

cooperation on drugs. Last year, the administration was late in submitting that list. The administration had asked for more time and we gave it to them. Although I believe 6 weeks was pushing it.

The Congress made it clear then, however, that being late was not a precedent. We gave the administration an extra month in law. And they missed that deadline. They asked for more time last year and we gave it to them. We made it clear, though, that giving more time last year was not to become an excuse for being tardy in the future.

This point seems to have gotten lost. This year, again, the administration has not submitted the list as required by the law on the date specified. And there is no indication just when or if it may arrive. This is simply not acceptable. This leisurely approach and irresponsible attitude needs an appropriate response.

It appears we need to get the administration's attention so that they will abide by the law. This needs to be done especially on a law involving drug control issues at a time of rising teenage use. In the spirit, then, of reminding the administration that we in Congress actually do mean the things we say in law, I am putting a hold on these nominations.

The countries in question have been on past lists, and therefore there is a link to my hold now. That hold will remain in place until such time as we receive the list in question. If we do not receive a timely response, I may consider adding to my list of holds.

Let me note, also, that by "timely response" I do not mean a request for more time. I mean having the list in hand. The November 1 deadline is not a closely held secret. The fact that the list is due is not an annual surprise. Or it shouldn't be. I hope that the administration will find it possible to comply with the law, late though this response now is. And that they will do the responsible thing in the future. I thank you.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ABRAHAM. 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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 remarks of Mr. ABRAHAM, Mr. GRAMS, and Mr. D'AMATO pertaining to the introduction of S. 136 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

RECESS UNTIL 2:30

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:30 p.m.

Thereupon, the Senate, at 12:30 p.m., recessed until 2:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

CLOTURE MOTION

The PRESIDING OFFICER. The Chair directs the clerk to report the motion to invoke cloture on the motion to proceed to the fast track legislation.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provision of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to calendar No. 198, S. 1269, the so-called fast-track legislation.

Trent Lott, Bill Roth, Jon Kyl, Pete Domenici, Thad Cochran, Rod Grams, Sam Brownback, Richard Shelby, John Warner, Slade Gorton, Craig Thomas, Larry E. Craig, Mitch McConnell, Wayne Allard, Paul Coverdell, and Robert F. Bennett.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate shall be brought to a close on the motion to proceed to S. 1269, the so-called fast track legislation?

The rules require a yea or nay vote. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 69, nays 31, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—69

Abraham	Dodd	Landrieu
Akaka	Domenici	Lautenberg
Allard	Frist	Leahy
Ashcroft	Glenn	Lieberman
Baucus	Gorton	Lott
Bennett	Graham	Lugar
Biden	Gramm	Mack
Bingaman	Grams	McCain
Bond	Grassley	McConnell
Breaux	Gregg	Moynihhan
Brownback	Hagel	Murkowski
Bryan	Hatch	Murray
Bumpers	Helms	Nickles
Chafee	Hutchinson	Robb
Cleland	Hutchison	Roberts
Coats	Inouye	Rockefeller
Cochran	Jeffords	Roth
Collins	Johnson	Sessions
Coverdell	Kempthorne	Smith (OR)
Craig	Kerrey	Thomas
D'Amato	Kerry	Thompson
Daschle	Kohl	Warner
DeWine	Kyl	Wyden

NAYS—31

Boxer	Ford	Sarbanes
Burns	Harkin	Shelby
Byrd	Hollings	Smith (NH)
Campbell	Inhofe	Snowe
Conrad	Kennedy	Specter
Dorgan	Levin	Stevens
Durbin	Mikulski	Thurmond
Enzi	Moseley-Braun	Torricelli
Faircloth	Reed	Wellstone
Feingold	Reid	
Feinstein	Santorum	

The PRESIDING OFFICER. On this vote the yeas are 69, the nays are 31. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECIPROCAL TRADE AGREEMENT OF 1997—MOTION TO PROCEED

The Senate proceeded to consider the motion.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Mr. President, under the rule, I would like to yield 1 hour that I have to the distinguished ranking member of the Senate Finance Committee, Senator MOYNIHAN.

The PRESIDING OFFICER. If the Senator will suspend for a moment, the Senate is not in order. If Members will take their conversations off the floor? The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the generosity of my good friend and colleague on the Finance Committee, the Senator from Nevada. He is, as ever, generous and not without a certain wisdom because this debate could be going on for a long time.

I yield the floor.

The PRESIDING OFFICER. The question is on the motion to proceed to the bill. Is there further debate?

The Senator from North Dakota.

Mr. DORGAN. Mr. President, could I clarify with the Presiding Officer the parliamentary situation? My understanding is that we are in a postcloture period of up to 30 hours debate?

The PRESIDING OFFICER. The Senator is advised we are under postcloture debate, 30 hours of consideration.

Mr. DORGAN. Might I ask the Parliamentarian how that debate will be managed and or divided? My understanding is that each Senator is allowed to speak for up to 1 hour during the postcloture period, is that correct?

The PRESIDING OFFICER. The Senator is correct. A maximum of 1 hour.

Mr. DORGAN. With the exception being that time can be provided, up to 3 hours, to managers of the bill, is that correct, if another Senator would yield his or her hour?

The PRESIDING OFFICER. The Senator is correct. Each manager and each leader may receive up to 2 hours from other Senators, and then of course with their own hour the total would be 3.

Mr. DORGAN. Would I be correct to say that in a postcloture proceeding of this type, that the manager on each side can be a manager on the same side of the issue?

The PRESIDING OFFICER. That could occur.

Mr. DORGAN. So I then ask the managers, if I might yield to them for a response, because we will be involved here in a period of discussion prior to the vote on the motion to proceed, and that discussion is a period provided for

up to 30 hours, I would like to ask my colleagues how we might decide that all sides will have an opportunity for full discussion of this?

I guess what I would ask the ranking manager, and the chairman of the Finance Committee as well, is how they would envision us proceeding in this postcloture period? I will be happy to yield to the chairman of the Senate Finance Committee for that purpose.

The PRESIDING OFFICER. Does the Senator from North Dakota yield the floor?

Mr. DORGAN. No. I do not. As I understand it, the Presiding Officer was intending to move to put the question on the motion to proceed. Because the Presiding Officer was intending to do that, I sought recognition and the Presiding Officer recognized me. My understanding is we are now in a postcloture period providing up to 30 hours of discussion.

The PRESIDING OFFICER. The Senator is correct. The 30 hours of consideration.

Mr. DORGAN. Consideration. Then I seek to be recognized, inasmuch as no one else was intending to be recognized and inasmuch as I certainly want time to be used to discuss this issue. I was simply inquiring of the chairman of the Finance Committee and the ranking member of the Finance Committee the process they might engage in, in terms of using this time that we are now in, in postcloture. I was intending to yield—not yield the floor, but I was intending to ask a question so we might have a discussion about how we use this time.

If I am unable to do that, I will just begin to use some time, I guess, if that would be appropriate.

I invite again—I didn't seek the floor for the purpose of intending to speak ahead of those who perhaps should begin this discussion. But neither did I want the Presiding Officer to go to the question, which the Presiding Officer was intending to do.

Is the Senator—

The PRESIDING OFFICER. The Senator presumes to know what the Presiding Officer was intending to go do. He may or may not be correct in that assertion.

Mr. DORGAN. The Presiding Officer announced his intention, which was the reason I sought the floor. If it is not inappropriate, then, I would simply begin a discussion. But I don't want to do that if the chairman of the Finance Committee, who I think should certainly have the opportunity to begin the discussion, or the ranking member, wish to do that. I was simply inquiring about the opportunity on how we might divide some of the time as we proceed.

The PRESIDING OFFICER. Does the Senator yield the floor?

Mr. DORGAN. Mr. President, having invited that response, if there is no response I will be happy to begin a discussion in the postcloture period. But again I certainly want to—

Mr. ROTH. Parliamentary inquiry, doesn't he have to yield the floor to get a response?

The PRESIDING OFFICER. The Chair would advise, in response to the question of the Senator from Delaware, that the Senator who has the floor has no right to pose the question to another Senator unless he yields the floor.

Mr. DORGAN. Mr. President, I make the point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROTH. Mr. President, it is unthinkable that the Senate would not revive the fast-track trade negotiation authority enjoyed by previous Presidents.

Since its inception, the United States has been a trading state, and from the Jay treaty that ended the Revolutionary War to the Uruguay round agreements that established the World Trade Organization, we have, in the main, pursued a policy of free and open commerce with all nations.

That legacy has helped bring us unrivaled prosperity. We are in the seventh year of sustained economic expansion, and during that same period, the United States has registered the greatest rise in industrial production of any developed nation, an increase over the last decade of 30 percent.

It is no coincidence that our economic growth has taken place at a time when we have struck a series of international agreements that have sharply lowered barriers to American trade abroad. The opponents of trade and economic growth do not want you to hear that the United States has been a significant winner in those agreements.

In the Uruguay round, we cut our tariffs an average of 2 percentage points, while trading partners cut theirs between 3 and 8 percent.

In NAFTA, while we eliminated the average 2-percent tariff on Mexican imports, Mexico eliminated its 10-percent average tariffs, as well as a host of nontariff barriers that inhibited United States market access.

That job is not done. In most developing countries which represent the markets of the future for U.S. goods and services, tariffs on many products range up to 30 percent and higher. Developed countries continue to maintain high barriers in sectors where the United States has a tremendous comparative advantage. In Europe, for example, tariffs on our dairy products exceed 100 percent. In Japan, the tariffs on United States dairy products exceed 300 percent, and tariffs on our wheat exports, most of it grown in Mid-

western States such as North Dakota, remain above 150 percent. In other words, we have vastly more to gain from trade than we do to lose.

Let's agree on this much: We cannot legislate reduction in foreign tariffs or market access. That has to be done at the negotiating table. For that, the President needs negotiating authority. Simply put, a vote for fast track recognizes the fact that today, more than ever, our economic well-being is tied to trade.

Exports now generate one-third of all economic growth in the United States. Export jobs pay 10 to 15 percent more than the average wage. In the last 4 years alone, exports have created 1.7 million well-paying jobs and, by some estimates, as many as 11 million jobs, and this country now depends directly on exports.

As a result, when asked why the Senate would extend fast-track authority to the President, I offered a very practical answer. In 1989, General Motors exported three automobiles to Mexico. This past year, the third full year after we reached a trade agreement with Mexico that many have criticized, General Motors exported over 60,000 vehicles. That amounts to \$1.2 billion in sales and paychecks for workers in General Motors' facilities and those of their U.S. suppliers.

I also explained that trade benefits all of us in many other ways. By producing more of what we are best at and trading for those goods in which we do not have a comparative advantage, we ensure that every working American has access to a wider array of higher quality goods at lower prices. In that respect, using the fast-track authority to liberalize trade acts just like a tax cut; we leave more of each consumer's paycheck in their pocket at the end of each month by ensuring that they get the highest quality goods at the lowest price.

I think it is also worth underscoring that trade does not mean fewer jobs. By increasing the size of the economic pie, trade means more jobs and better pay, as the figures I noted attest. Higher wages depend on rising productivity, a growing economy and rising demand for labor. Each of those factors depend on expanding our access to foreign markets, and to expand our access to foreign markets, the President needs fast-track authority.

I do not, therefore, view the question before this body as simply whether another, in a long line of bills, will pass. The question before this body is whether the United States will maintain its leadership role as the world's foremost economic power and assure our future economic prosperity.

Some might ask why the United States should continue to bear that responsibility. The answer lies in our own history. It relates those times when we have forsaken our traditional policy of open commerce in favor of protectionism, as some would have us do now.

The Smoot-Hawley tariff and the retaliation it engendered among our trading partners gravely deepened the Great Depression. Economic deprivation left citizens in many countries easy prey for the political movements that led directly to the Second World War. And it is worth remembering that the foundations of the current international trading system were built on the ashes of that great conflict. America led the way in establishing the current economic order as a means of ensuring that the trade policies of the past would not—and I emphasize would not—lead to similar devastating conflicts in the future.

It was, in fact, the effects of the Smoot-Hawley tariff and the Depression that led to the original grant of tariff negotiating authority and the namesake of this bill: Reciprocal Trade Agreement Act of 1934.

On the strength of that grant of negotiating authority, President Roosevelt and his Secretary of State Cordell Hull, a distinguished former Member of this body and a member of the Finance Committee, created the trade agreements programs that reversed the protectionist course of trade relations and laid the groundwork for the post-war economic order. Five decades and eight multilateral rounds of trade negotiations have helped us to build this burgeoning economy.

The lessons of the postwar years are easy to forget. It is easy to forget that Congress' grant of trade negotiating authority to the President was one of the key components of our economic success, and led to reduction in tariffs among developed countries from an average of over 40 percent to just 6 percent at the end of the Uruguay Round.

It is easy to forget that on the strength of those grants of negotiating authority, Democratic and Republican Presidents alike helped forge economic relationships with our allies that have seen us through the succeeding decades to the dawn of a new era.

American firms and American workers now compete in a global marketplace for goods and services, and the economic future of each and every American now depends on our ability to meet that challenge. The changes we see in the marketplace and in our daily lives represent the benefits and costs of technological change. We should not make trade a scapegoat, as some do, for that process.

Progress brings dislocation and requires adjustment. Indeed, with every expansion of our economy there are dislocations. This is an inevitable part of the economic process. Every expansion exposes inefficiency.

At its most basic and personal level, economic progress occurs when an individual worker shifts from an inefficient way of doing things to a more efficient one, from stage coach driver, the original teamster, to railroad engineer, to truck driver, to pilot for an overnight air delivery system.

Such transitions, of course, are not always easy. I firmly believe that the

many who benefit from expanding trade and economic growth must help those who do not. But that adjustment is the inevitable effect of technological progress and economic growth, not the grant of fast-track authority.

There are some who argue that the cost of these transitions is too high, that we are doing just fine economically without further trade agreements, and that there is no need for fast-track negotiating authority. My reply is simple and straightforward. We need fast-track authority now more than ever. Without the ability to take a seat at the negotiating table, we will be giving up the ability to shape our own economic destiny. If we leave it to others to write the rules for the new era of international competition, we will be leaving our economic future in their hands, and we will lose the ability to shape the rules of the new global economy to our liking.

The evidence of that is already mounting. Our trading partners are proceeding without us and giving their firms a competitive advantage over American businesses in the process. Canada and Mexico have, for example, negotiated free-trade arrangements with Chile while we have debated the merits of fast track. And because Chilean tariffs average 11 percent, our firms now compete at an 11-percent disadvantage against Canadian and Mexican goods in the Chilean market.

The same holds true more broadly in the rest of the rapidly growing markets of Latin America and Asia. A recent article in the Wall Street Journal described the efforts of European trade negotiation to steal a march on the United States and Latin America while the debate on fast-track authority continues here.

There is even more at stake in upcoming negotiations in the World Trade Organization. We are scheduled to complete talks on opening foreign markets to our financial services, a sector in which the United States has a strong comparative advantage.

Without fast-track authority, the President is unlikely to be able to conclude these terms or these talks on terms most favorable to the United States. In a little over a year, the World Trade Organization will once again take up the difficult and contentious issue of barriers to trade and agriculture.

I know of no one in the agricultural sector who was entirely satisfied with the outcome of the Uruguay round talks. It is difficult, as a consequence, to conceive of a more harmful message to send our own agricultural community than derailing fast-track negotiating authority that will allow the United States to participate fully in those talks.

Thus, we in this body face a simple choice—we can reject our heritage as the world's greatest trading state, or we can vindicate the faith of our forefathers and America's ability to compete anywhere in the world where the

terms of competition are free and fair. We can focus only on the possible economic dislocations that occur when trade barriers are lowered, or we can look at the common good that results from economic growth. We can leave our economic fate in the hands of others, or we can step forward to shape our own economic destiny.

For me, the choice is clear. We must move forward to maintain our economic leadership in the eyes of the world, as well as provide the fruits of an expanding economy to our citizens. Enacting the pending legislation is indeed essential to that effort. Our trading partners will not negotiate trade agreements with us unless we as a nation can speak with one voice.

That is what this bill does. It allows two branches of the Government, the President and the Congress, to speak with one voice on trade. This bill creates a partnership between two branches that allows us to speak with one voice and does so to a degree greater than previous fast-track bills.

As it has since the original grant of fast-track authority, Congress establishes the negotiating objectives that will guide the President's use of this authority. The negotiating objectives also serve as limits on the Executive, since the bill ensures that only agreements achieving the objectives set out in the bill will receive fast-track treatment.

In that regard, I want to emphasize the effort we have made to ensure that the negotiating objectives restore the proper focus of the fast-track authority. This authority is granted for one reason alone, to allow the President to negotiate the reduction or elimination of barriers to U.S. trade.

Authority granted in this bill is not designed to allow the President to rewrite the fundamental objectives of our domestic laws. Rather, the fast-track process applies solely to those limited instances in which legislation is needed to ensure that U.S. law conforms to our international obligations.

There is one trade negotiating objective that has drawn particular attention. It relates to foreign government regulations. It includes labor and environmental rules that may impede U.S. exports and investments in order to provide a commercial advantage to locally produced goods and services.

Indeed, in this provision is the concern that foreign governments might lower their labor, health and safety or environmental standards for the purpose of attracting investment or inhibiting U.S. exports. I want to emphasize that this negotiating objective is limited to affecting conduct by foreign governments in these areas. It does not authorize the President to negotiate any change in U.S. labor, health, safety or environmental laws at either the Federal or State level, nor does it authorize a negotiation of any rules that would otherwise limit the autonomy of our Federal or State governments to set their own health, safety, labor or

environmental standards as they see fit.

I view these provisions of the bill as protecting everyone's interests in these areas. I know of no one who is an advocate of labor or environmental interests that would want the President to be able to negotiate international trade agreements that effectively weaken U.S. standards and then submit the implementing legislation on a fast-track basis. Under this bill, no President can negotiate an agreement that raises or lowers U.S. labor or environmental standards and then submit an implementing bill for consideration on a fast-track basis.

Beyond setting the specific negotiating objectives, we have also strengthened Congress' role in the trade agreement process in several ways.

First, we have ensured the right of the two committees of the Congress that have general trade jurisdiction to veto at the outset any negotiation that might ultimately rely on fast-track authority if those committees disagreed with the President's objective. This check on the Executive applies to all negotiations, not merely bilateral free trade negotiations as under prior law. The only exceptions are for negotiations already underway, such as financial services negotiations in the World Trade Organization, those anticipated with Chile.

Second, the bill strengthens Congress' role and the partnership with the President by requiring greater consultation by our trade negotiators than has ever occurred in the past.

The bill requires the U.S. Trade Representative to consult closely and on a timely basis throughout the process and even immediately before the agreement is initialed. The bill obliges the President to explain the scope and terms of any proposed agreement, how the agreement would achieve the policy purposes and objectives set out in this bill, and whether implementing legislation on nontrade items would also be necessary since only trade provisions are entitled to fast-track treatment.

Any nontrade items would be handled under the regular practices and procedures of the Senate, which allow for amendment and unlimited debate. Clearly, many in the Congress have been displeased in the past with cursory and nontimely consultation. The legislation in our report makes clear that this will no longer do.

The bill provides an explicit provision allowing Congress to withdraw the fast-track procedures with respect to any agreement for which consultation has not been adequate. So not only does the legislation exhort the trade negotiators to consult; it provides sanctions if they do not adequately do so.

Third, the bill carefully circumscribes the scope of the implementing legislation that can be considered under fast-track procedures. Basically, to qualify, the implementing legislation must be a trade bill. It must be limited to approving a trade agree-

ment, which is defined to include only, one, reducing or eliminating duties and barriers and, two, prohibiting or limiting such duties or barriers.

Moreover, the implementing legislation may only include provisions necessary to implement such trade agreement and provisions otherwise related to the implementation, enforcement, and adjustment to the efforts of such trade agreement that are directly related to trade.

Examples of such provisions would include amendments to our anti-dumping laws and extensions of trade adjustment assistance such as those reauthorized with this bill.

Finally, the implementing bill may include pay for provisions needed to comply with budget requirements. Since this component of the implementing legislation does not address the agreement and its implementation but is included only to satisfy interim budget requirements, some have suggested that this portion of the implementing legislation be fully amendable.

The Finance Committee decided to follow previous fast-track legislation out of concern that allowing amendments to this portion would make passage of the implementing bill more difficult. There was concern about turning every implementing bill into a general tax bill, that pay for provisions might be offered by opponents to cause mischief, and that adopting amendments would create the need for conference with the House and would invite deadlock over nontrade issues.

In sum, the terms of the partnership between Congress and the President are these: If the President adheres to the trade objectives expressed in the bill to which fast-track procedures apply, if he provides us an opportunity to disapprove of a specific negotiation at the outset, if he consults with us closely throughout the negotiation right up to the time the agreement is to be initialed, if the agreement is a trade agreement as defined in the bill, and if the implementing legislation contains only the trade-related items I noted, Congress agrees to allow an up-or-down bill after 30 hours of debate on the implementing legislation.

Now, I think for Congress that is a very good deal. I fully appreciate the important role and responsibility this body has in American Government: The right to offer amendments, to debate the merits of an issue as long as necessary, are rights not to be laid aside lightly. That is why at every juncture we have sought to refocus the fast-track procedure on reducing trade barriers.

We have done our best to make sure that matters of domestic policy remain outside the limited scope of the fast-track procedure. Such matters of domestic policy should and will remain subject to the traditional practices and procedures of the U.S. Senate. I would not support this limited exception to our Senate traditions were it not absolutely essential to our continued economic leadership around the world.

This is a critically important accommodation. It is not unprecedented. Grants of similar authority for the President, in effect, exceptions to our Senate rules, have been provided in the past, dating back to the Trade Act of 1974.

As recently as 1988 a Democrat-controlled Congress provided a Republican President the legal assurance that America would speak with one voice on trade. I hope that a similar spirit of bipartisanship envelops us today.

Let me say in conclusion that if in 1988 my colleagues on the other side of the aisle do, for the good of this country, see fit to entrust a President from another party with this authority, that today it would help us in extending this authority to President Clinton.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I rise with a measure of ebullience. By a solid majority of both sides of the aisle, we have just voted to do exactly what our revered chairman said ought to be done, and reported how in the past it has been done. The vote was 69 to 31. I think that augurs well.

I would particularly like to note a fact about this legislation which has been little remarked, the fact that with great felicity and sense of historic importance, the chairman has given to the bill the title the Reciprocal Trade Agreements Act of 1997. The Reciprocal Trade Agreements Act, hearkening back almost two-thirds of a century to 1934 when Cordell Hull, a former member of the Finance Committee, as Secretary of State helped the Nation out of the ruin that had been brought about by the Smoot-Hawley Tariff Act of 1930, a tariff meant to raise living standards and do all the things that seem so easy if you don't think them through.

If you were to make a list of five events that led to the Second World War and the horror of that war, that tariff bill of 1930 would be one of them. If there was a harbinger of the reemergence of the civilized world and the re-institution of intelligent analysis of public policy, it was the Reciprocal Trade Agreements Act of 1934.

I might like to take a preliminary effort to note that in 1934 the United States, in fact, did two things of note regarding legislation before the Senate today. We passed the Reciprocal Trade Agreements Act, and the President proposed and Congress agreed to our membership in the International Labor Organization, two parallel but distinct measures. We began opening our trade and in the same year, same Congress, moved to join the International Labor Organization for purposes not different than ones we have expounded in this legislation, which speaks directly to that issue. Now, the matter before the Senate is of the highest portent and urgency. Just yesterday in the Washington Post our—how do I say it? Has Bob

Dole been gone long enough to be called fabled, legendary? Certainly vastly embraced by this institution on both sides of the aisle. Senator Dole, Republican candidate in the last election, wrote in yesterday's Post, "the fate of fast-track legislation this fall may determine whether the President ever will negotiate another free trade agreement." He urged that we give the President this power, a power which every President since President Ford has had and which under the original Reciprocal Trade Agreements Act has been in place for two-thirds of a century.

Since the fast-track authority lapsed, as it did 3 and one half years ago, the United States has effectively been reduced to the status of an observer as unprecedented new trading arrangements, bilateral and multilateral, have been put in place. The changes in trade and patterns and arrangements that you see very much correspond to the change in techniques of production, in modes of manufacture and in the information age of which we have heard so much. They reflect the technological underpinnings which have changed the economies of the developed world, are changing the developing world, and in consequence, change the economy.

For example, as the chairman remarked, Mexico and Chile negotiated a free trade agreement in 1991 and now are engaged in talks to expand the scope of that agreement by the end of this year. On July 2 of this year, Canada's free trade agreement with Chile entered force, giving Canadian exports just that advantage, the 11-percent tariff advantage, that the chairman has spoken of. Remember, the pattern of Canadian production and exports is very like ours. We are in a competing world with them. We wish them every success. But there is no point in hindering our own ability to negotiate and trade in the same way.

If I may remind the Senator, we have been here before. On March 4, 1974, President Nixon's Special Trade Representative, William D. Eberle, testified before the Finance Committee in support of the legislation that established the first fast-track procedures for non-tariff matters. He said, "Without the fast-track authority, our trading partners will continue to negotiate but they will do so bilaterally and regionally, to the probable exclusion of the United States."

Do not suppose that cannot happen again. The United States is at a position of unparalleled influence and importance in the world. That can produce an unparalleled resentment with consequences that will move through the generations to come. Do not be overconfident in a moment such as this, and certainly do not be fearful. We have nothing to fear from world trade. We gain from it. We have gained from it. And now I am confident with that resounding bipartisan vote, we will.

Of course, in 1994 we created the World Trade Organization. It took us a long time. In the aftermath of World War II it had been understood we would have an international trade organization to correspond with the World Bank and the International Monetary Fund. That never came to pass. It came to grief, in point of fact, in the Finance Committee.

The WTO, the World Trade Organization, is beginning negotiations on agricultural trade, protection of intellectual property. By intellectual property, think Silicon Valley, think Microsoft, think of all the innovations we have made in the world, and the innovators have the right to see their work protected. And, again, international trade in services, think banking, insurance, all those areas in which we have been particularly excluded in the developing world and which we can now negotiate.

The Uruguay round of negotiations represented the first serious attempt to address barriers to American farm products, but a great deal needs to be done. The last area of economic activity which is freed from protection will always be farm matters. It is one of the great events of our age that the great agricultural States in this Nation have seen what trade can do for them and are supporting these measures. Agriculture is always protected, always subsidized, but in 1999, the World Trade Organization on that matter will begin and we ought to take these negotiations seriously. We ought to be part of them and now we will be.

American farm exports in 1996 reached \$60 billion in an overall global market estimated at something more than half a trillion. So we have something like 10 percent of that trade. This export sector alone represents about 1 million American jobs.

A similar situation exists with respect to services trade, which was addressed for the first time in the Uruguay round, and the financial services, banking, insurance, securities, are scheduled to wrap up in December in an important round of talks. Another round will begin on January 1 of the year 2000 involving a full range of services, including such sectors as health care, motion pictures, and advertising, where American companies are among the strongest in the world. I don't think it would be in any way inappropriate to recall the remarks of President Jiang Zemin of the People's Republic of China just a few feet off the floor here a week ago, in which he described the formative experience of his college years when he watched the film "Gone With the Wind." It is America that makes the movies for the world to see. Getting them in is a matter of negotiation. Now we can do it.

I would like to make a point of particular importance to the matter before us. First of all, this is not a new authority, untested or untried. We have been with it for two-thirds of a century. The Smoot-Hawley Act, in which Congress, line by line, set more

than 20,000 tariffs, resulted in an average tariff rate, by the estimate of the International Trade Commission, of 60 percent. The result was ruinous, not only to us, but to our trading partners. The British abandoned their free trade policy and went to empire preferences. The Japanese went to the Greater East Asian Co-Prosperity Sphere. In that year, Adolf Hitler became chancellor of Germany in a free election. Such was the degree of unemployment and seeming despair that the consequences of the First World War would never be over.

Next came one of the largest trade events of the postwar period, the Kennedy round, which came about because of the Trade Expansion Act of 1962. I make the point, sir, that there were persons at that time, as now, concerned about the impact of expanding trade on American workers and American firms. As a condition of a Senate vote on giving the President the power to negotiate what became the Kennedy round—it was named for the President who began it—we had to negotiate a separate agreement, the Long-Term Cotton Textile Agreement, and three persons were sent to do this negotiation: W. Michael Blumenthal, Deputy Assistant Secretary of State; Hickman Price, Jr., an Assistant Secretary of Commerce; and myself, then an Assistant Secretary of Labor. We negotiated to limit surges of imports that might come about from drops in tariffs. It was meant to be a 5-year matter, as I recall. That was 35 years ago, and it's still in place. It was succeeded by the Multi-Fiber Agreement. We have not been unattending to the needs of our workers in these matters. To the contrary. We began Trade Adjustment Assistance in the 1970's. We have more Trade Adjustment Assistance in this legislation. We negotiate these matters with the interests of the American worker in mind, and the evidence is the standard of living we have achieved in this country, of which there is no equal.

With that point, sir, I would like to call attention to a very special issue. We are asked by some to include in this legislation a requirement that trade agreements include provisions, in effect, statutory requirements, concerning labor and the environment. At first, it seems a good idea. Why not? But let me tell you why not, and if I can just presume on age at this point, which is getting to be a factor in my perspective. I have been there and it doesn't happen, it doesn't work.

If you go to a developing country and say to them, "We would like to enter into a trade arrangement whereby you will reduce your tariffs and barriers—non-tariff barriers—we will do the same, so we can have more trade," and at the same time, in the same setting, say, "We want you to adopt higher environmental standards and higher labor standards," right or wrong, the negotiating partners will say, "Oh, you want us to lower our tariff barriers and

raise our costs." Well, they won't do it. "You are asking that we be put at a double disadvantage. We put those tariffs in to protect ourselves against you, and our environmental and labor standards are those of a developing nation. Now you want to put us at a double disadvantage." It won't happen. There will be no such agreements.

I can speak to this. I was Ambassador to India when our trade was at a very, very low level. The great anxiety of the Government of India was that we would somehow use trade in a way that would disrupt their internal affairs, which was never our intention, but it was a perception, and will be even more so now. That is why I point to the serendipity, if you would like, of the provisions in this bill. I made the point that the Reciprocal Trade Agreements Act—the original one—was enacted in 1934, and the United States joined the International Labor Organization in 1934—a measure of great importance at that time. President Roosevelt was very firmly in favor of it, and Frances Perkins—and I talked to her about it—thought it was one of the central initiatives. They saw it as parallel to trade—parallel.

Over the years, the International Labor Organization has developed a series of what are called the ILO Core Human Rights Conventions. There are a great many important conventions, but they tend to be on technical matters. These go right to the rights of working people. And there are not many. They are the Forced Labor Convention of 1930; Freedom of Association and Protection of the Right to Organize Convention of 1948; Right to Organize and Collective Bargaining Convention of 1949; Equal Remuneration Convention, equal pay for men and women, of 1951; Abolition of Forced Labor Convention of 1957.

In 1991, I stood on the floor of this Senate, with Claiborne Pell, then chairman of the Foreign Relations Committee, and we called that up, and it passed the U.S. Senate unanimously. It is our law now because we chose to make it our law. We passed it. It is a treaty and we passed it as such. And then there was the Discrimination (Employment and Occupation) Convention of 1958, and the Minimum Age Convention—a child labor convention—of 1973.

Now, in this bill before you is an extraordinary initiative. We fought for an initiative by the United States to promote respect for workers' rights by seeking to establish in the International Labor Organization a mechanism for the systematic examination of and reporting on the extent to which ILO members promote and enforce the freedom of a subsidization, the right to organize and bargain collectively, prohibition on the use of forced labor, prohibition on exploitive child labor, and a prohibition on discrimination in employment.

We have never before made such a proposal. It has enormous possibilities.

The ILO is the oldest of our international organizations. But it comes from an era when the idea of sending inspectors into a country to see whether that country was keeping an agreement would have been thought much too radical. That all changed in the aftermath of World War II.

Just this moment, we are going through something of a crisis with Iraq over the right of American members of the inspection team from the International Atomic Energy Agency to look into Iraqi production of nuclear power and the possibility of nuclear weapons. That begins with the International Atomic Energy Agency, which is part of the United Nations system. You send inspectors in to see what they are doing. It is now a common practice over a whole range of international concerns.

What we propose is that the International Labor Organization bundle, if you like, the core labor standards, and then set about an inspection system, to see to it how China is doing on prison labor, or child labor, or how the United States is doing—we will be looked into, too—and how countries around the world have done. Now, this will take energy. I would like to think that, somewhere in the executive branch, someone is listening to this debate because these measures were proposed by the President. But it takes energy in the executive to get this done. Come to think of it, Alexander Hamilton's definition of good government was "energy in the executive."

I would like to think that our Trade Representative, our Department of Labor, our Department of Commerce, will be actively involved. I say the Department of Commerce because business is involved. The ILO is a tripartite group. Business has a vote, the U.S. Council for International Business, as does the AFL-CIO. They each have a vote, and the U.S. Government has two votes. This is a business-labor enterprise. We have been involved with it for a very long time. Herbert Hoover, as Secretary of Commerce under President Harding, sent delegates to the ILO conference in Geneva from the Chamber of Commerce and from the AFL-CIO. So we are addressing concerns about the environment and labor standards in their proper context and setting. If you want them, you have to do it there.

If you only want not to have more open trade, you can try it in negotiations. But Mr. President, it won't work. The trading partners just will not agree. And if you want to take the time to find it out, very well, but for the moment, I think you will find that the overwhelming judgment of economists is that what we have here is a clean measure. That is the way to go. And this is what we now need to do—give the President fast-track authority, which will enable him to enter negotiations that will result in agreements, and with those agreements in place, we will go into the 21st century proud of what we began in the 20th.

Mr. President, I again thank my chairman for the felicity with which he chose to give the name Reciprocal Trade Agreements Act of 1997 to this legislation.

For the purpose of the RECORD, I ask unanimous consent that the description of the ILO Core Human Rights Conventions be printed in the RECORD at this time.

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

ILO HUMAN RIGHTS (CORE) CONVENTIONS

The ILO's human rights conventions, commonly referred to as "core" conventions, are receiving more attention as the debate on trade and labor standards continues after the World Trade Organization's ministerial meeting last December.

Informal agreement on which ILO conventions are human rights standards dates at least as far back as 1960. Formal recognition was achieved when the Social Summit in Copenhagen in 1995 identified six ILO conventions as essential to ensuring human rights in the workplace: Nos. 29, 87, 98, 100, 105, and 111. In addition, the United Nations High Commissioner for Human Rights now includes these conventions as the list of "International Human Rights Instruments."

The Governing Body of the ILO subsequently confirmed the addition of the ILO Convention on Minimum Age, No. 138 (1973), in recognition of the rights of children. An ILO convention banning intolerable forms of child labor is in preparation and is scheduled for a vote on adoption in 1998.

Conventions Nos. 87 and 98 form the cornerstone of the ILO's international labor code. They embody the principle of freedom of association, which is affirmed by the ILO Constitution and is applicable to all member states. A complaint for non-observance of this principle may be brought against a member state under a special procedure, whether or not the member state has ratified these two conventions.

The following list presents the seven core conventions and their coverage. The chart on the reverse side of this sheet shows which countries have ratified them as of December 31, 1996.

NO. 29—FORCED LABOR CONVENTION (1930)

Requires the suppression of forced or compulsory labor in all its forms. Certain exceptions are permitted, such as military service, convict labor properly supervised, emergencies such as wars, fires, earthquakes . . .

NO. 87—FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANIZE CONVENTION (1948)

Establishes the right of all workers and employers to form and join organizations of their own choosing without prior authorization, and lays down a series of guarantees for the free functioning of organizations without interference by the public authorities.

NO. 98—RIGHT TO ORGANIZE AND COLLECTIVE BARGAINING CONVENTION (1949)

Provides for protection against anti-union discrimination, for protection of workers' and employers' organizations against acts of interference by each other, and for measures to promote collective bargaining.

NO. 100—EQUAL REMUNERATION CONVENTION (1951)

Calls for equal pay and benefits for men and women for work of equal value.

NO. 105—ABOLITION OF FORCED LABOR CONVENTION (1957)

Prohibits the use of any form of forced or compulsory labor as a means of political coercion or education, punishment for the expression of political or ideological views,

workforce mobilization, labor discipline, punishment for participation in strikes, or discrimination.

NO. 111—DISCRIMINATION (EMPLOYMENT AND OCCUPATION) CONVENTION (1958)

Calls for a national policy to eliminate discrimination in access to employment, training and working conditions, on grounds of race, color, sex, religion, political opinion, national extraction or social origin and to promote equality of opportunity and treatment.

NO. 138—MINIMUM AGE CONVENTION (1973)

Aims at the abolition of child labor, stipulating that the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling.

Mr. MOYNIHAN. Mr. President, without further comment, I yield the floor once again with a sense of ebullience. We are going to do this. We kept the faith. We followed the convictions and the experience of Presidents going all the way back to the 1930's.

So I close simply by quoting again, Senator Dole in his fine op-ed piece in yesterday's Washington Post:

The decision to give the President fast-track authority is urgent and must be made now. Very simply, passing fast track is the right thing to do. Our Nation's future prosperity, the good jobs that will provide a living for our children and grandchildren, will be created through international trade. Today it is more important than ever that the debate between advocates of free trade and protectionism is over. Global trade is a fact of life rather than a policy position. That is why we cannot cede leadership in developing markets to our competitors through inaction, thereby endangering America's economic future and abandoning our responsibility to lead as the sole remaining superpower.

Mr. President, I thank the Chair for his courteous attention and I yield the floor.

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

Mr. DORGAN. Mr. President, I listened with interest to the two presentations. They are thoughtful Senators, but Senators with whom I disagree. I would like to spend some time describing my view of where we are. Let me start by saying what this debate is not about.

This debate is not about whether we should be involved in global trade. Nor is it about whether expanded global opportunities are going to be part of this country's future. That is not what this debate is about. There are some who will always say, the minute you start talking about trade, that there are those of us who believe in free trade and then there are the rest of you who don't understand. They say that there are those of us who believe in the global economy and the benefits and fruits that come from being involved in expanded trade in a global economy, and then there are the rest of you who are xenophobic isolationists who want to build a wall around America. That is the way it is frequently described when we discuss trade.

But that is not what this discussion is about; not at all. It is about our

trade strategy and whether it works. When I think of our trade strategy I think of watching a wedding dance when I was a little boy. A man and woman were trying to dance. One was dancing the waltz and the other was dancing the two-step. Needless to say, it didn't work out.

We have a trade strategy that is a unilateral free trade strategy that says we are going to confront others, who have managed trade strategies, with our trade strategy. Somehow this strategy is going to work out. We are going to open our markets but we are not going to pressure other countries to do the same. We are going to pass free trade agreements and we are going to move on to the next agreement without enforcing the agreement we had.

I would like to just take inventory, if I might. Let's take some inventory about what we have experienced in trade. For those who are color conscious, the red in this chart would not be considered good. Red represents deficits. This chart represents this country's merchandise trade deficit. We have had 21 straight years of trade deficits. The last 3 years have been the worst three in the history of this country, and we will set a new record again this year. In 36 out of the past 38 years we had current account deficits. We had 21 merchandise trade deficits in a row. This year will mean 4 years of higher record trade deficits.

I want to ask a question. When you suffer these sort of merchandise trade deficits every year—and they are getting worse, not better—is this a country moving in the right direction? Is this a trade strategy we want more of? Or should we, perhaps, decide that something is wrong and we ought to stop and evaluate what doesn't work and how do we fix it?

We are choking on red ink in international trade. This trade strategy doesn't work. So the debate is going to be between those of us who want change and those who want to cling to the same old thing. There are those of us who believe this policy isn't working and we want to change that policy. We want to reduce and eliminate these trade deficits and expand this country's trade opportunities. We want to do it in a way that is fair to this country and improves this country's economy. Then there are those who say no, and who are against change. They are for the same old thing. They support the same, tired, shopworn strategy that I say doesn't work. That is what this debate is about.

The last debate we had about trade was a few years ago. It was on NAFTA, the North American Free Trade Agreement. And you had fast track for that. It is a trade agreement with Canada and Mexico. Before we adopted that trade agreement we had an \$11 billion trade deficit with Canada and we adopted that agreement and the trade deficit has doubled. Before we adopted this trade agreement we had a \$2 bil-

lion trade surplus with Mexico and that has collapsed to a \$16 billion trade deficit.

According to an Economic Policy Institute recent study, 167,000 jobs were lost to Canada, 227,000 jobs lost to Mexico, 395,000 jobs lost as a result of NAFTA. The combined accumulated deficit as a result of NAFTA cannot possibly be anything that anyone around here wants to stand up on the floor and raise their hand about and say, "Yes, that's what I envisioned. I voted for that. That's what I was hoping would happen."

Surely we must have someone who will come to the floor and say I voted for this but boy, this turns out to be a pretty sour deal. We didn't expect the deficits to expand and mushroom. Is there someone who will suggest that somehow this hasn't worked out the way we expected? Or is this, in fact, the kind of thing that we embrace? Do we have a trade strategy that no matter how bankrupt, we continue to say, "Yes, we are the parents. This is ours. This is our conception." I am wondering when enough is enough?

Let's look at the trade treaty tally. We are told that if you don't have fast-track procedures given to this President, he can't do anything about trade. They ask who on Earth would negotiate with him? Well, there have been countries apparently that will negotiate, because there have been 220 some separate trade agreements negotiated by the USTR since 1993. That is the President's own statement. He has negotiated 220 agreements. Only two of them have used fast track. He didn't need fast track on the rest of them. So why would they have negotiated with him if he didn't have fast track?

Fast track has been used five times in this country's history: The Tokyo round in 1975; United States-Canada, 1988; United States-Israel, 1989; NAFTA, 1993 and the Uruguay round and WTO—GATT, in 1994.

Let me show you what has happened with respect to each of these areas. When the Tokyo round took effect, we had a \$28 billion annual merchandise trade deficit. Then we had a United States-Canada free trade agreement. By that time the trade deficit was \$115 billion. Go to NAFTA, \$166 billion. Then the Uruguay round it was \$173 billion. We now are up to a \$191 billion merchandise trade deficit and it is getting worse, not better. Does anybody here think we are moving in the right direction? If you do, tell us we need more of this. I guess that is what we are hearing. This is working so well. Let's have more of this red ink. Let's accumulate more of these deficits.

Let me describe this here. I mentioned the trade agreements, NAFTA, and others. We have bilateral trade arrangements with Japan and China that also yield huge deficits for this country. One of our problems in this trade strategy that doesn't work is that we negotiate bad agreements, No. 1; and then, No. 2, we don't enforce the agreements we negotiated.

The American Chamber of Commerce in Japan said the following:

Indeed, the American Chamber of Commerce in Japan was astonished to learn that no U.S. Government agency has a readily accessible list of US-Japan agreements or their complete texts. This may indicate it has often been more important for the two Governments to reach agreement and declare victory than to undertake the difficult task of monitoring the agreements to ensure their implementation produces results.

My point is this. We go out and negotiate trade agreements and don't even keep track of them let alone enforce them. We can't even get a list of them. No Federal agency had a list of the trade agreements we had with Japan. Does that tell you they are probably not being enforced, aside from the fact they were not negotiated well? I can give chapter and verse on negotiations with Japan on which we are able to lose almost in a nanosecond.

Senator HELMS reminded me the other day of something I read previously by Will Rogers. He said many years ago, "The United States has never lost a war and never won a treaty." That is certainly true with respect to trade. Take a look at these records and tell me whether you think this country is moving in the right direction in trade.

So, what is this about? One of the columnists for whom I have very high regard in this town is David Broder. I think he is one of the best journalists in Washington, DC, and he writes a column today that could have been written by virtually anybody in this town because they all say the same thing: If Clinton fails to win fast-track negotiating authority, "it would threaten a central part of his overall economic policy, it would signal a retreat by the United States from its leadership role for a more open international marketplace."

I have great respect for him. I think he is one of the best journalists in town. Yet my point is that he says what they all say. There becomes a "speak" in this town, about these issues. Then because everybody says it, they think it is true.

It is not the case that if this Congress doesn't give fast-track trade authority to this President, that we will not be able to have future trade agreements and will not be able to expand our international trade. It is the case that some of us believe we ought to stand up for the economic interests of this country.

Let me go through a few points because we are going to deal with this issue in macroeconomic terms. We are going to be hearing the debate about theory, and all of the trade concepts that people have. Then we negotiate trade agreements and then the jobs leave and people lose their jobs and it doesn't matter, I guess, to some because these are just the details.

Jay Garment Corporation had two plants with 245 jobs in Portland, IN and Clarksville, TN. They produced blue jeans. They moved the plants to Mex-

ico where they could get people to work for 40 cents an hour.

For the past 75 years in Queens, NY, workers have been making something called Swingline brand staplers. They had 408 workers. They are now moving the plant to Mexico. Nancy Dewent is 47 years old. She has been working at that plant for 19 years and was making \$11.58 an hour. Manufacturing jobs are often the better jobs, paying better wages and better benefits. That assembly job, now, making staplers, will be in Mexico at 50 cents a hour. That plant owner expects to save \$12 million a year by moving that plant to Mexico and selling the products back into the United States.

Borg Warner is closing a transmission plant in Muncie, IN. That means 800 people will lose their jobs, jobs that were paying an average of \$17.50 an hour. Production is moving to Mexico.

Atlas Crankshaft, owned by Cummins Engine, literally put its plant on trucks and moved the plant from Fostoria, OH, to San Luis Potosi in Mexico; 200 jobs gone south.

In North Baltimore, OH, the Abbott Corporation produces wiring harness for Whirlpool appliances, closed its plant; 117 jobs moved to Mexico.

Bob Bramer, who worked 31 years at Sandvik Hard Metals in Warren, MI, watched his plant closed down. The equipment was put on trucks and moved to Mexico. Another 26 American jobs gone south.

People say you don't understand. That is the natural order of things. If we can't compete, tough luck for us. If we can't compete we lose our jobs.

The question we ought to ask ourselves in this discussion is not whether this is a global economy. It is. Not whether we are going to have expanded trade, we should. We are a recipient for massive quantities of goods produced in China, massive quantities of goods produced in Japan and in Mexico and elsewhere. The question is not whether our economy is going to assimilate and purchase much of those goods. The question is what is fair trade between us and these countries? I hope, in this discussion, we might get to this question. Is there anything—is there anything that would concern Members of Congress about what is called the free market system and accessing the American marketplace with foreign production?

For example, is it all right to hire 12-year-old kids and pay them 12 cents an hour and work them 12 hours a day and have them produce garage door openers? Is that all right? Is that fair trade? And then ship those garage door openers to Pittsburgh, Los Angeles, Fargo, and Denver and then compete with someone in this country who produces the same garage door openers, hires American workers, has to abide by safety laws, by child labor standards, by workplace safety laws, and pay minimum wages? Is that fair trade? Is it fair competition?

The answer clearly is no. If we allow producers to decide that in the world marketplace you can pole vault over all the discussions we have had for 50 years and you can produce where there is a lot less hassle, you can move your plant and move your jobs to a foreign land, and you can dump the chemicals in the water, you can pollute the air, hire kids and pay a dime an hour and you can bloat your profits and ship that product to Delaware, to North Dakota, to Colorado, and to New York, is that fair trade?

It is not fair trade where I come from. That is not fair trade. This country ought to be concerned about the conditions of trade and about the circumstances of trade that we are involved with. That is why we have these swollen trade deficits year after year after year. I know those who push fast track and push the current system, the same old thing, say, "We are the ones for expanded trade." I don't think so at all.

The reason we have not gotten our products into foreign markets, at least not with the success we should have, is this country doesn't have the nerve and the will to require it, and the other countries know it. They know there are going to be enough in the Senate and enough in the House to stand up and make these claims that if you don't support the current trade strategy and you don't support expanded trade, that you are a protectionist. Other countries know that. This country doesn't have the nerve and the will to say to Japan and China, Mexico, and others that if our market is open to you, you had better understand that your market is required to be open to us. Our country simply has not required that of our trading partners. Until it does, we will continue to run these huge swollen trade deficits.

The question that we will get to soon will be a narrower question of fast-track trade authority. Very simply, for those who don't know what that means, it means that the President will go off and negotiate a trade treaty through his trade negotiators, bring it back to the Congress, and then fast-track authority means no one in Congress may offer any amendments.

I have been through this with the United States-Canada trade agreement. I want to describe for my colleagues why I feel so passionate about this.

The United States-Canada Free-Trade Agreement passed the Congress. I was in the House of Representatives at the time and on the Ways and Means Committee, where it passed by a vote of 34 to 1. I was told just before the vote, "We have to have a unanimous vote here in the House Ways and Means Committee. We need to get everybody voting for this. You can't be the only holdout. How would you feel about 34 to 1? What does that say, 34 to 1?"

I said, "No, that is not a source of trouble to me, that is a source of enormous pride, because you are engaging in a trade agreement with Canada that

fundamentally sells out the interests of the American farmers."

"We don't do that," they said. "In fact, we'll provide you paper," and they shoved all this paper at me saying that we guarantee, we promise and they made all the promises in the world, and I still voted against it.

Guess what is happening? The United States-Canada trade agreement went into effect and our farmers, especially in North Dakota and the northern part of this country, have seen a virtual deluge of Canadian grain coming into our country undercutting our markets, taking \$220 million a year out of the pockets of North Dakota farmers—durum wheat, barley. So we complain about it and say this is unfair trade. It is clearly and demonstrably unfair trade.

It comes in from a state trading enterprise in Canada called the Canadian Wheat Board, which would be illegal in our country. It is clearly unfair trade. Just as clearly to me, it violates our antidumping laws because every bushel that comes in comes in with secret prices. In our country, when you sell grain, prices are fully disclosed. With the Canadian Wheat Board those are secret prices by a state trading enterprise that would be illegal in this country.

For 8 years this has gone on, and we can't correct it. Why? Because this trade agreement was so incompetently negotiated that we traded away our ability to solve the trade problems resulting from it.

I come here to say this. I have great respect for this President. This President has taken some of the few enforcement actions that have ever been taken with respect to some of our trading partners. But, until this President and until these trade negotiators and others involved in our current trade strategy in our country demonstrate the nerve, the will and the interest to stand up for the interests of American producers and, yes, farmers and manufacturers and workers; until they demonstrate a willingness and ability to stand up for the interests of this country, I do not intend to vote for fast-track trade authority.

Once we decide as a country we are willing to stand up for our economic interests and say to China, "You cannot continue to run up a \$50 billion trade surplus with us; we cannot continue to stand a \$50 billion trade deficit with you," or say to Japan, "We will not allow you year after year after year every year to have a \$50 to \$60 billion trade surplus with this country"—we have a deficit with them; they have a surplus with us.

What does that mean. The past 21 years of merchandise trade deficits contribute a combined nearly \$2 trillion to our current accounts deficit? It means somebody has to pay the bill some day. When we pay the bill, we will pay it with a lower standard of living in this country, all because we had a trade strategy that did not stand up

for the economic interests of this country's producers.

I know there are people here who say, "Gosh, look how well things are going in this country; things are going so well." In fact, we have a proclivity in this country to measure how well we are doing every month by what we consume. If we have good consumption numbers, boy, we are doing well.

It is not what we consume that measures the economic health of a nation, it is what we produce. No country will long remain a strong economically healthy country, a country with a strong economy, unless it retains a strong, vibrant and growing manufacturing base. That is not the case in this country, because we have decided with trade agreements that it is fine for American producers to get in a small plane, circle the globe, find out where they can relocate their plant and pay pennies an hour and not be bothered by child labor laws or by environmental restrictions or by minimum wages or all the other things we fought about for 50 to 75 years in this country, move the production there, produce the same product and ship it back here. The net result is a trade loss for this country, a loss of good-paying, important manufacturing jobs for this country, and a continued erosion of this country's manufacturing base. That, I think, is moving in the wrong direction.

Mr. President, I am not going to take the full hour allotted to me at this point. I intend to, at another point in this process, speak more about the issue, but I want to finish by saying, once again, that we will have, I assume, a discussion that represents the same old discussion, and that is an attempt to portray those who don't support this fast-track proposal as those who don't support expanded international trade.

Let me portray it the way I think it really is. We have some people clinging to a failed trade strategy that has produced the largest trade deficits in the history of this country, clinging to it with their life because they resist change at every turn. There are those of us who understand that this trade strategy does not strengthen this country. It weakens this country. Increasing deficits don't strengthen this country. They undermine this country. Those of us who believe that it is time to change our trade policies.

Do we want to change by keeping imports out? No. Do we want to change by retreating from the international economy? No. We want to change by insisting and demanding that it should be fashionable for a while to stand up for the economic interests of this country and that those who do so should not be called protectionists. Those of us who stand up, do so in a way that is designed to strengthen and to expand our country's economic opportunity in the years ahead.

So, Mr. President, we will have many hours this week to talk about trade. I come from a State that needs to find a

foreign home for much of what it produces. I am not someone who wants to retard trade. I want to expand trade. But I am someone who believes our Nation's trade strategy has not worked. Instead, we need a new trade strategy to expand exports, to expand opportunity and to diminish and eliminate these bloated trade deficits that threaten, in my judgment, this country's economic future. Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. GORTON). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, in the trial of a case, when you present a witness such as a doctor or an engineer, you qualify the witness by providing his background and experience. I am in the same position of having to qualify myself—not that I am expert on any particular thing—because only yesterday in a discussion on the floor, one of my esteemed colleagues said, "I know how you are going to vote with respect to fast track because you are against trade." Mr. President, nothing could be further from the truth.

Let me say at the very beginning that I was raised and still live in a port city. I worked in that port two summers, paying my way through college with a coastal geodetic survey before World War II, when we were laying submarine nets in the harbor.

I also was a lawyer later on in life, practicing before the U.S. Customs Court with the Honorable Judge Paul Rayall of New York. As an attorney, I also represented the South Carolina Port Authority. So I am familiar with the field of trade law.

Later, as Governor of South Carolina, I had the privilege of putting in all the expanded facilities for our State ports, such as grain elevators for our farmers so that they could compete, but more particularly. During my tenure as Governor, I also was one of the first elected representatives to take trips abroad to promote trade and to encourage foreign companies to open plants in the United States.

I was just thinking the other day, when the President was going for the first time to Latin America, that I took that trip to Buenos Aires, Argentina, back in 1960. I have been there a half dozen times since then. And I have been not just to Sao Paulo but to the port of Santos in Brazil and to Caracas, where we buy now a majority of our oil.

I learned early on in looking for trade opportunities that my hometown of Charleston is 350 miles closer to Caracas, Venezuela, and the Latin American markets than New Orleans. Look at it sometimes—the offset of the South American continent—and you will see that my hometown of Charleston is about on the same latitude as the Panama Canal.

So I went after trade and have been working on trade for at least 40 years, as an attorney and as Governor. Today,

my office in Charleston is in the Customs House.

I have participated in the various trade debates in my 30 years in the U.S. Senate. I have heard the same things come up time and time again without any understanding of the fact that we do not have a trade policy. We have a foreign policy.

A friend who says you are against trade and he is for foreign aid is not for trade. We were fat, rich, and happy after World War II, and, yes, we taxed ourselves to the tune of what would be equal to some \$80 billion in today's amounts. We couldn't even get taxes to pay our own bills, much less the vanquished enemy in Europe and in the Pacific, but we taxed ourselves and we sent over not just the best expertise to tell them how to develop industrially, but more particularly, Mr. President, the best machinery.

I have always heard people talk about textile fellows. According to critics, we want subsidies and protectionism. Now, we have asked for enforcement of and protection under U.S. international trade agreements, but we never have asked for subsidies like the airline manufacturers receive, for example.

And of course, much of our technology comes from Defense. Then we make sure that it is financed under the Export-Import Bank. And incidentally, the \$3 billion contract with China, you might as well count on only a percentage of that—China is in part trading with itself, because it has Boeing China where they make the tail assemblies, and they make the electronic parts in Japan, and everything else of that kind, so we can look at really where the contract is being sourced.

Unfortunately, Mr. President, we are exporting our most precious technology. General Motors, for example, has agreed not only to produce cars in the People's Republic of China, but also China has required, Mr. President, that they design the automobiles. So the new cars that we in America will be buying here at the turn of the century will be designed in downtown Shanghai with the finest computerization and machinery being installed there now by American companies.

So we watch this particular trend. And we understand that the administration and those championing fast track are totally off-base with respect to the welfare of the United States of America, with respect to the security of the United States of America.

Mr. President, the Nation's security rests on a three-legged stool. The three legs comprise our defense, values, and economy. And we have the one leg that is military power, which is unquestioned. Our troops and our military technologies are without equal in the world today. This leg is sound.

The second leg is that of our Nation's values. This leg, too, is sound, our values unquestioned. We commit ourselves to freedom, democracy, and individual rights the world around—from Haiti

and Bosnia. We work hard in all the councils of the world to promote the health and welfare of the free world. Our commitment to democracy and human rights is unwavering and our democratic values still are strong, as was noted here just last week on the visitation of Jiang Zemin.

But, Mr. President, the third leg of our Nation's security—and this must be emphasized—is the economic leg. Unfortunately, the economic leg has been fractured over the last 50 years, somewhat in an intentional manner.

I mentioned the Marshall plan. I mentioned the expertise we supplied to our vanquished foes. I mentioned the attempt to build up freedom and capitalism around the world, continuing today with the fall of the wall in Europe and the capitalistic trends even in People's Republic of China. And we have succeeded in this policy, so we do not regret it. But too often over the last 50 years we have given in to our competitors.

When 10 percent of U.S. textile consumption was provided by imports, President John F. Kennedy declared an emergency, and under the law he appointed a cabinet commission. And he had the Secretaries of Treasury, Agriculture, Commerce, Labor and State meet. In May, 1961, complying with national security provisions, they determined that before President Kennedy could move, he was required to find that the particular commodity was important to our national security.

At the Department of Defense, this particular commission found that next to steel, textiles were the commodity most important to our national security. After all, our Government could not send our soldiers to war in a Japanese-made uniform. So President Kennedy took action and formulated a 7-point program with respect to textiles. But this program has never been enforced.

I continue to say that if we were to go back to our dumping laws and enforce them, we wouldn't have to have a debate of this kind on the floor of the U.S. Senate. But they are not enforced, Mr. President, and now two-thirds of the clothing worn here on the floor of the U.S. Senate is imported. And 86 percent of the shoes are imported.

While I am on this subject, Mr. President, we have gradually gone out of the role of a productive United States of America to a become a consuming people.

I ask unanimous consent to have printed in the RECORD a ratio of imports to domestic consumption of various items.

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

1996 Data	
Industry/commodity group	Ratio imports to domestic consumption in percents
Metals:	
Ferroalloys	52.8
Machine tools for cutting metal and parts	44.3

Industry/commodity group	Ratio imports to domestic consumption in percents
Steel Mill products	16.7
Industrial fasteners	29.5
Iron construction castings	46.2
Cooking and kitchen ware	59.5
Cutlery other than tableware	31.8
Table flatware	63.6
Certain builders' hardware	19.5
Metal and ceramic sanitary ware	18.2
Machinery:	
Electrical transformers, static converters, and inductors	38.6
Pumps for liquids	29.8
Commercial machinery ..	19.7
Electrical household appliances	18.2
Centrifuges, filtering, and purifying equipment	51.2
Wrapping, packing, and can-sealing equipment	26.7
Scales and weighing machinery	29.8
Mineral processing machinery	64.2
Farm and garden machinery and equipment	21.7
Industrial food-processing and related machinery	23.0
Pulp, paper, and paper-board machinery	34.4
Printing, typesetting, and bookbinding machinery	54.8
Metal rolling mills	61.4
Machine tools for metal forming	61.4
Non-metal working machine tools	44.1
Taps, cocks, valves, and similar devices	27.6
Gear boxes, and other speed changers, torque converters	30.5
Boilers, turbines, and related machinery	48.0
Electric motors and generators	21.1
Portable electric hand tools	27.4
Nonelectrically powered hand tools	34.1
Electric lights, light bulbs and flashlights ...	31.0
Electric and gas welding equipment	18.4
Insulated electrical wire and cable	30.9
Electronic products sector:	
Automatic data processing machines	59.3
Office machines	48.0
Telephones	26.2
Television receivers and video monitors	53.4
Television apparatus (including cameras, and camcorders)	74.7
Television picture tubes	33.8
Diodes, transistors, and integrated circuits	60.6
Electrical capacitors and resistors	68.1
Semiconductor manufacturing equipment and robotics	21.9
Photographic cameras and equipment	84.0
Watches	95.9

Industry/commodity group	Ratio imports to domestic consumption in percents
Clocks and timing devices	54.9
Radio transmission and reception equipment ...	47.9
Tape recorders, tape players, VCR's, CD players	100
Microphones, loudspeakers, and audio amplifiers	67.6
Unrecorded magnetic tapes, discs and other media	48.2
Textiles:	
Men's and boys' suits and sport coats	39.4
Men's and boys' coats and jackets	56.3
Men's and boys' trousers	37.7
Women's and girls' trousers	47.9
Shirts and blouses	54.8
Sweaters	71.1
Women's and girls' suits, skirts, and coats	55.9
Women's and girls' dresses	26.9
Robes, nightwear, and underwear	51.0
Body-supporting garments	37.0
Neckwear, handkerchiefs and scarves	55.5
Gloves	68.5
Headwear	50.5
Leather apparel and accessories	70.2
Rubber, plastic, and coated fabric material	86.4
Footwear and footwear parts	83.1
Transportation equipment:	
Aircraft engines and gas turbines	47.5
Aircraft, spacecraft, and related equipment	30.5
Internal combustion engine, other than for aircraft	19.9
Forklift trucks and industrial vehicles	21.5
Construction and mining equipment	28.6
Ball and roller bearings ..	24.9
Batteries	26.4
Ignition and starting electrical equipment ...	22.3
Rail locomotive and rolling stock	22.8
Carrier motor vehicle parts	19.5
Automobiles, trucks, buses	39.0
Motorcycles, mopeds, and parts	51.8
Bicycles and certain parts	54.5
Miscellaneous manufacturers:	
Luggage and handbags ...	76.9
Leather goods	37.4
Musical instruments and instruments	57.7
Toys and models	72.3
Dolls	95.8
Sporting Goods	32.0
Brooms and brushes	26.5

*1996 data from ITC publ. 3051

Mr. HOLLINGS. Mr. President, my time is limited. It is unfortunate we have forced cloture. We have had no debate. This is an arrogant procedure: on a Friday afternoon, late on Friday when everyone was gone, they put in

the so-called bill with the cloture motion, and now the world's most deliberative body is not going to have a chance in the world to deliberate. We had no debate on Monday, and now after forcing a vote on Tuesday they say, "All right. You've got an hour." Oh, isn't that fine. Isn't that polite? Isn't that courteous? Isn't it Senatorial? Not at all. Not at all.

What we really need is an extended debate on the most important item that faces this country—our economic security.

Today we practically are out of business in manufacturing. People talk about the manufacturing jobs that have been created, but 10 years ago we had 26 percent of our work force in manufacturing. We are down to 13 percent of jobs now in manufacturing.

I go right to one of our adversaries, who is one of the finest industrialists in the history of man, Akio Morita of Sony Corp. And on a seminar in the early 1980's, in Chicago, we were talking about the developing Third World countries. And he said, "Oh, no. They cannot become a nation state until they develop a strong manufacturing capacity." And later on in that seminar he pointed to me and said, "By the way, Senator, that world power that loses its capacity of manufacturing will cease to be a world power."

We are going to have Veterans Day here very shortly. And I think back to my the 3-year jaunt overseas in World War II and the invasion of North Africa, and Corsica, and Southern France. And I remember well how valiant our fighting men were. And I take pride in average citizens from the main streets and farms of America volunteering to fight and die for our Nation.

In those days, when we looked up at the skies we saw our wonderful Air Force. And we saw them bombing the adversary into smithereens, to the point where they had no productive industrial manufacturing capacity. We, in contrast, were turning out five B-29's a day at the Marietta plant just outside of Atlanta. They were not turning out any planes at all. Their plants had been destroyed. And so we had a superiority of equipment and everything else as we moved forward through Alsace and across the Rhine.

And as much as congratulating all the veterans on Veterans Day, I will be making talks like other politicians. I want to emulate Rosy the Riveter who, back home, kept things going. It was the wonderful productive capacity of the United States of America that kept this world free. Let us never forget it. So when we talk of trade, we are talking of something of historic proportions here.

I will go to the history here in the unlimited time because in a few hours—in an hour and a half, to be exact—the Commerce Committee, with the Capitol Historical Society, will celebrate the 181st anniversary of the Committee of Commerce, Space, Science, and Transportation.

That brings us back to our earliest days and the mistaken idea that there is somewhere, somehow, other than here in the United States, free trade, free trade, free trade, free trade. There is absolutely no free trade in the world. Trade is reciprocal and competitive. The word "trade" itself means something for something. If it is something for nothing, it is a gift.

I know some people talk about different subsidies and different nontariff trade barriers, and that is what they mean. But what has come about, as we have been setting the example by just that, with free trade with Chile, our average tariff was 2 percent. The average tariff in Chile is 11 percent. So the people in Chile now almost have free trade. We have almost nothing left to swap in order to bring them to terms to open their markets.

As long as we cry and moan and grown, "free trade, free trade," like the arrogant nonsense that somehow our way is the only way, we are going to wake up in America like the United Kingdom. They told Great Britain at the end of World War II, "Don't worry, instead of a nation of brawn, you're going to be a nation of brains. And instead of producing products, you're going to provide services. And instead of creating wealth, you're going to handle it and be a financial center." And England has gone to hell in an economic handbasket; downtown London is an amusement park. Poor Great Britain: it is not great any longer. And that is the road that we are on here in the United States.

I want to get off that road and sober these folks up and let them stop, look, and listen to what they are talking about. I would like, Mr. President, to emphasize what the global competition is. Some act as if it's something new, and we have just come into it. No. We started 220-some years ago, in the earliest days of our republic.

Thinking today about this particular celebration we are going to have this evening, I realized that in 1816, when the Commerce Committee was first started, it was started as the Committee of Commerce and Manufacturing. Commerce and Manufacturing was the name of it.

That was foremost in the minds of the Founding Fathers when they thought about our relations with Great Britain, the mother country, once we had won our freedom and were a fledgling colony. The British wanted to trade with us under the doctrine of competitive advantage. They said at that particular time that what you ought to do back in the colony is trade with what you can produce best and we will trade back with the little fledgling colony from the United Kingdom what we produce best—free trade, free trade, Adam Smith, Adam Smith, free trade, consumption.

Well, Alexander Hamilton wrote "Report on Manufactures," and there is one copy left that I know of over at the Library of Congress under lock and

key. I won't read it—I would if we had extended time where we can debate this and begin to understand the Founding Members. In a line in that booklet, Alexander Hamilton told Great Britain essentially, bug off, we are not going to remain your colony. The second act ever enacted by Congress—which had a mindset of competition and building, rather than buying votes with consumption and tax cuts and free trade and all that kind of nonsense—passed a tariff of 50 percent on some 60 articles, which included textiles, iron, and just about everything else.

What we said was “no, thank you.” We are going to follow Friedrich List, who said that the strength of a nation is measured not by what it can consume but rather by what it can produce. And the Founders said that they were going to produce our own industrial backbone, beginning with tariffs and instituting a Committee of Commerce and Manufactures.

This mindset continued through President Lincoln. His advisors told the President during the construction of the transcontinental railroad, “Mr. President, we ought to get that steel cheap from England.” And he said “No, we are going to build the steel mill, and when we get through we not only will we have the transcontinental railroad but we will have a steel capacity to make the weapons of war and the tools of agriculture.”

And in the darkest days of the Depression we passed price supports for America's agriculture which this Senate supports. It is not like we are against the farmer. I have had the pleasure of being elected six times, and each time the farm vote has either put me over the top or saved me. I have been elected six times. I have the greatest respect and we had not only the price supports but protective quotas, import quotas.

Eisenhower, in 1955, put in oil import quotas so we could build up our own capacity of oil production. So we have been practicing that until we have been overcome, so to speak, with the multinational singsong.

You see the policy of building up capitalism the world around has worked. I was with the manufacturers in the early 1950's. They hated to fly all the way to the Far East and come back. But after a while they found out they could produce cheaper by producing overseas.

We had this testimony and we had the hearing before the Finance Committee which is a procedure of parliamentary fix. We had hearings that proved that 30 percent of the cost of manufacturing is in labor and you can save as much as 20 percent of your labor costs by moving offshore to a low-wage country. In other words, if you have a volume or sales of \$500 million, you can keep your headquarters and sales force here but move your production overseas and save tens of millions of pretax dollars; or you can con-

tinue to stay home and work your own work force and go bankrupt.

That is the jobs policy of this Congress. That is the jobs policy of this fast track. That is the jobs policy of President Clinton and his administration. That is why I am so strongly opposed to this kind of nonsense.

They come around here with talking about consulting and retraining and everything else of that kind but the truth of the matter is, I will take them down to Andrews or some other towns in my State of South Carolina. We have lost, since NAFTA, some 23,500 jobs when counted last May and over 25,000 jobs easily since then.

Go to where they make simple T-shirts, in Andrews, SC, where they had 487 workers. The age average is 47 years. And let's do it Washington's way, let's retrain the 487 workers so tomorrow morning they are all computer operators. Are you going to hire the 47-year-old computer operator or the 21-year-old computer operator? You are not going to take on the health care costs, the retirement costs of the 47-year-old. Andrews is drying up. They are gone with all this retraining. We don't need retraining. I have the best training facilities. That is how I get Hoffmann-La Roche, BMW and all the sophisticated plants, Honda and otherwise, that are coming into my State.

So we say with knowledge that we are not against trade; we have experience in this field. In South Carolina, we have the best industries on the one hand, 2.8 percent unemployment in Greenville County. But go down to Williamsburg County and you have 14 percent unemployment.

On October 28, one week ago, the Washington Post published an editorial by James Glassman. Obviously, Mr. Glassman does not understand exactly what is at issue here.

I ask unanimous consent to have the article printed in the RECORD.

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

[From the Washington Post, Oct. 28, 1997]

CONSUMERS FIRST

(By James K. Glassman)

We work in order to eat, not vice versa. In other words, an economy should, first and foremost, benefit consumers, not producers—individuals rather than the established interests of business and labor.

This simple truth, which is regularly ignored by politicians and the media, is at the heart of many of our current debates—over free trade, taxes and, most recently, the antitrust action against Microsoft.

Adam Smith said it best in 1783: “Consumption is the sole end and purpose of all production, and the interest of the producers ought to be attended to, only in so far as it may be necessary for promoting that of the consumer.”

That's why free trade is so beneficial. If we make it easy for Italy to export inexpensive shoes to us, then U.S. shoemakers may have to find jobs in other fields. But, meanwhile, the 260 million Americans who wear shoes every day get a bargain. The money they save can be used to buy other things and start businesses, such as software, in which Americans have a clear advantage.

In its defense of fast-track to boost trade deals, the Clinton administration has completely ignored this approach: that the main reason we trade is to get good, low-priced imports, which, incidentally, help keep down inflation. Politicians have spent so much of their time helping producer interest groups (a term that always includes big labor) that they've forgotten the best argument for free trade—that it's a tremendous boon to consumers.

But consumers, who, by their very nature, are unorganized, are consistently given short shrift—even by groups, such as Ralph Nader's, that purport to represent them. Take Attorney General Janet Reno's million-dollar-a-day fine against Microsoft, hailed by Nader and based on her claim that the company is “forcing PC manufacturers to take one Microsoft product as a condition of buying a monopoly product like Windows 95.”

Yes, producers are forced to do something they may not like, but consumers get something free—a browser that helps them move around the Internet. It's difficult to see how the aggressive, even vicious, competitive tactics of companies like Microsoft and Intel have hurt consumers, who now enjoy more and more computer power for less and less money.

It's nonsense to believe that a computer industry in a constant state of revolution will thwart individuals unless government steps in. It's consumers who determine whether a product succeeds or fails. For an economy to reward the best producers, consumers have to be given free rein to make choices and send signals about what they really want.

Unfortunately, the history of antitrust—not to mention trade policies like high tariffs, quotas and anti-dumping rules—reveals a pattern of enforcement that benefits politically powerful producers, while paying only lip service to consumers.

If I seem overly agitated about producer-favoritism, it's because I've seen the deadly results. I just returned from a trip to Germany, a country which, only a few years ago, U.S. politicians held up as an ideal. Today, there's a complacency and hopelessness about the economy. Unemployment is 11.7 percent. “This has little to do with the business cycle,” Otto Graf Lambsdorff, the respected former economics minister, told me. “It is structural unemployment.”

Germans are—stereotypically and actually—precise, diligent, well-educated and technically proficient. But between 1990 and 1996, their total industrial output actually declined by 3 percent while that of the United States rose 17 percent. (Output in Japan, another producer-oriented economy that's in the dumps, fell 5 percent.)

Why? One reason is the drag imposed by the sheer size of the German welfare state, but at least as important is an economic policy that consistently stymies the interests of consumers.

For instance, wage agreements, enshrined in law, are set by the big manufacturers and their unions, then imposed on smaller companies—a process that prevents serious competition that would drive down prices and help Germans live better.

German regulations also keep new entrants out of the marketplace. The medieval guild system still rules, and it's hard to start a business without the certification of companies that are already in it. Three people told me the same story: Bill Gates never could have launched Microsoft in Germany because it's illegal to work in a garage—no windows.

The most glaring example of producers-first is the law that sets nationwide operating hours for retail businesses. Exactly a

year ago, those hours were finally extended—for just 90 minutes. Now, businesses have to close Monday through Friday at 8 p.m. and on Saturdays at 4 p.m. On Sundays, only bakeries can open.

Why have such a law at all? While some in the Bundestag argued that longer hours hurt family life and church-going (then why not ban telecasts of soccer games?), the main opposition came from producers themselves (and their attendant unions). Cartels love the status quo. Allow innovation, and new firms might drive us out of business. In other words, the consumer be damned.

Economic policy really isn't as complicated as it seems. Since, as Adam Smith pointed out, the consumer comes first, then the first question should always be: Does this help consumers, not in some imagined future but in the here and now? Free trade does. Microsoft's free browser does. A tax system that stresses low rates, simplicity and no breaks for special interests does.

The people who run Germany may never learn this important axiom, but most Americans know it instinctively. Now, if only the politicians and the press would catch on.

Mr. HOLLINGS. "Since as Adam Smith pointed out, the consumer comes first."

Come on, that is historically inaccurate. If we would have done that, we would still be a colony. He doesn't know what he is talking about. They didn't land here from the Mayflower looking for consumption and a cheap T-shirt. They came here to build a nation. You don't build it without a strong manufacturing capacity and you can find more silly articles running around loose. There is one by David Broder. He was quoted by my distinguished colleagues from New York and from North Dakota on both sides of the issue, but I want to read one paragraph, and I ask unanimous consent this article be printed in the RECORD.

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

[From the Washington Post, Nov. 4, 1997]

FAST TRACK, HEAVY FREIGHT

(By David S. Broder)

For President Clinton, the big trade vote scheduled later this week represents "Double Jeopardy."

If Clinton fails to win the same "fast track" negotiating authority that previous presidents have carried into international bargaining, it would threaten a central part of his overall economic policy and rattle already jumpy world stock markets. It would signal retreat by the United States from its leadership role for a more open international marketplace and—by the sober judgment of the embassies of at least two key allies—could set off serious trade wars.

Chances are, it won't come to that. The Senate, which is scheduled to vote first, seems likely to approve the fast-track procedure in which trade agreements are voted up or down by Congress but are not subject to amendment. In the House, which is slated to follow on Friday, Clinton faces an uphill struggle, but one he might still win.

The cost of victory may be high, however. By every calculation, more than two-thirds of the affirmative votes will have to come from Republicans. The more Clinton has to turn to Speaker Newt Gingrich and his allies, the higher the price they can extract on other issues. Gingrich, still trying to shore up his own shaky position after last summer's failed coup, simply cannot afford to be altruistic.

The reason Clinton may have to pay a high price is that he has signally failed to persuade his own party of the rightness of his trade policy. In 1993, after a vigorous campaign by Clinton, only 40 percent of House Democrats supported NAFTA—the free trade agreement with Mexico and Canada. "On fast track, he will lose 20 or more people who voted for NAFTA," House Democratic Whip David Bonior of Michigan, an ardent opponent, told me over the weekend. A key House Democratic Supporter conceded that Clinton is unlikely to get many more than 30 percent of the 206 Democrats to go along—a figure low enough that it could prove fatal.

Clinton aides blame the problem on organized labor, which has led the fight against "fast track," just as it did against NAFTA. "This is the most blatant example of the corrupting effect of campaign finances on Washington policy-making I know," one high administration official said.

Even if you accept AFL-CIO lobbyist Peggy Taylor's assurance that "we have not threatened to cut off contributions to anyone," there is no doubt the dependence of most congressional Democrats on unions for their bedrock financing makes them receptive to the arguments Taylor and other labor lobbyists offer.

But there's more than money involved. In the 1994 midterm election, a year after the NAFTA vote, union activists, stung by losing that fight to Clinton and by the president's failure to get a Democratic Congress even to vote on his promised health care reform, deserted their posts. Phone banks went unmanned; the turnout of union families plummeted; 40 percent of those who bothered to vote backed GOP candidates, and the Democrats lost the House for the first time in 40 years.

In 1996, by contrast, labor, under new leadership, targeted Gingrich and the GOP early, boosted its share of the electorate and helped the Democrats to a 10-seat gain. Understandably, its arguments are heeded.

Labor is less monolithic than it appears, however. The growing unions—notably those representing public employees and service industries—care much less about the trade issue than do the teamsters or the big industrial unions. Vice President Al Gore, despite his pro-NAFTA and pro-fast-track stance, has at least as many allies among top unionists as his prospective opponent for the 2000 nomination, Minority Leader Dick Gephardt of Missouri, who is leading the fight for labor.

What Clinton and the White House have been slow to realize is that Gephardt has convinced many of his colleagues that demanding stronger worker and environmental protections as part of future trade agreements is a way of helping their constituents—not undercutting a successful Clinton economic policy. Until very recently, the president let the opposition dominate the public debate.

As a result, Clinton will not get the votes of such thoughtful Democrats as Rep. Ron Kind, a moderate freshman from a marginal district in Wisconsin, who concedes he is adopting the "parochial concern" of dairy farmers frustrated by their post-NAFTA dealings with Canada. "Very few of us oppose giving the president the authority to negotiate," he said, "but he should have elevated this to a national debate on what the rules of trade should look like in the 21st century. That is what Ronald Reagan would have done."

As a result of that failure, Clinton will pay Gingrich a high price if he is to avoid a truly devastating defeat.

Mr. HOLLINGS. The article reads in part:

Clinton aides blame the problem on organized labor which has led the fight against fast track just as it did against NAFTA. "This is the most blatant example of the corrupting effect of campaign finances on Washington policy-making I know," one high administration official said.

Boy, oh boy, is it. Is it one of the most scandalous, corrupting effects of campaign finances. Why? Mr. President, 250 of these multinational corporations are responsible for 80 percent of the exports. That is the moneyed crowd that came with the white tent on the lawn for NAFTA. That is the moneyed crowd and the Business Advisory Council that sent around a month ago, "We are allocating \$50,000 for this debate." Each of your corporate entities, send the money in so we can buy the TV to bamboozle those silly Senators in Congress.

It is one of the most corrupting—not labor. God bless labor. At least they are fighting for what Henry Ford said: "I want to make sure that the man that produces the car can buy the car." And he brought in good, responsible wages. That is what labor is trying to get—a responsible wage and working conditions and no child labor and no environmental degradations.

Since I'm talking, I want everyone to know I'm just not reading things. I have been there and I have seen, as Martin Luther King, Jr. said, the other side. So at Tijuana, Mr. President, you go there and you think you are in Korea. Go across from San Diego into Tijuana—beautiful industries, mostly Korean, and what happens? Then you go out to the living conditions, some 150,000 to 200,000 people in that dust bowl. The mayor comes up and he says, "Senator, I want you to meet with 12 people if you don't mind." I said I would be glad to. "I would like you to listen to what they are talking about."

It so happens that in that area, the mills have the flag, whether American or Korean, they have a beautiful lawn, a nice, clean factory on the outside and the living conditions are squalid—literally, five garage doors put together as a hovel to live in, no running water, the electric power is one little electric line where I was visiting and the fellow had a car battery to turn on his TV because if he turned on the light and TV everything blew up.

There wasn't any sewage, there weren't any roads or streets. When they had a heavy rain and when the rains came at the turn of the year, it washed down all that mud, dust and what have you, and their homes were literally being washed away. Trying to save them, they missed a day's work, these 12 workers. Later in February, one of the workers in a plastic coat hanger factory—a factory that had moved down from Los Angeles, CA, to Mexico, a low-wage thing, maquiladora is the word for it—had lost his eyesight from the dust flicked up in his eyes by the coat hangers. That caused real concern because they had been docked having missed 1 day's work. They were docked under the work rules. They lost

4 days' pay. And now they were losing one of their companion workers and his eyesight, and around the first of May the most popular supervisor was expecting childbirth and she went to the front office and said, "I'm feeling badly and I have to go home this afternoon," and the plant managers said, "Oh, no, you are not, you are working out there," and she stayed that afternoon and miscarried.

So these 12 that the mayor had me meet said they were going to get a union and they went up to Los Angeles. You know what they found, Mr. President? These are labor rights they have down in Mexico. They found they already had a union. When the plants had moved down there 3 years before they had signed a legal document back there in Los Angeles between lawyers for the so-called union that they never saw, never saw. The union master or anything else of that kind never visited the plant, and under Mexican law, since they had a union, these workers were fired because you are not allowed to try to organize a union when you have one. That is labor rights in Mexico. So they lost their jobs. And the mayor was pointing them out to me.

Labor is there working so that the United States can go out and spread its values. I talked about our values as a Nation, the strength of them, and it isn't to get a cheap T-shirt or cheap production. It is to extend those rights. We had the highest standard of living here in the United States, and we are trying to extend that standard of living so that others can buy and purchase. If we had the time, Mr. President, I would go into overcapacity. I remember when Bill Greider published his book a couple of years ago, "One World, Ready or Not." He talked about overcapacity; at the time, commentators ridiculed Greider, but now they find that we in the United States have the capacity to produce 500,000 more cars than we can sell; in the European sector, they have the capacity to produce 4 to 5 million more cars than they can sell, and with the yen down, you can watch automobiles coming in here like gangbusters.

Now, what are we saying? They don't know what they are talking about. We are trying to produce consumers to go and buy those cars. And what did we get out of NAFTA? Instead of \$1 an hour workers' wages have gone down. Read the American Chamber of Commerce report in Mexico earlier this year. Instead of \$1 an hour they now make 70 cents an hour. They can't buy the car. There are no consumers there; that is why there is the overcapacity. They act like we have equals; they say in a naive fashion that 96 percent of the consumers are outside the United States, when all that they are doing is looking at population figures.

They don't know what they are talking about. They are not consuming. They are not able. I wish I had the Boston Globe article about the shoe manufacturer. I don't want to mention the

name because I want to be accurate. But the tennis shoes were being made by three young women who slept on the floor, without a window, in a shack down in Malaysia, and their monthly salary was less than the cost of one pair of the shoes they were making. Now, come on. These are facts we must bring out in this debate. Wait a minute here, we know how to compete, how to open up markets. Via Friedrich List, we have been trying for 50 years to get into Japan and we have had little success.

If you want to sell textile products, you have to go to the textile industry of Korea and get permission or you don't get it. In Europe, the VCR's shipped there—there are nontariff trade barriers. They put VCR's up in Dijon, France. It took a year to get up there and clear all the redtape, get them released from the warehouse. Automobiles stayed on the dock in Europe—Toyota—and are still there. If you want to buy a 1998 model, you are going to have to wait until October 1, 1998, not October 1, 1997, because the '98 models that just came out, they have a year to inspect.

The competition, Mr. President, out there in this global economy is the Friedrich List model, not the Adam Smith model. We just need to get that through the hard heads of the State Department and the White House and the leadership in this Congress. Labor is being derided because they are trying to bring the benefits to all so they can become consumers, so, yes, as a result all will be able to purchase these products. But we are roaring blindly into an overcapacity problem the world around and the global economy, and we are headed for deflation. Remember that we said it first here in the beginning of November in 1997.

Mr. President, I have the article I was mentioning earlier. It was Reebok. My staff has just given that to me.

We have learned the hard way. We know our responsibility. That is what really boils me. Here comes this crowd from the White House: "Give the President the authority, give him the authority." He has had the authority to negotiate since 1934 under the Reciprocal Trade Act. We delegated that negotiating authority on behalf of the Congress. I am reminded of my friend Congressman Mendel Rivers, who used to be chairman of the Armed Services Committee. He had a seal in front of his desk that said "Congress of the United States." When Secretary McNamara would come up, Chairman Rivers would lean over and say to Robert McNamara, "Not the President, not the Supreme Court, but the Congress of the United States shall raise and support armies," article I, section 8. Also in article I, section 8 it says "the Congress of the United States shall regulate foreign commerce," not the President, not the Supreme Court, but the Congress of the United States. That is not only our authority, it is our responsibility. But they say: Fast track,

fast track, fast track. Forget your responsibility constitutionally. Take it or leave it.

How do they get NAFTA passed? The White House amends the treaty. Mr. President, in that particular debate, we remembered there were some 16 amendments. One Congressman down in Texas got 2 additional C-17's and he gave in his vote. Another distinguished Congressman, my good friend Jake Pickle, got a trade center. Another group down in Florida got a citrus amendment to take care of their concerns, and the Louisiana vote was taken care of with sugar, and for the Midwest, up by the border, it was a Durum wheat amendment. I could go down the list of the 16 amendments. What I am saying to this body is that we, the Congress, can't amend the treaties, but the White House can. It is the most arrogant, unconstitutional assault and usurpation. Said George Washington in his farewell address, if in the opinion of the people the distribution of powers under the Constitution be in any particular wrong, "then let it be amendable in the way that the Congress designates, for in the usurpation may in the one instance be the instrument of good, it is the customary weapon by which free governments are destroyed." And so we are in the hands of the Philistines, the multinationals.

As I started out saying, the program of spreading capitalism has worked. That is what defeated the Soviet Union and brought about the fall of the wall. We all glory in it. But in the meantime, those who had gone abroad spreading that subsidized initiative learned that they could produce cheaper overseas, that they could save one-third of their sales of volume cost. So they began moving overseas their offshore production. And then the banks financing this movement—Chase Manhattan and Citicorp, as of the year 1973—I remember that debate—made a majority of their profits outside of the United States. IBM is no longer an American company. They have a majority of workers outside of the United States. We could go down the list. But they had the banks and then the nationals were becoming multinationals. Then they had all the consultants and the think tanks that they financed to grind out all these papers. They come around babbling, "free trade, free trade." So you have the multinationals, the banks, the consultants, the think tanks, the college campuses—oh, yes, and the retailers.

Every time we debated the textile bill—five times we passed it—I would go down to Herman's and find a catcher's mitt, one made in Michigan and one made in Korea, both for \$43, the same price. We went down to Bloomingdale's and got a ladies' blouse made in Taiwan and one made in New Jersey, both for \$27.

My point was that they get their imports, bring it in for the large profit, and only give a little bit of the overrun of the particular sales to Grand Rapids

in New Jersey. They are not lowering their price as a result of competition. The retailers put out all of this nonsense about Smoot-Hawley. Paul Krugman said the best of the best—we had some quotes from him. We had that debate.

I will ask, Mr. President, to have printed in the RECORD the quote with respect to Smoot-Hawley because we heard that same thing here a little earlier today.

I ask unanimous consent to have printed in the RECORD at this point the record on Smoot-Hawley made by our distinguished colleague, the late Senator John Heinz, in 1983, where he made a studied report of it.

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

THE MYTH OF SMOOT-HAWLEY

Mr. HEINZ. Mr. President, every time someone in the administration or the Congress gives a speech about a more aggressive trade policy or the need to confront our trading partners with their subsidies, barriers to import and other unfair practices, others, often in the academic community or in the Congress immediately react with speeches on the return of Smoot-Hawley and the dark days of blatant protectionism. "Smoot-Hawley," for those uninitiated in this arcane field, is the Tariff Act of 1930 (Public Law 71-361) which among other things imposed significant increases on a large number of items in the Tariff Schedules. The act has also been, for a number of years, the basis of our countervailing duty law and a number of other provisions relating to unfair trade practices, a fact that tends to be ignored when people talk about the evils of Smoot-Hawley.

A return to Smoot-Hawley, of course, is intended to mean a return to depression, unemployment, poverty, misery, and even war, all of which apparently were directly caused by this awful piece of legislation. Smoot-Hawley has thus become a code word for protectionism, and in turn a code word for depression and major economic disaster. Those who sometimes wonder at the ability of Congress to change the country's direction through legislation must marvel at the sea change in our economy apparently wrought by this single bill in 1930.

Historians and economists, who usually view these things objectively, realize that the truth is a good deal more complicated, that the causes of the Depression were far deeper, and that the link between high tariffs and economic disaster is much more tenuous than is implied by this simplistic linkage. Now, however, someone has dared to explode this myth publicly through an economic analysis of the actual tariff increases in the act and their effects in the early years of the Depression. The study points out that the increases in question affected only 231 million dollars' worth of products in the second half of 1930, significantly less than 1 percent of world trade; that in 1930-32 duty-free imports into the United States dropped at virtually the same percentage rate as dutiable imports; and that a 13.5 percent drop in GNP in 1930 can hardly be blamed on a single piece of legislation that was not even enacted until midyear.

This, of course, is not to suggest that high tariffs are good or that Smoot-Hawley was a wise piece of legislation. It was not. But it was also clearly not responsible for all the ills of the 1930's that are habitually blamed on it by those who fancy themselves defenders of free trade. While I believe this study

does have some policy implications, which I may want to discuss at some future time, one of the most useful things it may do is help us all clean up our rhetoric and reflect a more sophisticated—and accurate—view of economic history.

Mr. President, I ask that the study, by Don Bedell of Bedell Associates, be printed in the RECORD.

The study follows:

BEDELL ASSOCIATES,

Palm Desert, Calif., April 1983

TARIFFS MISCAST AS VILLAIN IN BEARING BLAME FOR GREAT DEPRESSION—SMOOT/HAWLEY EXONERATED

(By Donald W. Bedell)

SMOOT/HAWLEY, DEPRESSION AND WORLD REVOLUTION

It has recently become fashionable for media reporters, editorial writers here and abroad, economists, Members of Congress, members of foreign governments, UN organizations and a wide variety of scholars to express the conviction that the United States, by the single act of causing the Tariff Act of 1930 to become law (Public Law 361 of the 71st Congress) plunged the world into an economic depression, may well have prolonged it, led to Hitler and World War II.

Smoot/Hawley lifted import tariffs into the U.S. for a cross section of products beginning mid-year 1930, or *more than 8 months following the 1929 financial collapse*. Many observers are tempted simply repeat "free trade" economic doctrine by claiming that this relatively insignificant statute contained an inherent trigger mechanism which upset a neatly functioning world trading system based squarely on the theory of comparative economics, and which propelled the world into a cataclysm of unmeasurable proportions.

We believe that sound policy development in international trade must be based solidly on facts as opposed to suspicious, political or national bias, or "off-the-cuff" impressions 50 to 60 years later of how certain events may have occurred.

When pertinent economic, statistical and trade data are carefully examined will they show, on the basis of preponderance of fact, that passage of the Act did in fact trigger or prolong the Great Depression of the Thirties, that it had nothing to do with the Great Depression, or that it represented a minor response of a desperate nation to a giant world-wide economic collapse already underway?

It should be recalled that by the time Smoot/Hawley was passed 6 months had elapsed of 1930 and 8 months had gone by since the economic collapse in October, 1929. Manufacturing plants were already absorbing losses, agriculture surpluses began to accumulate, the spectre of homes being foreclosed appeared, and unemployment showed ominous signs of a precipitous rise.

The country was stunned, as was the rest of the world. All nations sought very elusive solutions. Even by 1932, and the Roosevelt election, improvisation and experiment described government response and the technique of the New Deal, in the words of Arthur Schlesinger, Jr. in a New York Times article on April 10, 1983. President Roosevelt himself is quoted in the article as saying in the 1932 campaign, "It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

The facts are that, rightly or wrongly, there were no major Roosevelt Administration initiatives regarding foreign trade until well into his Administration; thus clearly suggesting that initiatives in that sector were not thought to be any more important than the Hoover Administration thought

them. However, when all the numbers are examined we believe neither. President Hoover nor President Roosevelt can be faulted for placing international trade's role in world economy near the end of a long list of sectors of the economy that had caused chaos and suffering and therefore needed major corrective legislation.

How important was international trade to the U.S.? How important was U.S. trade to its partners in the Twenties and Thirties?

In 1919, 66% of U.S. imports were duty free, or \$2.9 Billion of a total of \$4.3 Billion. Exports amounted to \$5.2 Billion in that year making a total trade number of \$9.6 Billion or about 14% of the world's total. See Chart I below.

CHART I.—U.S. GROSS NATIONAL PRODUCT, 1929-33

(Dollar amounts in billions)

	1929	1930	1931	1932	1933
GNP	\$103.4	\$89.5	\$76.3	\$56.8	\$55.4
U.S. international trade ..	\$9.6	\$6.8	\$4.5	\$2.9	\$3.2
U.S. international trade ..					
percent of GNP	\$3	7.6	5.9	5.1	\$5.6 ¹

¹ Series U, Department of Commerce of the United States, Bureau of Economic Analysis.

Using the numbers in that same Chart I it can be seen that U.S. imports amounted to \$4.3 Billion or just slightly above 12% of total world trade. When account is taken of the fact that only 33%, or \$1.5 Billion, of U.S. imports was in the Dutiable category, the entire impact of Smoot/Hawley has to be focused on the \$1.5 Billion number which is barely 1.5% of U.S. GNP and 4% of world imports.

What was the impact? In dollars Dutiable imports fell by \$462 Million, or from \$1.5 Billion to \$1.0 Billion, during 1930. It's difficult to determine how much of that small number occurred in the second half of 1930 but the probability is that it was less than 50%. In any case, the total impact of Smoot/Hawley in 1930 was limited to a "damage" number of \$231 Million; spread over several hundred products and several hundred countries.

A further analysis of imports into the U.S. discloses that all European countries accounted for 30% or \$1.3 Billion in 1929 divided as follows: U.K. at \$330 Million or 7½%, France at \$171 Million or 3.9%, Germany at \$255 Million or 5.9%, and some 15 other nations accounting for \$578 Million or 13.1% for an average of 1%.

These numbers suggest that U.S. imports were spread broadly over a great array of products and countries, so that any tariff action would by definition have only a quite modest impact in any given year or could be projected to have any important cumulative effect.

This same phenomenon is apparent for Asian countries which accounted for 29% of U.S. imports divided as follows: China at 3.8%, Japan at \$432 Million and 9.8% and with some 20 other countries sharing in 15% or less than 1% on average.

Australia's share was 1.3% and all African countries sold 2.5% of U.S. imports.

Western Hemisphere countries provided some 37% of U.S. imports with Canada at 11.4%, Cuba at 4.7%, Mexico at 2.7%, Brazil at 4.7% and all others accounting for 13.3% or about 1% each.

The conclusion appears inescapable on the basis of these numbers; a potential adverse impact of \$231 Million spread over the great array of imported products which were available in 1929 could not realistically have had any measurable impact on America's trading partners.

Meanwhile, the Gross National Product (GNP) in the United States had dropped an unprecedented 13.5% in 1930 alone, from

\$103.4 Billion in 1929 to \$89 Billion by the end of 1930. It is unrealistic to expect that a shift in U.S. international imports of just 1.6% of U.S. GNP in 1930, for example (\$231 Million or \$14.4 Billion) could be viewed as establishing a "precedent" for America's trading partners to follow, or represented a "model" to follow.

Even more to the point an impact of just 1.6% could not reasonably be expected to have any measurable effect on the economic health of America's trading partners.

Note should be taken of the claim by those who repeat the Smoot/Hawley "villain" theory that it set off a "chain" reaction around the world. While there is some evidence that certain of America's trading partners retaliated against the U.S. there can be no reliance placed on the assertion that those same trading partners retaliated against each other by way of showing anger and frustration with the U.S. Self-interest alone would dictate otherwise, common sense would intercede on the side of avoidance of "shooting oneself in the foot," and the facts disclose that world trade declined by 18% by the end of 1930 while U.S. trade declined by some 10% more or 28%. U.S. foreign trade continued to decline by 10% more through 1931, or 53% versus 43% for worldwide trade, but U.S. share of world trade declined by only 18% from 14% to 11.3% by the end of 1931.

Reference was made earlier to the Duty Free category of U.S. imports. What is especially significant about those import numbers is the fact that they dropped in dollars by an almost identical percentage as did Dutiable goods through 1931 and beyond: Duty Free imports declined by 29% in 1930 versus 27% for Dutiable goods, and by the end of 1931 the numbers were 52% versus 51% respectively.

The only rational explanation for this phenomenon is that Americans were buying less and prices were falling. No basis exists for any claim that Smoot/Hawley had a distinctively devastating effect on imports beyond and separate from the economic impact of the economic collapse in 1929.

Based on the numbers examined so far, Smoot/Hawley is clearly a mis-cast villain. Further, the numbers suggest the clear possibility that when compared to the enormity of the developing international economic crisis Smoot/Hawley had only a minimal impact and international trade was a victim of the Great Depression.

This possibility will become clear when the course of the Gross National Product (GNP) during 1929-1933 is examined and when price behaviour world-wide is reviewed, and when particular Tariff Schedules of Manufacturers outlined in the legislation are analyzed.

Before getting to that point another curious aspect of the "villain" theory is worthy of note. Without careful recollection it is tempting to view a period of our history some 50-60 years ago in terms of our present world. Such a superficial view not only makes no contribution to constructive policy-making. It overlooks several vital considerations which characterized the Twenties and Thirties:

1. The international trading system of the Twenties bears no relation to the interdependent world of the Eighties commercially, industrially and financially in size or complexity.

2. No effective international organization existed, similar to the General Agreement for Tariffs and Trade (GATT) for example for resolution of disputes. There were no trade "leaders" among the world's nations in part because most mercantile nations felt more comfortable without dispute settlement bodies.

3. Except for a few critical products foreign trade was not generally viewed in the "econ-

omy-critical" context as currently in the U.S. As indicated earlier neither President Hoover nor President Roosevelt viewed foreign trade as crucial to the economy in general or recovery in particular.

4. U.S. foreign trade was relatively an amorphous phenomenon quite unlike the highly structured system of the Eighties; characterized largely then by "caveat emptor" and a broadly laissez-faire philosophy generally unacceptable presently.

These characteristics, together with the fact that 66 percent of U.S. imports were Duty Free in 1929 and beyond, placed overall international trade for Americans in the Twenties and Thirties on a very low level of priority especially against the backdrop of world-wide depression. Americans in the Twenties and Thirties could no more visualize the world of the Eighties than we in the Eighties can legitimately hold them responsible for failure by viewing their world in other than the most pragmatic and realistic way given those circumstances.

For those Americans then, and for us now, the numbers remain the same. On the basis of sheer order of magnitude of the numbers illustrated so far, the "villain" theory often attributed to Smoot/Hawley is an incorrect reading of history and a misunderstanding of the basic and incontrovertible law of cause and effect.

It should also now be recalled that, despite heroic efforts by U.S. policy-makers its GNP continued to slump year-by-year and reached a total of just \$55.4 billion in 1933 for a total decline from 1929 levels of 46 percent. The financial collapse of October, 1929 had indeed left its mark.

By 1933 the 1929 collapse had prompted formation in the U.S. of the Reconstruction Finance Corporation, Federal Home Loan Bank Board, brought in a Democrat President with a program to take control of banking, provide credit to property owners and corporations in financial difficulties, relief to farmers, regulation and stimulation of business, new labor laws and social security legislation.¹

So concerned were American citizens about domestic economic affairs, including the Roosevelt Administration and the Congress, that scant attention was paid to the solitary figure of Secretary of State Cordell Hull. He, alone among the Cabinet, was convinced that international trade had material relevance to lifting the country back from depression. His efforts to liberalize trade in general and to find markets abroad for U.S. products in particular from among representatives of economically stricken Europe, Asia and Latin America were abruptly ended by the President and the 1933 London Economic Conference collapsed without result.

The Secretary did manage to make modest contributions to eventual trade recovery through the Most Favored Nation (MFN) concept. But it would be left for the United States at the end of World War II to undertake an economic and political role of leadership in the world; a role which in the Twenties and Thirties Americans in and out of government felt no need to assume, and did not assume. Evidence that conditions in the trade world would have been better, or even different, had the U.S. attempted some leadership role cannot responsibly be assembled. Changing the course of past history has always been less fruitful than applying perceptively history's lessons.

The most frequently used members thrown out about Smoot/Hawley's impact by those who believe in the "villain" theory are those which clearly establish that U.S. dollar decline in foreign trade plummeted by 66 per-

cent by the end of 1933 from 1929 levels, \$9.6 billion to \$3.2 billion annually.

Much is made of the co-incidence that world-wide trade also sank about 66 percent for the period. Chart II summarizes the numbers.

CHART II.—UNITED STATES AND WORLD TRADE, 1929-33
(In billions of U.S. dollars)

	1929	1930	1931	1932	1933
United States:					
Exports	5.2	3.8	2.4	1.6	1.7
Imports	4.4	3.0	2.1	1.3	1.5
Worldwide:					
Exports	33.0	26.5	18.9	12.9	11.7
Imports	35.6	29.1	20.8	14.0	12.5

^a Series U Department of Commerce of the United States, League of Nations, and International Monetary Fund.

The inference is that since Smoot/Hawley was the first "protectionist" legislation of the Twenties, and the end of 1933 saw an equal drop in trade that Smoot/Hawley must have caused it. Even the data already presented suggest the relative irrelevance of the tariff-raising Act on a strictly trade numbers basis. When we examine the role of a world-wide price decline in the trade figures for almost every product made or commodity grown the "villain" Smoot/Hawley's impact will not be measurable.

It may be relevant to note here that the world's trading "system" paid as little attention to America's revival of foreign trade beginning in 1934 as it did to American trade policy in the early Thirties. From 1934 through 1939 U.S. foreign trade rose in dollars by 80% compared to world-wide growth of 15%. Imports grew by 68% and exports climbed by a stunning 93%. U.S. GNP by 1939 had developed to \$91 billion, to within 88% of its 1929 level.

Perhaps this suggests that America's trading partners were more vulnerable to an economic collapse and thus much less resilient than was the U.S. In any case the international trade decline beginning as a result of the 1929 economic collapse, and the subsequent return by the U.S. beginning in 1934 appear clearly to have been wholly unrelated to Smoot/Hawley.

As we begin to analyze certain specific Schedules appearing in the Tariff Act of 1930 it should be noted that sharp erosion of prices world-wide caused dollar volumes in trade statistics to drop rather more than unit-volume thus emphasizing the decline value. In addition, it must be remembered that as the Great Depression wore on, people simply bought less of everything increasing further price pressure downward. All this wholly apart from Smoot/Hawley.

When considering specific Schedules, No. 5 which includes Sugar, Molasses, and Manufactures Of, maple sugar cane, sirups, adonite, dulcite, galactose, inulin, lactose and sugar candy. Between 1929 and 1933 import volume into the U.S. declined by about 40% in dollars. In price on a world basis producers suffered a stunning 60% drop. Volume of sugar imports declined by only 42% into the U.S. in tons. All these changes lend no credibility to the "villain" theory unless one assumes, erroneously, that the world price of sugar was so delicately balanced that a 28% drop in sugar imports by tons into the U.S. in 1930 destroyed the price structure and that the decline was caused by tariffs and not at least shared by decreased purchases by consumers in the U.S. and around the world.

Schedule 4 describes Wood and Manufactures Of, timber hewn, maple, brier root, cedar from Spain, wood veneer, hubs for wheels, casks, boxes, reed and rattan, tooth-picks, porch furniture, blinds and clothes pins among a great variety of product categories. Dollar imports into the U.S. slipped by 52% from 1929 to 1933. By applying our

¹ Beard, Charles and Mary, New Basic History of the United States.

own GNP as a reasonable index of prices both at home and overseas, unit volume decreased only 6% since GNP had dropped by 46% in 1933. The world-wide price decline did not help profitability of wood product makers, but to tie that modest decline in volume to a law affecting only 6½% of U.S. imports in 1929 puts great stress on credibility, in terms of harm done to any one country or group of countries.

Schedule 9, Cotton Manufactures, a decline of 54% in dollars is registered for the period, against a drop of 46% in price as reflected in the GNP number. On the assumption that U.S. GNP constituted a rough comparison to world prices, and the fact that U.S. imports of these products was infinitesimal, Smoot/Hawley was irrelevant. Further, the price of raw cotton in the world plunged 50% from 1929 to 1933. U.S. growers had to suffer the consequences of that low price but the price itself was set by world market prices, and was totally unaffected by any tariff action by the U.S.

Schedule 12 deals with Silk Manufactures, a category which decreased by some 60% in dollars. While the decrease amounted to 14% more than the GNP drop, volume of product remained nearly the same during the period. Assigning responsibility to Smoot/Hawley for this very large decrease in price beginning in 1930 stretches credibility beyond the breaking point.

Several additional examples of price behaviour are relevant.

One is Schedule 2 products which include brick and tile. Another is Schedule 3 iron and steel products. One outstanding casualty of the financial collapse in October, 1929 was the Gross Private Investment number. From \$16.2 Billion annually in 1939 by 1933 it has fallen by 91% to just \$1.4 Billion. No tariff policy, in all candor, could have so devastated an industry as did the economic collapse of 1929. For all intents and purposes construction came to a halt and markets for glass, brick and steel products with it.

Another example of price degradation world-wide completely unrelated to tariff policy is Petroleum products. By 1933 these products had decreased in world price by 82% but Smoot/Hawley had no Petroleum Schedule. The world market place set the price.

Another example of price erosion in world market is contained in the history of exported cotton goods from the United States. Between 1929 and 1933 the volume of exported goods actually increased by 13.5% while the dollar value dropped 48%. This result was wholly unrelated to the tariff policy of any country.

While these examples do not include all Schedules of Smoot/Hawley they clearly suggest that overwhelming economic and financial forces were at work affecting supply and demand and hence on prices of all products and commodities and that these forces simply obscured any measurable impact the Tariff Act of 1930 might possibly have had under conditions of several years earlier.

To assert otherwise puts on those proponents of the Smoot/Hawley "villain" theory a formidable challenge to explain the following questions:

1. What was the nature of the "trigger" mechanism in the Act that set off the alleged domino phenomenon in 1930 that began or prolonged the Great Depression when implementation of the Act did not begin until mid-year?

2. In what ways was the size and nature of U.S. foreign trade in 1929 so significant and critical to the world economy's health that a less than 4% swing in U.S. imports could be termed a crushing and devastating blow?

3. On the basis of what economic theory can the Act be said to have caused a GNP drop of an astounding drop of 13.5% in 1930

when the Act was only passed in mid-1930? Did the entire decline take place in the second half of 1930? Did world-wide trade begin its decline of some \$13 Billion only in the second half of 1930?

4. Does the fact that duty free imports into the U.S. dropped in 1930 and 1931 and in 1932 at the same percentage rate as dutiable imports support the view that Smoot/Hawley was the cause of the decline in U.S. imports?

5. Is the fact that world wide trade declined less rapidly than did U.S. foreign trade prove the assertion that American trading partners retaliated against each other as well as against the U.S. because and subsequently held the U.S. accountable for starting an international trade war?

6. Was the international trading system of the Twenties so delicately balanced that a single hastily drawn tariff increase bill affecting just \$231 Million of dutiable products in the second half of 1930 began a chain reaction that scuttled the entire system? Percentage-wise \$231 Million is but 0.65% of all of 1929 world-wide trade and just half that of world-wide imports.

The preponderance of history and facts of economic life in the international area make an affirmative response by the "villain" proponents an intolerable burden.

It must be said that the U.S. does offer a tempting target for Americans who incessantly cry "mea culpa" over all the world's problems, and for many among our trading partners to explain their problems in terms of perceived American inability to solve those problems.

In the world of the Eighties U.S. has indeed very serious and perhaps grave responsibility to assume leadership in international trade and finance, and in politics as well.

On the record, the United States has met that challenge beginning shortly after World War II.

The U.S. role in structuring the United Nations, the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund, the Bretton Woods and Dumbarton Oaks Conference on monetary policy, the World Bank and various Regional Development Banks, for example, is a record unparalleled in the history of mankind.

But in the Twenties and Thirties there was no acknowledged leader in International affairs. On the contrary, evidence abounds that most nations preferred the centuries-old patterns of international trade which emphasized pure competition free from interference by any effective international supervisory body such as GATT.

Even in the Eighties examples abound of trading nations succumbing to nationalistic tendencies and ignoring signed trade agreements. Yet the United States continues as the bulwark in trade liberalization proposals within the GATT. It does so not because it could not defend itself against any kind of retaliation in a worst case scenario but because no other nation is strong enough to support them successfully without the United States.

The basic rules of GATT are primarily for all those countries who can't protect themselves in the world of the Eighties and beyond without rule of conduct and discipline.

The attempt to assign responsibility to the U.S. in the Thirties for passing the Smoot/Hawley tariff act and thus set off a chain reaction of international depression and war is, on the basis of a preponderance of fact, a serious mis-reading of history, a repeal of the basic concept of cause and effect and a disregard for the principle of proportion of numbers.

It may constitute a fascinating theory for political mischief-making but it is a cruel hoax on all those responsible for developing

new and imaginative measures designed to liberalize international trade.

Such constructive development and growth is severely impeded by perpetuating what is no more than a symbolic economic myth.

Nothing is less worthwhile than attempting to re-write history, not learning from it. Nothing is more worthwhile than making careful and perceptive and objective analysis in the hope that it may lead to an improved and liberalized international trading system.

Mr. HOLLINGS. Mr. President, the crash occurred October 29, and Smoot-Hawley passed June 19, 8 months later. It didn't cause any crash. It didn't have any effect on the economy. Neither President Hoover nor President Roosevelt had any particular concern with it, because it was less than 2 percent, a little over 1 percent of GNP. Trade now is 18 percent of the GDP. But it was less than 2 percent at that particular time, and two-thirds of the trade was duty free. The two-thirds duty free was affected the same as the Smoot-Hawley tariff type trade. While in the year 1933, under reciprocal free trade, reciprocity, we came back with a plus balance of trade. So we have to listen to these things about we are going to start a domino effect with Smoot-Hawley again coming in.

I can tell you that right now, I would be glad to debate Smoot-Hawley at any particular time.

Well I just read the book called "Agents of Influence." This takes place 7 or 8 years ago. The gentlemen was a Vice President of TRW and he lost his job because he wrote the truth. He said one country, Japan, had over 100 law firms, consultant firms in Washington representing itself, at the cost of \$113 million. The consummate salary of the 100 Senators and 435 House Members is only \$73 million. The people of Japan, by way of pay, are better represented in Washington than the people of America.

When are we going to wake up? I have been sitting on the Commerce Committee for 30 years and I see the front office fill up on every kind of trade matter that comes about. Why? Because the multinationals. Now, by gosh, not just 41 percent, but the majority, let's say over 50 percent of what they are producing has been manufactured offshore and brought back in. So if they are going to lead the cheer "free trade, free trade, Japan, Korea, People's Republic of China, right on, brother, you lead the way, we will follow you."

Do you blame the People's Republic of China for not agreeing to anything? I have to note one agreement. Oh, boy, it turned everybody upside down in this town 2 weeks ago. We had an agreement with Japan relative to our maritime services, and our ships would go into the ports of Tokyo and the other ports in Japan. And they had finally came around agreeing to the same privileges that we grant them, the stevedores. They actually handle the goods and so forth. The Japanese ship that comes into Charleston can have its own stevedore, but the American ships going in to Japan could not,

up until this time. And we have been trying for years—and they have all kinds of controls over us in shipping that are absolutely burdensome. They agreed—Japan and the United States—in April. At that particular time in April, when they agreed, we sat down and said, fine, let's go with it. They passed four deadlines, in June, July, August and September. Every time we added a drop-dead date, when are you going to do it? Oh, we are going to do it. So we stopped the ships coming in. You know what happened? My phone rang off. The 100 lawyers, the ports authority lawyers, the lobbyists—Christmas wasn't going to happen, children weren't going to get any toys, the world was going to end, but we had one distinguished gentleman with his maritime commission, Hal Creel, the chairman, who I want to praise this afternoon. He held his guns. The State Department later came in, and I will credit Stuart Eizenstat with sticking up for the United States. But it was many times that they came before we got them finally to agree.

So, we stuck to the guns, and who was on our side? The shipping industry of Japan, because organized crime had taken over, in many instances, in these ports. And they, the shipping industry in Japan, had been trying to do something, too. It wasn't until we stopped veritably the Japanese ship from coming into the American harbor that they finally sat down and got to the table. The White House was calling: Give in, give in. Oh, this is going to be a hard incident. This is going to be terrible. Chicken Little, the sky is falling, we are going to start a trade war and everything else of that kind.

Mr. Creel stuck to his guns. That is what I am talking about on trade. That is the global competition.

The other day former Majority Leader Dole wrote an op-ed regarding fast track. Don't give me Bob Dole writing the thing is a fact. The distinguished gentleman should put under there that he represents the Chilean salmon industry. Don't give me our good friend, Jay Berman. Everyone knows he lost out for the recording industry on the last two agreements. He said, I'm not going to lose out, I am going to be the President's handler, I am going to handle the Congress for the White House.

We are in the hands of the Philistines. The country is going down the tubes and all they are doing is the rich folks are hollering, give the President authority. He has the authority, but give me my constitutional duty of doing just exactly what we did.

Come on, we have had, as the Senator from North Dakota said, in 221 years hundreds of trade agreements. We had one this morning in committee. It was an OECD shipbuilding trade agreement that we approved between 16 nations at the Commerce Committee just today, without fast track. We negotiated the telecommunications agreement, an international agreement with 123 countries, without fast track.

I better stop. I don't know that I have any time left. Mr. President, I thank the distinguished body for yielding me this time. I hope I have some time left here, because we have plenty more to debate to wake up this country and start competing.

There is nothing wrong with the industrial worker of the United States. He is the most competitive, the most productive in the world. Look at any of the figures. What is not producing and not competitive is the Government here in Washington. It has to stop.

I yield the floor. I reserve the remainder of my time.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that full floor privileges be granted to Grant Aldonas during the pendency of S. 1269 and the House corresponding bill, H.R. 2621, during this Congress, and that, too, the privilege of the floor be granted to Robert M. Baker with respect to the same bills during the first session.

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

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I have enjoyed listening to my friend, the distinguished Senator from South Carolina, who knows this subject up and down, back and forward, around and around. I thank him for the contribution he has made to the debate. I wish he had another hour.

Mr. President, there has been a great deal of discussion during the past several months about fast track. Sadly, little of that discussion has been enlightening or informative. The administration, which submitted the Export Expansion and Reciprocal Trade Agreement Act of 1997 in September, has apparently decided that misleading, exaggerated, and vacuous rhetoric is necessary if it is to win fast track renewal. Thus, the U.S. Trade Representative—for whom I have great respect—has described the President's fast track proposal to the Senate in the following terms:

What is at stake in your consideration of this proposal is nothing less than whether the United States will continue to be at the forefront of nations seeking the reduction of trade barriers and the expansion of more open, equitable and reciprocal trading practices throughout the world.

Let me say that again:

What is at stake in your consideration [meaning the consideration by the Congress] of this proposal is nothing less than whether the United States will continue to be at the forefront of nations seeking the reduction of trade barriers and the expansion of more open, equitable and reciprocal trading practices throughout the world . . . This is not the time to shrink from the future, but to seize the opportunities it holds.

Let me assure you, Mr. President, that I am fully in favor of "seizing the future." I, too, seek the reduction of trade barriers, and I long for "more open, equitable and reciprocal trading practices." That is why I am firmly and implacably opposed to fast track.

Mr. President, I did not come here today to add to the miasma of confusion that fast track supporters have created with their murky logic and overheated rhetoric. My purpose is to shed a little light, if I may, into the murk by exploring the institutional and practical problems that fast track presents. I believe that it is my duty toward my colleagues and my constituents to lay out in clear, simple and direct language the reasons for my opposition to fast track.

I haven't been invited down to the White House. I presume that my good friend from South Carolina has not had an invitation down there.

Mr. HOLLINGS. No.

Mr. BYRD. I haven't been invited down. I am not looking for an invitation. I do not expect any invitation to change my mind. I have had the master of arm twisters ahold of my arm, Lyndon B. Johnson. He was the master arm twister. But I said no to him.

When my first grandchild was born I gave to my daughter, the mother of that grandchild, a Bible. In that Bible I wrote these words: "Teach him to say no." That's all I wrote, "Teach him to say no."

Mr. President, it doesn't make any difference if you have a vocabulary of 60,000 or 600,000 words. If you can't say no, then all these other words at some point or another in your lifetime are going to find you sadly lacking—if you can't say no. I am telling this story in my autobiography, of how I said no to Lyndon B. Johnson on more than one occasion. It was hard to do, because he put me on the Appropriations Committee when I first came here. And I felt as though I had been put through a wringer after going through a 30-minute skirmish with Lyndon Johnson but still saying, "No. No, Mr. President."

So, I haven't been invited down to the White House. But I can still say no and would be glad to.

So, if the President wants to hear me say no, all he has to do is call me on this. He doesn't have to invite me down to the White House. I'll bet the Senator from South Carolina won't get any invitation either.

Mr. HOLLINGS. No.

Mr. BYRD. I don't blame those who accept the invitation. I assume some of them will say no likewise.

I don't expect to convince my colleagues, all of them or maybe any of them. But I do hope to lay the groundwork for the healthy, open and honest debate about fast track that this Chamber and this country sorely need.

So let me start by making clear that Congress has and must continue to have a central role in regulating trade with foreign countries. The Constitution—here it is, right out of my shirt pocket. Here is the anchor of my liberties, the Constitution. Let's see what it says.

Article I, section 8 assigns to the Congress the power "to regulate Commerce with foreign Nations, and among the several States, and with the Indian

Tribes," assigns the power "to regulate Commerce with foreign Nations," and to "lay and collect * * * Duties, Imposts, and Excises." Pursuant to this authority, Congress may, for example, impose tariffs, authorize reciprocal trade agreements, grant or deny most-favored-nation status, and regulate international communication. All this Congress can and must do according to the Constitution of the United States.

Nor is this the extent of Congress' involvement in matters of foreign trade. It scarcely needs to be pointed out that Congress' central function—Congress' central function as laid out in the first section of the first article of the Constitution, the very first sentence—its central function is to make the laws of the land. This means that any trade agreements that are not self-executing, meaning that they require changes in domestic law, can only take effect if and when Congress passes implementing legislation codifying those changes.

So it should be clear from the Constitution that the framers assigned Congress broad authority over foreign trade agreements. Even Alexander Hamilton, who so often championed the President's supremacy in foreign affairs, acknowledged in the *Federalist Papers* that Congress' authority to regulate foreign commerce was essential to prevent the President from becoming as powerful as the King of Great Britain.

Given the President's responsibilities in conducting relations with foreign powers, Hamilton argued that Congress' regulation of foreign trade was a vital check upon Executive power. But look what we are doing, look what we are about to do. We are, through fast track, just as we did with the line-item veto, handing off the few powers that we have to check the Executive. Let me say that again.

We are, through fast track, just as we did with the line-item veto, handing off the few powers that we have to check the Executive. We are making a king. He already has his castle with his concrete moat. I can see it out there. The Senator from Delaware can see it. Here he has this concrete moat out there, and with the king's guard standing watch in dark glasses—you know how they wear those dark glasses—with ears glued to wrist radios, and little implements on their lapels, he has his own private coach, his own chef and royal tasters, his retinue of fancy-titled king's men. You read "All the King's Men"?

So what are we waiting for? What are we waiting for? Just call in the jeweler, contact the goldsmith, let's make the crown; let's make the crown. Crown him king. That is the road on which we are traveling.

We gave away the line-item veto. The Roman Senate did the same. It gave away the power of the purse, and when the Roman Senate gave away the power of the purse, it gave away its check against the executive. So Sulla

became dictator in 82 B.C. He was dictator from 82 to 80 B.C., and then a little later, the Senate—it wasn't under pressure to do it—voluntarily ceded the power over the purse to Caesar and made him dictator for a year. That was in 49 B.C.

Then in 48 B.C., it made him dictator again. And in 46 B.C., it made him dictator for 10 years, just as we are going to do with fast track now for 5 years. We don't do it a year at a time. The Roman Senate made Caesar dictator for 10 years. That was in 46 B.C. But the very next year, in 45 B.C., it made him dictator for life.

I don't know when we will reach that point, but we have already ceded to this President great power over the purse. It has never before been done in the more than 200 years of American history. It was never given to any President, the power over the purse. Now we are going to give the President fast track. So we are just waiting, just waiting for the jeweler! We are on the point of contacting the goldsmith! Let's now make the crown!

From 1789 to 1974, Congress faithfully fulfilled Hamilton's dictate, and the dictate of the Constitution that it regulate foreign trade. During those years, Congress showed that it was willing and able to supervise commerce with other countries. Congress also proved that it understood when changing circumstances required it to delegate or refine portions of its regulatory power over trade. For example, starting with the 1934 Reciprocal Trade Act, as trade negotiations became increasingly frequent, Congress authorized the President to modify tariffs and duties during his negotiations with foreign powers. Such proclamation authority has been renewed at regular intervals, most recently in the 1994 GATT Reciprocal Trade Act, which I voted against.

I mentioned that Congress fulfilled its obligation to regulate foreign trade from 1789 to 1974. Well, what, you may wonder, happened in 1974?

Mr. President, it was in 1974 that Congress first approved a fast-track mechanism to allow for expedited consideration in Congress of trade agreements negotiated by the President. Fast track set out limits on how Congress would consider trade agreements by banning amendments, limiting debate and all but eliminating committee involvement.

So we relegated ourselves to a thumbs-up or thumbs-down role. Thumbs up, thumbs down. Under fast track, Congress agreed to tie its hands and to gag itself when the President sends up a trade agreement for our consideration.

Why on Earth, you might ask, would Congress agree to such a thing? What would convince Members of Congress to willingly relinquish a portion of Congress' constitutional power over foreign commerce? What were Members thinking when they agreed to limits on the democratic processes by which laws are made? And why, if extensive debate

and the freedom to offer amendments are essential to all of the areas of law-making, would Congress decide that when it comes to foreign trade, we can do without such fundamental legislative procedures?

Mr. President, the answers to these questions are straightforward. When Congress established fast track in 1974, it did so at a time when international commercial agreements were narrowly—narrowly—limited to trade. Consider the first two instances in which fast track was employed.

The first was for the 1979 GATT Tokyo Round Agreement. The implementing bill that resulted dealt almost exclusively with tariff issues and required few changes in U.S. law.

The second use of fast track was for the U.S.-Israel Free Trade Agreement of 1985. The implementing language for that agreement was all of 4 pages—all of 4 pages—and it dealt only with tariffs and rules on Government procurement.

If its first two uses were relatively innocuous, starting with its third use, fast track began to change and to develop an evil twin. I refer to the 1988 U.S.-Canada Free Trade Agreement which, despite its title, extended well beyond trade issues to address farming, banking, food inspection and other domestic matters. One has only to see the size of the agreement's implementing bill, covering over 100 pages now, to see how different this was from the first two agreements approved under the fast-track mechanism.

By the time of the NAFTA agreement in 1993 and the GATT Uruguay Round of 1994, the insidious nature of fast track was becoming apparent for all to see.

NAFTA required substantial changes in U.S. law, addressing everything from local banking rules to telecommunications law to regulations regarding the weight and length of American trucks. And these changes were bundled aboard a hefty bill numbering over 1,000 pages and propelled down the fast track before many Members of Congress knew what was going on.

I doubt that many of my colleagues realized the extent to which, first, NAFTA and then GATT would alter purely domestic law.

Most of us thought of GATT as related to trade and foreign relations, but through the magic mechanism of the fast-track wand—presto—trade legislation became a vehicle for sweeping changes in domestic law.

So what had happened? What had happened? Mr. President, Socrates, in his *Apology* to the judges said "Petrification is of two sorts. There is a petrification of the understanding, and there is also a petrification of the sense of shame." I fear that with respect to the Constitution, there is not only a petrification of our understanding of that document, but there is also a petrification of reverence for the document, and a petrification of our sense of duty toward that organic law. So petrification has set in.

Mention the Constitution to Members: "When did you last read it? What did you mean when you swore that you would support and defend the Constitution of the United States against all enemies, foreign and domestic? What did you have in mind? Did you have in mind some foreign invader that was about to set foot on American soil? Was that it? Or did you think about emasculating the Constitution by passing line-item veto legislation or by passing fast track?"

Has a petrification of our sense of duty to the Constitution set in? Has a petrification of our understanding of the Constitution set in? Has a petrification of our caring about the Constitution taken over?

Well, fast track served to bind and gag the Senate, preventing much needed debate and precluding the possibility of correcting amendments. Think about that. We give up our right to amend. And the result, as many observers today would agree, is hardly a triumph for free trade or American workers.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator from West Virginia has 36 minutes remaining.

Mr. BYRD. I thank the Chair.

Mr. President, it was our first and, in my opinion, greatest President, George Washington, who analogized the Senate to a saucer, we are told, into which we pour legislation so as to cool it. Washington foresaw that a country as young, as aggressive and at times as impatient as ours needed some institutional curb to prevent it from rashly throwing itself into action without sufficient reflection.

Indeed, Mr. President, the Senate has more than once lived up to this role by providing a forum where cool minds and level intellects prevailed.

Alas, the Senate did not fulfill this role when NAFTA and GATT came along. And the fault lies with the adoption of the artificial and unwise procedure now known as fast track—fast track. That is what the administration is telling Members of Congress we have to have. Instead of scrutinizing these proposals closely, instead of engaging in prolonged and incisive debate, we were forced to play our parts in ill-considered haste. Rather than patiently and thoughtfully evaluating the pros and cons—what did we do?—we buckled—buckled—in the face of administration pressure.

And that is what we will do again. That is what we will do again. We are not going to think about the Constitution. How many of us cared a whit about what the Constitution said?

Rather than pouring over the trade agreements, we peered at them from afar like tourists gawking at a distant and rapid train thundering down a very fast and very slick track indeed.

The GATT and NAFTA experiences suggest that fast track—like the fast lane—can be risky business for U.S.

trade policy. Fast track was Congress' response to a time when trade agreements were just that—trade agreements, agreements on trade and trade alone.

Now that time has passed—it is gone—as huge, sprawling agreements like GATT and NAFTA propose changes in trade policy whose ramifications spill outwards into all aspects of domestic law and policy. Now what is our duty? What is our duty? Where does our duty lie?

It is time that we in Congress wake up and resume a more traditional role of treating trade agreements with the care and the attention that they deserve and the care and attention that the Constitution requires that we give them.

Now, Mr. President, I have tried to shine a few rays of truth through the murky rhetoric that surrounds this contentious issue. I have patiently laid out the history of foreign trade regulations in order to emphasize the important role that tradition and the Constitution assigned to Congress and to show how fast track has impeded our recent efforts to fulfill that role. But I would be remiss in my duties if I did not take the time to address some of the supposedly compelling justifications that fast track supporters have advanced.

So let me start with the first myth—the first myth—of fast track, which posits that no country will negotiate with the United States unless the administration has fast track in place. How laughable, how preposterous.

In the President's words:

Our trading partners will only negotiate with one America—not first with an American President and next with an American Congress.

Well, what did the framers say about that? What did the framers say about that? They said that Congress shall regulate, have the power to regulate foreign commerce. The Constitution placed the duty upon us 100 Senators and upon the other 1,743 Members of this body who have walked across this stage in the more than 200 years. So we 100 need to remember that this document—this document—places the responsibility on us.

Do not be blinded by the glittering gewgaws in the form of words that come from the White House. Do not let a call from the President of the United States, his "Eminence," as John Adams wanted to refer to the President, do not let a call or a handshake or a look in the eye from the chief executive, awe one—he puts his britches on just like I do, one leg at a time. And when he nicks himself with a razor, he bleeds just like I do.

So the President said:

Our trading partners will only negotiate with one American—not first with an American President and next with an American Congress.

What does the Constitution say?

As I suggested earlier, the absence of fast track in the years before 1974 did

not seem to discourage nations from negotiating trade agreements with the United States. Moreover, even since 1974, fast track has been used so infrequently that it can scarcely be said to have affected prospective trade partners.

Listening to the administration might lead one to conclude that every trade agreement since 1974 could not have been concluded—just could not have been concluded—without fast track. To hear them tell it down on the other end of Pennsylvania Avenue, the western end, where the Sun rises—but not according to this, not according to this Constitution. The Sun does not rise in the west.

But listening to the administration might lead one to conclude that every trade agreement since 1974 simply could not have been concluded without fast track. Well, nothing could be further from the truth. Of the hundreds and hundreds of trade agreements that we have entered into over the past 23 years, only—only—the five that I mentioned earlier have used fast track.

"What? Are you out of your head?" Only the five that I mentioned earlier have used fast track? That is right.

Fast track has been used on a grand total of five occasions. Indeed, the current administration alone has entered into some 200 trade agreements without the benefit of fast track.

Mr. President, the divine Circe was an enchantress. And Homer tells us that Odysseus was urged by Circe to stay away from the sirens' isle. "Don't go near it," the sirens' isle, with their melodious voices that came from lips as sweet as honey. "Odysseus alone must hear them. Don't let your companions hear them." So plugging his companions' ears with wax, Odysseus ordered his companions to bind him to the mast of the ship with ropes, and that if he should ask them to untie him and let him go, to bind him even tighter.

And so they bound him, hand and foot, with ropes to the mast of the ship. And he instructed them to disregard his order. "Don't follow my orders," he said. "Tie them tighter than ever," until they were a long way past the sirens' isle.

That is what we have been hearing—these voices, the sirens. They come out of the west, down where the Sun rises at the western end of Pennsylvania Avenue. That is where the Sun rises, believe it or not, in the west.

I say to my colleagues, plug your ears with wax if you are invited down to the White House. Plug your ears with wax or, better still, find somewhere else to go. Just do not go. Do not go down there. Tie yourselves with ropes to the columns of the Capitol. Do not go down there in the land of the rising sun, the western end of Pennsylvania Avenue. Do not go. But if you do go, plug your ears with wax, lest you fall victim to the blandishments of the sirens.

Mr. President, I sincerely doubt that any country will hesitate to negotiate

trade agreements with the dominant economic and political power of our time out of concern that that country's legislative procedures will impede a proper agreement. So do not listen to that argument. Do not listen to the argument of the administration when they say, if they do not have a fast-track agreement other countries simply will not negotiate with us.

No country—no country—in my judgment, will hesitate to negotiate trade agreements with this country, the dominant economic and political power of the age out of concern that this country's legislative procedures will impede a proper agreement. If any country does entertain such concerns, then I suspect that the fault lies with the administration, whose alarmist statements and doom-laden prophecies have doubtless misled many foreign and domestic observers into thinking that fast track is the only key to open trade. The administration's Chicken Little impersonation has succeeded in whipping up false fears and phony worries that never existed before. One has only to ignore this rhetoric and look at the administration's actual trade record to see that the sky, far from falling, is still solidly secured to the heavens.

Mr. President, how much time have I consumed?

The PRESIDING OFFICER. The Senator has consumed 40 minutes and has 20 minutes remaining.

Mr. BYRD. I thank the Chair.

The record speaks for itself: Over 200 trade agreements entered into without fast track—and I am talking about the record which speaks for itself. The administration's actual trade record, over 200 trade agreements entered into without fast track versus 2 trade agreements entered into with fast track—200 without fast track, 2 with fast track. I might add that the latter 2 agreements have probably generated more controversy than the other 200 combined. I suspect that many of my colleagues rue the day that they allowed the administration to speed GATT and NAFTA through Congress.

The other great myth of fast track is that the possibility of Congress' amending trade agreements will seriously hamper future negotiations. Lest I be accused of distorting the administration's position, let me quote the President's words on trade negotiations verbatim.

... I cannot fully succeed without the Congress at my side. We must work in partnership, together with the American people, in securing our country's future. The United States must be united when we sit down at the negotiating table.

Mr. President, I fully agree with the notion of a partnership between the executive and legislative branches, and I assure you that I will work with this President and with future Presidents to ensure our mutual trade objectives. But I will not accept the argument that America's trade interests are best served by Congress taking a walk, abdi-

cating its responsibility to consider, abdicating its responsibility to debate, abdicating its responsibility to amend, if necessary, trade proposals.

Now, the Constitution gives this Senate the right to amend and we ought not give away that right. We ought not to agree to anything less than that. This Constitution says that when it comes to raising money, those measures shall originate in the other body but that the Senate may amend as on all other bills. So there you are. The Constitution recognizes the right of the Senate to amend. The Senate may propose or concur with amendments as on other bills. There it is. That is the Constitution.

So Congress ought not take a walk. Congress ought not abdicate its responsibility to consider, debate, and, if necessary, to amend trade proposals.

The President asked that we trust him alone to make trade decisions. Now, I like the President and I respect the President, but our political system was not built on trust. The Constitution did not say "trust in the President of the United States with all thy heart, with all thy mind, and with all thy soul." Our political system was built on checks and balances, on separation of powers, on each branch of Government looking carefully and meticulously over the other branch's shoulder. That is how much trust the system has built into it.

Our Constitution's Framers realized that the surest way of preventing tyranny and achieving enlightened rule was to divide power among distinct coordinate branches of Government. As Madison famously observed, men are not angels. Accordingly, the Framers devised a "policy of supplying, by opposite and rival interests, the defect of better motives" in which "the constant aim is to divide and arrange the several offices of Government in such a manner as that each may be a check on the other."

Mr. President, that was a good reply that Diogenes made to a man who asked him for letters of recommendation. "That you are a man, he will know when he sees you. Whether you are a good man or a bad one he will know, if he has any skill in discerning the good and the bad. But if he has no such skill, he will never know though I write to him 1,000 times."

"It is as though a piece of silver money desired someone to recommend it to be tested. If the man be a good judge of silver, he will know. The coin," said Diogenes, "will tell its own tale." And so will the Constitution, Mr. President. It needs no letters of recommendation.

The President asks for a "partnership" with Congress. He asks the country to be united at the negotiating table. But I'm afraid that what he really wants is an unequal partnership in which the administration sits at the negotiating table and Congress sits quietly and subserviently at his feet while he negotiates. Congress sits subserviently.

Mr. President, I have a different view of the partnership between the President, any President, and Congress, a view that is rooted in the Congress and in the institutional traditions of this country. I see a partnership in which the executive fulfills its role at the negotiating table and Congress makes sure that the product of such negotiations serves the national interest, not just the interests of a party but the national interest. I don't believe that either branch has a monopoly on wisdom or a monopoly on patriotism or a monopoly on savvy. That is why I believe that each can improve the other's actions. I have no doubt that Congress, after careful scrutiny, will continue to approve agreements that truly improve trade and open markets.

Now, I'm not interested in looking at the duties on every little fiddle string or corkscrew that is brought into this country, but they are overwhelming policy matters that Congress ought to be interested in and acted about, and it may be that Congress should offer an amendment in one way or another.

Congress must be free to correct possible mistakes or sloppiness or oversight in the negotiating process that would harm this country's interests and impede truly free trade. Congress knows full well that any amendments it may offer could unravel a freshly negotiated agreement. It knows that amendments should not be freely offered and adopted promiscuously, haphazardly, but should rather be seen as a last resort to remedy serious deficiencies in an agreement. I see no reason, however, why a legislative procedure that is considered essential in all other policy debates should not be used in debating trade agreements.

We amend bills, we amend resolutions on various and sundry subjects, we amend legislation that raises revenues, we amend bills that make appropriations and public moneys. Why, then, if that legislative procedure is essential in all other debates, why should it not be used in debating trade agreements?

Mr. President, I recognize the importance of opening markets and removing trade barriers. I also appreciate the tremendous difficulty, the tremendous difficulty of negotiating trade agreements that benefit all sectors of our society.

Mr. President, I cannot support fast track. I cannot support surrendering the rights and prerogatives and duties and responsibilities of this body under the Constitution to any President. I cannot support fast track. To do so would prevent me from subjecting future trade agreements to the close scrutiny that they deserve on behalf of the people of this Nation. I can and will strive to exercise my limited powers in pursuit of freer, more open trade which serves the interests of everyone in this Nation. But I cannot, in good conscience, allow fast track to strip me and my constituents of our constitutional prerogatives and strip this

branch of its rightful role in regulating foreign commerce. I can't do that for any President.

Mr. President, on December 5, 63 B.C. the Roman Senate sat to debate and to decide the fate of five accomplices of Catiline. Silaneus proposed the death penalty. Julius Caesar, when he was called upon, proposed that the death penalty not be applied, but that the five accomplices of Catiline be scattered in various towns, that their properties be confiscated, and that their trials await another day.

Cato the Younger was then called upon and asked for his opinion. He said to his fellow Senators, "Do not believe that it was by force of arms alone that your ancestors lifted the state from its small beginnings and made it a great Republic. It was something quite different that made them great, something that we are entirely lacking. They were hard workers at home. They were just rulers abroad. And they brought to the Senate untrammelled minds, not enslaved by passions."

And I say to my colleagues, on this question, we should come to the Senate with untrammelled minds, not enslaved by passions—partisan, political, or otherwise, keeping uppermost in our minds our duties and responsibilities under the Constitution of the United States. That is the mast to which we should tie ourselves—the Constitution.

I close with these final words by Cato: "We have lost those virtues," he said—speaking of the virtues of their ancestors—"we pile up riches for ourselves while the state is bankrupt. We sing the praises of prosperity and idle away our lives, good men or bad; it is all one. All the prizes that merit ought to win are carried off by ambitious intriguers, and no wonder each one of you schemes only for himself, when in your private lives you are slaves to pleasure. And here in the Senate the tools of money or influence."

Those are Cato's words, and his words are just as fitting today and on this question. Cato said, "The result is that when an assault is made upon the republic, there is no one here to defend it."

Mr. President, how true are Cato's words today! I urge my colleagues to vote no on the motion to proceed.

I yield the floor.

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I rise today to use my time to discuss the fast-track bill. First, let me commend the excellent statement by the Senator from West Virginia. His staunch defense of the Senate and the Congress is based not only on his unsurpassed knowledge of the Constitution, but also his common sense and appreciation that the wisdom of the American people expressly represent the best way to make a treaty.

I rise to discuss a number of issues with respect to our trade policy, most particularly, the fast-track legislation

that is before us today. Like all of my colleagues, I understand the importance of international trade. Today, the value of trade equals 30 percent of our gross domestic product, which is up from about 13 percent in 1970. Indeed, trade is of great importance to my State of Rhode Island, which exported goods totaling \$1 billion in 1996.

There is nobody on this floor today that is arguing that trade is not important and that the United States shouldn't be actively involved in international trade. The question today is not whether the United States should engage in trade. The question today is whether we will establish a framework that will open markets without undermining our standard of living. This debate is more than about simply increasing our access to cheap goods; it is about our continuing efforts to promote employment at decent wages here at home, continuing our efforts to protect the environment around the world, and strengthening our efforts to promote stable trade and fair trade throughout the world.

The critical aspects of this fast-track legislation are the goals which we set as Members of the Senate. These goals are known as principal negotiating objectives. This is the mission we give to the President—to go out and negotiate, based on these goals, to reach settlements that will advance these multiple objectives: freer trade, fairer trade, a rising standard of living here in America and, we hope, around the world.

The rationale for fast track was aptly summarized back in 1974 when the Senate Finance Committee wrote its report with respect to the first fast-track legislation. This report language bears repeating:

The committee recognizes that such agreements negotiated by the executive should be given an up-or-down vote by the Congress. Our negotiators cannot be expected to accomplish the negotiating goals if there are no reasonable assurances that the negotiated agreement would not be voted up or down on their merits. Our trading partners have expressed an unwillingness to negotiate without some assurances that Congress will consider the agreement within a definite time-frame.

The key operative phrase in this passage is the phrase which we have highlighted behind me. The negotiated goals. That essentially is what we are about today. Charting negotiating goals that will give the President of the United States the direction and the incentive to conduct appropriate negotiations, to yield a treaty which will benefit ourselves, and also to signal to our trading partners what is critical and crucial to this Congress and the American people in terms of trade agreements. This rationale for fast track makes sense, and only makes sense, if we get it right here, if we get the negotiating goals correct.

Unfortunately, the bill before us does not provide the President with the full range of goals necessary to increase U.S. trade and enhance our standard of living. Indeed, this bill is contrary to

some of the provisions of the 1988 fast-track legislation which specifically recognized workers' rights and monetary coordination as fundamental negotiating goals. In addition, the 1988 fast-track bill gave the President greater authority to negotiate on environmental issues in the context of these trade agreements. The Roth bill limits this authority.

Fast trade is a great slogan. Free trade is a great slogan. But here today we are not about sloganizing, we are about legislating. And, as such, we must look to this bill, to all of its details and specifically to the goal which it lays out for the President of the United States. In failing to adequately address issues such as labor and monetary conditions, the Roth bill neglects the serious assumptions that underlie the whole theory of free trade.

The theory of free trade evolved over many, many years, based upon the economic notions of comparative advantage and specialization, notions that were advanced hundreds of years ago by David Ricardo, the English economist. At the core of these notions of comparative advantage and specialization is that certain nations can produce or prepare goods and services better than others, and that if we trade we can maximize values throughout the world. These assumptions, though, rest on other critical assumptions. As Professor Samuelson, the famous economist, pointed out in his 10th edition work on economic theory:

The important law of comparative advantage must be qualified to take into account certain interferences with it. Thus, if exchange rate parities and money wage rates are rigid in both countries, or fiscal or monetary policies are poorly run in both countries, then the blessings of cheap imports that international specialization might give would be turned into the curse of unemployment.

We will hear a lot about free trade, but this bill does not give the President the direction to establish the underlying environment which is necessary for free trade—respect for and recognition of the rights of workers to freely associate, to seek higher wages, respect for and acknowledgment of the critical role of currencies in the world of trade. Because of these reasons and many others, this bill, I think, falls far short of what we should in fact pass as a means to achieve the goal we all fervently seek, which is free, open trade and fair trade throughout the world.

Now, the debate on trade in the United States is not new. From the beginning of our country we have fiercely debated the role of trade in our economy. Beginning with Alexander Hamilton's "Report On Manufacturers," there has been a constant ebb and flow between those that would advise protective tariffs and those that would suggest free, open trade is the only route. This battle back and forth between opposing views took on, in many respects, the characterization of protectionism versus free traders. It reached its culmination, perhaps, before World War II when, in 1930, this

Congress passed the Smoot-Hawley Tariff Act which has become infamous because of its effect upon, at that time, the beginning of the world depression. And then, in 1934 the protective tariffs embedded in Smoot-Hawley were reversed. In 1934, the Tariff Act gave the President the right to reciprocally negotiate trade and tariff adjustment. So, this phase, running from the beginning of the country to the advent of World War II, saw a fierce battle between protectionists and open-marketeers.

The second phase of our debate on trade began in the aftermath of World War II where a dominant American economy sought to establish rules for freer trade. But from World War II through 1974, particularly with respect to the Kennedy and Tokyo Rounds of GATT, our view was more or less using trade as a foreign policy device, using trade as a way to establish bulwarks against the threats of communism, the threats of instability. And in so many respects it was this unintended but accumulation of concessions to trading partners around the world that has left us where we are today, which in many respects our market is virtually open in terms of tariffs and in terms of nontariff barriers, but there are many other countries who still maintain barriers to our trade.

Beginning in 1974, we recognized that an important part of access to markets was not just the tariff level but those nontariff barriers. As a result, we started the fast-track process. In this context that I described, fast track makes sense if we get the goals right. Today's legislation, I suggest, does not get the goals right. Indeed, since 1974 international trade has taken on a much more central position in our economy in terms of its size and, now, in a variation on some of the foreign policy themes we heard during the 1950's and 1960's, as a way of some to create the democracies, the markets which we think are essential to progress around the world. In any respect, we are here today not to stop the progress of free trade but, in fact, to ensure that free trade results in benefits for all of our citizens and, indeed, benefits for those citizens of the world economy which we hope to trade with.

Some have labeled anyone who opposes this fast-track mechanism as a protectionist. I think quite the contrary, those of us—let me speak for myself. I certainly think that we represent interventionists, because we feel that to get trade right, you can't simply leave the country we trade with as we found it. We have to insist that they begin to adapt to and accept international standards with respect to workers' rights, environmental quality, currency coordination, a host of issues. In fact, when we look at the agreement, we see instances within this legislation, it is quite clearly acknowledged, where we are pushing or trying to push countries to adapt to our way of doing business. But they seem to be exclusively with respect to

commercial practices—commercial laws or agricultural policies. So we have in some respects the will to try to develop a world system based upon our model, but when it comes to critical issues like workers' protections and environmental quality, this legislation does not express that necessary role.

The administration has expressed their deep desire for this legislation. Indeed, I hope we could pass a fast-track legislative bill this session to open up markets to American firms, to compete in a global economy. With under 5 percent of the world's population living in the United States, we certainly have to find ways to sell to the remaining 95 percent of the world's population. It is no secret that economies in many parts of the world are growing faster than we are and offer tremendous opportunities for our investment and our exports. It is indeed predicted that economies in Asia and economies in Latin America will continue to grow at significant rates and we have to be part of this.

But we have to be part of this growth in trade in a way that will ensure that American firms and American workers are in the best position to compete and win in this global economy, this battle for success in the global economy. But I don't think, as I mentioned before, that this bill will set the goals necessary to win that competition.

Now, as Senator BYRD indicated so eloquently, this legislation also represents a significant expansion in the authority of the President to conduct the foreign policy of the United States and the commercial policy of the United States. In fact, since the adoption in 1974, the President's ability to negotiate and enter into trade agreements to reduce or eliminate tariff and nontariff barriers has increased significantly. But because it is such a significant delegation of authority, we have to, as I indicated before, make sure that we get the general goals correct, because we won't have the opportunity, as we do in other ways, to second-guess or correct the President's decision as we go forward.

So, again, as the Senator from West Virginia indicated, this is the opportunity for us, and maybe the only opportunity, to set the appropriate agenda for discussions going forward on international trade. I think, as I said, the current bill before us does not establish the appropriate negotiating goals so that we do ensure the President not only has the authority but the appropriate direction to serve the interests of the American people in establishing a regime of free and open trade throughout the world.

Now, as I indicated before, the Roth bill that is before us today is deficient in many specifics. First, let me take one specific and that is the notion of providing a very active negotiating goal to seek ways to improve and enforce labor relations in other countries around the world. In 1988, fast-track legislation stated that one of the ad-

ministration's principal negotiating objectives in trade agreements was:

To promote respect for worker rights; to secure a review of the relationship between worker rights to GATT articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are available to all workers; to adopt as a principle of the GATT, that the denial of worker rights should not be a means for a country or its industries to gain competitive advantage in international trade.

This legislation before us eliminates this workers' rights provision as a principal negotiating objective in trade agreements. I dare say if we read that to any Member of this Senate, they would say of course that has to be a goal of our trade negotiators. Yet in this legislation it is not such a goal.

As a result, it will limit the President's ability to try to negotiate improvements of labor standards and, as such, it will cast aside the interests of millions of American workers as well as the interests of workers worldwide.

It is no secret that income inequality has risen substantially in the United States in recent years. For nearly 2 decades the real wages and compensation of American blue-collar workers have been declining. Hourly compensation for nonsupervisory production workers fell by approximately 9.5 percent between 1979 and 1995.

There are many reasons for this. Some would cite declining rates of unionization, some the erosion of the real value of the minimum wage. But others would cite the increasing globalization of trade. Although it is difficult to determine exactly the composition, the factors that are influencing this phenomena, there is an emerging consensus by economists that approximately 30 percent of the relative decline in the wages of non-college-educated workers, and even a larger share in the decline with respect to production-wage workers, is a result of international trade and its effects. And I should say even though the President has suggested Executive initiatives in the last 2 days to try to correct some of these incongruities, it is not likely to do so. In fact, if we want to ensure that our wages remain comparable with our increases in productivity, we have to ensure that when our negotiators go to the table and negotiate arrangements, they are conscious of the rights of American workers and conscious of the rights of those workers in the countries with which we are attempt to go negotiate these trade agreements. Indeed, in light of these trends it is imperative that this provision be part of our fast-track legislation. It is not such a part of the legislation.

We have the recent experience of NAFTA to further inform the debate on these issues. It has been estimated that since enactment of NAFTA in 1993, trade with Canada and Mexico has cost the United States approximately 420,000 jobs, including 2,200 in my home State of Rhode Island. As a minimal estimate of job loss, the Labor Department has certified approximately

143,000 workers as being eligible for assistance because of trade dislocation.

The list of companies that have made NAFTA-related layoffs is a veritable "Who's Who" of American industry. It includes General Electric, Allied Signal, Sara Lee, Black and Decker, TRW, Georgia Pacific, Johnson & Johnson—and the layoffs continue.

Indeed, I don't think one can point the finger merely at these companies because they are certainly just taking advantage of something which we created, the opportunity legally—in fact some would argue the incentive legally—to move production out of the United States to other areas, in this case Mexico.

But the effect is not simply in the jobs lost. The effect perhaps is more decisive in the suppression of wages. There are reports that companies will either explicitly or implicitly threaten to relocate to places like Mexico if wage concessions are not made. In fact, during the debate last year on NAFTA, a Wall Street Journal poll of executives found a majority of executives from large companies intended to use NAFTA, as they indicated, as "a bargaining chip to keep down wages in the United States."

And this is borne out by numerous anecdotes. For example, workers at a plant in my home State in Warwick, RI, agreed to freeze wages and work 12-hour shifts without overtime pay because the company threatened to move production to Mexico. Similarly, 4,000 workers in a plant in Webster, NY, accepted 33-percent cuts in base pay to avoid a threatened plant relocation. A company in Georgia threatened to move 300 jobs at a lighting plant to Mexico unless workers took a 20-percent cut in pay and 36-percent cut in benefits. Mr. President, 220 workers at a plant in Baltimore agreed to take a \$1-an-hour pay cut to keep the plant open. And the list goes on and on and on.

The negative implications of NAFTA has been felt by U.S. workers and it should give us renewed energy and commitment to ensure that in the next round of fast-track legislation we at least replicate the 1988 goal of actively trying to ensure that worker protection, workers' rights are a central part of our negotiating strategy. Once again, this legislation does not do that.

It is important also to note that in the context of NAFTA, the benefits for Mexican workers have not been what they were advertised as. Since the passage of NAFTA, real manufacturing wages of Mexican workers have declined 25 percent. Part of this decline is attributable, of course, to the peso crisis. However it is important to recognize that real wages were stagnating prior to the peso crisis, while worker productivity in Mexico continued to grow. So, despite increased productivity, wages in Mexico continue to stagnate or decline. In fact, the percentage of Mexicans considered extremely poor rose from 31 percent in

1993 to 50 percent in 1996, after NAFTA. And two out of three Mexicans report that their personal economic situation is worse now than before NAFTA.

Following NAFTA, we have the benefit of these experiences which we did not have when we were considering the legislation back in 1988. Again, it seems inconceivable that seeing what has taken place in NAFTA, seeing how important—not only to our workers but to the workers of the country we hope to trade with—how important it is to negotiate and to reach principled agreements on worker protections and worker rights, that we are neglecting to do that in this legislation. And, as such, we have left a huge hole in our responsibility to give the President the responsibility and the direction to do what is best for the working men and women of this country, do what is best for the overall welfare of this country.

Now, with respect to the environment, that is another area where this legislation is deficient. It restricts the ability of the President to negotiate environmental issues and trade agreements by requiring that they be "directly related" to trade. And this differs from the 1988 fast-track bill which provided greater latitude for the President to negotiate on environmental issues. I would assume that "directly related to trade" means that if we have a problem getting a good into a country because they object to an environmental rule, that we might say, for example, labeling of a can, of a product, that that might be actionable. But it is not actionable if the country has absolutely no environmental enforcement; that it allows pollution to run rampant, that it actually encourages the relocation of factories and production facilities because of lax environmental rulings, because one I assume would argue that's not directly related to trade, it's not directly related to a good we are trying to get into the economy. But in fact, and again the NAFTA experience is instructive, this is precisely one of the ways in which countries undermine our environmental laws at home on the standard of living of our workers here in the United States. Indeed, after NAFTA we should be much more interested in including strong environmental protections. For the examples that the NAFTA experience has given us.

Subsequent to the passage of NAFTA the Canadian province of Alberta, which was only one of two Canadian provinces to sign the NAFTA environmental side agreement, adopted legislation in May 1996 prohibiting citizens from suing environmental officials to enforce environmental laws. And, in fact, since that time, to attract corporate investment, Alberta has advertised its lax regulatory climate as part of "the Alberta advantage."

Now, it might be an advantage to Alberta. Certainly I don't think it is to many residents of Alberta. And it is not an advantage to U.S. companies or U.S. workers who are faced with laws

that we passed, and rightfully so, that demand high-quality environmental controls in the workplace.

In October 1995 Mexico announced that it would no longer require environmental impact assessments for investments in highly polluting sectors such as petrochemicals, refining, fertilizers and steel.

(Mr. BROWNBACK assumed the chair.)

Mr. REED. Mr. President, Mexican officials said they were eliminating these environmental impact assessments to increase investment, which may well be an apparent violation of NAFTA because it prohibits, apparently, the weakening of environmental laws to attract investment.

So our experience with NAFTA should tell us that we must redouble our efforts to have the principal negotiating objective of environmental concerns. Yet, again we have constrained and circumscribed the ability of the President by simply saying they have to be directly related to trade, and many environmental problems are not directly related to trade.

For example, near the United States-Mexican border, there is an area known as Ciudad Industrial, where a number of sophisticated, highly automated manufacturing plants have been established since NAFTA. These manufacturing plants discharge hazardous waste through a nearby sewer outfall which adjoins a river that is used for washing and bathing. The Mexican Government has enacted a number of institutional barriers to environmental progress to prevent pollution abatement. For example, Mexican law prohibits the local government from taxing these state-of-the-art factories to pay for sewers, to pay for cleaning up.

In these ways, unrelated directly to trade, there are advantages to relocating production in countries. These are the type of actions which we should be concerned about, that we should, in fact, direct the President to be concerned about, that we should, in fact, insist the President bring to the table as a significant negotiating goal.

There is a final point I would like to make with respect to the specific deficiency of these goals, and that is the issue of monetary coordination. The 1988 fast-track bill included monetary coordination as a principal negotiating objective. Specifically the bill stated:

The principal negotiating objective of the United States regarding trade in monetary coordination is to develop mechanisms to ensure greater coordination, consistency and cooperation between international trade and monetary systems and institutions.

The bill before us today eliminates monetary coordination as a principal negotiating objective, thereby limiting the President's ability to address issues of currency valuation, fluctuating currency, all of the issues that have become tangible and palpable in the last few days, as we witnessed the gyrations of currency and the stock market throughout the Orient.

Currency valuation is a key component of trade policy because it affects the price of imports and exports. For example, as the U.S. dollar gets stronger relative to other currencies, U.S. exports to a foreign country will likely become more expensive in that country and the country's imports will become cheap in the United States. Inversely, as the U.S. dollar gets weaker relative to other currencies, U.S. exports to a foreign country will become cheaper in that country, and that country's imports will become more expensive in the United States. As a result, and quite clearly, currency valuation affects trade flow between countries and, consequently, the trade deficit.

We have to be terribly conscious of these currency valuations. It is evident in recent statistics on the valuation of the dollar in trade that there is a high correlation between the two. Since mid-1995, the dollar has risen against a number of foreign currencies, and during this period, the United States trade deficit rose also. It is estimated the trade deficit will increase to \$206 billion by the end of 1997. Also, currency valuation affects direct investment into our country by foreign investors, and that is something that we also have to be sensitive to.

Again, the NAFTA experience gives us further evidence—if we didn't know about it before—it gives us further evidence. As you know, NAFTA was enacted and shortly thereafter, the peso collapsed. What we thought were significant reductions in Mexican tariffs were wiped out by a 40-percent reduction in the value of the peso.

This reduction was part of inevitably the continuing strategy of Mexico, and the strategy of many countries, to have export-led growth to reduce the cost of their goods to United States consumers, and one way they did this was through the devaluation of the peso.

If we continue to be indifferent to the notion of currency and its role in our international trade, we are going to continue to see these problems and others like them.

It turned out that before the negotiation of NAFTA, Mexico was running a trade deficit of \$29 billion with the United States, a very large trade deficit, 8 percent of its gross domestic product. By 1994, after the onset of NAFTA and towards 1996, their deficit had turned into a surplus, again, in many respects because of the currency changes that took place because of the peso prices.

So we do have to be very, very conscious of these currency effects. Once again, this is not a part of the major negotiating goals for this legislation.

Reduced currency values in Mexico has prompted increased investment there. In the past year, investment in maquiladora plants in the Mexican State of Baja California, have increased by more than 35 percent. In effect, because of their policies, because of our adoption of NAFTA, we have

created monetary incentives to move and invest in Mexico and not just for the United States but for other countries around the world who are using Mexico as a platform for low-cost production which, in turn, is imported into the United States without duties.

Over the horizon, there is another major trading partner whose currency manipulations, if you will, can cause us significant problems, and that is China. As part of its strategy to encourage exports and discourage imports, China has engaged in an effort to reduce the value of its currency relative to the dollar. These currency valuations wipe out many of the concessions that we think we have sometimes with the Chinese with respect to their trade and our trade.

It puts, of course, downward pressure on the wages of U.S. workers as we cannot produce here the items that can be produced overseas more cheaply, not because of differences in productivity, but, in many cases, in part at least in the very calculated manipulation of currencies by foreign countries.

Again, the absence of such a major negotiating provision within the bill, I think, is a fatal flaw.

Overall, the bill before us continues a policy of protecting capital without, I think, sufficient protection for workers, protecting the ability of capital to relocate throughout the world, without recognizing that there must be commensurate protections for workers, workers both here in the United States and workers worldwide.

Because of the incentives now to deploy capital almost everywhere, we are beginning to recognize the phenomena of excess capacity in production facilities around the world, and many economists fear that this will lead to a massive deflation, and this massive deflation could be the major economic challenge that we face in the year's ahead.

The lack of work protections, the fact that countries can manipulate currencies, the lack of sensitivity to environmental policies has been an incentive, a very powerful incentive, to move production from the United States into these developing countries. For example, Malaysia's booming electronics industry is based on the explicit promise to American semiconductor companies that workers will effectively be prohibited from unionizing. In fact, when Malaysia considered lifting this ban on unionizing, American companies threatened to move to China or Vietnam, more receptive countries. This competition for cheap labor continues to put downward pressure on wages in developed countries as companies use the threat of relocation to leverage or reduce the pay of their workers.

These trends, related to labor and technology, are creating a situation, as I indicated, of overcapacity in many respects which may outstrip the ability of the workers to afford the very goods they are producing. The economic journalist, William Grieder, characterized the situation as follows:

The central economic problem of our present industrial revolution, not so different in nature from our previous one, is an excess of supply, the growing permanent surpluses of goods, labor and productive capacity. The supply problem is the core of what drives destruction and instability. Accumulation of factories, redundant factories as new ones are simultaneously built in emerging markets, mass unemployment and declining wages, irregular mercantilist struggles for market entry and shares in the industrial base, market gluts that depress prices and profits, fierce contests that lead to cooperative cartels among competitors and other consequences.

That is an outline of a world which faces increasing prices. The oil companies are a good example potentially of that world. By the year 2000, the global auto industry will be able to produce nearly 80 million vehicles. However, there will only be a market for approximately 60 million buyers. These imbalances, created by excessive supply, will put downward pressure on prices, and reduced profits and begin a deflationary trend.

Another commentator, William Gross, is managing director of Pacific Mutual Investment Co., which manages more than \$90 billion worldwide, now pegs the risk of a general deflation at 1 in 5 in the next several years. He states:

My deflationary fears are supported by two arguments: exceptional productivity growth and global glut.

He cites twin causes. Real wages both in the United States and abroad cannot keep up with the rapid growth of new production. That is, there will not be enough demand to buy all excess goods and emerging economies create aggressive new players eager to outproduce and underprice everyone else.

Overcapacity may be at the heart of the crisis that we have seen in Asia, the crisis which is manifested through currency turbulence and also through the stock market gyrations. We have seen in Thailand, for example, where, fueled by massive capital infusions, the economy in Thailand took off at a staggering rate. Between 1985 and 1994, the Thais had the world's highest growth rate, an average of 8.2 percent. It was prompted by developers who were building office towers and industrial parks that were built regardless of demand. They continued to build even as the completed buildings were half empty.

Petrochemical, steel, and cement plants were operating at half capacity because of oversupply. To address the oversupply issue, currency speculators thought it inevitable that the Thai currency, which was pegged to the dollar, would be devalued to boost Thailand's exports. Based on those assumptions, currency speculators began selling Thai currency and it decreased. The Government was forced to step in. They could not sustain their support and the bottom, if you will, dropped out of the local Thai currency, the baht. We feel similar pressures with the Philippines, Malaysia, and Indonesia.

All of this is prompted, in part, by the fact that capital can move everywhere, capital is moving everywhere, and we are not, I think, recognizing it in terms of our overall trade policy and certainly not recognizing in terms of this legislation.

We have to be conscious, very conscious, that the conditions of untrammelled deployment of capital around the world has beneficial effects but can have very detrimental effects. It has to be balanced. It has to be balanced by similar regimes in terms of workers' rights, in terms of environmental quality, in terms of coordinating currency, in terms of those factors which will allow free trade to be truly free and not allow situations to develop where capital is attracted not because of quality of workers, not because of natural resources, not because of factories that go to the heart of the production function, but because countries consciously try to depress their wages, try to suppress enforcement of environmental quality, try to manipulate currency, try to lure for short-term growth capital which will end up eventually bringing their house of cards down but, in the meantime, affecting the livelihood, the welfare and the state of living of millions and millions of American workers.

This bill does not adequately address those capital movements. It doesn't adequately understand or recognize that modern technology is assisting these capital movements. It does not recognize that we have to have policies that comprehend what is going on in the world today. This migration of capital, this technological expansion, all of these things have an impact on the wages of American workers. All of these have an impact on what we should be doing here today in terms of developing our response to world trade as it exists today.

There is another aspect of this capital deployment and this technology deployment and that is the notion of forced technology transfer which many of our trading allies engage in, specifically China. Their trade policies have demanded that companies investing in or exporting to China must also transfer product manufacturing technology to China.

A recent article in the Washington Post chronicled this issue. For example, to win the right to form a joint venture with China's leading automaker, General Motors promised to build a factory in China featuring the latest in automotive manufacturing technology, including flexible tooling and lean manufacturing process.

GM also pledged to establish five training institutes for Chinese automotive engineers and to buy most of its parts for the Chinese venture locally after 5 years.

Similarly, an unidentified United States manufacturer is planning to build a major facility in China instead of the United States in response to Chinese pressure. An executive with the

company indicated that production will be more expensive in China and the quality will be worse, but in order to do business in China, they had to conform to these demands.

According to many United States business executives, China's demands for technology are simply a cost of doing business with China. However, the effect is that our companies are transferring their facilities to China, making China not trading partners but ultimately competitors to our own world.

An interesting experience of DuPont. In the late 1980's, DuPont negotiated with China's Chemical Industry Ministry to form a joint venture to make a rice herbicide called Londax. By the time the venture started production in 1992, several factories in China were already producing Londax using DuPont technology that it was providing to the joint venture. Soon thereafter, approximately 30 Chinese factories were making several DuPont proprietary herbicides, all without the explicit permission of DuPont.

So what we are seeing again is not only the deployment of capital because of natural market forces, but because of the will and because of the negotiating stance of foreign countries that are required as a part of free trade, we are seeing the free transfer of our expertise, our proprietary information, our technology, and ultimately in many cases our jobs.

The other aspect of this legislation which should be noted, I think with some significance, is the fact that this legislation really does not recognize the fact that we have been running trade deficits of staggering proportions year in and year out.

It is interesting to hear the proponents of fast track talking about this as the great salvation for our trading partners. And we have had fast track now since 1974. I would daresay, we were probably running trade deficits in 1974. So clearly, fast track is a mechanism—in fact, some would argue the way we conduct some of these bilateral Free Trade Agreements is not the answer to the most consistent foreign problem we face in America today; that is, continued trade deficits. We have to address these problems.

The major trade deficit we run of course is with the Japanese. But we are also running significant deficits with the Chinese.

In some respects, one wonders why we are here today talking about fast track when one would argue our major problem is adjusting our trade relationship not with emerging countries like Chile, but with countries like Japan and China. Once again, I do not know what this legislation will do to effect those major problems.

Let me just suggest that we have entered into a fast-track procedure which is flawed because the goals we have established do not reach the most important issues that we face in the world today. They do not address our trade

deficit directly. They certainly do not address the issues of work protections, environmental policy, currency issues. In fact, also they are sending wrong signals to our allies, our potential trading partners.

By not adopting these as central, important key negotiating goals, we are essentially telling our potential trading partners we do not care. Oh, yes, we will have side agreements. We will have executive initiatives. We will talk a good game about these issues. But they are not at the heart of this legislation which is the defining legislation for our whole procedure.

I do not think it takes much for a trade minister in a foreign country to figure out pretty quickly it is not important—not important—to the American people, not important to Congress, not important to our trade effort when, in fact, I would argue it is the most important thing that we can and should do.

We have seen the side agreements mentioned, but the side agreements have not, I think, produced anything near the type of mechanism, type of framework which is essential to good trade policy throughout the country and throughout the world.

Let me just conclude by saying that the fast-track procedure will work if we get the goals right. We have neglected to get negotiating goals right. We have neglected key issues with respect to worker protections, key issues with respect to environment, key issues with respect to the coordination of currency. And the suggestion that we can, by side agreements or by legislative initiatives, make up the difference I think is mistaken. The experience of NAFTA has been very instructive in that regard.

Today, we are here as Members of this Senate to do what we must do in the trade process. And that is, to write legislation which will clearly define all the relevant goals that are necessary to not only open up markets but to maintain the standard of living of the United States.

This is a central issue that we face today and will face in the days ahead. This bill, sadly, will not give us the kind of direction, give the President the kind of direction that he needs and that the American people demand.

I yield back the balance of my time.
Mr. President, could I reserve the balance of my time?

The PRESIDING OFFICER (Mr. ALLARD). That will be reserved.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. First, I want to commend the very able Senator from Rhode Island for a very thorough and thoughtful analysis of the issues surrounding this legislation. Obviously, a great deal of work went into that statement, and I think the distinguished Senator touched on a number of very important and critical issues.

Mr. President, I rise in opposition to the motion to proceed to S. 1269. This

legislation would provide trade agreement approval procedures, so-called fast-track procedures, for implementing the results of trade agreements that require changes in U.S. law.

In my view, this is a poorly conceived piece of legislation that does not serve the interests of the American people.

First, let me observe the fast-track procedures are relevant only to a narrow range of trade agreements, specifically, those agreements which require Congress to make changes in existing U.S. law in order for the agreements to be implemented.

Most trade agreements do not require legislative changes and, therefore, fast track consideration would in effect be inapplicable to them.

It is my understanding, for example, that the Clinton administration has negotiated over 220 trade agreements. Only two required fast-track authority—NAFTA and the GATT Uruguay round agreement.

So let me just observe at the outset that there is a great deal of overstatement going on as to the importance of fast-track authority to the administration's ability to negotiate trade agreements and open foreign markets to U.S. exporters.

The fact is that for the overwhelming majority of trade agreements, fast-track authority is not needed. And based on its own record, the administration has concluded a large number of such trade agreements without fast-track authority—not under fast-track authority.

The question then becomes, for the narrow range of trade agreements that will require legislative action by the Congress, because the trade agreement reached requires a change in U.S. law, what is the appropriate role for the Congress in approving those agreements?

Now, article II, section 8 of the Constitution explicitly grants Congress the authority "To regulate Commerce with foreign Nations . . ."

The authority of Congress to approve trade agreements is unquestioned. And it is very clearly spelled out in the Constitution. So the issue is simply, how should the Congress best exercise this authority?

I want to go back just a little bit historically and trace some of the evolution of trade negotiating authority in order to bring us to set the current situation in context.

As many have observed, up until a couple of decades ago, most trade agreements dealt with setting tariffs on traded goods.

Up until 1930, Congress passed occasional tariff acts that actually set tariff terms. However, Congress became increasingly reluctant to set tariff schedules in legislation. And in 1934, in the Reciprocal Trade Act—I emphasize the word "reciprocal"—the Reciprocal Trade Act, Congress granted to the President for the first time so-called proclamation authority, the power to set tariffs by executive agreement with U.S. trading partners.

But that was a power with respect to the setting of tariffs that was limited, specifically limited within certain limits and for fixed periods of time. From the 1930's through the 1960's, Congress extended the 1934 act authorizing the President to negotiate reductions in U.S. tariffs in exchange for comparable reductions by U.S. trading partners.

Congress would typically limit how much tariffs could be reduced. In other words, we would set the range below which the administration could not go. We would give a range how long negotiations could go on, and the Congress even exempted specific products from the negotiations. But once the reductions were negotiated within the range that the Congress had established, the President then issued an order proclaiming the new tariffs and trade agreements between 1934 and 1974 were negotiated pursuant to this authority.

Now, during the 1960's, trade talks began to expand into nontariff trade areas that were governed by existing U.S. law; in other words, the trade talks began to involve matters that were not tariff matters but matters that were covered by our law. The Kennedy round GATT negotiations, for example, required for the first time changes to U.S. antidumping laws. We had antidumping laws on the books. The negotiated agreement required changes in those antidumping laws. The Congress made clear at that time that the executive branch had to obtain authority from the Congress to change a U.S. law in a trade agreement. The executive branch can't go and negotiate a trade agreement and simply by signing off on the trade agreement change an existing law without the approval of the Congress.

Now, proclamation authority for the President, which had been used in the reciprocal trade agreements for tariffs, did not extend to authority to proclaim all changes to U.S. law called for in a trade agreement.

Fast track was a procedure first enacted by Congress in the Trade Act of 1974 to deal with trade agreements that called for changes in U.S. law. What fast track provided for was a commitment by the Congress before the negotiations started that whenever an agreement came back from the trade negotiations, the executive branch could write legislation implementing the trade agreement and have that legislation voted on by the Congress without any opportunity to change or amend it. In other words, it had to be voted as presented by the administration. Only 20 hours of debate are allowed and a floor vote must take place within 60 days after the legislation is submitted.

Now, since its initial enactment, fast-track authority has been utilized for five trade agreements: The GATT Tokyo round agreement of 1979; the United States-Israel Free Trade Agreement of 1985; the United States-Canada Free Trade Agreement of 1988; the North American Free Trade Agree-

ment, NAFTA, 1993; and the GATT Uruguay round of 1994. Fast-track authority expired in December 1994 at the conclusion of the Uruguay round and has not been extended since, and the Congress is now confronting that question.

Now, over that same period of time, hundreds of trade agreements were reached by U.S. administrations. Hundreds of agreements were reached. Other countries were prepared to enter into them, and they did not require fast track and were not submitted under fast-track authority to the Congress.

Now, in examining this grant of authority, I first want to differ with one of the assertions that is made by its supporters that the executive branch would not be able to negotiate trade agreements if those agreements were subject to amendment by the Congress. That is the argument that is made. Unless we have this authority, we won't be able to negotiate agreements. As I have already indicated, the vast majority of trade agreements do not require changes to U.S. law and do not utilize fast-track procedures, and the successive administrations have been able to negotiate such agreements without any apparent significant difficulty.

Now, the very idea that the Congress should, in effect, delegate to the executive branch the authority to write changes in U.S. law and not have those changes subject to modification or amendment by the Congress represents an extraordinary grant of authority by the Congress to the Executive. My very distinguished colleague, Senator BYRD of West Virginia, spoke to this issue eloquently earlier in this debate, pointing out what a derogation of authority this represents from the legislative to the executive branch.

It is my own view that if changes are going to be made in U.S. statutes, those changes ought to be subject to the scrutiny of the Congress and amendment by the Congress. That is the role the Congress is given under the Constitution. Failure to provide for that congressional role, for that discipline, may leave the American people without any recourse to change unwise agreements entered into by the Executive.

Who is to say that all of the particular decisions made by the Executive in reaching an agreement are the right ones, or that the balance struck by the Executive is the right one? Is the Congress, then, simply to have to take this package and consider it as an all-or-nothing proposition? That is not what the Constitution calls for, and I don't think Congress ought to be delegating this authority.

I recognize that a stronger case can be made for the availability of fast-track authority to approve large multilateral trade agreements involving well over 100 countries, like the Uruguay round of the GATT and bilateral trade agreements like NAFTA. There is a plausible argument that concluding

such multilateral agreements might be complicated by the ability of individual countries, then, to make legislative changes in the agreement. That argument has been asserted and, on occasion, recognized by Members of the Congress. However, I point out that argument loses any persuasive weight when only two or a few countries are involved in the trade agreement. This legislation makes no such distinction between multilateral and bilateral trade agreements and would provide fast track for both.

It is worth noting that all major U.S. tax, arms control, territorial, defense, and other treaties are done through normal constitutional congressional procedures. We negotiated an arms control agreement with the Soviet Union. What can be more important? It is submitted to the Senate for approval. The Senate has the authority, if it chooses to do so, to amend that agreement. There is no fast track on an agreement far more important than trade agreements, involving the national security of our country, where they say to the Senate, "You must approve this arms control agreement exactly as it was negotiated by the administration, and you can only vote for it or against it." We have never accepted that.

The argument will be made at the time, "Don't amend it because we don't want to have to go back and have to renegotiate," but clearly our power to amend it is recognized and it is submitted to us under those terms.

Now, if the agreement can withstand the scrutiny as to why it ought not to be amended, then it should not be amended. But to bind ourselves in advance that we will only vote it up or down, without the opportunity to amend it, is to give away a tremendous grant of legislative authority.

Among the nontrade treaties done under regular procedures during the 1970's, 1980's and 1990's are the Nuclear Weapons Reduction Treaty, SALT I, SALT II, START, Atmospheric Test Ban Treaty, Biological Weapons Convention, the Customs Harmonization Convention, dozens of international tax treaties, Airline Landings Rights Treaty, Convention on International Trade and Endangered Species, Montreal protocol, Ozone Treaty, and on and on and on and on.

No one said at the time that the Congress can only consider these to vote yes or no, without the power and authority to amend them; and no one said that unless you give us such a grant of authority, we won't be able to negotiate these treaties.

Now let's turn for a moment and examine the question of what benefits have we received from this extraordinary grant of authority to the executive embodied in the fast-track procedures. The fact of the matter is—and I am not necessarily asserting that, because the time period corresponds, the whole cause was fast-track authority—but since fast-track authority was first

granted by the Trade Act of 1974, there has been a sharp deterioration in the U.S. balance of trade with the rest of the world. During the period 1945 to 1975, the United States generally enjoyed a positive balance of trade with the rest of the world, running for most of the time a modest surplus. Since then, the U.S. balance of trade has sharply declined.

Now, I first want to show a chart that shows the merchandise trade, goods traded.

What this chart shows, Mr. President, is this. It begins back in the late 1940's and it comes through to the present day. This is our merchandise trade deficit. We ran a modest but positive balance throughout the 1940's, 1950's, 1960's, and into the 1970's. Here about 1975, this trade balance begins to deteriorate, and it's now down here at \$200 billion a year. In fact, from 1948 until 1970, we had a positive merchandise trade balance in each and every year. In 1971 and 1972, we had a slight minus, but it was back positive in 1973, minus in 1974, positive in 1975; and since 1975, every year we have had a negative merchandise trade balance. We have been in deficit on our merchandise trade balance.

Listen to the numbers. I will just take a few of them. It was \$28 billion in 1977. In 1984, it jumped to \$106 billion. It was \$152 billion in 1987. It dropped back down; it was down to \$84 billion in 1992. It went back up. In the last 4 years, it was \$115 billion, \$150 billion, \$158 billion, and \$168 billion—negative trade deficits.

Now, this incredible deterioration in the merchandise trade balance was offset somewhat—by no means anywhere near entirely, but it was offset somewhat, to give a full picture—by an improvement in our services trade balance. Again, that had run in balance more or less all the way, and we have had an improvement here, as you can see, over the last few years.

The total trade deficits—in other words, adding the two together—however, continues to show a deterioration in the U.S. economic position. This is what has happened to the total trade balance. We are running along here more or less with a positive balance, and then we have had this deterioration in the trade balance. During the first 9 months of 1997, the United States has been running a trade deficit that is outpacing the 1996 rate. The cumulative U.S. trade deficit from 1974 to 1996, according to the Congressional Research Service, is \$1.8 trillion. Let me repeat that. The cumulative U.S. trade deficit from 1974 to 1996 is \$1.8 trillion. The cumulative current account deficits, when you offset the surface improvement during that period, is \$1.5 trillion.

We are running these enormous deficits. This is what we ought to be debating. One argument to turn down this fast-track authority is in order to precipitate a national debate on what our trade policy ought to be and what our

trade position is. We have been running these huge trade deficits year in and year out. I defy anyone to assert that that is a desirable thing to do—to run trade deficits of the kind and magnitude that we are talking about here—\$1.5 trillion over the last 22 years.

What these mounting trade deficits have done, which have persisted over this 20-year period, is they have resulted in the accumulation of U.S. foreign debt obligations that will approach \$1 trillion by the end of this year—\$1 trillion in foreign debt obligations. The fact of the matter is that our trade deficits over the last 15 years have moved the United States from being the largest creditor nation in the world in 1981 to being the largest debtor nation in the world in 1996. And this debtor status is continuing to deepen. Let me repeat that. These large trade deficits that we have run successively over the last 20 years have moved the United States from being the largest creditor nation in the world in 1981 to being the largest debtor nation in the world in 1996. Just think of that. We have gone from being the largest creditor nation to being the largest debtor nation. And then everyone is saying that the trade policy is a source of great strength. How can it be a source of great strength when we are getting deeper and deeper into the hole as a debtor?

This development has raised concerns about the ability of the United States to finance the debt. These are claims that foreigners hold on us. For example, Lester Thurow, in his recent book "The Future of Capitalism" wrote:

No country, not even one as big as the United States, can run a trade deficit forever.

Money must be borrowed to pay for the deficit, and money must be borrowed to pay interest on the borrowings. Even if the annual deficit does not grow, interest payments will grow until they are so large that they cannot be financed. At some point world capital markets will quit lending to Americans and Americans will run out of assets foreigners want to buy.

Now, I am not suggesting that all of the blame for this ought to be laid on fast-track authority. There is a complex factor. But what I am suggesting is that contrary to the constant assertions, it cannot be shown by the statistics that fast-track authority has had a positive impact on the U.S. balance of trade. That is what we should be debating. We ought to be debating why is this happening? What can be done about it? What does it do to the United States to become the world's largest debtor country?

Now, in many respects the assertion that fast track is needed in order to resolve some of our trade problems, I think, misses the mark. Let me give you a very clear example. The United States bilateral trade deficit with China in 1996 was \$40 billion, second only to our trade deficit with Japan, and that trade deficit is continuing to deteriorate in 1997. In other words, the figures for 1997 will be more than the

\$40 billion figure for the 1996 trade deficit with China. Resolving our trade deficit with China does not require fast-track procedures. It requires a determined effort by our Government to address the type of problem described in a recent Washington Post article entitled, "China Plays Rough: Invest and Transfer Technology or No Market Access."

"China Plays Rough: Invest and Transfer Technology or No Market Access."

That article describes how China forces United States companies to transfer jobs and technology as a price for getting export sales. That is the so-called offsets issue. Of course, what we are doing is to gain a temporary, momentary advantage we are giving away the long run. In other words, because of this requirement, companies come in. In order to get some exports now, they transfer the technology and make the investments in China which will guarantee that they will get no exports in the future. And the Chinese are requiring that as part of the trade negotiation.

Those are the kinds of issues we ought to be addressing here. That is a serious issue. And that has very severe and consequential long-term implications.

The ongoing deterioration in the international position of the United States should raise fundamental questions about our trade posture. I defy anyone to look at these charts and this movement in terms of our trade balance and not conclude that we are facing a serious problem here.

I am frank to tell you, I think those agreements ought to come to the Congress and let the Congress scrutinize them. The Executive makes these agreements. They develop the package. They do all the tradeoffs. They say, if it goes to the Congress, there will be all kinds of tradeoffs, as if there are no tradeoffs downtown, as if the Executive is not engaged in all sorts of tradeoffs. Who is to say that their tradeoffs better serve the public national interests of the country than the judgments or decisions that Congress would make?

Recently, Kenneth Lewis, the retired chief executive of a shipping company in Portland, OR, and a member of the Presidential Commission on United States Pacific Trade and Investment Policy, wrote an article in the New York Times. In that article, he called for a significant dialog on U.S. trade policy and the establishment of a permanent commission charged with developing plans to end in the next 10 years our huge and continuing trade deficits. In fact, Senators BYRD and DORGAN and I have sponsored legislation to establish such a commission. In his article Mr. Lewis wrote:

Full discussion is needed on questions like: What is the purpose of our trade policy and what do we want our domestic economy to look like? Who gains and who loses, and to what extent, from the increases in exports and the greater increases in imports?

The greater increases in imports, what this chart says. See, everyone comes in, and they say, well, we are going to be able to increase our exports. Everyone says, well, that's a wonderful thing. No one looks at the other side of the ledger, which is this incredible increase which has taken place in imports and, therefore, the deteriorating economic position of the United States as we run these very large trade deficits—\$1.5 trillion deficits since 1974, and because of that the United States, which has been the world's largest creditor nation into the 1970's—and we even survived up to 1980 because we had a creditor position before it was worked down. Eventually it was worked down. At the end of this year we will be a \$1 trillion debtor, with every indication that it will continue on out into the future—continue on out into the future.

Let me go back to this quote from Mr. Lewis:

Full discussion is needed on questions like: What is the purpose of our trade policy and what do we want our domestic economy to look like? Who gains and who loses, and to what extent, from the increases in exports and the greater increases in imports? Do American workers benefit, or only consumers and investors? What conditions must exist—concerning human rights, workers rights, or environmental protections—for us to allow other nations' goods to enter our country?

These strike me as the fundamental questions that we are failing to ask about our trade policy, and fast track is not an answer to any of those questions. What we really should do here is not do the fast track. Launch a major debate on our trade policy, a major examination of the trade figures and a major consideration of why the United States is running these large trade deficits. I defy anyone to come to the floor and suggest that running these large trade deficits is to our national interest, that that is a positive situation. It is clearly not a positive situation.

Throughout this whole period we ran modest but positive trade balances. In fact, many have said that the United States purposely tried to hold down its positive trade balances in order to help the rest of the world develop subsequent to World War II. So we ran these modest but positive trade balances, and beginning in the mid-1970's—coincidentally, as I said, about the time we started doing fast-track authority—we began to get this deterioration. That's in the overall trade balance.

In the merchandise trade balance, the deterioration was absolutely dramatic, as I have indicated earlier. We just had an incredible deterioration in the goods balance, as we can see by this chart here. This is about a \$1.8 trillion deterioration in the trade. Now, it is somewhat offset a bit by the improvement in the service balance. But the net figure comes out to show this figure on total trade balance.

Mr. BYRD. Mr. President, will the Senator yield for a question?

Mr. SARBANES. Certainly.

Mr. BYRD. It is really difficult to comprehend how much a trillion dollars is. And the distinguished Senator has pointed to the trade deficit that our country has been running. And he said that up until the early part of the 1980's our country was a creditor Nation, the foremost creditor Nation on Earth. And that during the 1980's it became a debtor Nation, to the tune of \$1 trillion.

Mr. SARBANES. Now we are at a trillion. Each year, if you add \$100 billion, \$125 billion, \$150 billion, if you run a deficit that year at \$100 billion to \$150 billion, that is another \$100 billion or \$150 billion you add to your debtor status. So, unless you get out of this status, you are continuing to worsen your position and get deeper and deeper into the hole. What it means to be in a debtor status is that others abroad have claims on us. When we were a creditor Nation we had claims on them. Now they have claims on us. I submit that is a weakening, that is a deterioration of the U.S. economic position.

Then they will come along and say, "Well, the economy is working well." The economy is working well now. There is no question about it. But the one thing we have not straightened out or addressed are these constant trade deficits which get us deeper and deeper into the hole. Others continue to finance us. But you wonder how long they are going to go on doing it. And even if they continue to do it, we nevertheless are more and more at their mercy.

I mean we are depending on the good will of strangers, is what it amounts to, on the economic front. And I am just saying—now, if you didn't have fast track, would you correct it? Well, I don't know. At least the agreements would be subjected to a much closer scrutiny. In any event, we could turn our attention to finding out what the factors are that cause this.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. SARBANES. Certainly.

Mr. BYRD. I compliment the Senator on the presentation that he is making and on his charts. It is amazing, when one contemplates that, if one were to count a trillion dollars at the rate of \$1 per second, it would require 32,000 years to count a trillion dollars. It is pretty amazing. The Senator and his charts point to the road that we are traveling. I thank the Senator for his fine statement. He has been a student of this matter for many years and on his committee, the Joint Economic Committee, I believe it is, he has accumulated a tremendous amount of knowledge in this respect. I thank him for his presentation. I hope that Senators who are not here will take the time to read it in tomorrow's RECORD.

I thank the Senator for yielding.

Mr. SARBANES. I appreciate the comments of my distinguished colleague.

Mr. President, I have one final point I want to make and that is on this matter of protection for workers' rights, health and safety standards, and environmental standards.

Actually, in many respects, this legislation is weaker than the legislation which last reauthorized fast track in 1988 in these areas. The administration has come in today with a number of so-called initiatives and I am sure we will see more tomorrow, more the next day, and so forth. But, as I read them, none of those initiatives go right to the heart of the fast-track negotiating process in terms of what the negotiating goals should be. Let me just point out that under this legislation, we drastically limit the extent to which workers' rights, health and safety standards, and environmental protection are addressed in the principal negotiating objectives of the fast-track authority. The fast-track authority sets out principal negotiating objectives. And it is those objectives that describe the subject matter of trade agreements which are covered by fast-track procedure.

My very able colleague from Rhode Island, Senator REED, made this point in a very careful and thoughtful way. The bill states that the principal negotiating objectives with respect to labor, health and safety, or environmental standards only include foreign government regulations and other government practices, "including the lowering of or derogation from existing labor, health and safety or environmental standards for the purpose of attracting investment or inhibiting U.S. exports."

"The lowering of or derogation from existing * * * standards. * * *" Thus the bill would not allow for fast track-consideration of provisions to improve labor, environmental and health and safety standards in other countries. It, in effect, says they can't lower it. But it says nothing about improving it. And one of the problems, of course, that we face is that environmental standards, workers' standards, health and safety standards in other countries are completely inadequate and we are in that competitive environment.

The principal negotiating objectives, which are what the implementing legislation has to be limited to, leave no room for provisions that are outside a very narrow range, strictly needed to implement the trade agreement. So this provision, despite these assurances now which are coming in, all of which are unilateral assurances by the executive branch and not included in the negotiating objectives, would be included within the fast-track authority. So we are not even going to be able to start addressing this very serious and severe question about the discrepancy between workers' standards, environmental standards, and health and safety standards—between what exists in this country and what exists with a number of our competitors.

What is the answer to that? Are we simply going to accept these lower

standards, many of which result in lower costs, and then continue to experience these growing trade deficits? Are we going to lower our own standards, when clearly we put them into place because we perceive that they are necessary in order to deal with the sort of problems at which they are directed, when we are trying to get the rest of the world to come up not to go down? These are many of the questions that I think need to be addressed on the trade issue.

Very quickly in summary, the fast-track authority represents a tremendous derogation of the power of the Congress. The Constitution gives us the power to regulate foreign commerce and we ought to exercise that power. We do very serious consequential arms control agreements that are open to amendment when they come to the floor of the Senate. We may not amend them. We may decide not to amend them. But we don't give away or forswear the power to do so. I don't see why we should give away or forswear that power when it comes to trade agreements.

Of course we have had this incredible deterioration in our trade situation. That is the issue that ought to be addressed. It would serve everyone's purpose if we rejected the fast-track authority and then provoked or precipitated, as a consequence, a major national debate with respect to trade policy. It is constantly asserted—I understand the economic theory for free trade and I don't really differ with it, although I do submit to you that many of the countries with which we are engaged in trade are not practicing free trade. They are not playing according to the rules. They are manipulating the rules to their own advantage and to our disadvantage—witness these. In many instances the consequence of that is to contribute to these very large trade deficits. But those are the matters that we ought to be debating. We ought to have a full-scale examination of that and the Congress ought not to give away its ability to be a full partner in developing and formulating trade policy. This proposal that is before us, in effect, requires the Congress to give up a significant amount of its authority in reviewing trade agreements. I think, therefore, they don't get the kind of scrutiny which they deserve.

The examination is always on one side. It says, we will get these additional exports. No one looks at what is going to happen on the import side and what the balance will be between the two.

As a consequence of not examining the balance, we have had this incredible deterioration. We used to not do that. We used to have in mind the fact there was a balance and that it was important to us. We sought to sustain that balance, as this line indicates. We held that line for 25 years after World War II. Since then, we have gone into this kind of decline, and I, for one,

think it is time to address that problem. I think the way to begin is not to grant this fast-track authority.

Mr. President, I yield the floor and reserve the remainder of my time. 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.

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

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

MORNING BUSINESS

Mr. BENNETT. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak for up to 5 minutes each.

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

NOTICE OF ADOPTION OF AMENDMENTS TO REGULATIONS AND SUBMISSION FOR APPROVAL

Mr. THURMOND. Mr. President, pursuant to section 304 of the Congressional Accountability Act of 1995 (2 U.S.C. sec. 1384), Notices of Adoption of Amendments to Regulations and Submission for Approval were submitted by the Office of Compliance, U.S. Congress. These notices contain amendments to regulations under sections 204, 205 and 215 of the Congressional Accountability Act. Section 204 applies rights and protections of the Employee Polygraph Protection Act of 1988; section 205 applies rights and protections of the Worker Adjustment Retraining and Notification Act; and section 215 applies rights and protections of the Occupational Safety and Health Act of 1970.

Section 304 requires these notices and amendments be printed in the CONGRESSIONAL RECORD; therefore I ask unanimous consent that the notices and amendments be printed in the RECORD and referred to the appropriate committee for consideration.

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

OFFICE OF COMPLIANCE—THE CONGRESSIONAL ACCOUNTABILITY ACT OF 1995: EXTENSION OF RIGHTS AND PROTECTIONS UNDER THE EMPLOYEE POLYGRAPH PROTECTION ACT OF 1988

NOTICE OF ADOPTION OF AMENDMENTS TO REGULATIONS AND SUBMISSION FOR APPROVAL

Summary: The Board of Directors ("Board") of the Office of Compliance has adopted amendments to the Board's regulations implementing section 204 of the Congressional Accountability Act of 1995 ("CAA"), 2 U.S.C. §1314, and is hereby submitting the amendments to the House of Representatives and the Senate for publication in the CONGRESSIONAL RECORD and for approval. The CAA applies the rights and protections of eleven labor and employment and public access laws to covered employees and employing offices within the Legislative Branch, and section 204 applies rights and protections