this NAFTA with Mexico, we will have all these new jobs in America. They predicted 170,000 new jobs in America, and some predicted many, many more. Guess what? This year, our trade deficit with Mexico means we will lose 200,000 jobs overall.

The surge of wholesale imports from Mexico this year results in part because of the devaluation of the peso, but also because the trade agreement with Mexico was negotiated in a way that was, in my judgment, just fundamentally incompetent. It did not serve America's economic interests.

You can see our actual experience with NAFTA on this chart. Here you can see the rapidly growing trade deficits in the same high-skilled manufacturing sectors where we were supposed to see more U.S. exports and more jobs. The charts show just the opposite has happened since NAFTA in our trade with Mexico in scientific instruments, electric equipment, autos, and auto parts.

This is not as was advertised. NAFTA was advertised as a plus for high-skill

jobs in this country. They are still low-wage jobs in Mexico, but they are sending to us electronics, electronics parts, autos, auto parts. These used to be the good jobs in our country.

So we see the promises from all of these trade agreements. We see the promises about China, the promises about Japan. We see the promises with NAFTA, the promises with GATT, and they do not work.

Every single year, we go deeper in debt on trade. And what does that mean? It means fewer jobs with less income here in this country. The question is, what are we going to do about it? When are we going to decide in this country that we are going to stand up for our economic interests? This issue is not about the profits of international corporations who produce anywhere in the world and ship their products here. This issue is about American jobs. The American economic engine runs with good jobs that pay good income. As a country we cannot advance by seeing corporate profits reach record highs but, at the same time, see the earnings and benefits of American families cut back. Last week I saw a memo from one of this country's larger financial institutions, also involved in international competition. That company decided to get rid of 80 percent of its clerical workers and then contract out to workers who will not receive benefits. If you can hire people without benefits, you can save a lot of money.

Well, that is fine, but it seems to me that is a giant retreat from what we ought to be doing in this country. This country is not just about profit. It is also about advancing the standard of living of the American people.

I am a big fan of the private sector, the private market, the free market. I am a big fan of those who create jobs and opportunity in this country. I am a big fan of those who want to wean themselves from post-Second World War trade policies, that were largely foreign aid, and decide that we are going to insist, with every trading partner in this world—hold up a mirror—"treat us well because we are going to treat you like you treat us."

We, Uncle Sam, the United States of America, demand fair trade. We demand fairness for our workers. We demand fairness for our businesses. We are sick and tired of being pushed around, sick and tired of one-way free trade, sick and tired of American jobs moved overseas so the products of those jobs can be shipped back to us to be viewed on the market shelf by someone who is unemployed. That is not what I view to be an adequate future for our country.

What can we do about all this? We can finally begin to decide that the trade policy we followed after World War II does not work any longer. There is nothing at all wrong with standing up for American economic interests. It is not inconsistent with fostering free trade or expanded trade to stand up for

economic interests in our country. We should and we must decide as Americans when we expand trade agreements, when we expand trade opportunities, to insist with others in our world who are our competitors, and are skilled, true competitors, that they treat us fairly.

We were perfectly able, in the first 25 years after the Second World War, to extend a hand of foreign aid and trade policy to Western Europe and the Pacific rim. When I walked to school in a town of 300 people I knew every single day—because it was evident all around me—that the United States was the biggest, the best, the most, and we won in international competition just by waking up in the morning.

But it has changed. The Japanese are tough. The Germans are shrewd. They are good competitors. China is able to produce some things at much less cost than we do. So the question is, are we going to recognize that change and develop public policies that protect the economic interests of our country, or are we going to be willing to continue to be washed away in a sea of red trade ink that compromises American jobs and compromises American income?

I indicated some weeks ago that I was going to give a series of four or five discussions on the floor of the Senate on the subject of trade, where we are and where we ought to be heading. This is the second time I have come to the floor to discuss this.

You see what is happening in our country with respect to income in the past half century. In the first 25 years, every portion of the income group—the green bars on the chart—experienced significant real income gains; in the past 25 years, losses in real income for the bottom 60 percent.

It does not take, it seems to me, someone to be out in the work force losing their job to understand this. The evidence is clear. It ought to be clear to everybody. We now see a circumstance where the American families have to increase the number of people in the households working in order to add income. The chart shows that families reached higher income not by individuals earning more, but by putting more family members into the work force. That is the only way they can add any income, because the income per capita per worker is declining in our country.

And one last chart. This shows more graphically than any what has happened with respect to real income in our country, real hourly compensation. Income during the first 25 years after World War II, the green line, goes steadily up, and in the second 25 years, the red line, real income is down.

If we do not wake up in this country and decide to do something about this, this country's economy is not going to be the economic engine that produces the resources to even allow us to debate priorities in a budget.

Budget represents the priorities of public resources. Adequate public resources must come from a healthy,

growing, vibrant economy, and it darn sure is not growing much when you have trade policies that move America's strength overseas.

I will return to the floor with other presentations on trade, along with proposed solutions. I appreciate your indulgence.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

Mr. THURMOND. Mr. President, I ask unanimous consent to speak for 3½ minutes as in the morning hour.

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

TRIBUTE TO GEN. CARL MUNDY, COMMANDANT OF THE U.S. MARINE CORPS

Mr. THURMOND. Mr. President, I rise today to recognize one of this country's most distinguished military leaders, Gen. Carl E. Mundy, 30th Commandant of the U.S. Marine Corps. General Mundy is retiring after 38 distinguished years of service to our country during which he has served this Nation honorably in a number of very important posts. Among these are the commanding general of the Fleet Marine Force Atlantic, the II Marine Expeditionary Force, and the Allied Command Atlantic Marine Striking Force. General Mundy has received numerous decorations for his service including the Legion of Merit, the Bronze Star, and the Purple Heart which he received while serving in the jungles of Vietnam.

Mr. President, General Mundy is a leader, visionary, and a warrior. As he completes his watch, he leaves behind a Corps of Marines that is ready to respond instantly to the Nation's "911" calls, relevant to meet the defense needs of the Nation into the next century, and capable of meeting the requirements of today's national military strategy.

As Commandant of the Marine Corps, General Mundy has been a central figure in shaping the post-cold-war military. He has acted as a principal author on a number of key Department of Defense white papers. Among these papers, "From the Sea" and "Forward . . . From the Sea," have been instrumental in outlining the future role of naval and marine forces. He has been a tireless spokesman for the Department of Defense and has traveled extensively throughout the country to speak to citizens on key issues related to national security.

Mr. President, it is with deep regret that I wish General Mundy and his wife, Linda, farewell. He has always provided us the benefits of his great wisdom. He has continuously lived up to the Marine Corps motto: Semper Fidelis.

Mr. President, General Mundy is truly one of the few, one of the proud.

He is, and always will be, a U.S. marine. Our Nation is proud of him, and we wish him well in the future.

I yield the floor. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE 50TH ANNIVERSARY OF THE U.N. CHARTER

Mrs. KASSEBAUM. Mr. President, 50 years ago today, the victorious nations of World War II gathered in San Francisco to sign the charter that created the new United Nations. It was a time of enormous hope and promise, and the world's expectations ran high. No country had more influence in shaping that international organization than the United States. From the details in the charter to the name of the new organization itself, American leadership—then at its strongest on the heels of victory in the war—was everywhere in evidence. Just as American hesitation doomed the League of Nations a quarter-century earlier, so American leadership in 1945 gave the world the United Nations.

I would like, Mr. President, today to express a strong belief that America must again lead in the significant reforms that are now necessary to save this valuable organization for generations to come.

There is much criticism of the United Nations, and much of that is well-deserved. The Secretariat has ballooned into a collection of bloated, often ill-operated bureaucracies. The structure of the Security Council reflects a by-gone era. The Trusteeship Council has outlived its usefulness.

There is mismanagement, waste, and general lack of accountability. Too often, there is no focus and no real sense of priorities.

But there also is much muddled thinking in America's approach to the United Nations. In much of the country—including Washington—there is much misunderstanding and confusion about the organization's purposes and structures. The standards by which we judge its success or failure have become unrealistic. And there are some who would take us again down the failed path of the League of Nations and sacrifice a valuable international organization for domestic political gain. I believe we must fix the United Nations, and only the United States can provide the leadership to get the job done. There are several reforms that I think we can achieve without amending the charter.

First, we should lead those reforms that can be accomplished without amending the charter. I have joined with Congressman LEE HAMILTON, the

ranking member of the International Relations Committee in the House of Representatives, in putting forward some thoughts on reforms that can be accomplished without opening the Pandora's box of amending the charter. Let me summarize some of the suggestions:

First, focus on the core agencies. The United Nations today has more than 70 agencies under its umbrella. We would finance only a handful of agencies that serve core purposes of the organization, for instance the International Atomic Energy Agency [IAEA], the World Health Organization, and the High Commission on Refugees. Other agencies should be abolished, merged, or financed at the discretion of one or more of the core agencies.

Second, peacekeeping. This is a difficult one, Mr. President. In the heady days of the cold war, and after the cold war, expectations for peacekeeping grew far out of control. But the truth is that peacekeeping has inherent limits, and many of the failed hybrid operations we have undertaken—such as nation building in Somalia—which probably ultimately turned out to be better than was assumed at the time that the forces were withdrawn, and peace enforcement in Bosnia—which has ignored those limits. Future peacekeeping should be limited to classic operations.

Third, conferences. Conferences have come to dominate far too much of the United Nations time, resources, and attention. The United Nations should get out of the conference business and focus itself on more meaningful activities. Otherwise, we run the risk of just being a traveling road show from summit to summit.

Last, accountability. Today, the United Nations is accountable to no one. We should significantly strengthen the Office of the Inspector General and give it some real teeth. The member states should also reform the process by which they select the Secretary-General, to ensure that his or her accountability and selection is primarily one of skills and ability to administer the Organization.

I think this is enormously important and probably very difficult to achieve. It is one of the more sensitive areas to deal with, and yet it is the key to making much of it work as it should.

I think we should take the lead in reforms that would require amending the charter. I, for one, believe membership in the Security Council should be reformed to better reflect the realities of contemporary international politics.

Nations such as Japan and Germany, which pay large portions of the U.N.'s bills and are powerful international players, should have permanent seats on the Council; and, of course, the Charter's reference to them as enemy states should be struck. The number of nonpermanent members should be expanded to better accommodate major regional powers.

We should also eliminate the Trusteeship Council established to handle