Mr. LEAHY. Mr. President, I am delighted that the majority leader has taken up the nomination of Judge James S. Gwin to be a U.S. district court judge for the northern district of Ohio.

Since 1989, Judge Gwin has served as a judge for the Court of Common Pleas in Stark County, OH. Three times during his judgeship, Judge Gwin has been elected administrative judge by his peers, and in 1995, he was elected presiding judge. In addition to his legal service, Judge Gwin has volunteered for several organizations, including the North Central Ohio Juvenile Diabetes Foundation and the Central Stark County Mental Health Center. His nomination enjoys the strong bipartisan support of Senator GLENN and Senator DEWINE.

Despite his exemplary record, one or more of my colleagues on the majority has again demanded a rollcall vote on a judicial nomination. That is, of course, the right of any Senator and I do not object. Indeed, I welcome the vote. I expect this rollcall vote to be much like the last eight in which a unanimous Senate approves a well-qualified judicial nomination. I congratulate Judge Gwin and his family on this achievement and look forward to his service on the U.S. district court.

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

The PRESIDING OFFICER. Without objection, the time will be charged equally. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GREGG. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of James S. Gwin, of Ohio, to be U.S. district judge for the northern district of Ohio? On this question, the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 293 Ex.]

YEAS—100

Abraham	Burns	Dodd
Akaka	Byrd	Domenici
Allard	Campbell	Dorgan
Ashcroft	Chafee	Durbin
Baucus	Cleland	Enzi
Bennett	Coats	Faircloth
Biden	Cochran	Feingold
Bingaman	Collins	Feinstein
Bond	Conrad	Ford
Boxer	Coverdell	Frist
Breaux	Craig	Glenn
Brownback	D'Amato	Gorton
Bryan	Daschle	Graham
Bumpers	DeWine	Gramm

Grams	Landrieu	Rockefeller
Grassley	Lautenberg	Roth
Gregg	Leahy	Santorum
Hagel	Levin	Sarbanes
Harkin	Lieberman	Sessions
Hatch	Lott	Shelby
Helms	Lugar	Smith (NH)
Hollings	Mack	Smith (OR)
Hutchinson	McCain	Snowe
Hutchison	McConnell	Specter
Inhofe	Mikulski	Stevens
Inouye	Moseley-Braun	Thomas
Jeffords	Moynihan	Thompson
Johnson	Murkowski	Thurmond
Kempthorne	Murray	Torricelli
Kennedy	Nickles	Warner
Kerrey	Reed	Wellstone
Kerry	Reid	Wyden
Kohl	Robb	
Kyl	Roberts	

The nomination was confirmed.

The PRESIDING OFFICER. The President will be notified of the confirmation of the nomination.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

RECIPROCAL TRADE AGREEMENT OF 1997—MOTION TO PROCEED

The Senate continued with the consideration of the motion to proceed.

The PRESIDING OFFICER. Under unanimous consent, the Senator from Minnesota is recognized.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, it is the role of national governments to establish the rules within which companies and countries trade. That is what trade agreements do. They set strict rules. If, for example, a country does not enforce respect for patents, trade sanctions can be invoked.

Mr. President, you can bet that U.S. companies get right in the face of our negotiators to make sure that the rules in these agreements which protect their interests are ironclad and will be strictly enforced. That is what companies do. You can be absolutely sure that U.S. companies would laugh in the face of negotiators if they were told that their concerns were legitimate but could be pursued just as seriously in less enforceable side agreements.

My point, Mr. President, is that it is fine to represent the interests of the companies. We should do so. But we are also elected to represent other people in our country, not just large multinational corporations. We are elected to represent the majority of people.

I say, Mr. President, that we should take a very strong interest not only in representing the majority of people in our country but also in representing a lot of people, ordinary citizens, wage earners, ordinary people in the countries we trade with. Because if they do not make enough money to demand the products that we produce, then we are not going to do well.

Mr. President, I think this fast-track agreement, which extends on to NAFTA and GATT, is deeply skewed toward large corporate interests. That has been our recent experience with trade agreements. And I want to talk a little bit about what has happened with NAFTA.

NAFTA has been in operation for 3 years. And we heard a lot about what NAFTA was going to do for all of us. We have an opportunity now to look at the results with NAFTA. They include loss of jobs, suppression of wages, and the weakening of food, safety, and pollution laws.

Mr. President, if we repeat these mistakes, we are only going to condemn ourselves to replicate some of NAFTA's worst measurable consequences. Let me draw for colleagues from a respected Economic Policy Institute report. This report was issued in September of this year and titled ''NAFTA and the States: Job Destruction is Widespread.'' EI's study concluded that ''an exploding deficit in net exports with Mexico and Canada has eliminated 394,835 U.S. jobs since NAFTA took effect in 1994.'' The report argues that this job loss contributed significantly to a 4-percent decline in real median wages in the United States since 1993. Minnesota, according to this report, lost about 6,500 jobs due to the NAFTA-related trade deficit between 1993 and 1996, contributing to about a 3.8 percent drop in real median wages.

Mr. President, last month the Institute for Policy Studies and United for a Fair Economy published a study which tracked the performance and actions of a number of companies which belong to a major corporate coalition which is advocating passage of fast track. The study found that the 40 companies which are members of the America Leads on Trade coalition, from whom all of our offices have received pro-fast-track materials regularly, cut jobs in 89 U.S. plants under NAFTA. The study also documents that almost 13,000 workers who were laid off by members of this coalition, America Leads on Trade, qualified for NAFTA retraining assistance. And while jobs were being cut by these firms, these firms' profits soared and the salaries of their CEO's were significantly higher than those of executives in other leading firms.

Mr. President, again, looking at the record with NAFTA, according to Public Citizen in a report released in September of this year, U.S. food imports have skyrocketed while U.S. inspections of imported food have declined significantly. The report charges that ''imports of Mexican crops documented by the U.S. Government to be at high risk of pesticide contamination have dramatically increased under NAFTA, while inspection has decreased.''

Mr. President, our experience with NAFTA can't be dismissed. Jobs and wages in the United States have gone down. We have this paradox over the last 20 years of workers' productivity going up but real wages going down. Wages have gone down in Mexico, too, despite the fact that some workers in Mexico are performing high-skill, high-productivity labor. Our trade balance has dramatically worsened with respect to Mexico. This is all in the last 3 years, post-NAFTA agreement, and the number of U.S. firms that have not only relocated to Mexico but just as importantly have threatened to relocate to Mexico have effectively held wages down. Mr. President, this is a classic tactic used in any effort to organize—companies just simply saying, ''We will go to Mexico.''

Violations of fundamental democratic rights—we care about those rights—as well as basic human and labor rights continue to occur regularly in Mexico. And a NAFTA side agreement has not significantly improved Mexico's environment—the environment degradation goes on at the Maquiladoras—nor have they done anything to raise the wages or living standards of the people. When I visited the Maquiladora I thought the environmental degradation was horrifying. I could not believe little children that I saw working in the plants. When I talked to people, they were quite often terrified to even talk to a U.S. Senator for fear of losing their job.

Mr. President, I simply will say it one more time, we should be engaged in trade agreements, we should be a vital part of an international economy, and we are, but we can do it without injuring people in communities in our country and we can do it without injuring people in communities in other countries if we have the inclusion of enforceable labor rights and environmental provisions right in the agreements themselves. We don't have any like that in this fast-track proposal.

Mr. President, I said at the beginning that I wouldn't support this agreement on the principle of democracy alone. To lock ourselves into trade agreements up to the year 2001—other countries in Latin America, Caribbean countries, Asian countries—without even knowing what those agreements will entail, to not be able to come out here on the floor of the U.S. Senate and introduce amendments to fight for people in your State or South Carolina or Iowa or Washington or any other State, I think denies us as Senators what is really the most cherished and I think most sacred responsibility we have, which is the responsibility to be out here fighting for people.

These trade agreements affect the quality of life of people in Minnesota and all across the country. I believe that in the absence of, as a part of this trade agreement, clear fair labor standards and environmental standards and human rights standards, these trade agreements will continue to do exactly what NAFTA has done—depress the living standards of people in the United States and people in other countries, lead to further violation of human rights in other countries, not do one positive thing about environmental degradation, and ultimately it will be a good deal for large multinational corporations and a very bad deal for the people in Minnesota and the people across the country.

Mr. President, by way of conclusion, I oppose this agreement because of the fast-track procedure alone. I think it is profoundly antidemocratic. I oppose it because of the empirical evidence that has come in about NAFTA. It is quite clear to me this will lead to a depressing of living standards of people in our country and people in other countries. And finally, Mr. President, I oppose this agreement not because I am not an internationalist. I am the son of a Jewish immigrant from Russia. I am an internationalist. We are in an international economy. I want our country to lead the way. But I want the United States of America to lead the way as an economic power in this international economy by advocating our values. Our values respect human dignity, our values respect human rights, our values respect protecting children's lives, our values respect the environment, and our values respect fair labor working conditions for people. That is what is lacking in this agreement. That is why I am in such profound opposition to it.

I yield the floor.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

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

Mr. GRASSLEY. Mr. President, I support fair trade because trading creates jobs in America. A billion dollars worth of trade creates 18,000 jobs. Those jobs pay 15 percent above the national average of jobs in America. In my State of Iowa, corporations that export pay 32 percent higher benefits than corporations that don't export. If we are going to continue to grow as a Nation, we are going to have to be able to export more to create good paying jobs in America.

Why do we, from time to time as a Congress, give the President authority to negotiate trade agreements? The power to regulate interstate and foreign commerce is very clearly a power given to the Congress by the Constitution. It is one of the 17 explicit powers mentioned in the Constitution. Congress guards its constitutional authority very carefully.

But we have found that it is very difficult for Congress, made up of 535 men and women, to negotiate with 132 different countries who are part of the GATT process. Congress, for the large part, can't even negotiate agreements among its own Members a lot of times. So you can see the difficulty of Congress as a body reaching an agreement with foreign countries on how to reduce barriers.

So from time to time under very strict guidelines we delegate some of our negotiating authority to the President. But we don't do it in a willy-nilly fashion. We do it with safeguards to make sure that Congress' constitutional power to regulate interstate and foreign commerce is protected. And we do it for a short period of time. We also keep the power to deny the President the ability to negotiate with a specific country, if we don't want the President to do that. We make sure that the President and his people consult with Congress on a very regular basis so that we know what is going on, but more important, so the negotiators know what Congress wants negotiated or doesn't want negotiated to ensure the negotiations reflect the will of Congress. Then, obviously, nothing can become the law of our Nation if it is not passed by the Congress of the United States and signed by the President of the United States.

So we are very cautious in giving the power to negotiate. But we do it for two reasons: First, it is very impractical for Congress to negotiate with foreign countries, and quite frankly it is something that the President does on a regular basis on a lot of foreign policy issues. But more important we have seen opportunities for America's economic expansion happen because we have reduced barriers to trade since World War II. We have a track record of knowing our economy can expand when we export. We have a track record of knowing that jobs are created if we export. And we have a track record of knowing that those jobs that do export pay very good wages.

So we start with the proposition that we want to have an expanding economy, that we want to create jobs and we want to create good jobs because that has been the track record of expanding foreign trade over the last 50 years. We move forward with confidence, giving this President, as we have given Republican and Democrat Presidents in the past, the authority to negotiate trade agreements. And we are confident that the workers and consumers of America will benefit as a result of giving the President this negotiating authority.

We have seen barriers to trade around the world reduced from an average of 40 percent 50 years ago to an average of 5 percent today. Those are tariff figures. We have seen still, countries have higher barriers to trade—both tariff and nontariff trade barriers—than what we have in the United States. They are up here and we are down here. So it is a given. It is common sense, the extent to which the President can get these other countries to reduce their tariff and nontariff barriers to trade to a level equal to or closer to ours, it levels the playing field for our people, both large and small business, and that will create opportunities to export and enhance the economic well-being of our country.

So I rise strongly in support of S. 1269, the Reciprocal Trade Agreement Act of 1997, and I urge my colleagues to vote aye on further motions to proceed and to take up the bill. Mr. President, this debate is long overdue. The President has lacked the authority to negotiate trade agreements since the completion of the Uruguay round agreements in 1994.

Since then, the United States has, as far as I am concerned, relinquished its leadership role that we have had over the last 50 or 60 years in international trade issues. And the rest of the world will not wait for a long period of time for the United States to act but will move on without us.

This bill will restore the United States to its rightful position as the world's leader in international trade. If nothing else, it's going to reassert the moral authority of the United States to be a leader in fair trade negotiations around the world, as we have been for the last 60 years.

Since the original reciprocal trade agreements of 1934, the United States has taken this leadership role in reducing barriers to trade. We learned from the Smoot-Hawley legislation, we learned from the Great Depression of the 1930's, and we learned from the results of World War II that protectionism is not only bad economically, it's bad from the standpoint of promoting peace throughout the world. As I said, in the period of time since the United States started this process of reducing barriers to trade—not only our own barriers, but other barriers in other countries—we have seen global tariffs drop from an average of over 40 percent to about 4 or 5 percent today. This dramatic opening of world markets has led to an explosion of economic growth since World War II, and the United States has been the primary beneficiary of this growth.

American workers are the most productive, highest paid workers in the world. American companies produce the highest quality products, and American consumers have more choices of goods and pay less of their income on necessities, such as food, than consumers anywhere else in the world. These are the benefits of fair trade agreements.

Americans have enjoyed these benefits only because, through U.S. leadership, we have convinced other countries that freeing up trade and leveling the playing field for everybody is critical to economic growth, not only in our country, but around the world. And we have led by example. We have lowered our own tariffs to show our willingness to trade with the rest of the world, and to show that trade is beneficial to workers as well as consumers and not something to be feared. This bill reestablishes the United States in this leadership role.

This bill will allow the United States to continue on the path of economic growth and prosperity, and will show the way for other countries as well. Free and fair trade creates jobs—stable, high-paying jobs. Exports support more than 11 million jobs in our country. These jobs, as I have said before, pay 15 percent higher wages than other jobs. In my own State, exporting companies have 32 percent higher benefits than nonexporting corporations.

Trade is a major component of the economic growth of even the most recent decade. It is estimated that exports, as a share of gross domestic product, grew by 39 percent and accounted for nearly 50 percent of the total U.S. economic growth between the years 1986 and 1992. This year, total U.S. trade will be 30 percent of our total GDP. These statistics show that trade is important to this country. It's important to the well-being of our economy.

This bill will allow the United States to maintain its competitive advantage in the global economy. Trade negotiating authority is necessary to remove barriers to our exports and, hopefully, some day remove all remaining barriers to our exports. These barriers are taking money out of the pockets of American farmers and workers. But without this bill, the rest of the world will continue to raise barriers to our products. We will remain on the sidelines—where we have basically been since 1994.

Since trade negotiating authority expired back then, over 20 major trade agreements have been consummated. The United States was not a party to any of them. Do the opponents of this bill believe that other countries are looking out for the interests of the United States when negotiating these agreements? We had an opportunity to be at the table. Of course, nobody is going to look out for the interests of the United States, except our U.S. negotiators. We in the Congress are going to see that they look out for those interests. We can deny the President's authority to negotiate with a specific country. We will consult with the President of the United States on a regular basis on how those negotiations are going, and advise the President on what should be negotiated. Finally, we have an opportunity to enact the final product of any negotiations.

Now, I said that we have had 20 agreements negotiated, where the United States was not a party. But I can show in some of those negotiations where U.S. economic interests—and maybe humanitarian and nonpolitical interests, or political interests have also been hurt.

Chile is a good example of what we have sacrificed by not having trade negotiating authority. In 1992, President Clinton promised Chile that it would be part of the North American Free Trade Agreement. Five years later, Chile has a free trade agreement with Canada and with Mexico—the other two partners of the North American Free Trade Agreement—but not with the United States. Chile is an associate member of the MERCOSUR countries, which is a trading block composed of Brazil, Argentina, Paraguay, and Uruguay. Yet, Chile is still not a member of NAFTA. You might say, so what; you don't like NAFTA and you are applauding. But in the process, American workers and farmers are beginning to feel the consequences of this inaction.

An American company recently lost a $200 million telecommunication contract to a Canadian company that enjoys preferential treatment under its trade agreement with Chile.

American farmers currently supply 90 percent of Chile's free grain imports. Those are exports from states like Iowa, Minnesota, Nebraska, and Illinois. But our biggest competitors for this market, Argentina and Brazil, enjoy an 11-percent tariff advantage over American farmers. And whether or not we are going to continually supply feed grains to Chile—it is only a matter of time before we lose this important agricultural market. What will the opponents of this legislation say to the farmers of their State and the workers of their State when these workers and these farmers lose their jobs and lose income because this market is lost because we have an 11-percent disadvantage? This bill allows us to compete for these markets once again.

The economic benefits of trade negotiating authority are very clear. But let's remember that trade is also an important foreign policy initiative. Free and fair trade is humanitarian, as well as it is economic. Free and fair trade promotes liberty and freedom around the world. This bill is going to help increase the standard of living of our trading partners and, with it, enhance the stability of their political and economic systems. And when you enhance the political and economic systems, you open the door, through trade, for the United States to export its democratic principles of liberty and freedom. We are seeing enhancement of these institutions in countries where freedom and liberty was foreign to a lot of people. Economic intercourse opens the way, opens the door; it is a window of opportunity for other things that we in America believe in, which you can't put a dollar and cents value on. We know that when Americans travel overseas, when we enhance our business opportunities with other countries, this sort of rubbing shoulders with people of other countries has benefits that go way beyond just the dollars and cents of free and fair trade.

The people we trade with experience American values through the goods they purchase and the relationships they form when trading with us. In time, it is likely that they will insist that their own government uphold these values as well. We have seen it happen in Latin America, Eastern Europe, and someday—I am optimistic—we will see it happen in China.

Many scholars believe that a country must attain a certain standard of living and economic stability before democracy can even begin. Trade, and not foreign aid, is the mutually preferred method of achieving economic growth and economic stability, which is a forerunner of political stability.

Since 1986, I have hosted, on six different occasions during the month of August in my State, week-long tours of Iowa by foreign embassy ambassadors. In other words, the embassies here in Washington, DC, send their ambassadors and/or trade representatives. I hear from these people coming to my State of Iowa, again and again, from these international guests, that a mutually beneficial and healthy trade relationship is much preferred over foreign aid from the U.S. Government. While foreign aid can be fleeting, trade builds and expands economies. This, in turn, fuels the democratization process. So this bill helps our trading partners help themselves.

Mr. President, the opponents of this bill want to turn back the clock. They prefer a time when this country could afford to be isolationist, when we could consume all in America that we produce, and we didn't have to worry about exports, and when economic growth could be sustained then by domestic production alone.

Reminiscing about those past days may make for good political rhetoric. But that sort of rhetoric is dangerous because it simply ignores the economic facts of today's world. They ignore the benefits beyond economics that come from trade. Because, like it or not, we are in a global economy. Our jobs and standards of living have become to some degree dependent on trade with other countries. We can't afford to build walls around this country, and we can't afford to turn inward. If the United States were to do that, other countries would do it as well. And that could be dangerous. I just saw a quote recently, that I believe to be accurate. ''If merchandise is not going to cross borders, soldiers will.'' It is a preventive of war. It is a promotion of peace when we trade.

We must lead. We still have all the advantages: A highly skilled, educated work force; we have technology, capital, and, most important, a sense of entrepreneurship that not only benefits America, but when this is promoted around the world, it is going to benefit all of the economies of the world. We also have the most stable economic and political system the world has ever known. The United States has the most to gain by leading and the most to lose by sitting on the sidelines.

This bill is the first step back into reasserting our moral authority to lead in leveling the playing field in international trade, an authority that we have exercised since the 1930's.

Mr. President, I want to remind my colleagues that the question is not whether future trade negotiations will occur. They are happening right now under our very noses between countries all over the world. I have cited 20 specific examples since 1992. Rather, the question is whether the United States will be at the negotiating table protecting the interests of our citizens for the good of this country and for the good of the world.

This legislation must become law.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. ROBERTS). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I support free trade between the United States and other countries.

Mr. President, I yield such time as I might use from the Senator from South Carolina.

The PRESIDING OFFICER. The Senator is speaking on the time of the Senator from South Carolina.

The Senator is recognized.

Mr. KENNEDY. Mr. President, I support free trade between the United States and other countries. I have supported fast-track authority in the past, and I wish I could still do so.

But this fast-track bill is grossly one-sided and unfair. It goes the extra mile to protect intellectual property rights and other rights of business. Yet it puts major roadblocks in front of any effort to protect the rights of workers.

The bill lists 15 so-called principal negotiating objectives. Negotiators are directed to pursue these matters vigorously in trade talks with other nations. One of the objectives urges negotiators to seek strict enforcement of laws protecting copyrights, patents, and intellectual property. The bill even directs negotiators to seek criminal penalties for violations of intellectual property rights.

But the bill is silent about any corresponding effort to promote workers' rights. Negotiators are forbidden to encourage other countries to improve worker protections. Any provisions designed to strengthen labor protections or improve another country's enforcement of its labor protections cannot be given fast-track treatment.

No previous fast-track bill took such a one-sided and discriminatory approach. For example, the 1988 fast-track law included a specific objective to ''promote worker rights,'' and this was an important part of the legislation.

The present bill is unprecedented. It's fast-track for business and no track for labor, and that isn't fair.

We should not make it impossible to use other countries' desire for access to U.S. markets to urge improvements in working conditions. Leaders in other countries often say their door is open to such initiatives. But this bill actually prevents our negotiators from taking advantage of such opportunities. It prevents the United States from using the incentive of access to our markets to persuade a country to improve working conditions for its employees, even in cases where the issue is prison labor or child labor. There is nothing fair about that.

The bill also prohibits fast-track consideration of any provision that would modify U.S. labor or environmental standards. Any agreement that seeks to create internationally-recognized worker rights—such as a ban on child labor or prison labor—could not be considered under fast-track procedures, because it would restrict the power of the United States to refuse unilaterally to modify our own laws in these areas. There is nothing fair about that.

The bill denies our negotiators the power to push for improvements in another country's labor protections. And it denies our negotiators the power to push for improvements on a multi-national basis as well. Under this legislation, there could be no effort to improve worker protections in any forum. There is nothing fair about that.

Congress should not handcuff our ability to negotiate improvements in agreements setting basic labor standards that apply to specific nations or to all nations. Instead, we should use the trend toward globalization of markets to raise the level of employee protections around the world.

We tried to accomplish this goal in the North American Free Trade Agreement in 1993. The labor and environmental side agreements that accompanied NAFTA were designed to strengthen labor standards and establish a forum for resolving disputes.

Many have criticized the effectiveness of these side agreements, and with good reason. In 1994, Mexican workers who tried to organize a union at a Sony Corp. plant in Nuevo Laredo were fired, and some were beaten. This brutality violated Mexican law, and the NAFTA enforcement authorities found that the Mexican Government had failed to comply with its obligations under the labor side agreement. But none of the employees was rehired, and no fines were assessed against either the Mexican Government or the company. The side agreements were not enforced.

Weak as they are, side agreements like these are barred from consideration under the present bill. Such side agreements could not be given fast-track treatment. They would be subject to full debate and amendment in both houses of Congress.

But under this defective fast-track bill, an agreement making it a crime to infringe a copyright would be given fast-track treatment, and rushed through Congress with limited debate and without amendment.

This double standard is unacceptable. Trade affects goods and business profits, but it affects workers' lives and health as well. We can't deny the linkage. Yet this bill treats property rights far better than it does labor and environmental protections. Surely the life or health of a working man or woman deserves at least equal priority.

It's also true that NAFTA has failed to live up to our hopes. The Labor Department has certified that 127,000 American workers lost their jobs as a direct result of trade with Mexico and Canada under NAFTA. Some experts say the number may be as much as four times higher.

The administration has announced that it will seek hundreds of millions of dollars more for trade adjustment assistance to help workers dislocated by foreign trade. When American firms move their American plants to foreign countries in search of higher profits through cheaper labor, the American workers left behind pay a heavy price.

Trade adjustment assistance can help, but to many workers, it is little more than funeral expenses. It's obviously not enough to offset the antiworker, antilabor bias of this discriminatory fast-track bill.

The five measures the administration announced earlier this week, through the World Trade Organization and the World Bank, are another small step in the right direction on labor issues. But again, four studies and a promise don't fix the problems with this bill.

I urge the Senate to reject this unfair approach. This bill puts the rights of business on a pedestal, and leaves the rights of workers in the gutter. That kind of discrimination is unacceptable. No worker should be treated with less dignity than a compact disk. I oppose this legislation, and I urge my colleagues to defeat it.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I rise in support of the fast-track legislation, and I yield myself so much time as I might use.

The PRESIDING OFFICER. The Senator is recognized.

Mr. GRAMM. Mr. President, I think it is important that people understand that the debate about fast track is a debate about trade. If we reject fast track in the Congress, we are sending a signal to the whole world that the United States of America, which has been the strongest proponent of trade in the post-World War II period, is backing away from that commitment. If we reject fast track, we are saying to the world that the position we have taken in the post-World War II period is a position that we are now vacating. We are saying to emerging markets all over the world that we are not going to be the dominant force in trade on this planet.

That message, in my opinion, would be a devastating message for world trade. It would be a devastating message in terms of America's leadership. And I am prayerfully hopeful that in the end reason will prevail and that we will not send that message.

Mr. President, I have had an opportunity, as a Member of the Senate for 13 years and as a Member of the House for 6 years before that, to speak on many subjects. My colleagues have heard me speak on the budget on many occasions. I think my colleagues understand that I have great passion about that subject. But as compared with world trade, the budget is a secondary issue. The issue that we debate today is the most important issue that we will debate during this Congress.

Americans by and large do not understand the trade issue. One of the great frustrations of my political career has been that of all the issues that we deal with, the hardest issue to get people to understand is the trade issue. This is not a new problem. Disraeli, the British Prime Minister in the 19th century, once said, ''Not one person in 10,000 understands the currency question, and yet we meet him every day.'' And by ''the currency question,'' he meant the value of the pound relative to foreign currency in international trade. What Disraeli said would certainly be reflected in the debate here today.

I would like in my speech to try to do several things.

No. 1, I want to try to explain why this issue is so critically important.

No. 2, I want to respond to those who say they are opposed to expanding trade, that they are opposed to fast track because they are concerned about low-wage workers, because they are concerned about child labor, because they are concerned about poverty, because they are concerned about the environment.

Finally, I want to do something that we don't do enough of here, and that is we don't attack this trade issue head on.

I know I have many colleagues who come to the floor and talk for endless hours about how wonderful it would be to build a wall around America and go hide under a rock somewhere, how if we could simply imitate the economic isolation of North Korea, that all would be wonderful and well in America. And generally those of us who know better don't take the time to come over and respond. I want to be sure I take the time to respond today.

First of all, trade is critically important. The most important contribution of America in the post-World War II period has been the explosion of world trade. We didn't rebuild Europe with the Marshall plan. We didn't rebuild Japan with foreign aid. We didn't stop communism in Greece and Turkey with economic assistance. I don't in any way mean to criticize the Marshall plan or the Truman doctrine. They were both critically important. They sent a very clear signal to the world that we intended to learn from the lessons of World War II and that we were going to resist the expansion of communism. But what stopped communism in Europe, what preserved freedom in Greece and Turkey, what rebuilt Japan, what created an economic miracle in Taiwan and Korea, what changed the balance of power, what won the cold war, what tore down the Berlin Wall, what liberated Eastern Europe, and what set more people free than any victory in any war in the history of mankind was the growth of world trade.

By opening up American markets and expanding trade first with Europe and Japan, then with a special focus on Turkey and Greece, then with a focus on Korea and Taiwan, we literally created a wealth machine, and that wealth machine brought prosperity to America such as we had never imagined possible. It created new, massive economic superpowers in places like South Korea, a poor agricultural country.

South Korea is a perfect example. In 1953, they had a per capita income of $50 a year. They were devastated by the Korean conflict. But through world trade their per capita income grew to over $6,000.

The same thing happened in Taiwan. And the attraction of that economic growth in Taiwan, in Hong Kong and Singapore, the sheer ability of the market system in world trade to feed the hungry, to create opportunity and freedom and happiness, the shift in the balance of power that that economic explosion created literally tore down the Berlin wall and liberated Eastern Europe. And while Chiang Kai-shek had long since been in the grave, the economic miracle on the little island that he fled to and the economic miracle in Hong Kong built by world trade was so powerful that it literally forced mainland China to begin to change its system and converted an enemy into a trading partner. It holds out the great prospect of creating cooperation with the one country in the world that can be our rival in the 21st century, and that is China.

Now, we know the lessons of the 20th century. We know the wars that involved conflicts over resources; where Germany invaded Russia to get access to resources; where the Japanese invaded Manchuria to try to get access to mineral resources that in many cases were denied in trade agreements around the world. We know the totalitarianism of the 20th century.

When I am talking about trade, I am not just talking about goods and services. I am talking about a profoundly moral issue, a moral issue that really boils down to the question of whether we are going to repeat, beginning with a vote on fast track, the policies that created the terrible crises that we faced in the 20th century.

Did we learn from history or are we going to repeat it? I hope we learned. This is a profoundly moral issue because it is about freedom. It is about doing something about grinding poverty that for the great mass of mankind literally beats down the humanity of working men and women and their children all over the world.

Mr. President, I respect my colleagues and I know they mean well, but it is hard for me to sit here and listen to people say that they want to reduce trade because they are concerned about poverty. It is very difficult for me as an old economics professor to sit here and listen to people say, ''Well, I would like to trade with China or Mexico or Chile or any other place in the world but I am concerned that workers are poor. I am concerned about child labor. And so as a result I do not want to trade.''

Why does child labor exist? In the War of 1812 we had 8-year-olds in the

Navy. We had child labor in America up until the Civil War. Why did we have it? Why does it exist all over the world in poor countries? It exists because it is a product of poverty. Wages are low because of poverty. Working conditions are poor because of poverty. If you really care about workers in another country, you want to trade with that country because only by trade, only by expanding prosperity both here and there can we do something about child labor, can we do something about poverty.

So if you really care about workers' rights in other countries, you do not solve their problem, you do not deal with child labor by building a wall between us and that country. You eradicate child labor by promoting trade, which promotes prosperity, which allows parents to put their children in schools and keep them there until they are educated.

So I reject the argument that is made by people who oppose trade and oppose fast track, because that is what this fast track debate is about. It is about trade. It is about whether we are going to continue to trade or whether we are going to start building walls. And I totally reject the idea that those who oppose this bill are protecting low-income workers and children.

I am protecting low-income workers and children. The policy that I promote of trade, expanded economic opportunity, expanded freedom and expanded prosperity, that is the only system in history that has ever done anything about poverty. Trade, free enterprise, individual freedom, those are the great tools for destroying poverty. So if you really want to stop child labor in the world, if you really care about workers' rights, then join the President and join me in tearing down barriers and expanding trade.

Likewise, I reject the notion that those who want to promote a good environment worldwide can do it by preventing trade. I ask my colleagues, and I ask those who are listening, to understand that the population of the world is growing, that people are going to be hungry, and unless we can create an economic system worldwide that is going to feed them, they are going to continue to destroy the environment in their countries.

Environmentalism, the concern about your surroundings, is a product of affluence. You can only be concerned about the environment when you have enough to eat. And if you really care about the environment, if you really are concerned about global warming, if you are concerned about the expansion of pollution, you ought to be for trade because trade creates prosperity, and prosperity makes it possible for people to improve the technology and in the process to improve the environment.

Our colleague from Massachusetts talked about Mexico. Mexico is a relatively poor country, but as a Senator from a State that shares 1,200 miles of border with Mexico, I can tell you that the expansion of trade with Mexico has meant bringing 1990's technology into Mexico, especially along the border, to replace 1950's technology, and the net result is that our new investments and the expansion of growth and opportunity in Mexico give them the first real opportunity that they have ever had to improve their environment.

So if you really care about workers and children, if you really care about the environment, use the one tool, the one tool that we have that can help people in other countries share in the great bounty we share, and that tool is trade.

Now, I have never heard so much poor mouthing in my life as the poor mouthing we have heard about trade. You would think Americans are a bunch of incompetents, that our workers are all these guys standing on assembly lines with big pot bellies, who are, in the words of that old country and western song, ''having daydreams about night things in the middle of the afternoon.''

In listening to our colleagues, you would think that we are just complete incompetents and that we need to build a wall around America to protect us from having to compete with other people.

That is totally out of sync with reality. America dominates the world market. Study after study of competitiveness concludes that America is the lowest-cost producer in the world of manufactured products, not because we have low wages but because we have skilled workers and because we have the best tools in the world. We dominate the world marketplace. We are the world's largest exporter, the world's largest importer. Our living standards are 20 percent higher than Japanese living standards. Germany has a living standard about 74 percent of our level. The American economy has grown in the last 10 years by 17.8 million new permanent, productive, taxpaying jobs. And since employment in Government has declined, this represents a net addition to the number of people who are involved in the marketplace creating goods and services. That is 5.7 million more jobs than Germany and Japan combined have created in the last 10 years.

And yet, to listen to our colleagues, our jobs are running offshore; our jobs are going to Japan; our jobs are going to Germany; our jobs are going to China. We have the highest levels of employment we have had in the history of the country. We have created 17.8 million new jobs in the last 10 years. Our economy is booming. And yet to listen to our colleagues pour ashes over their heads and talk about helpless, incompetent Americans, you would think we were incapable of producing or selling anything.

The reality is that in 10 years our exports are up by 130 percent. The exports of Europe are up by 55 percent. The exports of Japan are up by 24 percent. But if there is one thing that I could rejoice in, it is we are not hearing people say today, as they did in this debate 2 years ago, that we ought to copy Japan. We used to have Members of the Senate who would get up and talk about how wonderful it would be if our economy could be like Japan's, if we put up barriers to cheat our consumers and drive up the price of goods, if we had Government and business conspire to have these massive plans to dominate the world market. If we could just do what Japan does, they said, things would be wonderful. I do rejoice that nobody says that anymore. They don't say it anymore because the Japanese economy is on its back.

Government-dominated trade fails. The marketplace succeeds. You hear all of these tales of woe about how manufacturing jobs every day are leaving the country. The truth is that our exports in manufacturing are up 180 percent in the last 10 years. That is nine times the rate of growth of manufacturing exports in Japan. That is six times the rate of growth in exports in Germany.

One of the problems the President has on fast track today is that for the last 6 years he has pussyfooted with all these protectionists. He has engaged in little acts of protectionism and now all of a sudden he comes back to the same proponents of protectionism that he has been coddling with political favors for 6 years and says, ''Oh, by the way, we have a profound national interest now and you have to stand up for trade.'' No wonder he is having trouble. The President has been on three sides of a two-sided issue for 6 years. But he is on the right side of this issue, and I am very proud to be with him.

Let me make another point about trade. Let me give two examples of how we benefit from trade even when we are not buying goods from abroad, and then I want to talk about how we benefit from trade by buying foreign goods.

Some of you will remember that in the 1980's, there was this massive push to get Ronald Reagan to protect the American automobile industry. In fact, I bought a Chevrolet truck in 1983. It was a clunker. That truck never was any good from the first day I bought it until the Lord provided somebody from an ad in the newspaper who came and bought that truck. Everything you can imagine happened to it. And, if you will remember, in the early 1980's, all these protectionists were coming, banging on our doors, saying, ''We are going to be driven out of the automobile industry. General Motors is going to be broke. Ford is in crisis. Chrysler is on the verge of collapse and has to have a Government bailout.'' Thank God Ronald Reagan said, in essence, ''compete or die.''

In 1983 you didn't want to buy a car or truck produced on Monday because on Monday autoworkers were still thinking about the weekend. And you didn't want to buy a car or truck produced on Friday because on Friday they were thinking about the coming weekend. And you probably didn't want to buy one produced in the middle of the week because they weren't doing much thinking. I am not just talking about people on the assembly line, I am talking about all those white collar managers in all those fancy offices in Detroit. They were getting their fannies kicked because they were doing a rotten job and they were ripping off the American consumer. So, rather than make tough decisions and go to work, they came to Washington and they whined and they begged and they pleaded and they said, ''Protect us, protect our jobs.'' And they wrapped themselves in the American flag. It was our duty, they said. We couldn't let all our automobile jobs go to Japan and Korea and all those places where people worked hard. So we were supposed to protect them.

Ronald Reagan said no. And what happened? Well, in 1991, I bought a new truck. This time I bought a Ford, but that didn't make the difference. In fact, I just recently bought a Chevrolet with the same result. That 1991 truck was the best vehicle I have ever bought in my life. Not only did I drive it; now my son is driving it. It has never broken down. It has never had a major mechanical problem. It is an absolute marvel.

Where did it come from? I owe the quality of that truck to the Japanese and to the Koreans, and I would like to thank them today. I owe it to them because they forced companies and the United Auto Workers to stop this crazy system where workers and managers were always in conflict. So when I bought that Ford Explorer in 1991, the United Auto Workers were proud to have their name on it along with Ford Motor Co. Quality was job 1.

I never will forget when General Motors said they had to determine whether they were going to be in the automobile business in the year 2000. They are still the automobile business, big time in the business. They are producing some of the best cars and the best trucks in the world.

If we had engaged in protectionism in 1982 and 1983, we would be getting the same lousy cars, the same lousy trucks, and we would be paying more. In fact, when Bill Clinton became President and, as a sop to the automobile industry and the labor unions, put a tariff of several thousand dollars on sport utility vehicles, what do you think happened? The price of sport utility vehicles went up by thousands of dollars. It was just theft, reaching right in the pockets of working families and pulling out thousands of dollars. That is an example of what I am talking about.

I think one of the mistakes we made—I am not going to go much deeper into this—but one of the mistakes we made is that we talk so much about jobs we forget why we work. There are a few people in America who have remarkable jobs. I see two of them here today who are at least listening to me with one ear, two Senators. If we could afford to do this job for nothing, we would probably do it for nothing. But most Americans work because they want to earn money to buy things. The end result of economic activity is consumption.

It never ceases to amaze me how perverted things get. I will give an example. We now have a suit filed with the International Trade Commission by salmon producers. I think we have about 500 people in America, mostly in the State of Maine, who are involved in growing salmon. They have filed an unfair trade practice suit against Chile. Chile produces massive amounts of salmon. They have a comparative advantage because they raise salmon all year long. They start out with eggs, they produce these little fingerlings, they feed them—the whole process is absolutely an economic marvel. When the salmon are 14 pounds, they harvest them, they clean them, the fillets are shipped fresh to America and Europe. And what has happened? Salmon prices have gone down dramatically.

Salmon is a superior product. When I was growing up I never ate any salmon. Rich folks ate salmon. Salmon has the right kind of cholesterol, as our colleague from Alaska would say. Because of the ability of Chile to produce salmon, literally tens of millions of Americans have changed their diets, and now eating salmon is becoming almost as common as eating steak.

So what now are we doing? Right now we have the International Trade Commission which, thanks to a President who today is for trade, is full of protectionists, and they are in the process of determining whether we should literally take quality food out of the mouths of tens of millions of Americans. Does that make any sense whatsoever, to take food out of the mouths of tens of millions of people to protect the jobs of 500 people. God never granted them or anyone else the eternal right to be in the salmon business.

An argument that carries no weight here but carries weight with me—and I always love to make it because I feel good when I make it—is, who gives anybody that right? Who has the right to tell me, a free man in a free country, that some 500 workers in the State of Maine can rob me by making me buy their product instead of buying a cheaper, better product produced somewhere else? Who gives them the right to do that in a free country? Am I only free to go to the street corner and shout, ''Bill Clinton is a dope,'' or ''PHIL GRAMM is crazy''? Or do I have a right to do something that is real, like go and use my money to feed my family in the way I choose? The argument for protectionism is really an argument for theft.

I want to give another example. Every day we hear about textiles. Every day we hear this clamor of protectionist arguments about how we have to protect textiles. And do you remember this big deal about how we were successful in reducing tariffs to China and so now we are not going to be importing as many textiles from China. It was just hailed as a great victory.

Well, go to the places where real, honest-to-God Americans shop and look at the quality goods and look at the prices. By protecting the textile industry, we are literally taking the shirts off the backs of children of working families in this country, and nobody seems to care. It is astounding to me in the U.S. Senate that we all care about producers, but nobody cares about consumers. We can get a couple of rich executives, business owners, textile manufacturers to come to Washington and holler, and pretty soon we are falling all over ourselves to protect them from competition. Nobody seems to care that American children and their parents pay twice what they should for textiles today.

The paradox is that it is a losing battle. Britain lost the textile industry to New England, because the textile business is noncompetitive in a high-wage country. The exception, of course, is the part that is done by machines. We dominate the world in machine-made textiles, in fact, we are making a lot of money in the textile business today, but where you have to do hand work and where you have a lot of people involved, you tend to be noncompetitive.

This is not a new phenomenon. England lost the textile mills to New England, and then New England lost them to the South. In fact, the Congress first adopted the minimum wage to try to prevent textile mills from moving from New Hampshire to Georgia. But it didn't do any good; they moved anyway. And New Hampshire is much better off for it because they became a high-tech State.

Japan has lost the textile industry, Korea is losing the textile industry, and China will lose the textile industry, because the textile industry, at least in hand work, goes where there are low wages. But to protect a handful of jobs, we are willing to literally steal from millions of working families. Every day these arguments are made and people cloak themselves in the American flag when they are arguing for greedy, petty special interests to cheat the consumer. And I thought somebody ought to say something about it.

Now, I want to sum up with three quotes. I thought about a way to end this speech, and I want to end it with a quote from Ronald Reagan, one of the last things he ever said on trade during his Presidency. But I want to quote first from a Democrat, a Member of Congress from New York, who was a Member of Congress at the turn of the century. Nobody has ever heard of him, but I discovered him in reading a biography on Winston Churchill. I discovered him because Bourke Cockran, from New York, was a friend of Churchill's mama, and he profoundly influenced Churchill on trade. In fact, Churchill changed parties several times, as we all know, but he never, ever changed his position on trade. Churchill from the beginning of his career to the end of his career was a free trader. He was a free trader principally because of Bourke Cockran, who was one of the great orators in the history of this country. I just want to read a short statement from him because it says more than I can. I am not a very good reader, and so I apologize. We forget what trade is about. In the midst of all this special interest and ignorance that dominates this debate, we forget what it is about.

Cockran is an American. He is in London. It is July 15, 1903. America is a protectionist country. England is the only country in the world that has relatively open markets. Cockran is speaking to the Liberal Club in England, and ''liberal'' at the turn of the century means what ''conservative'' means today—freedom. With this relatively short paragraph he sums up what trade is about. I want to read it: ''Your free trade system makes the whole industrial life of the world one vast scheme of cooperation for your benefit.''

He is talking to the British people.

At this moment, in every quarter of the globe, forces are at work to supply your necessities and improve your condition. As I speak, men are tending flocks on Australian fields and shearing wool which will clothe you during the coming winter. On western lands, men are reaping grain to supply your daily bread. In mines deep underground, men are swinging pickaxes and shovels to wrest from the bosom of the Earth the ores essential to the efficiency of your industry. Under tropical skies, hands are gathering, from bending boughs, luscious fruits which in a few days will be offered for your consumption in the streets of London.

Over shining rails, locomotives are drawing trains, on heaving surges, sailors are piloting barks, through arid deserts Arabs are guiding caravans, all charged with the fruits of industry to be placed here freely at your feet. You alone, among all the peoples of the Earth, encourage this gracious tribute and enjoy its full benefit, for here alone it is received freely, without imposition, restriction or tax, while everywhere else, barriers are raised against it by stupidity and folly.

That speech could be given today about the United States of America. Ultimately, England went protectionist, and when it did, it declined as a world power. Ultimately, America promoted trade, and when we did, we rose to world prominence.

What a different world we live in than the world we have evolved from. We now have leaders who talk about trade as a problem, who talk about imports as if something is wrong with buying something from someone else.

When Pericles was delivering his funeral oration, honoring the dead of Athens, one of the great speeches in history, he talked of trade as a sign of greatness. Once a year, they had a ceremony where they would bring the bones of Athenian warriors who had died defending Athens during that year, and they would all be buried together.

When Pericles came to the point in the speech where he wanted to explain how you could know that Athens was a great city, here is what he said, and interestingly enough, he measured the greatness of Athens by its imports. What a far cry it is from today; what he understood, we have forgotten. And he understood it 2,500 years ago:

''The magnitude of our city draws the produce of the world into our harbor, so that to the Athenian the fruits of other countries are as familiar a luxury as those of his own.''

Only a great country has the capacity through trade to get the whole world to work cooperatively to promote its prosperity.

Trade is like love. That is the miracle of this thing. It is not as if we are getting rich by trade at the expense of other countries, because trade makes us rich and it makes them rich. It is like love: The more of it you give away, the more of it you have. That is why it is magic. That is why it is so hard to understand.

I want to end with a quote from Ronald Reagan. President Reagan has never gotten the credit he deserves for standing up for trade. It was one of his great achievements in an era that was dominated by protectionism. But here is what he said, and I urge my colleagues, especially on my side of the aisle, people who love Ronald Reagan, to look at these words before we have our final vote on this issue. Ronald Reagan said this about trade, and it is so accurate in terms of fears versus hopes:

''Where others fear trade and economic growth, we see opportunities for creating new wealth and undreamed-of opportunities for millions in our own land and beyond. Where others seek to throw up barriers, we seek to bring them down; where others take counsel of their fears, we follow our hopes.''

I am for free trade. I am for the fast-track bill. These two issues cannot be separated. We have colleagues who say, ''Oh, I'm for trade, but I'm against fast track.'' We all know that without fast track, we are not going to have an expansion in trade. We all know that without fast track, Europe will tie itself to South America in their new free trade area, and we will end up with less and less trade and less and less influence and with less and less prosperity.

So the issue here is trade, and the issue is freedom. Do you care about working people in America and around the world? If you do, you ought to be for trade, because trade will raise our living standards, and it will raise the living standards of others. If you are really concerned about child labor, about low wages, about grinding poverty around the world, the way you help do something about it is through trade. You don't do something about it by building a wall around America. If you really care about the environment, you are not going to improve the world environment by promoting poverty. We are going to promote it by expanding trade and by expanding prosperity.

This is a very important vote we are going to have. We have not voted on anything in this Congress that is more important than giving the President fast track. If we reject fast track, we are saying that special interests dominate the trade policies of America, that the world's great trading nation, the most successful nation at trade in the history of the world, the nation that has benefited more from trade than any other country in the history of the planet, we are going to be saying that for the first time in the postwar period we are giving up our position of world leadership in trade, that we fear to trade.

I don't say that, and I don't believe it. I hope that we are going to give the President fast-track authority and continue a process that will continue our prosperity and economic growth. I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I yield as much time as he may consume to the Senator from North Dakota, Senator CONRAD. Because no one else is on the floor and because of the time balance, I ask unanimous consent that Senator FEINSTEIN from California be allowed to follow the presentation by Senator CONRAD.

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

Mr. DORGAN. Mr. President, let me say, the Senator from Texas, Senator GRAMM, as always, makes an interesting and a challenging presentation. He is a very capable Member of the Senate.

I will say, I listened with great interest. One of the areas I think where we want to discuss some disagreement is whether, as he proposes, the American people do not really understand the issue of trade. I think the American people do, in fact, understand the issue of trade, and that is precisely what is requiring and causing this kind of discussion in the U.S. Senate.

Having said that—I will expound on that at some later time—let me yield now to my colleague, Senator CONRAD.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. I thank my colleague from North Dakota, Senator DORGAN. I also listened with great interest to the remarks of our colleague from Texas, Senator GRAMM. I, too, was struck when he said the American people don't understand trade. I must say, I disagree. I think the American people understand it very well. I think they understand that freer trade is in our interest, but I also think they understand that sometimes we don't do a very good job of negotiating these trade agreements with other countries, and, as a result, we quite often find ourselves at a disadvantage. That is not in America's interest. We ought to do a better job.

When it is a question of this fast-track proposal, I must say, I favor fast track, but I don't favor this fast-track proposal because it is flawed. It should be fixed, but there has been no serious attempt to fix it.

Mr. President, without question, we are the most competitive nation in the world. Others have higher barriers erected against our goods than we have erected against theirs, and that is why fundamentally it is in our interest to negotiate trade agreements with other nations to reduce their barriers to our exports. There is no question that is in America's economic interest. For that reason, I voted for the GATT agreement, the General Agreement on Tariffs and Trade. But I also recognize that the devil is in the details, and we have seen that both with the Canadian Free Trade Agreement and the North American Free Trade Agreement. There were flaws in those trade agreements, serious flaws that should have been fixed before America signed off on those trade agreements.

Before I go further into the details of what was wrong with NAFTA and the Canadian Free Trade Agreement and how those flaws came about, I would like to report to those who are listening on what happened in the Senate Finance Committee in considering the fast-track legislation that is before us, because I find just the process that has led us to where we are today disturbing.

Senator GRAMM said this is the most important measure this Congress will consider this year. I don't know about that, but certainly it is a very important measure. I would guess the American people think, well, the committees have gone over this, they have debated it, they have discussed it openly and freely, Members have had a chance to offer amendments. That is how the process usually works around here, but that isn't what happened on this bill that is before us today. No, no, something quite different happened.

We had a meeting, a closed meeting, outside of the public eye in the back room of the Finance Committee. A number of us had a chance to say, look, we think there are flaws in this legislation that ought to be fixed. The chairman told us he didn't want any amendments when we went out into the formal session. I didn't know that he meant by that that he wouldn't permit any amendments, but that is what happened, because when the closed meeting ended and we went out into public session, something occurred there that I have never seen in my 10 years in the U.S. Senate. There was no debate, there was no discussion, there were no amendments, because none were permitted.

Instead, this legislation was combined with the Caribbean Basin initiative and the tax provisions of the highway bill. They were wrapped all into one vote, no rollcall. The three of them together were voice voted, and no amendments were permitted. That is what happened. That is not my idea of the legislative process.

What are the advocates of this legislation so afraid of? Why can't we have votes on amendments? Why can't we have a debate? We certainly didn't have it in the Senate Finance Committee that has the jurisdiction over this legislation. I think I found a number of reasons maybe why they don't want to have amendments considered and they don't want to have a chance for debate and discussion. Maybe it is because there are flaws in this agreement and they would just as soon not discuss those flaws.

Mr. President, I think I detect at least three serious flaws in what is before us. First of all, we have to understand what fast track is all about, and I think every Member here understands that fast track means that individual Members give up their right to amend legislation implementing trade agreements.

That is a remarkable thing, because the greatness of this body is that every Member has a right to offer amendments on every bill in order to alter it, change it, to fix it. But we give up that right under fast track. The idea is that that is important to do, so that the President can negotiate trade agreements, because other countries would be reluctant to negotiate if the resulting agreements were then subject to amendment on the floor of the Senate.

Mr. President, the idea is that in exchange for giving up the right to amend, that Congress will be fully consulted in negotiating those trade agreements. It is called consultation.

Mr. President, I have been here now through GATT, through NAFTA, and through the Canadian Free Trade Agreement. And I think I can report, without fear of contradiction, that the notion that Congress is consulted is largely a formality. It is more of a wave and a handshake than it is any kind of serious consultation with Congress. None of that would matter so much if it did not mean that we lose the opportunity to correct flaws in agreements before they are signed off on by our country. Before Congress is faced with an up-or-down vote, you approve it all or you kill it. Under fast track, it is all or nothing.

That is what is seriously wrong with what is in front of us. We have given up the right to amend but we have not gotten in exchange any serious consultation process to try to prevent mistakes from being made before agreements are reached. That is not in America's interest.

The result has been, in previous agreements, that very serious flaws have been included that were injurious to America's interests.

In a minute I will discuss one that has affected my State and affected it seriously.

The second point I want to make, the second flaw that I have detected in this legislation, is we still have no means of correcting previous agreements that contain mistakes.

I know people who are listening must think, ''How can that be? I mean, we have a circumstance in which we enter into trade agreements, but there is no mechanism for fixing mistakes that are contained in agreements we have already entered into?''

Well, as shocking as that might seem, that is precisely what we have. We have a circumstance in which, if there is a mistake in a previous agreement, there is no mechanism for fixing it.

Some will say, who are trade experts and listening, ''Well, the Senator is not right. We do have a way of fixing things. We can file a section 301 case.''

Well, let me just say, for people who are not aware of the technical details in trade legislation, section 301 is like an atom bomb. Section 301 means we take retaliatory action against a country. But they, under trade agreements we have signed, can then retaliate against us. And guess what happens? If we go the route of a 301, which is rarely done—rarely done—the country that we retaliate against for an unfair trade practice retaliates in turn against us. Obviously, then our country is very reluctant to take such an action.

That leaves us without any practical way to fix the mistakes in past agreements. I was prepared, in the Finance Committee, to offer an amendment as part of the negotiating instructions to our trade negotiators that they ought to pursue a mechanism for fixing trade agreements that are flawed. Is that such a radical idea? Sounds like common sense to me. We ought to have a way of fixing agreements that have mistakes that are flawed.

Mr. President, I am not just talking theoretically here. I am talking out of practical experience, of a bitter experience, that my State had with the so-called Canadian Free Trade Agreement.

In North Dakota, we produce Durum wheat. We produce the vast majority of Durum wheat produced in the United States. In fact, nearly 90 percent of the Durum produced in America is produced in North Dakota.

Durum, for those who may not be familiar with that term, is the type of wheat that makes pasta. Of course, pasta has enjoyed a dramatic increase in consumption in this country, and North Dakota has been the place that has provided the raw product.

Well, in the Canadian Free Trade Agreement there was a flaw, there was a mistake, and that provided an enormous loophole for our neighbors to the north to put Durum wheat into our country on an unfair basis. And you know what happened? Canada took advantage of that loophole, that mistake, that flaw, and before you know it, they went from zero percent of the United States market—zero—to 20 percent of the United States market.

I have a chart that just shows what occurred in Durum after the Canadian Free Trade Agreement.

This is before the Canadian Free Trade Agreement. You can see they had zero percent of the U.S. market—zero.

After the Canadian Free Trade Agreement, and its flaw, Canada started dramatic increases in exports to the United States. In fact, they reached this level, which represented 20 percent of the U.S. market.

We then were able to put limitations in place—something we could no longer do because of succeeding trade agreements that we have signed—and we were able to reduce their unfairly traded Canadian grain back to a more tolerable level. But we cannot put this kind of limitation in place anymore. So we are left with a circumstance where one of the major industries in my State is vulnerable to unfair competition.

Some would say, ''Well, it sounds to me, Senator, like you're just afraid of competition out in North Dakota.'' Oh, no. We are not afraid of competition. We are ready to take on anybody, anytime, head to head in any market anywhere. We are among the most competitive agricultural areas in the world. But we cannot take on the Canadian farmer and the Canadian Government.

And that is what we are being asked to do. Because, while the Canadian Free Trade Agreement says—and says clearly—neither side shall dump below its cost in the other's market, in a secret side deal, never revealed to Congress, our trade negotiator at the time told the Canadians, ''When you calculate your cost, you don't have to count certain things. One of the things you don't have to count, you don't have to count the final payment made by the Canadian Government to the Canadian farmer.''

Guess what the Canadians did? They dramatically decreased the payments that count, and they increased the amount of their final payment to the Canadian farmer. And they do not have to count one penny of the final payment for the purposes of determining whether they are dumping wheat below their cost into our market. I know that is a flaw. That is a mistake. That is unfair. But you go and try and fix it, and what you will find is there is no mechanism for fixing past flawed agreements.

I think we ought to tell our negotiators, as part of their negotiating instructions, ''Go and try to get a mechanism for fixing trade agreements that have mistakes.'' But that amendment could never be offered in the Senate Finance Committee because no amendments were permitted. Why? I have never seen that in my 10 years in the U.S. Senate in any committee on which I have served. No amendments permitted—none. That reminds me of a different country and a different time—not the United States.

Well, the third C that I talk about is currency valuation, because I think that, too, is something we ought to consider.

There is no consideration in these trade negotiations about the currency stability of the country with whom we are negotiating.

NAFTA is a perfect example of what that can mean.

This chart shows that in the NAFTA agreement we were able to secure a tariff gain of 10 percent by that trade agreement because we were able to convince Mexico to reduce their tariffs by that amount. So we got a tariff gain of 10 percent in terms of our competitive position.

Mexico, shortly thereafter, devalued its currency by 50 percent, completely overwhelming and negating what we had accomplished in the trade negotiation. Is it any wonder that we went from a trade surplus with Mexico before NAFTA to a $16 billion trade deficit with Mexico today? But nobody wants to talk about it, nobody wants to have an amendment offered that deals with this question.

All I am asking is that when we are negotiating with a country, that we ought to get a certification from our President that he has examined the currency stability of the country with which we are negotiating so that he can assure us that there is little risk of a dramatic devaluation that would completely wipe out what we accomplished at the trade negotiating table.

Common sense. It just makes common sense. You look before you leap. You examine the currency stability of the country with whom you are negotiating so that you can assure yourself they are not going to have a dramatic devaluation that wipes out what you accomplish at the trade negotiating table.

That amendment was never considered because, again, no amendments were permitted in the committee.

Mr. President, I would like to be able to vote for fast track. I believe in freer trade. But I also believe that there are serious flaws in this fast track proposal that deserve debate and discussion and votes on amendments. We were denied all of those in the Senate Finance Committee. I have never seen it in 10 years in the U.S. Senate. We are now going to have a chance here on the floor to offer those amendments—at least, I hope we are—I hope the majority leader is not going to come out here and fill up the tree and prevent amendments being offered by Members.

Mr. President, this is a serious matter. Senator GRAMM again said this is the most important vote we are going to have in the Senate this year. Again, I am not sure I would put it at the very pinnacle, but no question this is an important matter.

The fact is, the United States has a lot to gain and a lot to lose. We have a lot to gain if we really accomplish freer trade in this world because we are the most competitive nation on the globe. We have a lot to lose if we negotiate flawed agreements. We have a lot to lose if we continue on the path that leads to a nearly $200 billion trade deficit in part because the United States has not been tough enough in negotiations with other countries.

It seems to me these three C's that I have outlined—of consultation, of correcting prior agreements that have flaws and, third, that we consider the currency valuation of the country with which we are negotiating so that we can be confident they will not engage in a dramatic devaluation and completely offset what we have accomplished at the negotiating table—are commonsense measures.

I hope my colleagues, when I have a chance to offer these amendments, will carefully consider them because this is an important matter. We have a chance to make this fast-track proposal much better, to guard the interests of the people of the United States much better.

Mr. President, I will conclude as I began. I have supported well-crafted trade agreements. I was proud to vote for GATT. But I have opposed those agreements that I thought were flawed and not in the national interest.

Now, again, all Members are going to have to make a decision and a determination. And I say to them, as a member of the Finance Committee that considered the legislation before us, that it is flawed, and it ought to be fixed. Hopefully, we will have the opportunity to do that on the floor of the Senate, which we did not have in the Senate Finance Committee.

I thank the Chair and yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from California.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent for such time as I may consume.

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

Mrs. FEINSTEIN. Mr. President, I rise this afternoon to offer my views on this fast track proposal before the Senate. I have followed the debate very carefully. California has a significant stake on issues of international trade, an important engine driving the California economy today.

In recent weeks, we have heard a great deal about fast track, often with broad, sweeping claims. Some have said those voting against fast track are protectionist, xenophobic or antitrade. Others have claimed fast track is the Sun, the Moon, and the stars. I want to take a few minutes to describe just what I think fast-track authority is all about. Fast track is the abrogation of congressional authority to have some leverage on trade agreements and the ability to offer amendments on the floor.

This fast-track bill provides the President, for the remainder of his term, plus an optional extension, the authority to negotiate any trade treaty in the world and bring it rapidly to this body, without an opportunity to offer amendments. Article 1, section 8, of the U.S. Constitution gives the Congress responsibility over economic matters. Through fast track, we are effectively abrogating this responsibility.

There is no State in this Nation that has a more important role on issues of trade than the State of California. The stakes are very high.

California is the seventh largest economy on Earth. We are the economic powerhouse and the economic engine of the Nation, responsible for 13 percent of the Nation's economy and 20 percent of the Nation's export.

Free and fair trade is an integral part of California's economic future. But free and fair trade can only be brought about through a level playing field, with everybody playing by the same rules. My job as a U.S. Senator is to stand up and articulate my State's interests when its needs and concerns are not being taken into consideration. Simply stated, fast track gives the President total authority to negotiate any trade agreement.

Is fast track absolutely necessary? We have heard a great deal of comment and concern, calling for the passage of fast track: ''We have to do it, we have to do it, you are un-American if we don't do it.'' But the fact of the matter is this President has concluded 220 trade agreements, and only 2 of them, the GATT Uruguay round and the North American Free Trade Agreement, have required fast-track authority.

In fact, other than GATT and NAFTA, there have only been three additional agreements in the Nation's history that have been adopted through the fast-track process: the Tokyo round of GATT in 1975, the United States-Canada Free-Trade Agreement in 1998 and the United States-Israel Free Trade Agreement in 1989. These are the only five agreements in the history of our Nation that have been passed using the fast-track process.

Yet we have seen exports increase in our country by 50 percent since 1991, without fast-track. Today, exports are 30 percent higher than they were in 1993. The trade growth and the trade agreements are occurring without fast-track authority.

Now, it may well be if I were the President of the United States, I would want to have fast track, too. It would make my life simpler. I would not have to deal with a Congress that can sometimes be recalcitrant or difficult and, at our best, obstreperous, and at our worst, an actual impediment.

However, the Senate is supposed to be a deliberative body and I feel sometimes no legislation is better than just any legislation. Yet with this fast track matter, we have seen a great rush. We are told we can't wait until next session or next year to have more thoughtful consideration on this issue. We have to do it right now.

I must tell you, the stakes are very big for my State. Fast track forces me to give my authority to offer changes. I give up my ability to pick up the phone and tell the administration, ''Hey, if you negotiate this, I'm going to try to amend it on the floor because it disadvantages industries in my State.''

The bottom line is, I think, the argument that the United States can't negotiate trade agreements without fast track, based on the record, are incorrect. Senator BYRON DORGAN has ably pointed out that the agreements that have been the subject of fast track, have been followed by a growing negative trade balance. Yet we can't do anything about it so we don't talk about it.

Under NAFTA, a $1.7 billion trade surplus in 1993, after NAFTA's passage, grew to a record trade imbalance of $16.3 billion by 1996. Our trade deficit with Canada has also grown, more than doubling from $11 to $23 billion annually.

We can't amend NAFTA, we can't change NAFTA. All we can do is give 6 months' notice and withdraw. The stakes are very big now, and withdrawal is not apt to happen politically.

The GATT agreement, which I voted for, has contributed to the largest merchandise trade deficit in U.S. history, rising in each of the last 4 years to an all-time high of $165 billion today.

I think these mounting trade deficits should be a loud and clear message that America should negotiate better trade deals rather than give up congressional responsibility through fast track. To me, these experiences say, ''Go slow. Fast track may well backfire.''

Yet, through fast track, we are saying we have to proceed quickly, we have to give up all scrutiny, we have to give up all right of amendment: do it fast, do it fast.

I would like to discuss one area where we face significant concerns. Right now, the international financial markets are more complex than ever. Today's international trading picture is more diverse and complicated than ever before. Take, for example, the currency problems some Southeast Asian nations are experiencing, which may well create a very unanticipated result.

Earlier this month, the International Monetary Fund announced it is preparing an emergency line of credit for Indonesia. The Indonesian rupiah has dropped more than 18 percent against the dollar since late September. Thailand received a $17 billion loan from an IMF-led consortium in August, which represents the second largest IMF rescue package ever.

Indonesia and Thailand now join the Philippines as Asia's former ''economic tigers'' who have looked for IMF emergency help due to financial crisis. As you may recall, following NAFTA, the United States extended the largest loan package to Mexico when it faced financial crisis and the peso was devalued. Much to Mexico's credit, this loan was promptly and fully repaid.

Many knowledgeable people involved in the Pacific rim trading theater believe these currency fluctuations are very serious harbingers of things to come. In many of these countries, banking practices may also be a subject of concern, with loans extended to those with political clout, rather than the most worthy. These currency fluctuations may foreshadow major banking scandals in the future.

If you combine questionable banking practices with currency fluctuations, we may see a scenario in which the only course open to some of these nations is for them to press harder to increase their exports and erect import barriers, regardless of what the trade agreements say. Further, the United States does not have a great record in enforcing many of the agreements that are on the books. As a result, U.S. manufacturers would lose exports and market share.

Free and fair trade is an integral part of California's economic future. But under fast track, California's two Senators could very easily get rolled despite the State's enormous economic stake. Many States, each with two Senators, don't have nearly the economic interests that we do. My State could face an agreement that very much disadvantages California's industries, and I would have no opportunity to try to correct that.

We are the leading agricultural State in the Union, home to 10 percent of the Nation's food processing employment.

The California wine industry is the Nation's leader, producing 75 percent of the wine and 90 percent of the wine exports.

We are the leading high-technology State, providing 20 percent of the Nation's jobs in high technology.

We lead the Nation in entertainment, providing 50 percent of the Nation's production.

We are home to 5 of the Nation's 10 largest software firms. We are the Nation's leader in biotechnical and pharmaceutical products, providing as much as 30 percent of the Nation's output. Yet, under fast track, I am asked to give up any opportunity to fight for my State's interests on the floor of the U.S. Senate if they are disadvantaged by a trade agreement negotiated by the administration. I cannot agree to those restrictions.

Let me talk for a moment about specific concerns with S. 1269, the Finance Committee bill. I have listened intently to the debate other the past several weeks. I have scrutinized amendments which may be offered to this legislation. In my view, the major deficiencies in the fast-track legislation before the Senate have not been addressed. In some ways, the legislation before the Senate today is weaker in addressing those concerns than in prior fast-track laws.

Under S. 1269, trade negotiations that involve issues such as protecting U.S. manufacturing, labor, or environmental standards, cannot be included in the fast-track process but will have to be dealt with separately where they could be the target of amendments, Senate filibusters, or bottled up in committee and never see the light of day.

Let me give an example. Unlike previous fast-track laws, S. 1269 requires that a provision of a trade agreement, to be entitled to receive the protection of fast track, must be ‘‘directly related to trade.’’

Previous fast-track laws have provided fast-track benefits to those provisions of an agreement that ‘‘serve the interests of U.S. commerce’’ and are ‘‘necessary and appropriate’’ to carry out the agreement.

So what is the practical effect of the changes? If a trade agreement included a component to fund border cleanup, these cleanup provisions could not be protected by fast-track rules because they are not considered ‘‘directly related to trade.’’ They would have to proceed through the regular legislative process, subject to amendments, filibusters, with no certainty the provisions would ever receive a vote.

For example, NAFTA implementing legislation reduced tariffs in Mexico, Canada, and the United States and created the Border Environmental Cooperation Commission and the North American Development Bank to fund environmental cleanup. Although adopted in the NAFTA fast-track approval process, these two entities would not be eligible for fast-track if they were included in a future trade agreement brought under S. 1269’s fast-track authority.

S. 1269 limits congressional opportunity to remedy worker safety, wage, and environmental concerns. Section (2)(b)(15) of the bill seeks to prevent foreign governments from ‘‘derogating,’’ or reducing, a country’s laws or regulations to provide a competitive advantage to its domestic companies or to attract investment to the country.

That sounds good, but what about those countries who have weak or even no environmental or labor standards in the first place? There is no provision in this legislation that would obligate countries to enact fair labor or environmental laws or to remedy serious inequities that already exist between the United States and other countries.

Furthermore, because efforts to address these inequities would not be considered ‘‘directly related to trade,’’ any agreement addressing these issues would not be protected under fast-track rules but would be subject to amendment, filibuster, and other procedural rules that could prevent them from ever seeing the light of day.

Additionally, even in those cases where a country has derogated or failed to enforce environmental or labor laws, S. 1269 sets up an impossible enforcement standard. Not only must the United States prove that a country waived or reduced a law or regulation, but it must also prove that it did so to obtain a competitive advantage. Under this legislation, the onus is on the United States to prove a country’s motives.

Let me give you some examples of the competitive disadvantage U.S. manufacturers would face, disadvantages the United States would be unable to require other countries to correct:

PCB’s and benzene are prohibited in the United States in order to protect public health and safety, but they remain legal, low-cost solvents in Mexico. This reduces a Mexican company’s manufacturing and cleanup/disposal costs to the disadvantage of United States companies, but raises significant health risks.

Mexico has a significant problem monitoring and controlling hazardous waste. Less than 20 percent of the industries producing hazardous waste in Mexico, 70 out of 352 industries, report proper hazardous waste disposal. Fewer than 20 percent of those industries meet their obligations. A 1995 report indicates that up to a quarter of all hazardous waste, about 44 tons daily, originating in the industrial border area in Mexico, the maquiladora area, simply disappears with no documented end point. No U.S. companies could get away with that. But companies in Mexico are able to get away with, undermining public health and safety, and gaining a cost advantage along the way.

In Tijuana, 7 miles south of California, lead and arsenic is, today, collecting in an uncontrolled pile. In the United States, these materials, which are found in every battery, can only be handled in a ‘‘contained or controlled’’ environment to protect against leakage, and they are buried in clay or porcelain-lined pits. In Tijuana, no cleanup has occurred.

I would like to offer another example. Molded plastic, such as the simple types of chairs or tables in many backyards, emits toxic fumes during the molding process. In the United States, the fumes must be captured during manufacturing under what’s called an exhaust hood. But in Mexico, the cheaper manufacturing process is conducted in open air without an exhaust system, allowing for the release of the harmful toxins.

Now, these are specific, ongoing examples of disparities in environmental standards that serve as either an inducement for manufacturers to lower their standards, or a competitive disadvantage to U.S. manufacturers who are required to meet higher standards to protect public health and safety. They also are part of the sucking sound that Ross Perot described, in which U.S. industries are drawn to Mexico to manufacture, because they don’t have to abide by the higher standards in the United States. There is no remedy for this under this fast-track law.

Without a remedy available as part of trade negotiations, these disparities in standards only encourage the flow of more jobs to areas with the lowest standards and, hence, the lowest manufacturing cost. The low-cost areas will include many Asian countries in the future.

Now, I would also like to give you a specific example illustrating the problems and why I feel so strongly. The example involves the California wine industry, which represents 75 percent of the Nation’s output of wine and 90 percent of the Nation’s wine export products.

NAFTA had an immediate negative impact on the California wine industry. Coincident with NAFTA, Mexico gave Chilean wines an immediate tariff reduction, from 20 to 8 percent, and a guarantee of duty-free status within 1 year. By contrast, United States wines face a 10-year phaseout of a much higher Mexican tariff, disadvantaging them in the Mexican market.

The result was predictable: United States wine exports to Mexico, following NAFTA, dropped by one-third, while Chilean wine exports to Mexico nearly doubled. Chilean wine picked up the market share lost by United States wineries dominated by California.

During the NAFTA debate, the administration pledged, in writing, to correct inequities within 120 days of NAFTA’s approval. I would like to quote from a letter from the U.S. Trade Representative:

> . . . I will personally negotiate the immediate reduction of Mexican tariffs on U.S. wines to the level of Mexican tariffs on Chilean wines and, thereafter, have hem fall parallel with future reductions in such tariffs.

You would think that at least by today, 3½ years later, the tariffs would be equal. Not so. Three and one-half years later, they remain enshrined in law and there seems to be nothing we can do about it.

As a matter of fact, as a result of an unrelated trade dispute, Mexico actually raised tariffs on United States wine to the pre-NAFTA level of 20 percent, an increase above the 14 percent rate it had reached. The 20-percent tariff remains in effect today, representing a wipeout of United States market share to the Chilean wine entering Mexico.

From Mexico’s standpoint, the strategy is clear. You keep the tariffs up for a period of time, eliminate United States market share, and another country comes in that doesn’t face those tariffs and builds up sales and market share. That is exactly what has happened, chapter and verse.

GATT, which I supported, also contained monumental inequities for this important industry. This time, the problem was in the European Union, and this is how it worked. Even though the United States had the lowest tariffs of any major wine producer, United States negotiators agreed in the Uruguay round to drop our tariffs by 36 percent over 6 years, while the world’s largest wine producer, the European Union, dropped its tariffs by only 10 percent.

As a result, the current U.S. tariff on all wine products is an average of 2.4 percent, compared to the EU’s current average tariff is 13 percent.

GATT also disadvantaged California’s entertainment industry, which allowed European restrictions on U.S. programming to persist. Europe didn’t accept the GATT commitments on the audio-visual services. Instead, the EU maintained its 1989 European Union Broadcast Directive, which limits the market for U.S. movies and television broadcasting. France, for example, requires that 40 percent of all feature films and transmission time must be of French origin, while 60 percent must be of EU origin, leaving only 40 percent of the market open for United States competition.

So, you see, GATT and NAFTA, both the product of fast-track during my time here in the Senate, left California industries with significant disadvantages. During those negotiations, I called the administration and I said, ''These are huge industries in my State and they will be hurt under this agreement.'' And I was effectively rolled. Why should I, or any Member of this body, give up our opportunity to stand on this Senate floor and move an amendment to protect an industry within our State?

That is what fast-track does, ladies and gentlemen. That is what fast-track does.

Through fast-track, we knowingly abrogate our responsibility, despite the requirements of the Constitution of the United States, article I, section 8, which gives that authority to the Congress of the United States.

As I said earlier, if I were President, I might want fast-track authority. I am not; I am a U.S. Senator. I am elected to protect the people and the industries and the workers in my State.

Now, there are ways that the legislation can be strengthened. One is to require that tariffs in other countries be reduced first, before we commit to deeper reductions in already lower United States tariff levels. All too often, the price of modest tariff reductions abroad is deeper reductions in the United States. U.S. producers need a level playing field.

Another important area for improvement is stronger enforcement. We need stronger enforcement tools, if trade barriers are not lowered as provided for in the agreement. A recent report from the American Chamber of Commerce in Japan said more effort must be dedicated to enforcement of existing trade agreements.

We can have appropriate environment and labor incentives built into these agreements.

I have always believed that the American dream was that workers on a plant production line, by dint of his or her work, could buy a home, buy a car and earn enough to send his or her kids to school. The American dream, to me, has always been that, by dint of labor, you can have all of the opportunities in this great country.

I didn't run for the U.S. Senate to preside over the diminution of the California worker or the American worker. I didn't run for the U.S. Senate to see that a 60 cents an hour minimum wage standard would prevail. I ran for the U.S. Senate to try to see that this American dream enables somebody, by the dint of their labor, to buy a home, buy a car and send their kids to good schools, so that the next generation can do better than the previous generation. I don't think that is an unrealistic dream. It has always been the dream of America. We can have appropriate environment and labor incentives.

Another area for reform is an effective dispute-resolution process. Farmers face phytosanitary disputes on the border all the time. Arbitrarily, countries and border agents can deny access to products like wheat in China or grapes in Australia or citrus in another country because of some claim somewhere. These barriers may have little basis in science or public health, but may reflect political judgments.

In conclusion, let me only say that I represent a huge State. I don't serve on the Finance Committee. The only opportunity I have to protect the industries and people of my State is the ability to stand up on this floor and introduce an amendment and say to the administration, ''If you do this, I am going to filibuster the bill, I am going to amend the bill, and I am going to protect the people of my State.''

Fast track is a total surrendering of this ability, without knowing what agreements are coming down the pike, without knowing what I am going to be asked to accept, or the industries are going to be asked to do. Fast track has to be reviewed in that framework because that is the true framework in which this decision is going to be made.

I thank the Chair. I yield the floor.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, I speak on behalf of the passage of the legislation which will soon be before us which will authorize the President to enter into negotiations on behalf of this Nation as it relates to trade and trade-related matters.

Mr. President, we refer to this legislation as fast track. As with a number of other policy issues here in Washington, I consider these words to be nondescript. They do not convey what it is we are being asked to vote upon.

This legislation first establishes a framework within which the President of the United States can conduct negotiations. In essence, it is analogous to a board of directors of an organization telling its executive that it can negotiate a particular contract but stipulating what the conditions of that contract must be and what the limits of the negotiating authority are. When that negotiation reaches a conclusion, and if that conclusion is a trade agreement, when that agreement is returned to the Congress where the Congress has a single ''yes'' or ''no'' vote but cannot modify the agreement, and in the case of the Senate surrender some of the prerogatives relative to extension of debate and other procedural advantages which are normally available to us as individual Members of the Senate, the question is, why will the Congress today be willing to do this? Why have Congresses over the past two or three decades been willing to pass such legislation and transfer a portion of their authority to the President? The answer is very simple. That is, if we do not do this, we don't have the opportunity to enter into trade negotiations because our trading partners will not come to the table.

Why would countries like Great Britain, France, Argentina, and Japan not want to come to negotiate with the United States unless the President had this authority? Most of those countries have some form of a parliamentary form of government in which the executive branch and the legislative branch are effectively merged. Therefore, when the Prime Minister speaks on behalf of the Government of the United Kingdom, as an example, he or she is not only speaking as the head of the executive branch but speaking as the head of the legislative branch and as the head of the political coalition which controls the Government. So what the Prime Minister says at the negotiating table there is the political capability and expectation of his or her ability to deliver on behalf of the Government of the United Kingdom.

In the case of the United States, we don't have this integration of the executive and the legislative branch, and frequently the President is not the head of a coalition that effectively controls Government. We have one of those examples today in which the President is of one political party, the leadership of the Congress is of another. So our trading partners would say, why should I sit down with the President to negotiate the best agreement that I can? And, like all agreements, trade agreements contain a heavy component of compromise. You gain some benefits in area A, and you give some benefits in area B in order to reach an agreement that both sides will feel is advantageous. Our trading partners would say, why would we agree to such a treaty knowing that then Congress is going to come back, and in area B where we got our principal benefits they will try to offer a series of amendments to strip us of those benefits?

So the product that would finally emerge would not be one that both sides would feel is balanced and that can be supported.

So, the reason that we have this process is because without it we never get to the question of whether we would have a negotiated agreement because the other parties would not sit with us to enter into that discussion.

So, this is fundamentally a question of does the United States wish to negotiate trade agreements, or do we wish to sit in the stands while the other nations of the world negotiate trade agreements that will have an impact upon us?

I know that this debate is heavily affected by history. Much of that history is a result of the North American Free-Trade Agreement and negative experiences that people have had under the North American Free-Trade Agreement.

I come from a State that has felt that sting of the North American Free-Trade Agreement, particularly as it relates to agriculture. Our congressional delegation was very concerned about this in the days leading up to the final vote on the North American Free-Trade Agreement. We secured what we thought were some protective understandings from the administration. And I am sad to say that through a combination of inadequate enforcement and a failure to keep commitments we were very disappointed, and many sectors of our agricultural industry were adversely affected. Learning from this lesson—not what some have learned, which is we should wash our hands of this process and have nothing more to do with attempting to negotiate trade agreements, or to be involved when other people are negotiating trade agreements—the lesson that I and others have learned is this time we are going to put these concerns into writing in the legislation which sets the parameters for the negotiation and not depend upon promises of what will happen after the negotiation has been concluded.

So, in this fast-track legislation as passed by the Senate Finance Committee there are a number of provisions that are intended to provide that enhanced level of confidence that agreements reached will be agreements enforced, that commitments made will be commitments realized.

Let me just quote from page 8 of the Finance Committee's version of this legislation beginning on line 6:

> Agriculture: The principal negotiating objectives of the United States with respect to agriculture are in addition to those set forth in various sections of the Food Security Act of 1985 to achieve on an expedited basis to the maximum extent feasible more open and fair conditions of trade in agricultural commodities by . . .

And then a series of specific points are mentioned. Let me refer to three of those specific points.

> Specific requirements for negotiators to account for the unique problems of perishable agricultural products, including disciplines on restrictive or trade distorting import and export practices;
>
> Two: Requirements to address market access for the United States agricultural products, including removing unjustified sanitary and phytosanitary restrictions;
>
> Three: Protection against unfair trade practices, including State subsidies, dumping, and export targeting practices.

All of those, Mr. President, and more are listed in the fast-track legislation that is before us.

In addition to that, in the report language submitted by the Senate Finance Committee, there is a requirement for the President to account for foreign unfair or trade distorting practices for specific sectors, particularly perishable agricultural products, citrus fruit, and fruit juices.

So, we have learned some of the lessons of the recent past and are now applying those lessons in terms of the parameters of the negotiation in this fast-track agreement.

Why do we need to be there in the first place? We had this experience in the recent past. Why not just step back, defend our position in America, and let the rest of the world take its place?

I believe, Mr. President, that we are facing a stark choice; that is, a choice as to whether the United States is to maintain its leadership position in the world, to be at the table writing the rules of international trade so that those rules will take into consideration our circumstances, our expectations, and our economic interests. Or, are we to retreat from the world, and allow others to write the rules to their advantage?

Mr. President, we represent only 4 percent of the customers of the world. Ninety-six percent of the people on this planet are not residents of the United States of America. We cannot maintain our growing economy and its standard of living unless we reach out to that 96 percent of our fellow human beings who do not live in our country. We cannot maintain our current record level of economic growth and expansion and prosperity and full employment without active trade. The United States has already opened its borders to foreign goods. We have recognized the benefit to our people of having access to goods and services that are produced outside the United States. We have done so most dramatically by reducing our tariffs to an average level of 2 percent. That is the average level of tariff on products coming into the United States. But our products going out of the United States trying to reach that 96 percent of mankind who are not U.S. residents face tariffs that exceed 10 percent on average.

As an example, the country which is specifically mentioned in this legislation as being authorized for the President to negotiate membership in the North American Free-Trade Agreement is Chile. In February of last year, I visited Santiago. We learned from the United States-Chilean Chamber of Commerce that the average tariff against United States products in Chile is 11 percent. The average United States tariff against Chilean products is the 2 percent, which is the worldwide average.

In a discussion with several businesses, some of which are United States, some of which are non-United States, as to what would be the effect of the United States entering into an agreement which would reduce Chilean tariffs against United States products, the answer was universally that it would lead to a substantial increase in the Chilean purchase of United States products.

As an example, one firm that was in the boat building and boat repair business said that they bought their sheet steel and their machine tools from Europe because at the current level of tariffs Europe was more economically competitive, but that with a lowering of Chilean tariffs against United States products, the opening of a free trade relationship between the United States and Chile, they would shift their purchases of those products to the United States to the substantial benefit of our country.

Chile is a relatively small country, a population of about 15 million. It is about the same size as my State of Florida. But it is a country which has had a dynamic market-driven economic growth over recent years. It has had a powerful influence on other developing countries in South America, and in the world. Establishing this relationship with Chile would be a strong United States recognition of the progress that this country has made, and an encouragement for others to follow Chile's example.

Unfortunately, Mr. President, most of the debate about fast track has in fact focused on our own hemisphere, and specifically on the expansion of the North American Free-Trade Agreement.

That is certainly an important part of this fast-track authority, but it may be secondary in its importance to the U.S. economy to a series of important sectoral negotiations which are going to commence under the GATT agreement to which we have already agreed.

Under the GATT agreement beginning in the next few years, there will be a series of negotiations on specific economic sectors. I would like to focus on one of those sectors which will be the topic of negotiations in 1999. And that is agriculture. This is important to us because agriculture represents the area of trade in which the United States has the greatest surplus with the world. The largest area in which the United States has an advantage in terms of export over import is in agricultural products.

What are we going to be trying to accomplish at the 1999 agricultural sectoral negotiations? Some of the objectives of the United States will include reducing foreign tariffs in consultation with the U.S. agricultural industry on fruits and vegetables. Today, for example, Japan imposes a tariff on oranges which is as high as 40 percent. Other countries have similarly high tariffs on citrus products and other processed fruits and vegetables. One of our principal negotiating objectives will be to drive down those barriers to U.S. agricultural products in important markets.

Another objective will be to increase or eliminate tariff rate quotas. These are the limits on the amount of goods that the United States can export to a country before it faces high and often preventive levels of tariffs. We want to see those quota limits as high as possible or totally eliminated. This is another important objective of our negotiations.

Mr. President, our distinguished chairman has asked to have the floor returned to him, and I shall do so by just summarizing to say that two other important agricultural objectives are to eliminate export subsidies and to eliminate state trading enterprises which have both distorted the agricultural market. If we do not pass this legislation, the United States will not be at the table in 1999. We will not have the opportunity to advance our goals.

There are risks involved in extending to this President the same authority that we have granted to Presidents over the last two decades, but I believe the greater risk for the United States is to stand on the sidelines and let others write the rules that will determine our economic well-being. I believe the United States needs to be there. We need to be there with a sense of strength, pride, and confidence in our ability to negotiate an agreement. And if the President is found to have acted in a foolish way that is contrary to U.S. interests, we have the responsibility and the power to reject that agreement with a decisive ''no'' vote.

Mr. President, I appreciate the leadership which our chairman has given on this matter. I know what a strong supporter he has been on the issues.

I ask unanimous consent to have printed in the RECORD the draft of an amendment which I intend to offer, assuming that we move to proceed to this matter, which relates to increased enforcement responsibility for the executive branch relative to any treaties that it might negotiate.

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

AMENDMENT NO. —

(Purpose: To require a plan for the implementation and enforcement of trade agreements implemented pursuant to the trade agreement approval procedures)

On page 41, between lines 16 and 17, insert the following new section and redesignate the remaining sections and cross references thereto accordingly.

SEC. 6. ADDITIONAL IMPLEMENTATION AND ENFORCEMENT REQUIREMENTS.

At the time the President submits the final text of the agreement pursuant to section 5(a)(1)(C), the President shall also submit a plan for implementing and enforcing the agreement. The implementation and enforcement plan shall include the following:

(1) BORDER PERSONNEL REQUIREMENTS.—A description of additional personnel required at border entry points, including a list of additional customs and agricultural inspectors.

(2) AGENCY STAFFING REQUIREMENTS.—A description of additional personnel required by Federal agencies responsible for monitoring and implementing the trade agreement, including personnel required by the Office of the United States Trade Representative, the Department of Commerce, the Department of Agricultural, and the Department of the Treasury.

(8) CUSTOMS INFRASTRUCTURE REQUIREMENTS.—A description of the additional equipment and facilities needed by the United States Customs Service.

(4) IMPACT ON STATE AND LOCAL GOVERNMENTS.—A description of the impact the trade agreement will have on State and local governments as a result of increases in trade.

(5) COST ANALYSIS.—An analysis of the costs associated with each of the items listed in paragraphs (1) through (4).

Mr. GRAHAM. Mr. President, with that, I again express my appreciation to our chairman for his leadership and urge our colleagues to follow that leadership by supporting this important legislation.

The PRESIDING OFFICER (Mr. COATS). The Senator from Delaware.

Mr. ROTH. I thank the distinguished Senator for his words of support.

I now yield 10 minutes to the distinguished Senator from South Dakota.

Mr. DORGAN. Mr. President, might I ask unanimous consent that following the presentation by the Senator from South Dakota, I be allowed to yield up to 20 minutes to the Senator from Colorado?

Mr. ROTH. That is fine.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON. Mr. President, I thank the distinguished chairman of the committee and thank him for his leadership on this extraordinarily important issue for our Nation.

I rise in support of the motion to proceed on fast-track negotiating authority, and I rise as one who as a Member of the other body cast a vote ''no'' on NAFTA and ''yes'' on GATT, and one who appreciates that the judgment on the final merits of negotiated trade agreements is something that comes next; that what we have at hand here is a critical procedural issue about whether in fact this administration, as past administrations, will have the authority to go forward to at least be at the table on trade arrangements.

So I am very mindful that today we are talking about process and not a final trade agreement, and that all of us as Members of this Senate will reserve our judgment on the merits of whatever negotiated agreement comes back to us for our ratification.

The Reciprocal Trade Agreements Act of 1997 simply provides the same basic structure and authority for this President as has been provided for past Presidents of both political parties back to President Ford. And if anything, this act strengthens the hand of Congress. It provides for more notification, more consultation, and in fact explicitly restricts Presidential authority in areas not specified in the act. The ability to negotiate under fast track has in fact expired with the approval of the Uruguay round of 1994, and we find ourselves now with great urgency having to deal with this procedural issue.

I think we need to understand, Mr. President, that we go forward or backward on trade. There is no such thing as the status quo. We live in a nation that historically has had very few restrictions on the import of products into our Nation. Most of the trade barriers that need to be dealt with in this world are barriers to the export of our goods abroad. If the United States does not lead on trade, the harsh reality is that others will displace our role with arrangements of their own that may very likely be harmful to the American economy, to American workers, to American jobs, and certainly to American agriculture.

Even in this hemisphere there are others who seek to displace the American leadership role. The European Union currently is attempting to negotiate trade agreements with leading South American nations by 1990, claiming that their future is with Europe rather than with the United States. Other bilateral, other regional arrangements are in the process of being negotiated. All of this goes forward with the United States on the sideline unless we extend this authority to the President because it is only by being engaged in international trade that we can expect to lead toward not only our economic prosperity but democracy, security, and improvement of the environment, dealing with drugs, dealing with terrorism, dealing with weapons of mass destruction.

The United States cannot be a leader for human rights but neglect its role on trade. I think it is important for the Members of this body to recognize that what we have before us is not a referendum on NAFTA. It is not a referendum on any previous trade agreement. It is, in fact, an acknowledgement that we live, however, in an interglobal economy, that we live in that reality, and that reality requires us to become involved in engagement and in a leadership role. Cowering behind walls of fear about trade does a disservice to us all, including workers, the environment and human rights.

The United States represents only 4 percent of the world's population but 21 percent of the world's gross domestic product. It ought to be obvious to us all how critically important trade is to the United States.

In my home State of South Dakota, 1 of every 3 acres of land throughout the State planted to crops is in effect planted for the export market. We simply cannot allow other nations to forge regional and bilateral trade arrangements without the United States even being at the table. And that is the question, that is the fundamental question before this Senate: will we bring the United States to the table to be a player, to be a leader, or will the United States cower on the sidelines and allow other nations to go forward with arrangements that may or may not be beneficial to American workers and the American economy?

Fast track is not about a particular trade agreement. It is not about politics, although there are, admittedly, some in the other body who would tie this agreement to collateral, unrelated issues involving international family planning or even antipublic school agendas, and so on. Hopefully, this will not be brought down by those kinds of irrelevant side issues. We should not be involved in ideology. What in fact we have here is an issue that is about jobs, about economic growth, about world competitiveness.

Other nations simply will not put forth their best offers at the table with our trade representatives if they know they will then have to renegotiate the entire matter with coalitions of Members of Congress and unending domestic political turmoil in our own Nation.

Trade is critically important to my own State of South Dakota. Its export trade has increased from $700 million to $1.2 billion in the past 5 years. Demand continues to grow. But, in fact, so does competition from suppliers, and the need for fair trade and fair access continues to be great. I am pleased with the administration's agricultural initiatives. I am pleased with their support for S. 219, of which I am a cosponsor, the Value Added Agricultural Products Market Access Act of 1997, which would allow for the U.S. Trade Representative on a annual basis to identify nations that deny market access for value added U.S. agricultural products or that apply standards for import from the United States not related to protecting human, animal, or plant life or health and not based on science.

Our red meat exports are now at a record level of $2.4 billion. I am pleased that the administration has directed the Secretary of Agriculture to improve the availability of livestock import data, and the Secretary of Agriculture, in cooperation with the livestock industry, to work on guidelines for voluntary labeling of meat and meat food products.

Agricultural exports nationally have grown 50 percent from 1990 to 1996, from $40 billion to a now record $60 billion. And in the current environment where we no longer have a farm price support system in place, it is all the more important that every possible tool be brought to bear to expand farm income, farm prices, and the competitiveness of one of America's great economic sectors.

I am pleased that agriculture will, in fact, be an explicit goal of the President's negotiating authority.

So again, Mr. President, this is not a referendum on past trade agreements, but it is a referendum on whether the United States will continue to be a leader or even a participant in international trade or whether we will succumb to fear, whether we will in fact enter the 21st century in retreat rather than as the global leader in economic issues, which this Nation deserves and which this Nation needs.

I yield back my time to the distinguished chairman.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. CAMPBELL. Mr. President, as we debate whether to proceed to the consideration of S. 1269, and on the larger question whether to provide the administration with fast-track authority, we have heard a number of arguments for and against this issue. As the debate continues, I suppose we will hear some things repeated over and over from different colleagues. I don't know a Senator, though—I think I can honestly say I don't know a Senator in this body who does not want to do what is best for American workers, American families, American farmers, American consumers, and the Nation at large.

I think most of us, certainly me, certainly Senator DORGAN, believe that we are protrade. We believe that international trade is important. We know that we would like to see a time when there are very few barriers, very few tariffs, very few quotas—if any. I know, as many of my colleagues do, that if we had no barriers whatsoever, American manufacturers, farmers, producers could compete with anyone and in fact win in that competition on a level playing field. It seems ironic to me that we will go through this effort on legislation that, if it ultimately does pass both the House and Senate, will limit the deliberative and representative processes that are now at the heart of the legislative branch of Government.

Essentially, fast track provides the administration with the assurance that any trade agreement it negotiates will come to Congress as a privileged piece of legislation. That means Congress must consider a trade agreement within 90 days of when the administration formally submits it to this body. In addition, there will be no hearings, no markups. The enacting bill will go to the floors of both the House and the Senate where debate is limited to 20 hours and no amendments are allowed.

Mr. President, 20 hours of debate is not very long for an important issue such as international trade, when you consider there are 100 Senators whose States are heavily impacted by an extensive agreement, such as NAFTA was. It seems even more ludicrous to believe that the 20 hours of debate in the other body, the House, with 435 Members, would provide a fair hearing. That would come out to about 3 minutes per Member, as I understand it. Finally, after the debate is finished, the House and the Senate would only be able to vote ''yes'' or ''no'' on the entire agreement. For such an agreement, such as NAFTA, that translates into a vote on a document of about 1,000 pages long with no public input whatsoever.

Fast-track authority is truly a unique procedure. If this authority is granted to the administration, Congress is essentially giving the President powers that I believe are supposed to be reserved for this body in our Constitution. First, it allows the President to control the agenda and determine when trade agreements are considered. More important, and second, it gives the President the authority to actually write the legislation upon which Congress will act. Added on top of this is the fact that I, as just one Member of the Senate, would not be allowed to offer any amendments on the final enacting bill, whether I liked it or disliked it. I am sure many of our colleagues have not yet decided how they will vote, and I certainly can count as well as anybody, and I think probably the tide might be going against us. But I for one do not believe we were elected to be rubber stamps for the administration, and on fast track that simply reduces this body to rubberstamp status.

Article I, section 8, of the Constitution of the United States of America provides Congress with the authority to regulate commerce with foreign nations. The Constitution also gives the President the authority to negotiate with foreign countries. So let's not be misled when people say the President needs fast-track authority in order to negotiate. He can do that at any time. This is simply not true. Fast-track authority gives the President additional powers which our Founding Fathers had reserved solely for the Congress.

I don't believe most of us are isolationists. I believe in free trade. In fact, in this day and age I think we all understand and agree that free trade is an important direction to go. But, quite frankly, I think many us do not support these pell-mell rushes to judgment. We get tired of the old argument that anyone who opposes fast track must be a protectionist and that the opponents of fast track are trying to hinder free trade.

I have to tell you, if it got right down to who we are supposed to protect, whether it's the CEO's of multinational corporations or foreign-owned corporations or American corporations and American jobs, I would have to plead guilty that I prefer to protect our jobs and our corporations and our country. But these kinds of claims sound like something from a tabloid, designed to stir the emotions of the American public.

I think, more important, when we talk about free trade we also have to link it to what is fair. We often hear that bandied around—fair trade. Like many of my colleagues, I am sorely disappointed in some of our past trade agreements that this country has entered into because I don't think they were, basically, fair to us. Before we continue to offer this extraordinary power to the administration, I think Congress has a responsibility to review past policies. Senator DORGAN has done a marvelous job. I think he has done it very well, pointing out the trade deficit, as an example. With every trade agreement we have made under fast track in the past, the trade deficit has actually gone up for America and not down. We got the worst end of every single agreement that was negotiated under fast track.

For those who argue that if we fail to grant fast-track authority to the President, other countries will refuse to negotiate with the United States and the United States won't even be allowed to sit at the negotiating table, that is absolutely ludicrous. This is the largest economy in the world. There will always be a place at the table for any international agreements.

Let's consider that fast track has been used only five times. Yet without it, the Clinton administration, as an example, has successfully negotiated 198 agreements. I think that speaks for itself whether fast track is needed. We are an economic powerhouse. The world knows that. It is in the best interests of other countries throughout the world to negotiate with us. That is evidenced by the 198 agreements that our trade representatives are so proud of that did not need fast track. So we really ought to do away with these scare tactics that are kind of designed to stampede us like sheep to voting for something in the last waning days of Congress without giving it a slow, deliberative understanding of what we are going to do and what we are going to put in place.

Supporters say we need the agreements so we don't get bogged down in Congress and load it with amendments. I understand this is a slow process, and we are often accused of taking too much time. We often do add many things to the amendments. But I think most of those amendments are done in good faith. But if we are sent here to try to deal with good, fair trade agreements, I don't think there is a big problem. I don't think we should have to worry about it that much without fast track. The bottom line is we are here to represent this Nation and our own constituents from the States from which we were elected.

I know my constituents did not vote for me to send me here to this great institution to give away their voice, to not let them be involved in it. I think most Senators feel the same way. We didn't get elected to represent Mexico or Chile or Japan or some other country. We got elected primarily to represent this Nation and our own States.

I realize that this debate over granting fast-track authority to the administration is not to be a critique of NAFTA. But if fast track has been used only five times, then we have no choice but to bring up NAFTA if we are going to consider the merits of fast track. Just about 4 years ago, Congress passed NAFTA implementing legislation, and that was an over-1,000-page document. It was hailed as a major achievement that would create jobs and not cost jobs in America. I concede that NAFTA has benefited several segments of our society. There is no question about that. But I think, looking at it in toto, it has cost more than it has gained.

Jobs is the perfect example. In October, 1993, I sent a letter with several other Senators to the U.S. Trade Representative, Mickey Kantor, in which I asked about the potential loss of jobs and what the administration planned to do about displaced workers.

In his response to me in November, 1993, Mr. Kantor replied that ''NAFTA would account for no more than 400,000 jobs lost over 15 years.'' I quote that directly from his letter. Perhaps those 400,000 jobs aren't important to some people—unless it's your job or unless it's the breadwinner of your household. Then it becomes very important.

While I heard a whole number of figures on the number of jobs created by NAFTA used as evidence of NAFTA's success, many of those figures seem to discuss jobs that have been created basically as a result of increased U.S. growth that would have happened with or without NAFTA. Many of them dealt with the service industry jobs, too, but not hard, well-paying manufacturing jobs. I know that we need to increase our exports, and I think that we are trying to do that. We need to look at that in balance, about our imports, too.

The Economic Policy Institute did just that. According to the Institute's recently released study, 394,835 jobs have been lost as a result of NAFTA. That was a net loss of jobs. I don't hardly consider that a success in our negotiating deals with foreign countries. I believe we simply cannot have a strong nation if we do not have a strong manufacturing base. Those jobs that left primarily were manufacturing jobs. If, Heaven forbid, we should get into some major international conflict, there is simply no way we are going to field strong military might from America if we have to import all of our parts for our apparatus from foreign countries.

In effect, we might ask the question: Did it help workers anywhere? In my opinion it certainly didn't help the workers in Mexico under the NAFTA that we did pass. The maquiladora factories that sprang up overnight across the border are still paying poor wages, a dollar an hour or less in most jobs. Many of the workers live in substandard housing. Their children drink contaminated water. There is still a high incidence of sickness among those children. So it didn't help workers on our side of the border, and it didn't help workers on the other side of the border either.

The problem is, we are coming close, now, to our targeted adjournment date, perhaps this Friday. And to meet that date, we may be forced to consider fast track within a more limited amount of time than we should to be dealing with this issue.

But I think Senators will do the right thing. They will do what they can. Those of us who disagree with it, as he does, certainly commend Senator DORGAN for the leadership role he has taken. I believe it is time America stopped being referred to around the world as ''Uncle Sucker'' and return to that status that we had at one time being Uncle Sam, a nation of proud workers, manufacturing good-quality material for the rest of the world.

I yield the remainder of my time.

Several Senators addressed the Chair.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent for 2 minutes to introduce a bill as in morning business at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Alaska is recognized.

Mr. MURKOWSKI. I thank the Chair.

(The remarks of Mr. MURKOWSKI pertaining to the introduction of S. 1373 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, the time, I understand, is winding down until 5 o'clock when we have a vote this afternoon on the motion to proceed. I wanted to take just a few minutes to comment on some of the things that we have heard in the last couple of hours. I believe Senator HOLLINGS is on his way to the floor. He will be taking some time. We have several other speakers on this side. But I would like to take a moment to respond to a couple of the things that we have heard.

First of all, I feel this is a good debate. It is about time we had this debate in this Chamber. Many of us have wanted to have a discussion about trade and trade issues for some long while. But the opportunity to do that has been limited. Now that fast track has been brought to the floor of the Senate is a very good and useful opportunity for that debate.

A speaker a couple of hours ago came to the floor of the Senate and said the problem that he has on this issue is the American people don't understand trade. It occurs to me that the American people understand trade. They well understand the trade issue. It occurs to me that some of the people here in Washington, DC—yes, maybe even in Congress—don't understand trade.

When the American people see a trade strategy that results in 21 straight years of trade deficits, getting worse year after year, setting new records year after year, I think the American people understand that there is a problem. That is just lost, apparently, on some Members of this Chamber, and perhaps some administrations who are engaged in trade policies that are not working.

So I think it is not accurate to suggest that the American people don't understand trade. Oh, they understand it all right. They understand it when they see factories close and move to Mexico or move to Indonesia or move to Sri Lanka. They understand it when they see their jobs leaving. They understand it when they can't compete with products that are produced at 12-cents-an-hour labor or without the requirement to clean up their emissions or without the requirement to have a safe workplace. The American people understand that. And, that is precisely what drives a lot of this discussion.

We are told there are 50 chief executive officers of major corporations on

Capitol Hill today lobbying and discussing with Members of Congress why fast track is important. The point I would like to make is that there is not necessarily a parallel interest between our country's interest and the interests of the American people and these 50 CEO's who have an interest in maximizing profits for their stockholders.

It is likely, in fact, it is certain, that in a number of board rooms and executive offices in this country that the chief executive officers must evaluate where can they produce more cheaply. Each of these CEO's is asking, ''Where can I move my manufacturing jobs? Where can I and how can I shut my factory here and move the jobs overseas in order to access cheaper labor, in order to escape the requirements of air pollution and water pollution laws, or in order to escape OSHA and the requirements of a safe workplace? Where can I do that, without giving much thought as to whether it benefits the American economy, but in order to maximize my corporate profits?''

That would be the interest, it seems to me, of most CEO's: the return to the shareholder and the maximization of corporate profits. That is not necessarily parallel with the interests of our country. It might well be that the parochial interests of a corporation to move its production facilities to Indonesia or to move its production facilities to Thailand or Sri Lanka is in the company's best interest, but certainly not in our country's best interest.

So we will, I assume, hear from CEO's today with many of them on Capitol Hill helping President Clinton push for fast-track trade authority.

The point I make is that their interest is not necessarily parallel to the interests of this country. I am not saying they are un-American. I am just saying they have an interest in disconnecting from American manufacturing where they can maximize profits by moving their manufacturing elsewhere, and that is not necessarily in this country's interest.

A statement earlier this morning brought a smile to me. It was a statement by one of the speakers who said, ''What we have here are two sides: One believes in free trade.'' It is like ''We are on that side,'' they say, ''and we believe in free trade, motherhood and tourism. So we are good guys.''

You can't wear hats in the Senate or whomever said that would certainly have put on a huge white hat. It undoubtedly would be a very large white hat. Then he would have thrown dark hats somewhere to the other side of the Senate, because this speaker said that you believe in free trade and expanded American economic opportunity, or you believe in going to a kind of North Korea, building a wall around your country and then going to hide under a rock. That was the example.

That is, obviously, the first argument one hears in a debate about trade by someone who wants to describe the opponents as being unworthy and possessing arguments totally without merit: ''We are for free trade; you're a North Korea kind of person, you want to put up a wall and go hide under a rock.''

The fact is, no one that I have heard speak is talking about putting up walls around our country. I voted against fast track previously. I believe in expanded trade. I don't believe in putting up walls. I believe our economic health is tied to our ability to expand economic opportunity through trade. I just happen to believe our current trade strategy doesn't do that nearly as effectively as we could if we as a country had a little bit of nerve and some will to say to our trading partners, ''You have a responsibility to us, and that responsibility is to open your market to American producers.''

The Washington Post editorial is not a surprise, obviously. The Washington Post has been blowing a trumpet for this trade strategy all the way up the trade deficit chart, year after year, as bigger deficits grew. Year after year, the Post has given merits to this failed trade strategy. The Washington Post says the following about the position of those of us who have opposed fast track:

> To a large extent, this is simply putting new clothes on old-fashioned protectionism, but fast-track opponents also make an argument geared to the changing conditions of a globalizing economy in which companies are freer than ever to locate across borders, and so workers find themselves more than ever competing across borders.

I always find it interesting that there is no journalist I am aware of—certainly no politician—but no journalist who ever lost their job because of a bad trade agreement. But they sure do give us a great deal of advice on trade, and for that we are very thankful.

There is one song, one note that comes from the Washington Post. It is that you are either for the current trade strategy and, therefore, fast track, or you are a protectionist. The Washington Post, in my judgment, in its editorial, errs by suggesting that those who don't support the current trade strategy are protectionists.

Is it being a protectionist to decide that a trade strategy that results in the largest trade deficits in history year after year isn't working? Is it protectionist to be concerned about a trade strategy that results in an increasing, a mushrooming trade deficit with China, ratcheting up now we expect it close to $50 billion, or a trade strategy that results in mushrooming trade deficits with Japan this year, expected to reach $60 billion this year? Incidentally, that means that every year as far as the eye can see, backward and forward, we can talk about a trade imbalance with Japan of $45 billion, $55 billion or $65 billion a year. Is it really the case that those of us who believe that this does not serve our country's interest are protectionists? Or could it be possible that those of us who believe that trade deficits hurt our country and trade deficits detract from our economic opportunity are those who are supporting change, positive change that would help this country and assist this country in improving its economic future?

I don't expect that those in this town who have only one note to sound on trade will ever concede the point. It seems to me that they think the proof is in the economy. We have a decent economy in this country. I don't deny that. Unemployment is down some. Inflation is way down. Deficits are down, way down. There is no question that the American economy has improved.

But, I would make this point. You can live in a neighborhood and see a neighbor who looks wonderfully prosperous, not understanding that all of those cars in the driveway, the house, the clothes, the jewelry are all on a credit card or some mortgage instrument somewhere and that person, while looking very prosperous, is not far from real trouble.

The point I have made repeatedly is these ballooning trade deficits, the largest in our country's history, are troublesome. You don't hear one word on the Senate floor about them.

I heard a presentation today I thought was a good presentation in favor of fast track. I thought it was well-constructed, well-delivered and persuasive. But, there was not one word about the trade deficit, not one word about the imbalance in our trade relations with our trading partners, with China, with Japan, with Mexico, with Canada. Not one word. Why? Because they only talk about one side of the issue.

Can you imagine a business that says, ''I want you to evaluate me, and here is how I want you to evaluate me. I want you to evaluate me based on my revenues, and I will not tell you about my expenditures because that is irrelevant. Just look at my revenues. Aren't I healthy? Aren't I doing well?''

You could probably conclude that if you only look at the revenue side. But what if you look at the expenditure side and see they far exceed revenues? Would you then not conclude that the business is running toward trouble? I would think so. That is exactly what happens on this issue of international trade on the floor of the Senate. They talk about exports and ignore imports.

I heard a description of how many additional automobiles we send to Mexico. What a wonderful opportunity, we are told, to send automobiles to Mexico under the United States-Mexican free-trade agreement. They say, ''Did you know that we have gotten more cars into Mexico?'' Yet the number of cars coming from Mexico into this country dwarfed that export number by so much you can hardly describe it. We now import more cars from Mexico into the United States of America than this country exports to all the rest of the world.

Let me say that again because it is important. We now, after NAFTA, import more automobiles manufactured in Mexico than we export to the entire rest of the world. How can anyone brag about NAFTA producing an accelerated opportunity for us to send cars to Mexico when, in fact, that quantity is totally dwarfed by the number of new automobiles now manufactured in Mexico that used to be manufactured in this country, and are shipped from there to here?

Despite the attempts of some to portray it as such, the question is not whether we are involved in international trade. It is how we are involved in international trade. Will this country continue to countenance a system in which we accept less than fair treatment from our trading partners?

Another person on the Senate floor within the last hour said the following: ''If we are not involved through fast track in trade negotiations, there will be trade agreements going on around the world and we won't be a part of them.''

I would like one person in the U.S. Senate to describe to me a substitute for the American economy, the American marketplace. Is there another place on Earth? Spin the globe, look at all of them. Look at every country, every city. Is there another place on the globe that has the power and the potential of this marketplace? The answer clearly is no.

Do you really believe that if we defeat fast track that those countries that desire to access the American marketplace are going to say, ''Well, all right, if we can't access the American marketplace, we choose Kenya.''

''OK, if we can't access the American marketplace, now we're going to set our sights on Nairobi.''

''We are going to set up an office in Kinshasa; that is our future.''

Does anybody really believe that? There is no substitute for the American marketplace. Why is it that we are the country that must be dangled on the end of a string? Why is it that those of us who stand up and say it is time for us to demand and require fair trade with respect to China, fair trade with respect to Japan, and, yes, with Mexico and Canada and others—why is it that we are subject to being called protectionists? Is it because the interests of the international economic empires now are to construct a trade regime in which you have no economic nationalism? Is it because if you exert some sort of economic nationalism, you are a protectionist?

They construct a trade regime in which they proscribe for our country a circumstance where they want to produce elsewhere and sell here. Why? Profits. Is that wrong? No, it is not wrong from their standpoint, but is it always in our country's interest to say what is in the corporate interest is in the American interest? Not necessarily.

There are circumstances where we should say that it is not fair competition for those businesses that stayed here in America. They didn't move anywhere. They stayed here. And they produce here. It is not fair for them to have to compete in circumstances where they cannot get their product into a foreign country because that market is closed to us, but the foreign country can get its product into our market to compete with that business that stayed here. By the way, that producer in the foreign country can produce that garage door opener, that bicycle, or those shoes, paying 12 cents an hour, and put them on the store shelves of America and drive the American businesses out of business.

One of the Senators earlier said, ''Well, if that is the way it is, that is tough luck. Let them hang on the walls of Wal-Mart. That is what America is all about. Let them hang the cheaper product there, and it's good for the consumer to be able to access a cheaper product.''

I ask, how is that consumer going to pay for that cheaper product without good jobs? And where are the good jobs in this country going to be unless this country demands on behalf of its business and its employees, its workers, that when we trade, our agreement to trade with other countries and our desire to trade with other countries be constructed on a set of rules that are fair. We need a set of rules that says, no, not that you are to mirror exactly what we do in all of these areas, but a set of rules that would say to those countries, ''There's an obligation that you have in your trade relationship with our country. And that obligation is to have fairness and access to marketplaces. If our market is open to you, your market must be open to us.''

If we don't have the nerve and the will to do that, what on Earth will our future be?

If I read these articles—one printed recently by one of the major newspapers by a fellow who is describing the trade deficit. He said, ''Trade deficit. What does that matter? I have talked to economists. It doesn't matter. Let me explain what a trade deficit is.'' He said, ''That's like somebody saying to you, 'I will trade you $10,000 worth of pears for your $5,000 worth of apples.' ''

That uninteresting and irrelevant example in this article, describing why the trade deficit is just fine, I guess, represents a view in this town that as long as you are trading more, it does not matter. Its a view that as long as you are exporting more, it doesn't matter if your imports increase fiftyfold, and that somehow we are better off as result.

At the end of the day, you are better off when this country has retained a strong manufacturing base and has required, through the exertion of some nerve and some will to say to its trading partners, ''You have a responsibility to the United States of America. And that responsibility is to treat us fairly in international trade. And this country will not sit around and will no longer take any closed markets to our products when our markets are open to your products.''

Mr. SARBANES. Will the Senator yield?

Mr. DORGAN. I will be happy to.

Mr. SARBANES. The Senator from North Dakota is making an extremely important point. The assumption is trade, by definition, is good; but the focus is all on exports and not on the balance of trade.

This is what has happened to our trade balance since 1975. You can see this incredible deterioration that has taken place. We are running negative trade deficits year in and year out. And the consequence of doing this, I say to my distinguished colleague, is this is what has happened to the American net foreign investment position.

The United States, in 1980, was a creditor nation to the tune of about $400 billion. In other words, we had claims on others. We were a creditor nation. And now that has deteriorated so that the United States now, when we add in what the trade imbalance will be this year, will be about a $1 trillion debtor nation. We have gone from being the world's largest creditor nation to being the world's largest debtor nation. And then everyone comes along and says, ''Well, no one wants to focus on this issue. No one wants to pay any attention to it.''

I mean, the Senator from North Dakota has been absolutely right. He said, ''Look, there are two sides to this thing. There are your exports and there are your imports.'' Yes, we are getting additional exports, but we are getting far more imports.

As we get these imports, and we get this deterioration in our trade balance—look at that. Since World War II, we have been running a positive trade balance, modest but positive, year in and year out. And this is the deterioration that has taken place in it over the last 20 years.

And, of course, each year we run these large trade deficits —$100 billion, $150 billion, $120 billion trade deficits year after year after year. It is offset somewhat by the service, but not enough. I mean, the net is reflected in this chart, which is not quite as bad as the previous level but still shows us year after year showing these deficits.

The consequence of that—these amount to about $1.5 trillion over that period of time. We have been running a trade balance deficit since 1975 of $1.5 trillion. And the consequence of doing that is that our net asset position is absolutely deteriorating.

Look at this chart. This is what has happened. This is the U.S. net foreign investment position. In 1980, before we got this tremendous decline, we were a creditor nation, the world's largest creditor nation; in other words, others owed us. And now we are the world's largest debtor nation. And by the end of this year, it will be to the tune of $1 trillion—$1 trillion.

Now, you cannot go on doing this indefinitely. You can do it for a period of time, but you cannot do it indefinitely. In any event, the whole time you are doing it, we are taking on an increase in volume of foreign indebtedness through these large and persistent trade deficits—the losses sustained every year by buying more goods from others than they are buying from us.

And we are undercutting the Nation's capacity for mass consumption by declining wages and loss of high-income employment. As the Senator from North Dakota said, they said, ''Well, your consumers can buy cheaper products.'' But then the question is, ''Well, suppose they're not working? Suppose they've been thrown out of a job by these importations?'' They can't buy anything. They can't buy anything.

Mr. DORGAN. If the Senator from Maryland would just yield. I guess I have the floor. I am yielding to the Senator from Maryland.

Let me understand what you are saying. I held up the Washington Post and I cited the discussion on the floor of the Senate. The Senator from Maryland now comes to us and says, ''You know, we've got these huge deficits,'' and all these other folks say, ''Gee, we're moving in the right direction. What we need to do is more of what we've been doing.'' Did the Senator graduate in the bottom of his high school class? Is he a protectionist? Is that all this means? Or does the Senator from Maryland understand what the rest of these folks don't, that deficits in the long term have to be repaid?

Mr. SARBANES. That is right. We are not driving the right trade bargains. Something is wrong with a trade policy that gives you this deterioration in your net foreign investment position. Something is wrong with a trade policy that takes the United States, in less than 20 years, from being the largest creditor nation in the world, in other words, people owe us, and in 20 years makes the United States the largest debtor nation in the world. Something is wrong.

The Senator is absolutely right to focus on it. Everyone says, ''Well, we succeeded in selling $3 billion worth of airplanes to China on this visit that they had.'' Our trade imbalance with China is over $40 billion and increasing all the time. It is increasing all the time. It may soon surpass the trade deficit with Japan. The consequence is that we are selling to them far less—far, far, far less—than they are selling to us.

Mr. DORGAN. On the question of Chinese airplanes—which is an interesting departure point—the Chinese are going to need 2,000 airplanes. They bought a few from us, but the fact is they have been buying from Europe as well, even as their trade surplus with us mushrooms way, way up.

What they have been saying to this country—I know some of the corporate folks won't like me to say this because they are all nervous about this—but the Chinese say, ''Yes, we'd like to consider buying some of your airplanes, but you must manufacture them in China.''

Mr. SARBANES. That is right.

Mr. DORGAN. This is a country that has a huge surplus with us. Instead of buying what they need that we produce here in this country with American jobs, they have been saying, ''Well, we'd like you to consider manufacturing that in China.''

That is not the way trade works.

Mr. SARBANES. ''Consider'' is not the right word. They do not say, ''We would like you to consider.'' The Washington Post ran an article just the other week, and here is the heading of the article: ''China Plays Rough. Invest and Transfer Technology or No Market Access.'' And that article then described how China forces U.S. companies to transfer jobs and technology as a price for getting export sales. So, in effect, what they say is, ''We won't take any of your exports if you don't give us the investment and the technology so we can then produce them ourselves.''

So what are our people doing? In order to get these short-run exports, they give away the capacity to maintain a long-run position. And the Chinese, in effect, extract that capacity out of them. So, yes, they make a short-run purchase, but at the same time they are getting the investment and technology so they do not have to make long-run—not only will they not make long-run purchases, but, mark my word, they will be exporting these products themselves elsewhere in the world.

Not only will they, in effect, close our people out from getting into the Chinese market; they will become their competitors in other markets on the basis of the investment and the technology that our people transferred to China in order to get these short-term sales.

That is exactly what is going to happen. And the consequence of that is our trade position will continue to deteriorate, and we will go on to become an even bigger debtor nation.

Mr. HOLLINGS. Will the Senator yield?

Mr. SARBANES. Certainly.

Mr. HOLLINGS. I really appreciate the distinguished Senator bringing the issue into sharp, sharp focus. It so happens that I had been looking at the Investor's Business Daily. Just reading a sentence:

> The surge in imports prompted economists to revise down their first-quarter growth statistics.

And, again, just here in Business Week, dated November 3, on page 32:

> Because of the widening in the August trade deficit for goods and services to $10.4 billion, from $10 billion in July, trade is likely to have subtracted a full percentage point from overall demand growth.

The distinguished Senator has chaired the Joint Economic Committee for years and understands this. That is why we are losing our own growth. We are trying to invest, trying to bring about economic growth, but not looking at the import side, as the distinguished Senator has so clearly brought to the attention of all the colleagues here, that we actually should be growing much faster, and saving, excepting these cancerous deficits in the balance of trade.

I really appreciate the Senator from Maryland, and I apologize for interrupting, but I hope he will continue.

Mr. SARBANES. The Senator is absolutely on point.

Just let me read you two quotes from two very able authors. One is Benjamin Friedman, who is a professor of economics at Harvard, and his book called ''Day of Reckoning.''

I again want to go back and emphasize the fact that we have gone from being the world's largest creditor nation to now being the world's largest debtor nation. This is the deterioration that has taken place in the U.S. net foreign investment position.

This is what Professor Friedman says about that:

> World power and influence have historically accrued to creditor countries. It is not coincidental that America emerged as a world power simultaneously with our transition from a debtor nation, dependent on foreign capital for our initial industrialization, to a creditor nation supplying investment capital to the rest of the world. But we are now a debtor again, and our future role in world affairs is in question. People simply do not regard their workers, their tenants and their debtors in the same light as their employers, their landlords and their creditors. Over time, the respect and even deference that America has earned as world banker will gradually shift to the new creditor countries that are able to supply resources where we cannot, and America's influence over nations and events will ebb.

That is the big issue that is behind all of this. That is the issue we really ought to be debating. The whole direction in which—everyone comes out here and says—you know, I listened to the President yesterday. He said, ''We've got trade.'' I will not quarrel with that. ''I'm trying to negotiate good trade agreements with other countries.'' But look what is happening to us. We have had this incredible deterioration in our trade balance and this represents $1.5 trillion dollars of deficits over the last 20 years. This is what has happened to our net foreign investment position.

This is a devastating chart when you think about what it has done to the United States. William Wolman, chief economist at Business Week, had this to say, and it ties right in with the Senator's comments about economic growth, ''The Implication of Debtor State for U.S. Economic Growth.''

> The transformation of the United States from a major international creditor to an international debtor has major implications for future United States economic growth. It is no accident that back in the 1950's and 1960s when the United States was a creditor nation interest rates were lower here than they were abroad and the dollar was a strong currency. But since the United States has become a debtor nation U.S. interest rates are higher than those in the other industrial countries, and the dollar, despite its revival in 1996, has become a weak currency. The effect is, of course, to squeeze the average

American standard of living both because Americans are forced to pay high real interest rates for what they borrow and because a weak dollar means that America must produce and export more goods to earn foreign currencies than it had to when the dollar was a stronger currency. Debtor status has the same effect on a country as on citizens of that country. What is in effect the disposable income of the United States is under downward pressure, just as surely as the disposable income of its highly indebted citizens.

You can't get people to focus on this. Trade has two sides to it: What you export and what you import. If you import more than you export, you will be running trade deficits. If you are running trade deficits, that means people abroad are accumulating claims against us that we have to pay off over time. So we have now gone from being a creditor country to being the world's largest debtor country. We continue to be a world power but how long can you sustain that position? It is not as though we have stopped the hemorrhaging.

If we run a $125 billion trade deficit, our net position will deteriorate another $125 billion. This line will continue to go down as long as we are running a negative trade debt. Suppose we cut it in half, suppose we reduce it from $120 billion to $60 billion, which would be a terrific accomplishment. Say you do that in a year's time, you reduce it from $120 billion to $60 billion, the net position deteriorates another $60 billion, another $60 billion. The next year you cut it to $30 billion, it deteriorates another $30 billion. We are getting ourselves deeper and deeper into the hole. We can't get anyone to focus on this.

The distinguished Senator from North Dakota I think has brought our attention back to an exceedingly important point, and I thank him very much for yielding to me to make these points.

Mr. DORGAN. I appreciate very much the comments of the Senator from Maryland. As always, he is on point. I chided him a bit about his position in his high school class, but I suspect he was right at the top.

I yield 15 minutes to the Senator from South Carolina.

Mr. HOLLINGS. I thank our distinguished colleague for continuing along with the very thought that the Senator from Maryland provokes here which is so important to this particular debate, the fact that we should realize the arithmetic of import jobs as well as export jobs. The cumulative sum total, that 1975, 22 years, is right at $1.90 trillion.

Now, they like to use 20,000 jobs created for every $1 billion in exports. The Department of Commerce changed that to 14,000 some 2 years ago and that has been their figure. Using the same figure—because I want to refer specifically here to the special study the Presidential Commission on the United States Pacific Trade and Investment Policy recently released its final report and it stated "from 1979 to 1994, twice as many high-paying jobs in the United States economy were lost to imports as were gained from exports."

Now, using the arithmetic of $1 billion equals 20,000 jobs, that would be some 38 million jobs that were lost over that time period, or using the lower figure of 14,000, it would be some 27 million lost jobs.

Yes, we can talk that the economy is up and going but you get right to the point of understanding why we have 2.8 percent unemployment in Greenville County but 14 percent unemployment in Williamsburg County, and the people back home understand this trade problem better than many on the floor of the national Congress. They continue to see 6,375 jobs leave. Levi Strauss fired one-third of their employees, 11 plants in 5 States making jeans. Where have they gone? They are going offshore. They have been transferring them offshore, and after they let them go, they have to announce, as they do under the plants closing notice—they never announce it during the middle of the debate on the House side, but the lawyers had to comply with the plant closing notice. That is what is happening. We are getting Honda, I am getting BMW in South Carolina, I have Hoffmann-La Roche. I appreciate it and I am working hard, but I am looking at the basic jobs here paying $7 an hour. As I was pointing out with the Oneida plant they are closing in Andrews, and they have some 487 workers, the average age is 47 years old. Washington tells them, "Retrain, retrain, retrain." Well, tomorrow morning, say we have 487 skilled computer operators. Are you going to hire the 47-year-old skilled computer operator or the 21-year-old? You are not taking on the health costs and the retirement costs for the 47-year-old, so this little rural town is high and dry.

They understand at home that we are losing out. We are making great gains, but all this downsizing and everything else like that has stagnated wages in our economy. In that sense, we are going out of business. We have been giving away the store. We have Senators running around here, "If we are going to continue to lead"—we are not leading, my dear Senator. We are not leading in this thing.

I wish they would have adopted ADAM SMITH and free markets but they have adopted Friedrich List, that the strength of a nation is measured not by what it can consume but by what it can produce. We have to have the economic strength if we are to be a world leader. That is what we are losing. That is what is at stake. That is what is in the conversation here.

These colleagues that come and say the President can't get at the table—come on. He has been at the table in 200 agreements.

Mr. SARBANES. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. SARBANES. The Senator is absolutely right. When you talk about trade you have to talk about trade balance. Now, we ran a trade balance from the end of World War II until 1975. We were exporting a little more than we were importing. The imports that were coming in were causing dislocation in our economy, no question about it. But at the same time we were gaining a plus from the exports. In fact, there were a little more exports than there were imports.

What has happened, as the Senator from South Carolina points out, we are now importing far, far, far more than we are exporting. In fact, as he points out with respect to trade goods it has been an almost $2 trillion deficit since 1975. Everyone comes along and says, "Look, we have a little more exports." Look at how many more imports we have. All of those imports are costing people jobs. So the displacement of jobs taking place by the increase in imports far, far, far exceeds the additional jobs gained from the expansion of exports.

That is what people have to understand and they are not understanding it. To the extent we run these trade deficits then we end up losing our position as a creditor nation.

This is a devastating chart, showing the United States in a creditor position in 1980, and look what has happened to us. We have come down just like this, and by the end of the year we will be at $1 trillion deficit debtor status. Debtor status, $1 trillion, the United States. In 1980, less than 20 years ago, we were in a creditor status to the tune of $400 billion. So there has been an almost $1.5 trillion deterioration in our international position in less than 20 years. It is the very thing the Senator from South Carolina is talking about.

Mr. HOLLINGS. And that is not leading. That is not leadership. You and I as Senators are concerned with the economic strength of the United States, with the work force and otherwise. We want to get back where we are leading.

The people should understand global competition, "You ignorant Senators, you protectionists." They better understand when China orders $3 billion they order one-half for themselves and from countries like Japan that make the electronics. That Boeing 777, they make the tail section—they don't give you the order unless you put the manufacturing facility in country. I know, I had a GE turbine plant when I was Governor. Brazil told them they would not order those turbines unless, they put the plants down in Brazil. So the GE plant at Gadsden, SC, has closed down and gone to Brazil. We are speaking from actual experience.

It is not any fanciful conjuncture here about leading and not being at the table. Yesterday, Senator, right in the Committee of Commerce, we passed the shipbuilding agreement, the OECD shipbuilding agreement that has been negotiated with some 13 countries in Europe and in the Pacific, and we did that without fast track. We had an international telecommunications treaty earlier this year, with 123 countries, without fast track.

What we are trying to do is get them to have a chance to stop, look, listen, debate the things like we did with the most important arms treaty, SALT I, and the intermediate missile treaty. All of those were without fast track but they act as if our poor President is not allowed to come to the table. He is at the table. We want him at the table. But we just want to have a chance to look and see before we vote.

Mr. SARBANES. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. SARBANES. The American market is still the most lucrative market in the world. They want access into the American market.

I cannot accept for a moment in these bilateral dealings, countries won't negotiate a trade agreement with the President which could then be submitted to the Congress for the Congress to consider, to amend if it deemed it advisable, and to vote on. We have done that consistently, as the Senator pointed out, including the telecommunications agreement, a very complicated measure. We do it in arms control agreements. They are open to amendment and are a far more serious matter than a trade agreement.

I want to say one other thing to the Senator because he talked about the Chinese getting the investment and the plants in their own country, and he uses the example that occurred in Brazil. The Chinese don't make any bones about it. They don't like to conceal it. The Washington Post had an article last week, and here is the heading to the article, ''China Plays Rough: Invest and Transfer Technology or No Market Access.'' Invest and transfer technology or no market access.

The article went on to describe how China forces United States companies to transfer jobs and technology as a price for getting exports sales. They say, ''We will take the exports but you have to give us the investment and the technology,'' and that means in the future they won't take other exports because they won't need them. They will have the investment and the technology to produce the goods themselves, and I predict not only will they do it for themselves they will then be producing and selling them internationally, and they will go from being an importer of American high-technology products to being an exporter themselves of high-technology products from the investment technology that we are compelled to give to them.

Mr. HOLLINGS. You go right to the point.

In Shanghai, General Motors agreed not only to build a plant there in order to produce and sell cars in the People's Republic of China, but more particularly, to design the most modern computer equipment that is going to Shanghai, as we speak, to design the automobiles. They have taken it out of Detroit and are putting it into downtown Shanghai so all our brain power and our wonderful technology is being exported like gangbusters, and they talk about us leading and the President can't get at the table.

Come on, they have to get with the program here and understand that as Senators and Congressmen we have a responsibility with respect to this economy, and the work force that is the highest, most productive in the entire world. You can go over to the Bureau of Labor Statistics, economic section of the United Nations, and No. 1 for the last 20 years has been the United States, not Japan. Japan is down there at No. 6 or 7 now. So our workers have been the most productive. Who hasn't produced, Senator, is you and I up here. That is what I am trying to get over to our fellow Senators so they will understand the problem we are confronting.

Mr. DORGAN. I wonder if the Senator will yield for a moment.

Mr. HOLLINGS. Yes.

Mr. DORGAN. There is this blame America strategy that has been around for years that, if you can't compete, whatever the situations are, tough luck. That means in a free-trade circumstance, jobs might go elsewhere, but consumers benefit by cheaper imports.

The interesting thing about this is, most of our large trading partners—especially, for example, Japan and China—are engaged in managed trade, not free trade. We, on the other hand, have always been a leader in what is called free trade.

I described yesterday watching two people dance at a wedding dance when I was a kid. He was dancing a waltz and she was dancing a two-step. It didn't work out well. They were dancing different dances. In international trade, what is happening to us is, we are confronting Japan, for example, with whom we have an abiding yearly massive trade deficit of $40 to $60 billion every year, as far as you can see back and as far as you can see forward. We have that kind of trade deficit. Why? Because Japan has a managed trade strategy, and that is the method by which they trade with us.

We, apparently, are perfectly content to say, ''Well, if that is the way it is, there is nothing we can do about that.'' But there is something we can do about that. We can provide a little real leadership, with a little nerve and will, and say to Japan that part of the price for this trade agreement and for their ability to access the American marketplace, a marketplace that has no substitute anywhere on this Earth, is to open their markets completely to American goods and not to do it tomorrow, or next month, or next year, or even the next biennium—do it now.

But this country doesn't have the nerve or the will to do that. In fact, it was left to some little maritime commission, finally, to raise this issue on a $5 million fine and say, ''That is fine. If you want to play that game and you won't pay your fines, then you can't dock your ship in this country.'' One little commission—an unelected commission—was the only body I know of that finally had the will and nerve to say that is not the way we do business here. Fair is fair. In trade, we demand and require fair trade and fair access.

So, the comments that both the Senator from Maryland and the Senator from South Carolina have made are right on point. The thing that baffles me is that those of us who desire to force open foreign markets, to reinforce open markets, and do more than just chant about free trade, but really seek to force open foreign markets and unlock the opportunities in this country for our producers and our workers, we are the ones that are called protectionists. What on Earth are they talking about?

Mr. HOLLINGS. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. HOLLINGS. I will never forget the second inauguration of Ronald Wilson Reagan. It was in the rotunda, and you and I were there, Senator. President Reagan said, ''I solemnly swear that I will faithfully execute the office of the President of the United States and will, to the best of my ability, preserve, protect, and defend the Constitution of the United States.''

We have the armies who protect us from enemies from without, and the FBI protects us from enemies within. We have Social Security to protect us from the ravages of old age. We have Medicare to protect us from ill health. We have clean air and clean water to protect our environment. We have safe working places and safe machinery.

Our fundamental duties here are to protect. Be invited, if you please, to the Council of Foreign Relations, run for President of the trilateral commission. They asked, ''Are you a protectionist, Senator?'' I had to say, ''Yes, the truth of it is, I believe that is my fundamental responsibility here.'' They say, ''If you are a protectionist, you are not enlightened, you can't see the world and understand competition.'' When you are losing your shirt, as the Senator from Maryland said—through 22 years of negative trade balances—all they want to talk about is the exports and not the negative side of the equation.

I cited on yesterday our experience with President Kennedy and the extreme action that he took when 10 percent of domestic consumption of textiles, clothing, was represented in imports, and he thought it was a crisis, and he put in his seven-point practice. Now two-thirds of the clothing within the sight of my debate here this afternoon is imported, 83 percent of the shoes, 53 percent of the ferroalloys, 59 percent of the cooking and kitchenware, 64 percent of the mineral processing machinery, 61.4 percent of the machine tools for metal forming, and 44.1 percent of nonmetal working machine tools—you can go right on down the list. There is the majority of automatic data processing machines, diodes, electrical capacitors and resistors. That is at 70 percent right now. I remember having the capacitor plant of GE, and I have lost it now. It has gone overseas. You have 100 percent of tape recorders, tape players, VCR's, and CD players. You can go right on down. I remember that we could not engage in Desert Storm, the gulf war, unless we got the displays from Japan. That is why I had to put the ''buy America first'' provision for ball bearings in the defense bill. We are fighting a rear guard action so that we would be able to defend the country, much less be economically strong.

The NAFTA tent is being pitched on the front lawn of the White House, and the corporate jets are descending on National Airport offloading the Nation's top-paid CEO's to lobby for the administration's effort to renew fast-track trade authority. Of course it is no longer referred to as fast track. Instead the administration has offered a clumsy euphemism—normal trade authority—to obscure the fact that the sole purpose of fast-track is to stifle debate by subverting the Congress' constitutional obligation to regulate foreign commerce. Yet there is nothing normal about a $100 billion plus trade deficit, nothing normal about Congress abandoning its constitutional responsibilities, nothing normal about stagnant wages and an erosion of our manufacturing base.

The administration argues that they need fast-track authority because no one will negotiate with the United States unless they have fast track. A more likely scenario is that the administration would prefer that Congress not review a legacy of poor trade deals; eroding manufacturing strength and a trade policy that puts the interests of the multinational corporation before working-class Americans. While the administration embraces the Fortune 500's agenda, it has turned a cold shoulder to those who have been left behind by globalization, the working men and women of this country.

The end of the cold war has created a seismic shift in the global economy. The American worker has now been thrown into bare knuckle competition against the new entrants to the global economy: countries whose productive and motivated work force will accept much less than our workers. As globalization has increased world trade, the American worker has faced an all out assault on their wages, benefits, and overall standard of living.

Instead of engaging in a debate on the impact of this changed world, our trade policy remains a prisoner to a cold war mentality, treating trade as a stepchild to foreign policy, continuing to serve up unilateral concession after unilateral concession in the hope that our trading partners will be converted by the persuasiveness of our elegant economic models and focusing exclusively on export statistics, failing to consider the impact of imports or even the nature of the exports themselves.

Rather than facing this new era of fierce economic competition with the hard edge realism that places the national interest in our own hands, we will be relying on multilateral institutions like the WTO to protect our national interest. Now we will be asked to embark upon a course which is bound to produce asymmetrical market openings and in which the people, through their elected representatives, will be shut out.

The sad truth, however, is that it is impossible to have an honest debate about trade policy, the trade deficit, or the erosion of our manufacturing sector. Instead of focusing on the present and future, pictures of Smoot and Hawley will be dusted off and put on display. The proponents of fast track will unleash a barrage of hyperbolic rhetoric declaring an end to civilization as we know it if we fail to pass fast track.

NAFTA

If the proponents of fast track insist on engaging in a debate about the past, then let us examine how the rhetoric and the agreement has stood the test of time. During the NAFTA debate we were told that a failure to pass NAFTA would have a devastating consequences for the United States and Mexico. If NAFTA failed, Mexico's economy would collapse, drugs would flood across the border, immigration would increase, and dangerous leftists, who were denied the presidency thanks to massive electoral fraud, would replace Carlos Salinas, a man virtually canonized both by United States officials and by a synchophatic press blind to the endemic corruption that permeated his regime.

Three years later what has NAFTA wrought? The Mexican economy collapsed, wages fell by 40 percent, two million Mexicans sank further into poverty, and America's trade surplus with Mexico disappeared, replaced by a $15 billion annual deficit. United States factories accelerated a move to Mexico, not to supply a Mexican consumer market, which even the American Chamber of Commerce in Mexico concedes does not exist, but to ship products into the United States. Of our $54 billion in exports to Mexico in 1996, more than 50 percent were components sent to the mequiladora region alone. Those exports will never see the Mexican consumer market. Rather, the overwhelming majority, over 98 percent according to the Mexico Department of Commerce—[SECOFI] will return to the United States as finished products. Moreover, according to Cornell professor Kate Bromfenbremmer, United States employers continue to use the possibility of movement to Mexico as leverage to limit wage gains.

Meanwhile, the Asians and Europeans, the ones that were supposed to be the losers as a result of NAFTA, have maintained trade surpluses with Mexico. They poured money into building new factories in Mexico taking advantage of Mexico's cheap labor force and duty-free access to the United States market.

As for the political situation in Mexico, since NAFTA was passed Mexico has suffered a peasant rebellion, a wave of assassinations and kidnappings, and an explosion in drug trafficking and money laundering. Carlos Salinas, the American Enterprise Institute's Man of the Year, is living in exile while the popular leftist opposition leader Cuauhtemoc Cardenas is elected mayor of Mexico City and an anti-NAFTA opposition coalition took control of Mexico's Congress. Just Friday, Salinas' brother confessed to widespread corruption in the New York Times.

OTHER AGREEMENTS

It is not just the NAFTA claims that fail to stand the test of time, overstating the benefits of trade agreements is a time-honored tradition. When we ratified the Tokyo round of the GATT it was hailed as a significant achievement that would open markets and create millions of new jobs in manufacturing. In the end, the only market that opened was ours, and the results were disastrous. From the end of the Tokyo round to the Uruguay round we lost two million manufacturing jobs and posted over $1.5 trillion worth of trade deficits.

A generation later the Uruguay round has delivered the same disastrous results as the Tokyo round. Since passage of the WTO, we have recorded two of the largest trade deficits in our history. Last year alone, the United trade deficit in goods was $191 billion. In 1995 our deficit was $173 billion. If this trend continues this year, the 1997 trade deficit could exceed $200 billion.

Moreover, our trade deficits with the so-called big emerging markets [BEMs]—markets that this administration has targeted for future growth—are appalling. The big emerging markets include: Argentina, Mexico, Brazil, Poland, Turkey, China, South Korea, Taiwan, Hong Kong, Phillippines, Vietnam, Brunei, Malaysia, Thailand, Singapore, Indonesia, India, and South Africa. Since the completion of the Uruguay round, the trade deficits with these countries have exploded. In 1993, the United trade deficit with these countries was $43 billion. After being the subject of focus by the Clinton administration, the trade deficits with these countries had widened to $77 billion in 1996. Moreover, with the recent Asian currency devaluation these deficits are poised to explode.

The countries themselves recognize the value of devalued currency. On October 17, Taiwan devalued its currency not because it was under attack, not because the country's fiscal policies were unsound, but merely to remain competitive with the other Asian tigers as an exporter.

Multinational companies also recognize this. Cheap currency, along with cheap labor, encourage U.S.-based multinationals to locate new factories abroad. The results are devastating for the American worker. The New York Times recently published a chart showing that the majority of GM's new component factories are outside the United States. Many of these facilities are located in Mexico. These factories won't supply the Mexican consumer market. Rather they will employ cheaper labor for imports into the United States.

At the same time that GM opened these new plants across the globe, its U.S. employment declined by over 25 percent. This decline did not occur during a devastating recession. Rather it occurred during a period of sustained growth. GM is not alone. In 1985, General Electric employed 243,000 Americans, by 1995 it employed only 150,000 and according to executive vice president Frank Doyle, ''We did a lot of violence to the expectations of the American work force.'' Another leading U.S. company IBM, now employs more people outside the United States than here in America and has shrunk to half its former size. Yet these are the companies that are lobbying for fast track. The same companies are asking for fast track are the ones that are cutting jobs. In fact our largest exporters have not created a net new job in the 1990's.

While our trade deficits continue their unabated rise, domestic wages stagnate, and job security vanishes, the administration and its corporate allies continue to tout export-led growth as if it were a wonder drug that will cure our economic ills. Unfortunately, the only wonder about export-led growth is how a handful of our largest companies account for 80 percent of our total exports. These are the same companies who have spent most of the 1990's downsizing their work forces and moving production off shore. This offshore shift is reflected in trade balance deficits as far as the eye can see. Is it any wonder that these companies are paying up to $100,000 a piece to push fast track. This small investment will enable them to save millions by taking advantage of an abundant supply of cheap labor. The real fast track is how quickly manufacturing jobs can be moved abroad.

So in this era of free trade, what kind of jobs are we creating? Are they the high-technology, high-wage jobs of the future? Not according to the Department of Labor. In cataloging the occupations with the greatest growth in the future, Labor believes that the following occupations offer the best opportunity for growth: cashiers; janitors and cleaners; retail salespeople; waiters and waitress; registered nurses; general managers and top executives; systems analysts; home health aids; guards; and nursing aids.

Only one high technology job on the list and no occupations related to exports. Moreover, a recent study suggested that our best paying jobs are the ones that are subject to the most competition from imports. That makes perfect sense. Manufacturing jobs pay better than service industry jobs. Is there any doubt that our trade policy should be designed to expand these opportunities?

II. LABOR AND ENVIRONMENT STANDARDS

During this limited fast-track debate, we have heard time and time again that it is inappropriate for the United States to dictate changes in other country's domestic laws. This argument is heard most frequently when labor and environment standards are suggested as appropriate topics for trade negotiations. In fact, Ambassador Barshefsky has stated, ''it is not realistic to suggest that countries will rewrite their domestic labor and environmental laws for the privilege of buying more of our goods.'' Yet apparently these countries, including the United States, have no trouble changing their domestic copyright and patent laws for just that purpose.

Moreover, the recent IMF bailout of Indonesia, like many IMF rescue packages, contained a number of provisions affecting domestic rules that have an economic impact, including banking laws, domestic corruption rules, and government spending decisions. In an example closer to home, the United States, in the United States-Japan framework negotiations, agreed to reduce its budget deficit, as part of that overarching trade agreement. In fact, that's what fast track is all about, changing domestic laws as a result of trade agreements.

In addition, U.S.T.R. recently concluded negotiations designed to harmonize drug and medical device standards and the administration is seeking authorization to begin the process of harmonizing transportation and automotive environmental standards. If it is acceptable to harmonize vehicle standards, what is wrong with harmonizing labor rules and industrial environmental standards?

The question then is not whether domestic laws can be changed as a result of trade negotiations, it is whether labor and environmental standards have an impact on trade, competitiveness, and the overall economic standing of the United States. To that question the answer is undoubtably yes. Permitting products made under substandard working conditions to enter the United States, gives those products an unfair advantage. The result is pressure to U.S. wage rates, with tacit approval of substandard labor rules abroad.

These imported products come from countries with no minimum wage, social security, environmental rules, worker compensation, or unemployment insurance and they pressure U.S. wage rates which continue to decline. Median U.S. family income is 2.7 percent below 1989 levels. Moreover, when adjusted for inflation, the incomes for the bottom 60 percent of households have fallen over the past 7 years. In addition, last year, during what is generally considered to be a good economic year, the median earnings of full-time male workers fell. Can there be any doubt as to why the OECD declared that the United States had the widest pay disparity in the industrialized world between the highest and lowest paid employees?

Failure to address this issue, offers tacit approval for unsafe conditions around the world. In his recent book, ''One World Ready or Not,'' Bill Greider discussed devastating industrial accidents around the world resulting from a failure to enforce basic workplace standards. Perhaps the most chilling example involved a fire in Thailand at the Kader industrial toy factory that officially killed 188 and injured 469. The actual toll was undoubtedly higher. This death toll far surpassed the Triangle Shirtwaist Co. fire of 1911. The United States' unwillingness to address this issue, by requiring that products entering the country be produced in a safe and humane manner, must ultimately bear some of the responsibility for this tragedy.

We must begin addressing these issues. Without labor reform abroad, we are destined to merely create export platforms designed to provide the United States with cheap products produced in a fashion that has not been acceptable to the United States for nearly a century. The end result will be to first reduce U.S. wages and then, in time, our labor and environmental protections.

However, history offers us a simple solution. Like Henry Ford earlier this century, the United States can seek to raise wage rates and provide workers with the opportunity to purchase the products they manufacture. Moving others higher is an infinitely better choice than the United States moving lower.

III. QUALITY OF PREVIOUS FAST-TRACK AGREEMENTS

The administration claims that fast-track authority is normal trade negotiating authority. However in the 221 years since the drafting of the Declaration of Independence, only five trade agreements have been approved through the use of fast-track authority: first, the Tokyo round 1979 trade agreement; second, the United States-Israel free trade agreement; third, the Canada-United States Free-Trade Agreement; fourth, the North American free trade agreement; and fifth, the Uruguay round trade agreement in 1994. It is now appropriate to review what has happened in the aftermath of each of these agreements to determine whether U.S.T.R. was successful in their negotiations. Unfortunately, I believe the answer to this question is that these negotiations have resulted in poor agreements and in poor results for the United States. After each of these agreements, the United States' trade deficit with each of the targeted countries degraded, in many instances significantly. Moreover, after the two multilateral trade agreements, the overall U.S. merchandise trade deficit has increased.

The 1979 Tokyo round agreement was designed to eliminate worldwide non-tariff trade barriers with a specific emphasis on the Japanese. In 1978, before the agreement was reached, the United States-Japan trade deficit was $11.7 billion. The U.S. merchandise trade deficit with all of our trading partners was $5.8 billion. By 1996, the United States-Japan deficit had reached $47 billion and was $191 billion, before technical adjustments, with the rest of the world. This sad story is continued in each of the subsequent fast track agreements. Prior to the United States-Israel trade agreement in 1985, the United States maintained a surplus of several hundred million dollars with Israel. That surplus began to degrade immediately following the agreement and by 1996, the United States had a $400 million deficit with Israel. The same pattern has become apparent in our free-trade agreements with Mexico and Canada. With Canada a $10 billion deficit became a $21 billion deficit by 1996. The Mexican situation is equally poor. A $3 billion deficit with Mexico became an approximately $17 billion deficit by 1996. Last, following the Uruguay round, the American trade deficit has moved from $166 billion in 1994 to $191 billion in 1996 and with the Asian currency crisis could easily top $200 billion in 1997. Now we are being asked to approve fast-track free trade negotiations with Chile. How long will the 1996 U.S. trade surplus of $1.8 billion last?

CONGRESSIONAL AUTHORITY

Clearly our trade policy has failed to yield tangible results, but as Jack Kennedy once said, ''Our task is not to set the blame for the past, it is to set the course for the future.'' It is time we articulated a trade policy that promotes the interest of working Americans. The first step is to give the people a voice in trade policy by taking back Congress' constitutional authority to regulate foreign commerce.

If we can be trusted to ratify arms control treaties and the chemical weapons convention, what is it about trade agreements that make them so significant that the Constitution must be suspended and debate and amendments limited?

We have been told time and again that agreements would unravel if Congress was allowed into the process. Yet, when an administration needs to garner votes to secure passage of a trade agreement, the bazaar is opened and the agreements are amended.

It is of course untrue to say that fast track precludes any amendments. Trade agreements cannot be amended on the Senate floor. Instead, amendments to agreements are cut during the process of putting together implementing legislation. This is a procedure in which the Finance Committee takes on the aura of the College of Cardinals. Behind closed doors deals are cut, three puffs of white smoke appears and a trade agreement secures enough votes for final passage. This is a wonderful process if you happen to benefit from it, like the sugar industry or the citrus farmers who secured last minute changes to the NAFTA. It is not, however, what our Founding Fathers envisioned.

Instead of trying to stifle debate we should be encouraging it, debating who the winners and losers are as a result of our trade policy, both at home and abroad. Debating what we gain and what we lose, the proponents of fast track want to frame this debate as a test of American leadership. In one sense it is about leadership. Real leadership would be to break with the failed policies of the past while standing up for the principles that are the foundation of our democracy. Real leadership would be to show confidence that the agreements that are negotiated are able to stand up to full and vigorous debate, rather than being negotiated removed from review.

Real leadership would be to stand up for the children who toil in the sweatshops of the world turning out products bearing the logos of our great consumer products companies. Real leadership would be to acknowledge that the world has changed, that Asia has embarked on a different model of development and that we are not going to convert them into clones of America. Most of all, real leadership would be to stand up to predatory trade practices that are laying waste to our manufacturing sector, not just with rhetoric, but with deeds.

The hope and promise of America is that an ever-rising tide will lift all boats. Those that are pushing for fast track have been tossing Americans overboard to gain ballast in the global economy. We in the Congress see it every week when we go into the communities that have been ravaged by the global economy. I see in my own backyard; the shattered dreams of the workers at Oneita Mills and United Technologies. They deserve a voice, which is the birthright of all Americans, and fast track takes that voice away.

I ask unanimous consent that an article and a chart on this subject be printed in the RECORD.

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

TRADE ON WRONG TRACK

(By Pat Choate)

The question is not whether we will live with more globalization, for we surely will, but to what purpose, under what rules, and determined by whom.

As to purpose, trade is not a religion, as actions of the Clinton administration seem to suggest.

Rather, trade is a tool of macroeconomics, no greater or lesser than fiscal, monetary or exchange-rate policy.

Simply put, we trade for the benefit it brings—more and better jobs and a higher living standard.

Yet current U.S. trade policies are generating precisely the opposite result.

Indeed, even as trade is becoming a growing portion of our gross domestic product (GDP), it also is a growing drag on GDP growth by 1.6%.

In short, our current trade policies are harming the nation, including its consumers and workers.

The goal of trade negotiation is to set rules by which global commerce operates.

But this administration and the Republican congressional majority are openly advocating little more than 19th century laisez-faire capitalism.

No trade-related protection for the environment or worker rights.

No guaranteed workplace health and safety standards.

No prohibitions against child labor.

Such rules do nothing but create a race to the bottom between developed and underdeveloped countries.

Finally, and perhaps most importantly, the fast-track battle now before Congress raises the question of who will decide the rules of globalization—the president and his corporate trade advisers or the American people through their elected congressional representatives.

Contrary to administration assertions, President Clinton already has the authority to negotiate additional trade deals.

Other nations will negotiate.

Over the past four years, for instance, the United States concluded 200 trade deals without fast-track.

What the president really is seeking is a truncated legislative procedure by which Congress virtually preapproves any trade agreement that he makes.

Correctly, the administration emphasizes the importance of trade to the nation.

For this very reason, Congress should consider proposed trade agreements under its normal constitutional congressional procedures.

This alone guarantees a full and open consideration of whether these deals truly are in our national interest.

1966 Data

Industry/commodity group	*Ratio imports to domestic consumption (in percent)*
Metals:	
Ferroalloys	52.8
Machine tools for cutting metal and parts,	44.3
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	29.6
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 paperboard machinery	34.4
Printing, typesetting, and bookbinding machinery	54.8
Metal rolling mills	61.4
Machine tools for metal forming	61.4

1966 Data—Continued

Industry/commodity group	*Ratio imports to domestic consumption (in percent)*
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
Clocks and timing devices	54.9
Radio transmission and reception equipment	47.9
Tape recorders, tape players, VCR's, CD players	100.0
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

1966 Data—Continued

Industry/commodity group	*Ratio imports to domestic consumption (in percent)*
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 manufactors:	
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. I yield now to our distinguished colleague from Maryland the remaining time that I have.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES. Mr. President, I want to get into the RECORD the figures that underlie this chart on the deterioration in the U.S. net foreign investment position.

In 1976, the United States had a $180 billion positive net position. We were a creditor nation, to the extent of $180 billion. That rose until, in 1980, it hit its peak at just under $400 billion. That is net. That is in our favor, $400 billion. Since 1980, that has begun to deteriorate, as we can see. It crossed into the minus figures in 1986, at minus $13 billion. In 1986, 11 years ago, we were at $13 billion minus. Since then, it has come down and we were at $870 billion in 1996, and it is estimated that the 1997 figures will go to $1 trillion in debt, in a debtor position.

This is incredible that, in just over 10 years, we have gone from balance in our net foreign investment position to a $1 trillion debtor position. I mean, we have been adding it at the rate of $100 billion, $120 billion, and $150 billion a year because of what happened to our trade balance, which the able Senator from South Carolina pointed out. So we have now come down to the point where we are $1 trillion in a debtor position—the world's largest debtor country.

Now, these are the issues we ought to be addressing. Fast track doesn't begin to address that issue. All fast track is trying to do is get the Congress to give up its right to review these agreements. Everyone says, well, we ought to do that. Look at how we have been doing on the trade front. Well, how have we been doing on the trade front? Look at this deterioration over the last 20 years. By coincidence—perhaps not so much by coincidence—ever since we started doing fast track, we started getting deterioration in the trade balance, year after year. I think these trade agreements need to be brought back to the Senate to give us a chance to review them. If they had to come back here and be reviewed, not on a ''take all or nothing'' basis, which, of course, is a loaded deck because as soon as that happens, then the argument they make to you is not economic; it is political.

If the President negotiates a trade agreement, let's say, with Chile, and then he brings it to the Congress on fast track, all or nothing, then we start asking economic questions about the trade agreement. We say, well, you know, this balance here doesn't seem to work. You don't open up their market the way you should and so forth. The next thing they say to you is, oh, well, we have to approve it; otherwise, the political relationship will go to pieces. That is what we were told on the Mexico agreement. We had debate on the floor of the Senate, and piercing remarks were made about the economics of that Mexican agreement and how it would not work and how disadvantageous it was. Well, then the argument shifted in order to try to push it through. The administration didn't talk anymore about the economics of it; they started talking about the politics of it. They said: Well, Mexico is our next-door neighbor. If we don't approve this trade agreement, we will have a crisis in our relationship.

In effect, that was probably true. But that's the argument that then is used, not the economic argument. So I think these agreements ought to be brought to the Senate. We ought to have a chance to amend them, if we choose to do so, not give away or derogate our authority in that important regard. Frankly, I think if the agreements have to come to the Senate in that form, they are going to negotiate tougher agreements.

If the administration knows that those agreements are going to be submitted to the Congress and subject not only to the up-or-down vote of the Congress, but also subject to amendment, they are going to have to negotiate a much tighter agreement that will withstand scrutiny. And I think it will achieve a better balance, a better balance between our opportunity to go into the other countries' markets and their opportunity to come into our market because, clearly, what has been happening for the last 20 years is that our market has been opened up far more than other nations have reciprocated.

Mr. HOLLINGS. Mr. President, right to the point, with respect to how you make your agreements and the charge now that this is not a referendum on NAFTA and Mexico, at the time NAFTA came up with respect to Mexico—I had voted for the free-trade agreement, the North American Free Trade Agreement with Canada, because we had similar economies: individual rights, appeal processes, open markets, those kinds of things, and a revered judiciary.

I will never forget that my colleague from New York, the distinguished senior Senator, Senator MOYNIHAN, said, ''How can you have free trade when you don't even have free elections?'' Well, we look to the European experience. The Europeans found out that the free-trade approach did not work. They taxed themselves $5 billion to build up the entities of a free market in Greece and Portugal before they admitted Greece and Portugal into the Common Market, and they did just exactly that.

Instead, we were told, no, Mexico was a prototype, said the Secretary of the Treasury and the Vice President of the United States. We went pell-mell headlong, and everything they contended has gone awry the other way. They said that Mexican wages would be up. They have gone from $1 an hour down to 70 cents an hour. The American Chamber of Commerce in Mexico City says that 60 million Mexicans are living in poverty, and 25 Mexicans make as much as 25 million Mexicans. They said that we would have a plus balance of trade. Instead we went from the plus balance to a negative balance. They said immigration would be better. It is worse now. They said drugs would be better. It has gotten worse. Just look at the morning Washington Post.

You could go right on down. Everything they said happened the other way. As a result, we never have really built up the entities of a free market like, for example, we have in Chile. I said 4 years ago I would be glad to vote for a free-trade agreement with Chile. They have a revered judiciary, they do have free-market rights. They have labor rights, they have rights of appeal. So there it is. When they say NAFTA referendum, yes, it is. There is no education in the second kick of a mule, Mr. President.

We understand when they gave us that fast track on it that we were getting in trouble. But they wouldn't listen. Now is the time to stop, look, and listen, and deliberate and consider the agreement itself and not fall for this parliamentary booby trap of the White House just opening up the bazaar and selling off line-item vetoes over on the House side as fast as they can trying to change that CBI vote they got on last evening over in the House of Representatives. So the bazaar is open. They are trying to buy off the votes. They are amending while we are talking about having hopefully the right to amend.

I yield the floor.

Mr. GORTON. Mr. President, more than almost any other debate in this Senate this year, this one seems to me to pit hope versus fear, to pit the lessons of history against the blindness to those lessons. One Senator, who will remain nameless, this morning made the statement that free-trade arrangements arising out of fast-track proposals like this would harm not only the people of the United States, but the people of the other nations entering into such a free-trade proposition.

Mr. President, that exhibits a blindness to what history has shown us for more than half a century. Without exception, each liberalization of trade policies on the part of the United States that had been met by a liberalization on the part of our trading partners has benefited the people of both countries. We are in an extended and significant period of economic gains today, as we speak here, in the aftermath of a series of policies carried out by administrations, both Republican and Democratic, to free trade across the entire world. The North American Free-Trade Agreement and the most recent General Agreement on Tariffs and Trade all reflect the increasing dependence of all of the nations of the world on trade and the fact that all can prosper from a greater degree of free trade.

Now, Mr. President, I think it's possible to find examples in history, perhaps to find a few examples of the present day, of nations that have tried to create a sense of self-sufficiency with little, if any, foreign trade of any commodity whatsoever. When one searches out such examples, however, Mr. President, one finds, in every case, that those countries are poverty-stricken and show no particular movement out of that poverty-stricken nature. It is only when these nations free their economy and tend to free their trade policies that they begin to prosper.

It's also possible, I suppose, to imagine a United States which, in every single commodity consumed in the country, was a more efficient producer than any of its trading partners and, therefore, would have no need for imports at all. But, of course, that doesn't happen in the real world. One's very success would create fields in which we continue that domination and other fields in which countries begin to catch up with us.

Trade is a two-way street. Trade is a benefit not just to those who work in the trade field, but to consumers who are permitted a greater choice of higher quality goods at lower prices than would be the case if trade were restricted. That, of course, does inevitably result in losers in our economy because, as we export more, as we produce more for export, we also, as a prosperous American society, have more money to spend and often choose to purchase imported goods in some areas.

There are many occasions on which it can be argued that there isn't a huge increase in employment resulting in freer and greater trade. But it is extremely difficult to argue the proposition that export-oriented industries, generally speaking, in the fields in which American production is most efficient and effective, whether industrial or agricultural, pays its employees far more than do those unskilled trades that are affected by foreign competition, and which jobs are more likely to be lost because someone else can do a better job than we do.

So even if total employment is a zero-sum game, which it is not, the wages and salaries of those involved in trade-oriented occupations will be much higher than those occupied in fields that are artificially protected from foreign competition.

Now, does that mean, Mr. President, that under any and all circumstances we should be indifferent to the antitrade activities of some of our trading partners? Certainly not. As this body knows, I have been highly critical of some of the trade policies of this administration with respect to China, with respect to Japan, and sometimes with respect to the European Community, when those policies have imposed artificial restrictions on American producers. I wish that this administration took a much stronger stance last week with respect to Chinese restrictions on our goods, given the huge nature of our bilateral trade deficit. But the fact that we can criticize the administration for not having more eloquently and more decisively supported American interests is not an argument against granting our administration the opportunity to negotiate free-trade agreements. It is, if anything, an argument for it because, without exception, Mr. President, the nations, particularly in Latin America, with whom we are likely to negotiate free-trade agreements, have greater tariffs and greater restrictions against our goods than we do against theirs at the present time. So it is clear that a reciprocal lowering of those barriers at both ends will benefit a wide range of exporting industries in the United States.

Now, should we provide the President, at the same time, with more tools to defend American interests? We certainly should. For example, I support the efforts of my colleagues, Senator GRASSLEY and Senator DASCHLE, in proposing to amend this legislation with the text of S. 219, the Agricultural Products Market Access Act of 1997. That bill would set up a system for agricultural trade identical to that used to identify violations of intellectual property rights, the special 301 procedure. The bill would require the Office of the U.S. Trade Representative, annually, to designate as priority countries those trading partners having the most egregious trade barriers to American agricultural products. The USTR would then have the power to investigate those countries to determine whether countervailing measures are merited.

My State, Mr. President, is a great producer of agricultural products for export, just as it is of intellectual properties and of aircraft. We believe in the prosperity that comes from free trade. We want that free trade to be truly free in both directions, and no power that we could grant the President is more likely to lead to that free trade in both directions than the fast-track legislation that is before us now. That legislation, Mr. President, should be passed.

Mr. SARBANES. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Maryland has 41 minutes and

50 seconds. The Senator from Delaware as 77 minutes.

Mr. SARBANES. Mr. President, in view of that, I think the other side should now use some of its time since we are down now to 40 minutes and they have almost double as much.

How much is on the other side?

The PRESIDING OFFICER. Seventy-seven minutes.

Mr. SARBANES. They have about twice as much time as we have.

The PRESIDING OFFICER. If neither side yields time, the time will be charged equally to both sides.

Mr. SARBANES. Mr. President, I ask unanimous consent that we go into a quorum call and the time to be charged to the other side.

The PRESIDING OFFICER. Is there objection?

Ms. COLLINS. I object.

Mr. ROTH. I object.

Mr. SARBANES. I am glad to see the chairman of committee. We are down to 40 minutes and there are almost 80 minutes on the other side. And as we approach the conclusion of the debate I think it would be reasonable at this point for the other side to use some of its time.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from North Dakota is recognized.

Mr. DORGAN. Madam President, my understanding is that the other side may not use all of its time and would then perhaps want to yield whatever they don't use and have a vote earlier than 5. I understand that the unanimous-consent request that was entered into calls for a vote no later than 5 o'clock. So presumably, if all of our time is used and they yield back whatever time they don't use on that side, they would expect to have a vote earlier than 5 o'clock.

Mr. ROTH. That is correct.

Mr. DORGAN. Madam President, we have about four Members on our side that still desire to speak on this matter. We have alerted their offices. We expect some of them to be here momentarily and expect to use the remaining time. I think that is the purpose of the Senator from Maryland asking to reserve the 40 minutes. I certainly have no objection.

Mr. SARBANES. All I am trying to protect again is the situation in which all time is used up on this side and then there are 80 minutes left on the other side.

Mr. ROTH. I say to the distinguished Senator from Maryland that at this time we only have one request. So we probably are going to yield back time. We are waiting to see if anybody else wants to speak.

Mr. DORGAN. The Senator from Maryland is simply asking if we could preserve 40 some minutes that we have. Will the Presiding Officer indicate to us the time available?

The PRESIDING OFFICER. The amount of time remaining is 38 minutes and 48 seconds.

Mr. DORGAN. We will not seek to delay the vote. If the Senator's expectation is to try to get to a vote before 5 we would not seek to delay that but we would like very much to have a couple of minutes to try to make sure we get the speakers here so we have the 38 minutes available for the remaining speakers. If it turns out we don't need that, we would be happy to yield that back as well. We have now requests for speakers that are available to use the time.

Mr. ROTH. Why don't we just go ahead and call for a quorum, and take it from both sides equally? We are now checking to see if we need to preserve time.

Mr. SARBANES. The problem about that solution is it will then use up part of the 40 minutes that we have left which the Senator has calculated is needed in order to complete the remainder of his speakers that we have.

Mr. ROTH. How much time do you need for that?

Mr. SARBANES. Forty minutes.

Mr. DORGAN. We desire to use all of the 40 minutes. As I understand the Senator from Delaware, he is now checking to preserve that. It would not be our intention to delay the vote to the extent he is going to yield time. We certainly understand the vote can be held earlier. We are now making certain that those who asked to speak come to the floor to have the opportunity to do so. If that gets substantially delayed, we would understand the Senator's desire to proceed. I do not want to lose, at least to the extent we can prevent it, the 40 minutes that is available.

Mr. SARBANES. If the Senator will yield, our people are not here because we had calculated that the time would go back to your side. And the fact there is so much of an unbalance, I think demonstrates that.

Mr. ROTH. I have a request from the distinguished Senator from Pennsylvania. I will yield him 5 minutes of my time. I yield 5 minutes to the junior Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Thank you, Madam President. Hopefully this will provide an opportunity for the chairman to get some of the Members to the floor, and break up this discussion which is using all of your time.

Let me first rise, having sat in the chair for the last hour. I listened to much of the debate. As someone who has been listening and who voted against NAFTA, someone who had some of the same concerns that the Senator from South Carolina voiced about the structure of the Government, judicial system, and other things, and as a result I felt very comfortable voting against NAFTA. But in the House I voted for fast track because I believe that it is important for us to continue to expand our trade horizons. We are not debating the trade agreement. We have seen lots of things about the trade deficit, balance of trade, and all of these other things. But that is not really at issue here because we are not debating a trade agreement. We are debating really a process—not an agreement.

And the process is for the ability of the President to be able to sit down and negotiate a deal that is going to open up markets around the world, hopefully in South America. The Senator from South Carolina said he was ready to vote for an expansion of NAFTA to Chile possibly. We may have that opportunity. I don't think we get to that opportunity, which I think is an important one for this country, unless we have fast-track authority for this President. I would like to see the same frankly for Argentina and Brazil. I think it would be a tremendous opportunity for this country to expand our markets in the hemisphere to countries that are capable of competing on a fair basis with this country. Those are great opportunities for American workers as well as for better economic and diplomatic relationships between the countries in North and South America.

So, I see this not only as economic but also as a cultural and diplomatic opportunity for us. But it does not happen unless we put the process in place for the President to negotiate these agreements.

I know the Senator said there are lots of other agreements that have been negotiated. That is true. But these are major negotiations. These are negotiations that without a structure such as fast track I don't believe you are going to get an honest negotiation with one side sitting across from the other and saying, ''Let's put together our best agreement. Let's work on give and take. You give. I give. We work on all of the details on how we structure a formalization of free trade between to two countries.'' And say, ''Oh, by the way, after I have given up some and you have given up some, and we have been able to negotiate as best we can to a final agreement, I am going to take it back to the Congress, and they can change it and put it all back in our favor.''

I don't know of too many countries that are going to be willing to do that, who are going to be willing to sit down in the first place and say, ''We are going to negotiate with you in good faith, and, by the way, your good faith means nothing because you cannot stand behind your word because the Congress can come, amend, and change what we negotiated in a final agreement.''

That is what makes this debate somewhat vexing in my mind because we are talking about all of these horrible inequities that have resulted as a result of our trade policy. The people who are arguing against fast track want to continue our trade policy. This policy they say is so bad, they want to keep it in place by not allowing the President to negotiate better agreements with other countries or in the world bodies to be able to open up trade to create a better trade opportunity for us around the world.

So I don't understand, and frankly, I am a little disturbed that we keep hearing the rhetoric of bad trade and horrible agreements at the same time not wanting to change those to make them better for this country. I think fast track is the opportunity to do that.

Mr. SARBANES. Will the Senator yield?

Mr. SANTORUM. Certainly. I am happy to yield.

Mr. SARBANES. In 1975 we first provided fast track. On this chart, this is 1975. Look at what happened with the trade balance.

Mr. SANTORUM. I am accepting the Senator's arguments as true—that in fact what you are signifying happened is true. By staying there and not changing things does the Senator think things would get better? To me that is the sin of when you believe that you tried the same thing, and you are going to get a different result by trying the same thing. Then you start to wonder what the thinking is.

Mr. SARBANES. I say to the Senator, if he is supporting fast track, he is the one who wants to try the same thing because this was all under fast track.

Mr. SANTORUM. I voted against NAFTA. So I think I have some legitimacy here. I am not debating that some of the agreements we have entered into in this country—you can't say only the ones entered into under fast track. We have entered into a lot of other agreements that have had an impact. But I am not debating that there are agreements that have not been beneficial to the balance of trade to this country. What I am debating is that by not changing any of those agreements somehow things are going to get better. That is really the argument here—unless we make change in those agreements things will not get better. We cannot make those changes unless we have fast track.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MOYNIHAN. Madam President, will the distinguished chairman yield to me 3 minutes?

Mr. ROTH. I yield the distinguished Senator 3 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Madam President, I simply would wish to say that I have listened with great respect to the Senator from Maryland as regards the time sequenced in which the fast-track legislation went into effect and the foreign trade deficit began to grow.

I say two things.

The first is that the essentials of the fast-track negotiations have been in place since 1934. Nothing that discontinuous occurred in 1974. What simply was required was at that time the trade negotiations turned from tariffs on things—machines, iron ore, oil, whatever—to the question of the more complex but growing area of services, intellectual property, and matters like that. That is what impels us to give the President negotiating authority beyond the simple reduction of tariffs.

The reciprocal trade agreements that began back in 1934 said the President may cut these tariffs up to 50 percent, and proclaim it after he has reached it to his satisfaction and agreement. The increase in the trade deficit corresponds precisely to the onset of enormous budgetary deficits by the Federal Government. It is elemental bookkeeping of economics—that unless you have a very high savings rate, which we do not have, you will finance a Federal deficit by borrowing from abroad, and that borrowing will take the form of imports. In economics this is a fixed equation. One side equals the other. And at just that moment, as the Senator from Maryland pointed out, deficits begin to grow, we have the second oil shock followed by the huge deficits of the 1980's. They are an equivalence which comes almost at a level of bookkeeping. They have to happen.

Now, we have on point where our deficits are disappearing and we should have every reason in the world to think that trade deficit will disappear as well—it need not do—if our savings remain at the low level they are. But if they return to a normal level, which we hope they will, now that the deficit is not using them up, or now that more resources are available, that deficit will shrink dramatically, or we will have to write all the textbooks over again.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. MOYNIHAN. I thank the Chair.

Mr. SARBANES. Will the Senator yield? Will the Senator yield me 2 minutes?

The PRESIDING OFFICER. Who yields time?

Mr. SARBANES. Will the Senator yield for a question?

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 2 minutes.

Mr. MOYNIHAN. Of course.

The PRESIDING OFFICER. The Senator from Maryland is recognized for 2 minutes.

Mr. SARBANES. Madam President, in light of the comments, I ask unanimous consent to have printed in the RECORD a press release from the Economic Strategy Institute entitled "New ESI Study Finds Causes and Costs of Trade Deficit More Complex Than Traditional Economic Rhetoric."

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

NEW ESI STUDY FINDS CAUSES AND COSTS OF TRADE DEFICIT MORE COMPLEX THAN TRADITIONAL ECONOMIC RHETORIC

WASHINGTON, DC.—For years mainstream economists and economic journalists explained away public concern over the U.S. trade deficit by arguing the true cause of the deficit was the huge U.S. federal budget deficit and, more recently, low U.S. savings. However, a new study released today by the Economic Strategy Institute refutes these traditional explanations and argues they are no longer adequate to explain what is, in reality, a significantly more complex problem negatively affecting a wide variety of economic statistics, including aggregate demand, gross domestic product, the budget deficit, business financed research and development, wage rates, and exchange rates.

Titled The Trade Deficit: Where Does It Come From and What Does It Do?, the study examines the recent trends in the U.S. federal budget deficit and the U.S. savings rate over the past decade and uses an economic model to examine the costs of these deficits to the U.S. economy.

In contrast to a decade ago, private savings now exceed private investment, the U.S. economy continues to grow at a slower pace than the global economy, and net inflows of foreign private investment are smaller. From 1986 to 1996, the United States achieved a $92 billion improvement in the sum of its private savings balance and government deficits; yet, the trade deficit and the broader current account balance only improved by $29 billion and $5 billion, respectively. In 1997, the combined federal and state deficit continues to fall, yet the trade deficit will again exceed $100 billion, while the current account deficit will be about $150 billion.

	Private savings less investment (billions of $)	Federal and State deficits[1] (billions of $)	U.S. growth (percent)	Global growth (percent)	Net foreign private investment[2] (billions of $)	Net exports (billions of $)	Current account (billions of $)
1986	−12.4	−152.6	2.9	3.4	89.5	−140.0	−153.2
1996	9.0	−82.0	2.4	3.8	66.8	−111.0	−148.2

[1] These figures include both government current spending and receipts, and governmental capital spending and borrowing for roads, schools, equipment, etc. The federal current spending deficit and the combined federal/state current balances are the figures cited in daily news accounts and political discussions of taxes, spending and deficits. The federal/state current deficit fell from $82.6 billion to $5.1 billion from 1986 to 1996, and should be in surplus in 1997.

The capital spending deficit represents the addition of new capital assets (roads, buildings, etc.) and new liabilities (bonds) on the government's balance sheet, and it is not an item on the government's current income and expenditure statement; however, it is part of the nation's combined public and private capital financing needs and is an element in the national savings balance. Notably, the government capital deficit increased only $12.1 billion from 1986 to 1996, and the marked improvement in federal and state finances was attributable to genuine progress in federal/state current spending deficit.

[2] See Footnote 1.

Authored by Dr. Peter Morici, director of the Center for International Business at the University of Maryland and an adjunct senior fellow at the Economic Strategy Institute, the study examines the old chestnut that the current account is simply the other side of an immutable accounting identity—the difference between domestic savings and investment—and finds that is becoming increasingly clear that trade and current account deficits are strongly influenced by forces quite separate from U.S. fiscal policies and domestic savings and investment behavior.

Morici argues that most economists overlook the fact the accounting identity can and does work in reverse. Increased foreign demand for U.S. securities, instigated by events independent of U.S. government policies and business conditions, can powerfully influence the U.S. current account deficit and domestic economy.

For example, in the 1990s, the Japanese, the Chinese, and other governments have dramatically increased their purchases of U.S. government securities, propping up the value of the dollar against other currencies. This has helped to sustain both their trade surpluses and U.S. trade deficits, even as the United States has put its fiscal house in order. In most cases, he argues, these purchases are not market-driven decisions made in response to higher U.S. interest rates. Rather they often reflect policy decisions to block exchange rate adjustments, and reduce internal pressures on national governments to revise protectionist trade polices and the reliance on export-driven growth.

''Other things being equal, one would expect U.S. government budget balances and trade and current accounts to be correlated,'' Morici argues. ''This is not the case, however, which reflects the strong influence of other, offsetting factors. Significantly, these statistics do not imply that government deficits have little consequence for U.S. external balances. Rather, they illustrate that simple accounting identities do not justify blind assertions of causality.''

To analyze how U.S. fiscal policies, the actions of foreign governments, or abrupt shifts in private investor sentiment may affect trade current account deficits and the domestic economy, Morici constructed a model of 1996 macroeconomics activity and potential GDP for the study and analyzed the trade and current account deficits may instigate in markets for domestic goods and services, capital, and foreign exchange. He found trade deficits impose costs on the U.S. economy in several ways:

In the near term, trade deficits may reduce aggregate demand, and lower real GDP by redirecting labor and capital away from export and import-competing activities, where these resources are generally more productive.

Eliminating the trade deficit, through a combination of reduced government deficits and foreign government purchases of U.S. securities, would increase real GDP by $44 billion or about 0.6 percent.

Eliminating the trade deficit would increase business-financed R&D by an estimated 3 percent. Production function studies indicate that the R&D-capital elasticity of output-per-hour in the private business sector is about 0.19. This implies that persistent trades deficits have lowered the growth of labor productivity and potential real GDP in the United States by about 0.5 to 0.6 percentage points per year. Trade deficits appear to be responsible for a significant share of the slow down in the growth of U.S. productivity and GDP in recent years.

In addition to these dead-weight losses, persistent trade deficits impose other, distributional consequences. The same forces that give rise to trade deficits also raise the exchange rate for the dollar by about 7 percent. This lowers the prices received for exports and import-competing products, and lowers the wages and profits earned by workers and firms in these industries. In turn, prices, wages, and profits are higher elsewhere in the domestic economy.

Given an estimate of the share of the economy whose wages and other factor prices are substantially influenced by the prices of traded goods and services, the amount of income redistributed may be estimated. In 1996, exports plus imports were about 24 percent of GDP. By these estimates, 1.6 percent of GDP is being transferred through reduced wages and payments to other factors. If a much more conservative estimate of the share of factor markets affected by trade is applied, this estimate of income transferred become 0.6 percent of GDP, which is still a formidable figure.

''These estimates,'' Morici argues,'' go a long way toward explaining the fierce resistance to continued globalization encountered from workers and firms whose present and prospective incomes have been adversely affected by this process.''

Mr. SARBANES. It says:

For years mainstream economists and economic journalists explained away public concern over the U.S. trade deficit by arguing the true cause of the deficit was the huge U.S. Federal budget deficit and, more recently, low U.S. savings.

Exactly the argument the Senator from New York has just made.

However, a new study released today by the Economic Strategy Institute refutes these traditional explanations and argues they are no longer adequate to explain what is, in reality, a significantly more complex problem negatively affecting a wide variety of economic statistics, including aggregate demand, gross domestic product, the budget deficit, business-financed research and development, wage rates, and exchange rates.

And then it goes on in effect to say that this traditional analysis is really simplistic; it doesn't really answer the situation. It is almost dismissive of any trade deficit problem. In fact, if you look at the movements here, there is not a direct correlation between the various factors the Senator talked about. I mean you have a decline in the goods trade balance here at the time the trade deficit is still going up.

Mr. MOYNIHAN. We held tightly.

Mr. SARBANES. I am sorry. You have an improvement in the trade deficit when the deficit was going up. Then here the deficit has been coming down, the domestic deficit, yet the trade deficit has been worsening.

Mr. MOYNIHAN. May I simply say to my friend that I admit the complexity of this matter.

Mr. SARBANES. Absolutely.

Mr. MOYNIHAN. I do no more than argue what economists now believe, that they may have to change their mind. I don't in any way contest. But I am just saying tomorrow when we have more time I wish to discuss this at greater length.

Mr. SARBANES. Does the Senator see any problem with running trade deficits?

Mr. MOYNIHAN. There is no alternative when you have a huge budget deficit, sir.

Mr. SARBANES. What do you do when you don't have a budget deficit and you are still running large trade deficits?

Mr. MOYNIHAN. Then you better rewrite your textbooks.

Mr. SARBANES. That's what I think needs to be done.

Mr. MOYNIHAN. That has not happened yet.

Mr. SARBANES. That is why I wanted to submit that study for the RECORD.

Mr. MOYNIHAN. That hasn't happened yet.

Mr. SARBANES. The real world may be ahead of the textbook writers.

Mr. MOYNIHAN. That's been known to happen.

Mr. SARBANES. Yes, it has.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. I ask unanimous consent that the vote occur on or in relation to the motion to proceed to S. 1269 at 4:20 today, with Senator DORGAN or his designee in control of 40 minutes, and Senator ROTH or his designee in control of the remaining time, with the 5 minutes prior to the vote in control of Senator ROTH and the 5 minutes prior to Senator ROTH's time in control of Senator DORGAN.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROTH. I now yield 10 minutes to Senator CHAFEE.

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

Mr. CHAFEE. Madam President, thank you. I thank the chairman for yielding me this time.

Madam President, some have argued that fast-track procedures are either unnecessary or that they are a threat to Congress' constitutional authority, or both.

The answer to that is fast track is none of the above. It is both necessary and constitutional. First of all, fast track is absolutely critical if the United States is to continue to expand global market opportunities for American manufacturers and service providers and their workers. Without fast track, no President can assure our trading partners that the terms of a hard-won agreement will not be rewritten by Congress. That is the problem.

Now, sometimes it is worthwhile to look at history. In 1934, Congress approved the Reciprocal Trade Agreements Act, which gave the President authority to lower tariffs with our trading partners. That worked fine for several decades. This was when we still had an emerging global trading system which primarily relied on tariffs. Between 1934 and 1945 the United States concluded 29 bilateral agreements for tariff reductions. When the GATT system came into being in 1948, the system still worked. Tariff reductions were the main focus of five successful negotiating rounds between 1947 and 1962.

But here comes the modern system. By the 1960's, the world trading system had become much more sophisticated and so had trade barriers. In 1962, the Kennedy round began, and for the first time the negotiations addressed not just tariffs but nontariff problems such as antidumping measures. When the negotiations concluded on the Kennedy round in 1967, the Johnson administration brought the agreement back home, but Congress promptly passed legislation nullifying part of the Kennedy round agreement, effectively amending the deal that had been so carefully worked out with the GATT nations.

The result. What happened? The Kennedy round went into effect without our participation. The message which that sent to our trading partners was obvious. Hard-fought trade deals with the United States will not stick. And the corollary lesson to the United States was equally clear. Before the United States will be allowed back at the negotiating table, it must restore its credibility by demonstrating its ability to stick to a deal.

Therefore, when the Tokyo round began, President Ford appealed to a Democratic Congress for a solution. The dilemma was noted that our negotiators cannot expect to accomplish the negotiating goals if there is no reasonable assurances that the negotiated agreements would be voted up or down on their merits. So a set of procedures was developed, the so-called fast track. As has been noted here many times, that fast-track authority has been extended to every President, Democrat or Republican. It has been authorized or reauthorized or extended four times, and it is the means by which every major trade agreement since the 1970's has been implemented.

In mid-1994, fast-track lapsed, and since then our trading partners, quite rightly, have questioned our ability to stick by a deal, and they have been reluctant to deal with us. Some have cited the fact that the administration has concluded all but a handful of 222 trade agreements without fast track. ''You don't need fast track. Why, we had 222 agreements without it.''

That is misleading. There are 200 plus agreements listed by the administration as accomplishments, but look at the list. Most of the agreements tend to be small, product-specific arrangements like an agreement on ultra-high-temperature milk or the List of Principles for Medical Devices. They are certainly important, but they hardly qualify as major stimuli to our national economy.

In contrast, the handful of agreements that require fast track are the critical, comprehensive, multisector agreements that address both tariff and nontariff barriers.

Now, let's get to this constitutional argument that has been tossed around. Fast track represents, it is said, a surrender of Congress' constitutional duty under article I of our Constitution, which says that ''The Congress shall have Power . . . To regulate Commerce with foreign Nations. . . .''

Under fast track, Congress' role in trade negotiations has not been diminished or disregarded. Clearly it would be impossible for 435 Representatives or 100 Senators, all of whom believe they are qualified to be President—indeed, I believe there has been a terrible overlooking that they are not chosen as President—each of these individuals could not carry out at the same time our trade negotiations. Now, what fast track does is it allows the President to carry out the negotiations but imposes strict requirements for ongoing consultations to ensure that Congress' voice is heard.

Madam President, it has been my privilege to have served on the Finance Committee for 19 years now. When we have a fast-track measure come up, there is constant consultation with that committee and other Senators on the negotiations that are taking place that subsequently fast track will be asked for. So the Israel, Canada, Mexico, and Uruguay Round Agreements were guided by thousands, literally thousands, of briefings and discussions between the negotiators and Members of Congress or their staffs. Congress will continue to be consulted. So, indeed, we do write the legislation to implement these agreements, and Congress' authority is not being constitutionally revoked or the Constitution is not being overridden.

Madam President, the fast-track partnership has guaranteed Congress' continued fulfillment of its constitutional role in international negotiations.

Now, is every Member of Congress going to be satisfied? No, apparently not, as we have heard this afternoon and yesterday. But will the partnership produce agreements that have taken into account a broad variety of U.S. interests and views? That is absolutely true.

I would just briefly like to touch on what happens if we do not approve fast track. That is the argument in the Chamber here. Do not have it. I know that it is always prefaced by the opponents saying, ''I'm not against free trade,'' and then they proceed to inveigh against fast track.

The United States is the world's largest trading nation, the largest exporter and the largest importer. We are the giant of the world trade area. We enjoy prosperity today in large part because of our trading activities.

This is what Dr. Alan Greenspan said a week ago, on October 29:

> The quite marked expansion in trade has really had a pronounced positive impact on rising living standards. Since 1992, exports have been responsible for one-third of our economic growth. Trade now represents a solid 30 percent of our GDP, and our exports continue to rise. This export activity supports some 11.5 million well-paying jobs across the Nation.

They certainly do in my State where we are very, very grateful for our trade and where we believe the opportunities for trade should increase. Our exports from small Rhode Island hit $1 billion last year, with projections for this year estimated at $1.2 billion. State officials in my State count on exports as a key element in our economic growth and are aiming to reach $2 billion in exports by the year 2000, which is only what, 3½ years from now.

If we want to continue this prosperity, we must continue to advance trade liberalization worldwide. In order to do this, we must have fast track.

Now, there is urgency to this. We are seeing the southern nations of this hemisphere—Brazil, Argentina, Paraguay, Uruguay—mount an aggressive effort to develop a free-trade region throughout the Western Hemisphere. Chile, which is more than a little tired of waiting for us, has completed separate trade agreements with Canada and Mexico as well as Colombia, Venezuela, Ecuador, and they are reaching out to Central America and Asia likewise. Mexico has concluded agreements with Colombia, Venezuela, and Costa Rica, and are talking to the other nations including the Caribbean nations.

The European and Asian nations are getting in on this. Both the European Union and the Southeastern Asian nations are courting the South American countries. Chinese and Japanese officials are eyeing the major Latin American nations.

The United States is in real danger of falling behind all of this. That has ramifications for American workers and their families.

One example that hits close to home for Rhode Islanders is Quaker Fabric Co., a Fall River, MA, textile firm employing 1,800 workers—many of them Rhode Islanders. Quaker recently lost a $1.8 million annual contract in Chile to a Mexican competitor whose product is exempt from Chile's 11-percent tariff thanks to the Chile-Mexico trade pact. And Quaker was told by an Argentine buyer that he was switching to a Brazilian fabric supplier whose product, while of lesser quality, is not subject to a 25-percent tariff. Quaker's president tells me that if Quaker could just gain equal footing in the region with its Latin competitors, the company could boost export sales and add 200 more jobs.

It is examples like these that have spurred the National Governors' Association and the U.S. Conference of Mayors—whose members are keenly interested in economic growth—to strongly endorse fast track reauthorization.

Opponents of fast track would have one believe that there are other options than fast track. That is not true. If we want to play in the trade game, if we want to make agreements with trading partners, if we want to continue to engage in the world of trade, we must have fast track. If not, we cannot enter into significant agreements with our partners, and others will quickly move in to fill the vacuum—and reap the jobs—we have left behind.

In sum, fast track is in the best interests of the United States. It is a necessary prerequisite for negotiations; it is constitutional; and it is critical for economic and job growth in our nation. I urge my colleagues to support the pending legislation.

Mr. DORGAN. Madam President, I yield 10 minutes to Senator REED.

Mr. REED. I thank the Senator for yielding.

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

Mr. REED. Madam President, I am here today to comment once again on not only the fast-track agreement but also the overall context of U.S. trading. The discussion between the Senator from Maryland and the Senator from New York pointed out the complexity of looking at the trade deficit. But there are some things that are quite clear despite the complexity.

In 1980, we had a surplus of roughly $2.3 billion. By 1996—we have now a deficit of $165 billion. That is the time in which fast track has been operative. That is the time in which fast track has been the centerpiece of our legislative efforts, our international efforts to increase trade in the world.

This deficit right now is a result of many things. It is a result of, in some respects, our fast-track policy. But it is a result also of our inability, I think, to deal with some of the more basic issues in international trade, dealing with some countries that utilize access to our market but at the same time deny us access to their market. It is a phenomenon also caused by the proliferation of multinational corporations that move their operations, in many cases, out of the United States because of our environmental laws, because of our labor laws, because of many stringent requirements that raise and maintain the quality of life and the standard of living here in the United States. And they have gone to other countries. In fact, some of our policies have encouraged their departure.

One of the striking differences between this fast-track bill today, 1997, and the fast-track bill that was adopted in 1988, is that we have neglected to include within the principal negotiating objectives attention to the rights of workers of our potential trading partners. We have also neglected to include currency coordination, which is an important aspect of ensuring that a free-trade system operates appropriately and correctly. We have also narrowed significantly the scope of concerns which we can address with respect to the environment.

Regardless of our budget situation, we will have contributed to the further deterioration, if this bill passes, of our trade position, because we have included increased incentives to deploy capital from the United States from other parts of the world to developing countries, which effectively will mean that they will be our competitors.

I know, when the Senator from Maryland and the Senator from New York were talking, they were talking about the overall trade balance, making the distinction between our trade balance and our Federal deficit. But I think if you just aggregate that trade balance, you will see clearly that in terms of manufactured goods we are consistently losing. And that is the most prescient, tangible point with respect to the arguments that, because of some of these trading rules, literally our good manufacturing jobs are going overseas.

Mr. SARBANES. Will the Senator yield on that point?

Mr. REED. I will be happy to yield.

Mr. SARBANES. Since 1974, our trade deficit on merchandise goods is $1.8 trillion. In just over 20 years, $1.8 trillion. Up until 1975 we had been running modest surpluses every year in our merchandise trade deficit. So there has been a dramatic deterioration.

Mr. REED. The Senator is quite correct—reclaiming my time. It illustrates his point, that there may be, in fact, countervailing foreign investments in this country to make up for our budget deficits, but that does not explain the phenomenon of losing consistently and persistently the battle for the sale of manufactured goods from our suppliers to other countries around the world.

Mr. SARBANES. If the Senator will yield further? To the extent there are such investments, those then become claims which foreigners hold against us. So what has happened is we have gone from being a creditor nation in 1980, where we were a creditor nation to the tune of $400 billion, to today where we are a debtor nation to the tune of $1 trillion. So, because they sell more to us than we sell to them, they build up claims against us and we become a debtor. Now we are the biggest debtor nation in the world.

Mr. REED. Again, the Senator is absolutely correct. Frankly, to move to an analogy which is a little more colloquial but perhaps just as compelling, if we were managing a professional baseball team and we lost every year for 10 or 15 years, I don't think we would be managing that baseball team.

That is essentially, if you charge us as managers of our international trade policy, we have lost every year for the last several decades. The trade policy has to be changed. Frankly, I don't believe anyone here is advocating that we could not use a good fast-track procedure. The argument is this is not a good fast-track procedure; that we are neglecting several of the most critical items when it comes to realistic competition between countries in the world today for international trade. We are totally neglecting the differential between our wage structure, particularly our manufacturing wage structure, and the wage structures overseas. We are neglecting it by simply saying that is not important to us, we don't care if workers in Third World countries are making 2 or 3 cents an hour or 20 cents an hour, when our workers are making $6 or $7 an hour or more. We don't care about that.

We should care about that because, frankly, that is one of the reasons why we have a huge trade deficit, particularly in manufactured goods. Because there are incentives now, huge incentives, to deploy capital from the United States into these countries so that they can set up manufacturing plants. And we have seen it consistently. We have seen it even deliberately, blatantly, in the sense of finding places where the labor laws are so lax that there are incentives for companies to move in.

In Malaysia it was an explicit condition of the movement of many American manufacturers into that country that Malaysia would not have, or enforce, strong labor laws. They would not give their workers the right to benefit from these new industries coming in and developing and selling successfully in the world economy.

Is that wrong? It's wrong for those workers, which is a concern. But what is more of a concern for me, it is wrong for our workers because how can we expect to be competing against workers with new, modern technology based on new capital investments, workers who are as well skilled as ours may be, in a world in which they are paid a fraction of what is the minimum wage here in the United States?

Then you can also look at the issue of environmental quality, which is so important. It is not important in just a touchy-feely sense; we want to make sure there are forests and the streams are filled with fish, et cetera. It is really a very practical sense.

When a group of multinational countries now can go into Mexico, set up new manufacturing plants and literally take all their effluent and just pour it into the local sewer—something they could never do in their home country, not in the United States, not in Europe—that is an advantage for them to go there. We have to recognize that. We can't be naive and sloganize here on the floor and say it's just free trade, and free trade. Free trade makes sense if there are the conditions for free trade: That there are, in fact, complementary monetary and fiscal policies in each country; that there is, in fact, respect for workers' rights and workers' ability to organize.

One of the assumptions underlying free trade is that when workers are displaced by imports in one sector of the economy, they move to a more efficient job in another sector of the economy. And we know that is not the case. It doesn't happen. Maybe it will happen in 50 or 100 years. But in the lives of Americans today, and their children's lives, that doesn't happen. We see dislocation. And we see dislocation that can be avoided, at least minimized, if we adopt strategies in this fast-track legislation that will direct the President to deal with these issues, to deal with them aggressively and to come back to us with an agreement that does talk about how we are going to raise the standard of living, through trade, of individuals in our trading partners' countries; of how we are going to deal with environmental issues in those countries; how are we going to make sure that currency valuations changes, manipulations, don't undercut all that we think we have gained at the bargaining table.

The classic example of course is Mexico. We went in and reduced significantly, we thought, the tariffs that the

Mexicans would charge us, the tariffs that we would charge them, thinking that now our goods would move back and forth freely. All of that was wiped out by a 40-percent reduction in the value of the peso; the purchasing power of Mexican citizens who might want our goods. And to not be concerned about that, to not elevate that issue of currency coordination to a major negotiating objective is absurd. It is particularly absurd within the last 2 weeks when all we have read about is the currency attacks in the Far East and Thailand, in all of these countries, leading to a shock wave on Wall Street.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. REED. I request an additional 3 minutes.

Mr. DORGAN. I yield an additional 3 minutes to the Senator.

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

Mr. REED. Let me just, in the remaining 3 minutes, say that individuals, colleagues who come to the floor and just talk slogans about free trade have not, I think, understood what is going on. Why does Japan run a $47 billion a year surplus with the United States? Because they exclude our goods. Why does China run a multibillion-dollar surplus with the United States? Because they exclude our goods; and because they manipulate their currency to reduce the wages, effectively, of their workers; because they are insensitive to environmental quality; because they claim, for cultural reasons, historical reasons, they don't have to abide by intellectual property rules or anything else.

Those are the real issues that we face concerning our ability to compete in the world economy. What does this legislation do about those things? Ignores workers' rights; ignores environmental quality; and to a great degree it ignores currency coordination as major negotiating objectives. In effect what we said is: Listen, we are going to give the President fast-track power to do everything except what is most important to be done. And that is our objection. No one is here on the floor saying that we can withdraw from the world trade economy or we should withdraw from the world trade economy. What we are saying is let's negotiate agreements that will benefit all the citizens of this country; that will benefit working men and women throughout this country; that will ensure that they have a fair opportunity to work and earn wages that are decent. And that is not going to happen under this agreement.

What we have to do, I believe—and I hope we can—is ensure that the negotiating objectives are changed; that we do provide the President with the directions, with the incentives, with the authority to go out there and talk seriously about all these issues. Frankly, there was some discussion before that our trading partners won't take us seriously. What they won't take seriously is any President of the United States talking about workers' rights, about environmental quality, and about a strong stable currency coordination in the world, if we pass this fast-track agreement. Because we basically told them we are not interested. What we are interested in here is promoting capital deployment from the United States into areas of the world that don't treat workers properly, that don't care about the environment, and may or may not manipulate their currency to maintain the advantage they have against the United States.

This is not an agreement that we should support. If we want fast track, let's get it right, let's do it right. This is not the right way to go.

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

Mr. DORGAN. Madam President, I yield 10 minutes to the Senator from California, Senator BOXER.

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

Mrs. BOXER. Madam President, I compliment my colleague, Senator REED, for his very astute remarks. I thank the Senator from North Dakota for putting together what I think is a very excellent presentation. He has been carrying it through and I am proud to stand with him and the others who feel that we should not grant fast-track authority in this particular case.

Madam President, as a student of economics, I learned that if you listen to an economics debate you will find that people generally fall into categories.

When it comes to trade, I believe there are three categories. First, it is the free-trade-or-nothing category where you can't tell them anything about the evils that could come. They don't want to see the statistics about what happens to the downward pressure on wages. They don't want you to tell them even that there is any degradation to the environment. I call it the see-no-evil category. They don't want to know.

Then there is another category which is the no-trade-no-matter-what category. I think those are the ones who don't want to hear any of the benefits that can come from trade. Maybe they are a little long run they say, or maybe we need to work more closely to make sure that the problems are resolved, but they don't want to hear that. That is the hear-no-evil category.

Then there is this third category that I think a lot of my colleagues are in, and I certainly put myself in that category. And that third category is the fair-trade category, not the free-trade-at-any-cost category, not the no-trade-no-matter-what category, but the fair-trade category.

I want you to know, Madam President, I have voted for fast-track authority several times. When it came to Canada, when it came to Israel, when it came to the GATT, I was there, because I felt when our administration, whoever it is, Republican or Democratic President, negotiates with countries who have similar standards of living, similar environmental laws, I don't fear downward pressure on wages, I don't fear downward standards for the environment, I don't fear downward standards on food safety, because when we are dealing with countries who care about what we pay, who have the same values in terms of worker rights and environmental rights, I feel comfortable giving fast-track authority to the President.

I have to say that in this case, I feel very uncomfortable about giving this authority. I have been trying to find out what is the minimum wage or the wage paid for a manufacturing job in Indonesia, in Malaysia which are countries that, as members of APEC, may very well will be part of this authority. I have not been able to find out the minimum wage or the average wage for manufacturing jobs is in those countries. I am told that a statistical abstract put out by the Department of Labor does not contain the average hourly wage for manufacturing jobs in those countries. I am also told that the Department of Labor's statistical abstract does not contain the hourly manufacturing wage for Chile either. Rather, someone at CRS extrapolated from other available information to come up with an approximate hourly wage in Chile of $2.32. This compares to an approximate average hourly salary of $17.74 in the United States for manufacturing jobs.

So here we have colleagues willing to hand over authority to make agreements with countries that we don't even know what they pay their workers, let alone what their environmental laws are.

It seems to me there has to be a better way. I was listening to Senator BYRD's speech, and when he said, ''Why are we here?'' I think that is a reasonable question, because if you read article I, section 8 of the Constitution, it grants Congress the sole power to regulate trade and commerce with foreign nations and to make all laws which are necessary to carry out that power.

Once in a while, we cede away our power. As I said, there have been times when I felt it was OK to do that. But in this case, when you don't even know who it is you are dealing with, what they pay their people, what their environmental laws are, it makes very little sense, and I think it puts our workers and our environment at great risk. The benefits of trade, under these circumstances, will certainly not outweigh the disadvantages.

I represent the largest State in the Union, along with Senator FEINSTEIN. I have watched the NAFTA. It was a close call for me on the NAFTA. I wound up saying no, because I believed the same problems existed then: the downward pressure on wages; the lack of environmental laws.

I have to say that as you look at the different analyses as to whether NAFTA has worked—did it do better or not—as we have already heard today, we went from a trade surplus of about $5.4 billion with Mexico in 1992 to a trade deficit of more than $17 billion in 1996.

Increased trade. Who benefited? Ask the California wine industry, I say to my friends. I represent the proudest wine industry maybe in the world. Those wines that are made in California are world renowned. Yet United States wine exports to Mexico have dropped by approximate one-third. United States wines face a 20 percent tariff in Mexico.

However, coincident with NAFTA, Mexico gave Chilean wines a tariff reduction from 20 percent to 8 percent and guaranteed duty-free status within a year. But U.S. wines were subject to a 10 year phase-out of the 20 percent tariff. Ambassador Kantor, who I believe really wanted to make something good happen, promised to negotiate, within 120 days of NAFTA coming into force, a reduction of Mexican tariffs on United States wines—it did not happen. In fact, Mexican tariffs on United States wine and brandy are still at their pre-NAFTA levels, as a result of an unrelated dispute regarding corn brooms.

So as my kids used to say when they were younger, it is time to take a time out. Take a deep breath, see where we are on the agreements we have already signed that haven't lived up to their promises.

Sometimes when my colleagues—and I just heard one of them on the floor—talk about fast track, they get this energy. It is almost an out-of-control enthusiasm. I think sometimes when you go on a fast track, you go too fast. What is the rush? Why not allow this Congress to do our work? I didn't come here to exert downward pressure on workers' wages. I came here to make life better for the people of California. I didn't come here to see our environmental laws degraded, yet we have already seen examples of trade policy pressuring the United States to lower its environmental protections. Look at what recently happened with our dolphin protection laws. A trade deal with Mexico prevailed over our law and resulted in our law being weakened. In 1999, the definition of our beloved ''dolphin safe'' label could change because of trade pressures—not because we love dolphins any less. They just take a back seat.

We saw shipments of poisoned berries come into our country. If we had enough inspectors there would probably be a better chance that these situations would not occur. Time out, folks, before we see that kind of situation expand. Sure, there will be more trade. But is that the kind of trade we want, where we have to recall berries because we don't have enough inspectors?

I invite my colleagues to go down to the San Diego border. The border infrastructure is inadequate for the amount of trade. The new trade with Mexico as a result of NAFTA has placed severe stress on our southern border transportation infrastructure. According to the California State World Trade Commission, the result has been bottlenecks and traffic jams at border crossings, safety hazards, and declining environmental quality in the areas around the ports of entry. Why don't we do first things first? Why don't we bring these agreements to the Senate, to the House, let us debate and, to my colleague who says, ''Well, every Senator wants to be President so it would be impossible because we are all so,'' I assume he meant ''egotists that we would write it our way,'' I say I know a few Senators who don't want to be President. As a matter of fact, most of them don't. Most of them want to be Senators.

I have seen this U.S. Senate work on chemical weapons treaties, all kinds of treaties that were difficult, and do you know what, Madam President? We did the job. That is what we are sent here to do, not to throw the ball over to the Executive and say, ''It's yours, we don't care about wages, we don't care about the environment, we're just for trade at any cost.'' I hope that we don't take that course.

If you want to look at the jobs lost through NAFTA, the Department of Labor certified that there were 116,418 workers who notified them in April 1997 that they would lose their jobs as a result of NAFTA. There are estimates that go as high as 400,000 job losses. That is just job losses. What about the downward pressure? What about those who leave manufacturing jobs and have to go to service-sector jobs which pay less? That is the kind of disparity we see.

I ask unanimous consent for 3 additional minutes.

Mr. DORGAN. I yield the Senator 3 additional minutes.

Mrs. BOXER. I thank my colleague for the additional time.

So when we look at the issue of trade, there are some who say the most important thing is the efficient flow of capital. Capital will flow to the low-wage countries, and that is the only thing we should be concerned about.

But it seems to me in the United States of America, going into the next century, we have to value not only the flow of capital, which I believe ultimately will flow to the most efficient place, but we have to value the workers, we have to value the environment and we have to value our quality of life.

I ask unanimous consent that these documents from environmental organizations be printed in the RECORD.

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

[News Release From National Wildlife Federation, Oct. 8, 1997]

ENVIRONMENTALISTS UNIFIED ON FAST TRACK: CHANGE IT OR REJECT IT

WASHINGTON, DC.—Today, the National Wildlife Federation, National Audubon Society and Defenders of Wildlife called on Congress to reject fast-track trade bills currently under consideration until they guarantee that meaningful environmental safeguards become part of future international trade agreements.

Despite rhetoric to the contrary, neither of the fast-track bills offered by the Senate Finance or House Ways and Means Committees satisfies the objectives for green trade negotiations recommended by the groups. One key problem with these bills is that they establish new and stringent restrictions on the President's ability to negotiate environmental safeguards in future trade agreements. ''Instead of merely including the word 'environment' in the fast-track proposals as a way of appeasing our concerns, we urge Congress and the Administration to begin addressing strong environmental standards among our trading partners,'' said Barbara Bramble, Senior Director for International Affairs at the National Wildlife Federation.

The environmental groups assert that neither bill offers a comprehensive agenda for the environment in trade negotiations. They both fail to insist that negotiators create a level playing field to ensure that trading partners compete fairly by enforcing environmental laws. They provide no specific objectives for improving the transparency of the World Trade Organization (WTO). And they fail to ensure that environmental agencies like the Environmental Protection Agency (EPA) are active participants in trade policy negotiations. ''We must find a stronger voice for the environment during trade negotiations, which are now dominated purely by commercial interests,'' said Dan Beard, Vice-President for the National Audubon Society.

Also extremely troubling is the fact that none of the bills explicitly exclude the so-called Multilateral Agreement on Investment (MAI) from fast-track consideration. The MAI would make it much easier for multinational corporations to freely move capital and production facilities without responsibility for environmental performance, and would create new litigation hooks for corporations to sue national governments over environmental standards. Already under NAFTA, the U.S.-based Ethyl Corporation has filed a $251 million lawsuit against Canada because the Parliament banned the import and interprovincial transport of a toxic gasoline additive. ''We must ensure that international trade pressures such as the MAI and NAFTA do not accelerate the 'race to the bottom' for investments in poorer areas of the globe,'' said William Snape, Legal Director for Defenders of Wildlife.

Strong economies and clean environments are two sides of the same coin, assert the three conservation groups. ''Our vital national interests are best served when trade negotiators bring home agreements that simultaneously strengthen our economy and protect our environment'' said John Audley, Trade and Environment Program Coordinator for National Wildlife Federation. ''The fast-track bills offered by Congress fail this test and we must accordingly reject them.''

The National Wildlife Federation is the nation's largest conservation group, with over 4 million members and supporters across the United States. The National Audubon Society, with approximately 600,000 members nationwide, is dedicated to protecting birds, wildlife and their habitat. Defenders of Wildlife has over 200,000 members and supporters, and seeks to protect all native plants and animals in their natural habitats.

LEAGUE OF CONSERVATION VOTERS,
Washington, DC, November 4, 1997.
U.S. House of Representatives,
Washington, DC.

Re: H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997—Oppose Anti-Environmental Fast Track Trade Negotiating Authority

DEAR REPRESENTATIVE: The League of Conservation Voters is the bipartisan, political arm of the national environmental movement. Each year, LCV publishes the National Environmental Scorecard, which details the voting records of Members of Congress on environmental legislation. The Scorecard is distributed to LCV members, concerned voters nationwide and the press.

This week, the House is likely to vote on H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997. The bill establishes new and stringent restrictions on the President's ability to negotiate environmental safeguards in future trade agreements. This legislation does not satisfy the objectives for green trade negotiations recommended by national environmental organizations. In particular, H.R. 2621:

fails to require that trade rules do not undermine legitimate environmental, health, and safety standards;

fails to insist that our trading partners enforce strong environmental laws in order to establish a high, level playing field as a basis for international economic competition;

fails to mandate increased opportunities for public participation in World Trade Organization deliberations and dispute resolution that might affect environmental, health, and safety safeguards;

fails to ensure that US government agencies with responsibilities for environmental protection, resource conservation, and public health and safety are active participants in trade negotiations which could effect policy matters under their authority;

does not explicitly exclude the Multilateral Agreement on Investment (MAI) from fast-track consideration, an agreement that would allow investors to sue for compensation before international tribunals if pollution laws are alleged to reduce their property values;

fails to provide for environmental assessments of trade agreements early enough in negotiations to influence the outcome of those negotiations and

does not provide Congress sufficient leverage to ensure that trade agreements serve the broad public interest.

LCV's Political Advisory Committee will consider including votes on H.R. 2621, The Reciprocal Trade Agreement Authorities Act of 1997, in computing LCV's 1997 Scorecard. Thank you for consideration of this issue. If you need more information, please call Betsy Loyless in my office at 202/785/8683.

Sincerely,

DEB CALLAHAN,
President.

Mrs. BOXER. Madam President, you will find a huge number opposing this fast-track legislation. The National Wildlife Federation basically says that they are against it for one reason. They have no assurances that the Environmental Protection Agency of America will be active participants in the trade negotiations. There are many other organizations which I don't have the time to name at this point.

We have to make a choice. We have to decide, if we value our workers as much as we value the free flow of capital, we have to ask ourselves, do we value clean air and clean water as much as we value the free flow of capital?

We have to say, do we value our safe food supply as much as we value the free flow of capital? And do we feel that it is important to have an adequate infrastructure in place of inspectors at the border to make sure the food supply is safe, to make sure that our products are being treated fairly? And should we even care about a positive trade balance? Sure, you open up the doors, but what has happened to us, as my colleagues brilliantly pointed out, is the balance of trade has flipped, and where we used to be predominant and we sent more exports than we took in imports, we see a reverse. We now have negative numbers.

So I believe, again, in summing up, that we do have three choices: Free trade at any cost; see no evil; don't tell me about the problems; no trade at any cost; don't tell me about the good parts of trade; and the middle course that my colleagues are taking, which is fair trade. Yes, trade is crucial, it is important. We are part of one world, but we in the U.S. Senate who care about values and American jobs and an American environment, who care about clean and safe food, who want food safety laws in place, also want to have an opportunity to alter or amend trade agreements as we deem appropriate and necessary.

Thank you very much.

The PRESIDING OFFICER (Mr. ALLARD). The Senator's additional time has expired.

Mr. HAGEL addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, thank you. I yield myself 4½ minutes.

The PRESIDING OFFICER. The Senator is recognized for 4½ minutes.

Mr. HAGEL. Mr. President, today the United States is unilaterally disarmed in the intense global competition for new markets. For the first time since 1974, the President lacks fast-track authority to negotiate agreements that would help open up new markets and reduce international barriers to U.S. exports.

This failure means slower economic growth, lost markets overseas, and fewer opportunities for high-paying jobs. Fast-track authority allows the President to submit to Congress a clean vote on trade agreements negotiated with other countries.

Under our Constitution, the Congress alone has the power to ''lay and collect . . . Duties'' and ''To regulate Commerce with foreign Nations. . .''

The Constitution, however, uniquely empowers the President to send and receive ambassadors and negotiate with foreign powers. Over 20 years ago, the fast-track mechanism was created to accommodate this divided authority. Renewal of fast-track authority will enable our Nation to continue pressing for world economic systems based on free markets, free trade and free people.

As a nation, the continued growth of our economy depends on trade. In the past 50 years, trade share of the world's gross domestic product grew from 7 percent to 21 percent. Today, trade makes up 24 percent of the U.S. economy.

This decade, export growth has created 23 percent of all new U.S. jobs, and those export-related jobs pay 13 percent more than the national average.

Clearly, our economy will suffer without the ability to continue to negotiate timely new agreements to further open foreign markets to U.S. goods, commodities and services.

Those opposed to renewing the President's fast-track authority argue that the lack of such authority does nothing to hinder the President's ability to negotiate new trade agreements. Unfortunately, this is not the case.

No nation will enter into a major new trade negotiation with the United States if the product of those negotiations can be picked apart in the U.S. Congress. With any agreement that can later be unilaterally changed or amended by the Congress, we run the risk of having no agreement at all.

As long as the President lacks the ability to present such agreements to the Congress for our clean approval or disapproval—and bad agreements deserve to be defeated—our Nation will be endangering its ability to compete in today's competitive global economy.

Our Nation should be working aggressively to reach new agreements that will expand free trade and open up the emerging economies of Asia, Latin America, Eastern Europe to American exports. We should be building on the major achievements of the last global trade talks. These talks, the Uruguay round of the General Agreement on Tariffs and Trade, for the first time, established rules for services and agriculture goods, two areas where the United States leads the world in global competitiveness.

Instead, the United States is losing opportunities for economic growth and job creation. It is time to do what is right for American workers, farmers, ranchers, and businesses. It is time to restore fast-track negotiating authority for the President.

I hope that my colleagues take a good look at this and do support fast-track authority for the President.

Mr. President, I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Could the Chair inform me of the circumstances with time remaining?

The PRESIDING OFFICER. The Senator from North Dakota controls the time from now until 4:15; and then at 4:15, the Senator from Delaware will control the last 5 minutes.

Mr. DORGAN. Mr. President, let me then use the remainder of my time and begin by quoting from a letter written by Mr. Kevin Kearns, the president of the United States Business and Industrial Council. I ask unanimous consent that it be printed in the RECORD.

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

UNITED STATES BUSINESS AND INDUSTRIAL COUNCIL,
Washington, DC, November 5, 1997.

Hon. BYRON L. DORGAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR DORGAN: I understand that Members of Congress will be lobbied intensively over the next several days by Chief Executive Officers of major multinational corporations belonging to The Business Roundtable as part of their campaign to pass the fast track trade bill.

I am writing to emphasize to you and to other Members of Congress that these companies do not speak for the entire American business community. Far from it. In fact, they represent only the tiny handful of giant multinational firms that have monopolized the benefits of current trade policy, and that now seek to further extend their advantages at the expense of smaller American companies and their employees. Over the last two decades these large multinational companies have done much more to send good jobs and valuable technologies overseas than to create them here at home.

In fact—and I find this quite ironic—many of these large multinationals no longer consider themselves American corporations. Their CEOs make this point openly and proudly. One therefore wonders what business they have lobbying the U.S. Congress at all, since they are apparently not American corporate citizens but citizens of the world. Perhaps they should be up in New York lobbying the United Nations rather than in Washington lobbying the U.S. Congress. In fact, the first question Members of Congress should ask them during their lobbying visits is, ''Do you represent an American company?''

I can assure you that the 1,500 members of the U.S. Business and Industrial Council are American-owned and managed companies. They typify the vast majority of American businesses that have been impacted negatively by U.S. trade policy. Since they are run day in and day out by their owners, many are not large enough to, nor are they interested in, moving the bulk of their manufacturing overseas. They are interested, however, in preserving the American manufacturing base and in creating additional wealth for themselves, their employees, and their communities here in the United States.

Some have been victimized by predatory foreign trade practices such as dumping and subsidization—and by the U.S. Government's neglect of their problems. Still others find themselves under pressure to cut wages and benefits in response to the slave-labor wage rates or adversarial practices of foreign competitors. Many that are engaged in international trade have been pressured by foreign governments to source abroad or to transfer key technologies as the price of doing business in that foreign country.

But most important, they have been hurt—as have most of our citizens—by years of poorly run trade policies that have given us massive, growing trade deficits year after year. These deficits, in turn, cut the U.S. economic growth rate significantly—by as much as 2 percentage points in recent years.

The Census Bureau's latest figures show dramatically just how few American companies have profited from recent trade agreements. At last count, only 6 percent of the nation's 690,000 manufacturers exported at all, and the percentages are much lower for service companies. Large companies—with 500 or more workers—accounted for fully 71 percent of export value, even though these firms comprised only 4 percent of total exporters. And fully 11 percent of U.S. exports were generated by just four individual companies.

Yet despite this domination of trade flows by the big multinationals, these firms have not created a single net new American job in some 25 years. Another way of looking at job creation is this: all the net new employment in the U.S. economy in recent years has been created by companies with fewer than 100 employees—the overwhelming majority of which do not export at all. Although fast track proponents tout the job-creating benefits of international trade, those jobs on a net basis are not being created in the United States.

USBIC's members and their counterparts don't have plush Washington offices. They do not maintain large public relations staffs. They can't hire expensive lobbyists, and they're too busy running their companies to jet in and out of the nation's capital themselves, like the corporate elite. All these owner-operators do is try to turn a profit, support their families, create jobs, and help sustain the local communities they have been a part of for generations. In opposing fast track, they are acting first not as business interests but as citizens dismayed at the nationwide cost of 25 years of falling living standards and rapidly growing income inequality. They are well aware that these latter two facts of modern American life cannot promote a stable business environment or a stable country over the longer run.

These businessmen understand that the nation urgently needs a new trade and international economic strategy that lifts incomes, strengthens families and communities, allows entrepreneurs to make a profit here at home, and ensures America's future prosperity. They strongly oppose fast track renewal, and hope that members of Congress will distinguish the special interests of the multinational corporations from this overriding national interest.

Please feel free to have Members or their staffs contact us directly for the small and mid-size business point of view on fast track. We will be pleased to try to answer any questions promptly and forthrightly.

Sincerely,

KEVIN L. KEARNS,
President.

Mr. DORGAN. Mr. President, let me quote from this letter. I will not read it all, but, Mr. Kearns, who heads an organization called the United States Business and Industrial Council says:

I can assure you that the 1,500 members of the U.S. Business and Industrial Council are American-owned and managed companies. They typify the vast majority of American businesses that have been impacted negatively by U.S. trade policy. Since they are run day in and day out by their owners, many are not large enough to, nor are they interested in, moving the bulk of their manufacturing overseas. They are interested, however, in preserving the American manufacturing base and in creating additional wealth for themselves, their employees, and their communities here in the United States.

Some have been victimized by predatory foreign trade practices such as dumping and subsidization—and by the U.S. Government's neglect of these problems. Still others find themselves under pressure to cut wages and benefits in response to the slave-labor wage rates or adversarial practices of foreign competitors. Many that are engaged in international trade have been pressured by foreign governments to source abroad or to transfer key technologies as the price of doing business in that foreign country.

And then he goes on in his letter. Let me read the conclusion:

USBIC's [the Business and Industrial Council] members and their counterparts don't have plush Washington offices.

He is pointing out the large number of CEOs who have flown into Washington to lobby on behalf of fast track. He said:

[Our businesses] don't have plush Washington offices. They do not maintain large public relations staffs. They can't hire expensive lobbyists, and they're too busy running their companies to jet in and out of the nation's capital themselves, like the corporate elite. All these owner-operators do is try to turn a profit, support their families, create jobs, and help sustain [their] local communities they have been a part of for generations. In opposing fast track, they are acting first not as business interests but as citizens dismayed at the nationwide cost of 25 years of falling living standards and rapidly growing income inequality. They are well aware that these latter two facts of modern American life cannot promote a stable business environment or a stable country over the longer run.

Mr. President, this has been a rather interesting discussion. I listened to much of the debate with great interest. As I mentioned, there have been a number of, I think, good presentations today. I do say that there are differences of opinion that are very substantial.

There are some who think that the current trade strategy is just fine, and that it works very smartly. They think it is a wonderful thing for our country, and we just need to do more of it. That is the group that says, ''Let us pass fast track. If we don't, somehow America is headed for trouble. But things are going fine. We like the way things are. Our trade policy works. Let's continue it.''

Others of us think that swollen and bloated trade deficits, that reach record levels year after year, are heading this country toward trouble.

General Custer, incidentally, lived for 2 years near Bismarck, ND, before he left for what is now Montana to meet Sitting Bull and Chief Crazy Horse. And because I am from North Dakota, we know a great deal about the history of that campaign.

We know by reading the book, ''Son of Morning Star,'' for example, that General Custer sent his scouts ahead to try to figure out what was ahead of him. And the scouts really reported, ''Gee, things look pretty good. Things are going pretty well here. Things look pretty good around the next hill or the next bend.''

Of course, we now know from historical accounts things really did not go very well for General Custer and the 7th Cavalry. I find today an interesting group of colleagues who might well qualify for that scouting assignment. ''Things are going pretty good. The road up ahead looks pretty bright. If we just keep doing what we're doing, our country is going to be just fine.''

I have observed, during other discussions, especially in fiscal policy, people came to the floor of the Senate and said, ''Let's run things like you would run a business.'' I would ask my colleagues this: After hours and hours of debate about trade, is there anyone here who would stand up and tell me, if you ran a business the way this country runs its trade policy that you would be doing fine? Wouldn't everybody in this Chamber understand and agree that if you ran a business the way this country is running its trade policy, you would be broke?

How many CEO's would go to their boardrooms and say, ''Listen, I would like to have a talk with you. I want to talk about our receipts. I want to talk about all the sales we have and all the money that is coming in.'' And the board says, ''Well, that's fine, Mr. CEO or Mrs. CEO, but could you tell us a little about your expenditures?''

The CEO knows the expenditures far exceed the receipts, but the CEO says, ''No, no, we're not going to talk about expenditures. Are you crazy? We're going to talk about receipts. We're going to talk about how well I'm doing.''

That is the message we have been hearing out here on the floor of the Senate for hours. ''Gee, look how well we're doing. Look at these exports. Look at these exports, sales.'' They are ignoring, of course, the massive quantity of imports coming in, displacing American manufacturing capacity in this country, and putting us in a swollen and mushrooming trade deficit situation, that if judged as a business would render us unable to continue. And yet we have people say, ''Gee, this is going just fine. This is just the right road for us.''

It is not the right road for us. The right road isn't protectionism. The right road isn't to put walls around our country. The right road isn't to retreat from the global economy.

But the right road is to insist in this country that we have some courage to stand up and tell, yes, the Japanese and the Chinese and the Mexicans and the Canadians, and so many others, that we expect and demand more of you. We expect fair trade.

Is there someone in this Chamber who wants to stand up and tell us they are opposed to fair trade? Does that person exist? Is there someone willing to do that? Who here is opposed to fair trade? Maybe I need to ask it when more Members are present in the Chamber. But is there someone who will say, ''No. Me, I'm opposed to fair trade.'' I don't think so. I don't think there is one person in this Chamber who will volunteer to say, on behalf of their constituents, they oppose fair trade.

Why then do they insist that those of us who believe that we ought to expect fair trade in our trade relationships, why do they insist that somehow we don't act in the best interests of this country and in the best interests of this country's future economy? I do not understand that.

With respect to whether it would be Japan or China, or many other trading partners, who are worthy partners and good trading partners of ours, it would seem to me to be in this country's best interests to say to those countries, which expect a balance in trade that is a fair balance, ''You cannot run $50 billion, $60 billion a year, every year, in trade deficits with us.''

Now, they will continue to do it as long as we allow them. You can only expect that someplace in these other countries those folks are sitting around saying, ''We don't understand why they let us keep doing this, but it's a wonderful thing. It strengthens us and weakens them.'' They would say that I presume. Because when they have big surpluses with us, we become a cash cow for their hard currency needs and it weakens our country.

They must surely be puzzled why no one in this country has the nerve and the will to say, ''Stop it. We won't allow that. We won't allow these huge trade imbalances. We expect and demand, not only reciprocal trading opportunities with you, open markets from you, but we demand some reasonable balance of trade.''

Now, we were told just a few minutes ago that the reason we had a trade deficit is because we had a budget deficit. Simple, except that does not work. Our budget deficit is going way down, and our trade deficit is going way up. I know that is what they used to teach in economics. I used to teach economics. As I said this morning, I overcame that experience.

But as the budget deficit has been going way down; the trade deficit is going way up. So how does it work then with those who have been claiming now for years that we simply have a trade deficit as a matter of calculation because we have had a fiscal policy deficit?

Stephen Goldfeld once said that, ''An economist is someone who sees something working in practice and then asks whether it can work in theory.''

Can we fail to observe here that the budget deficits are going down, way down. They are down 5 years in a row, but the trade deficit is going up? Can we fail to notice that or fail to explain it? Or do we simply cling to the same tired economic doctrine about trade that has been proven wrong?

When I was a young boy, I had a neighbor who was a retired person. His name was Herman. And Herman used to order everything through the mail that he could get that promised him one thing or another. Now Herman had rheumatism. And I went over to Herman's one day, and he was sitting there with a box that was plugged into the wall with a cord. It was a wooden box with some wires leading to two metal handles. And he explained that he had purchased this from a catalog because it was supposed to cure his rheumatism. He was sitting in his chair there holding on to these handles. He held on to them for 6 or 8 months, I guess. It did nothing to help him with his rheumatism, but that was a box he bought because that he thought it would deal with his rheumatism.

We have a lot of folks around here sitting with those metal handles because someone claimed that this trade strategy we have works. All the evidence suggests it does not.

One of these days, one way or another, we ought to take a look at the evidence and decide when something doesn't work you ought to change it.

The first law of holes is that when you are in a hole, you might want to stop the digging. When you see trade deficit after trade deficit, year after year, that reaches record levels—and this year the merchandise trade deficit will be very close to $200 billion—it is fair for us to ask on the floor of the Senate, does this trade policy work? Is this trade policy in the best interests of this country? Or can we, with more nerve, will, and courage, stand up for the economic interests of this country and demand and expect more of our trading partners, more in the manner of policies that will benefit and strengthen this country?

Mr. President, I have consumed my time. The Senator from Delaware and the Senator from New York have both been courteous during this discussion. And we have had the opportunity to have a lengthy and, I think, good debate. And more will follow. We will have a vote on the motion to proceed, at which point, if that prevails, we will be on the bill itself. And those of us who care a great deal about this will be, at that point, allowed to continue.

Mr. President, I yield the floor.

Mr. ROTH. Mr. President, at the outset of this debate I set out my reasons for supporting fast-track authority. Having heard the debate and the point made by my esteemed colleagues, I want to distill what, I believe today, our vote is about.

First, I submit that the question before this body is whether we will shape our own economic future or leave our fate in the hands of others. We must decide whether we will allow the President to take a seat at the negotiating table or force him to stand outside the room while others write the rules for the international economy.

A vote for fast track is a vote for a brighter American future. Toward that end, this bill arms the President with the authority to open foreign markets and allow our firms to do what they do better than anywhere else on Earth: That is, compete.

Second, the making of trade policy must be a full partnership between Congress and the President. The bill before this House ensures that Congress is, in fact, a full partner in the process. Indeed, it is difficult to concede of any other measure where we subject the President's action to such scrutiny and constraints. The bill requires the President to notify us in advance of his intent to make use of this authority. He must then consult prior to and throughout the negotiations up to and including comprehensive consultations immediately before initialing an agreement. If the agreement is signed, we then proceed to develop the implementing legislation in consultation with the President.

After all that, Congress still exercises a veto over the President's action by voting on the agreement and implementing bill. Those conditions are necessary to ensure the President fulfills the objectives set by Congress. They are also needed to ensure that Congress and the President do, in fact, speak with one voice on trade matters.

I firmly believe that bill strengthens the role of Congress and the trade agreements process to an unprecedented extent and lets our trading partners know that the President is answerable to Congress for any agreement he may reach.

Third, laying the foundation for our economic future will require a partnership here in Congress, as well. We will not make progress toward our common goal of providing for America's economic future without strong bipartisan support for our trade policy.

I was extremely heartened by the vote yesterday and expect to see the same bipartisan support for the motion under consideration and for the bill itself. At the same time, the debate identified important issues that must be fully examined in order to sustain that bipartisan future.

As chairman of the Finance Committee, I intend to ensure that the committee addresses those issues of critical importance to the well-being of every American. I look forward to working with my colleagues toward this end. Nonetheless, I believe we must take the first step now to exert the leadership on trade that only the United States can provide. The President must have fast-track negotiating authority. I urge my colleagues strongly to support the motion to proceed.

Mr. MOYNIHAN. Mr. President, I rise simply to affirm in the strongest terms that the chairman of the Senate Finance Committee has been faithful to his duties. He has kept a committee united, minus one vote, in an otherwise unanimous decision. He has been meticulous in his concern that American workers will have their interests pursued here, the environment will be looked after, but ladening these matters on trade negotiations will only ensure they will fail and not bring the benefits we desire.

I want to congratulate him. We cannot do any better than we did yesterday, but let's hope we do as well.

Mr. ROTH. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion to proceed to S. 1269, the Reciprocal Trade Agreements Act of 1997.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. STEVENS] is necessary absent.

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

The result was announced—yeas 68, nays 31, as follows:

[Rollcall Vote No. 294 Leg.]

YEAS—68

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

NAYS—31

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

NOT VOTING—1

Stevens

The motion was agreed to.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

Mr. NICKLES. Mr. President, first, I wish to compliment Senator ROTH and Senator MOYNIHAN for their leadership on this very important issue on fast track.

I will announce—I think it has been disclosed to both sides—that will be the last rollcall vote today.

MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent that there now be a period of morning business until the hour of 6 p.m. with Senators permitted to speak for up to 10 minutes each, with Senator GORTON permitted to speak for 15 minutes.

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

SENATOR WAYNE ALLARD: RECIPIENT OF THE GOLDEN GAVEL AWARD

Mr. NICKLES. Mr. President, it is a longstanding tradition in the Senate to recognize and honor those Senators who serve as Presiding Officers of the Senate for 100 hours in a single session of Congress. Today, we add to the list of Golden Gavel recipients Senator ALLARD of Colorado, whose presiding hours total 100 hours today.

November 5 is a very significant date for Senator ALLARD and his family, as on November 5, 1996, 1 year ago today, Senator ALLARD was elected to the U.S. Senate. Therefore, it is an appropriate date to recognize his contributions as a Presiding Officer of the Senate.

With respect to presiding, Senator ALLARD has been extremely generous with his time and has often rearranged his schedule at a moment's notice—and, I might add, with the assistance of his very courteous staff—to assist in presiding when difficulties arise. As a Presiding Officer, his dedication and dependability are to be commended. It is a great pleasure to announce Senator WAYNE ALLARD of Colorado as recipient of the Senate's Golden Gavel Award.

My compliments to my friend, my colleague, and the Presiding Officer.

The PRESIDING OFFICER. Thank you.

(Applause, Senators rising.)

ORDER OF PROCEDURE

Mr. NICKLES. Mr. President, for the information of all Senators, we will now have a period of morning business until the hour of 6 p.m. with Senators to be allowed to speak for up to 10 minutes each.

Mr. DORGAN. Will the Senator yield for a question?

Mr. NICKLES. Yes.

Mr. DORGAN. Mr. President, I wonder if the Senator from Oklahoma could inform us of the unanimous-consent request that affects business on the floor of the Senate tomorrow. My understanding is the pending unanimous consent request deals with the DOD authorization bill. The reason I ask the question is I am interested in learning when we will come back to the regular order, which will be the fast-track consideration of the fast-track proposal.

Mr. NICKLES. To respond to my colleague, the Senate has already agreed to a unanimous-consent request that would call for the DOD authorization bill to be voted on tomorrow at some time, at 2 p.m. I think the order calls for 4 hours of debate. We will go on it at 10, and vote at 2.

That is on the DOD conference report.

Beyond that, I am not prepared to tell my colleague what—I know the House is planning on voting on the fast-track authorization on Friday. There is some discussion that since that is a House bill and we are working on the Senate bill, we might entertain taking up the House bill when it passes so we wouldn't be working on two different bills.

Mr. DORGAN. If the Senator will yield further, my understanding is the