using these particular figures—we are discussing in another conference ongoing right at the minute—the airport trust fund. We have all kinds of dangers with respect to the airports. It is getting unsafe to fly. We need better radar. We need more runways. We need more airports. We need better controls, better control towers, everything else of that kind. We are being taxed for it. We all fly, and we pay the taxes as airline travelers. But $11 billion has been spent on any and everything other than airports. It shows that it is going up, under the budget, to $23 billion in 2004. We have the money, but we don't spend it on the airports or the highways. Reporters across this country have been writing these editorials to the effect that it doesn't make any difference whether we borrowed from it or not; these are just IOUs.

I don't want to be around here in the year 2012 when we don't bring in enough to cover our costs and we are going to have to raise taxes in order to make payments. That crowd in New York working the market, they could care less. They think in quarterly amounts, in the quarter of each year. If you don't do it by the third quarter, out you go. That is the CEO/Wall Street mentality. Ours should be the long-range. You have in the desk drawer right now $1.859 trillion in IOUs not only in Medicare but in military retirement, civilian retirement, and you don't want to talk Social Security. I don't want to touch the military retirement fund or borrow from the unemployment compensation fund, the highways, and the airports.

So we just bring that up for a moment of truth in the Senate. I want to show you this because there is another headline story in the paper about a one percent cut across the board, or 1.5 percent. They are looking for a way to cut $5 billion. Now we have the House, the Senate, the leadership, the White House, and we are trying to get out of here in the next 10 days—if we can only agree on how we are going to find $5 billion—either cut $5 billion in spending, or raise $5 billion in taxes, or do whatever we have to do to find a cut across the board. That is $5 billion.

Here is what happens. Right now the estimated interest cost is $356 billion. I don't have an updated figure on that. I know since we have had two interest rate increases by Mr. Greenspan this year, it is going to be more than that $356 billion. But going back to when we last balanced the budget, we had a surplus under President Johnson. They don't have to go back to Eisenhower when they kept a different set of books. Under President Johnson, when we were here and we had a surplus, the interest cost on the national debt was only $16 billion. Here, the interest cost on the national debt is $356 billion. If we just held the line and paid for what we got, we would have had, and would have this morning, not $5 billion, we would have $340 billion to increase the airports, to increase Medicare, to save Social Security, to increase defense. We could have a tax cut and we could pay down the debt if we had the $340 billion.

The headline ought to read: Last year we increased taxes. Why? We increased the interest costs because we increased the debt. When you increase the debt some $127 billion, you increase your interest costs, which are running right now at a billion dollars a day. You have to pay it. Worse than the regular taxes, such as sales taxes, for which you can get a school, or gasoline tax, for which you can get a highway—we get absolutely nothing for it.

Last year, this Government increased taxes, and they are determined to increase taxes today, this year, in the next two weeks—all the time talking about surpluses and about cutting spending, and all the time talking about cutting taxes.

Now, Mr. President, I yield the floor.

AFRICAN GROWTH AND OPPORTUNITY ACT—Continued

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. MACK. Mr. President, I rise in strong support of the very important trade package that the Senate is currently considering. At a time when our global marketplace is expanding faster than ever, we need to ensure that the poorest countries around the world are not left behind.

This comprehensive package uses trade to promote economic self-sufficiency, at the same time allowing for broader access to American goods and services to these markets. While many believe the economic and financial answer for these underdeveloped countries may lie in direct financial assistance, I believe the answer is found by facilitating direct private investment.

I want to share with colleagues the plight of one of these countries which I experienced firsthand this past weekend. I spent 2 days in Haiti meeting with political, business, and humanitarian groups.

By far, the most dramatic portion of my trip was witnessing the extreme poverty and despair that grips that Nation. I saw the face of an economy suffering from 17-percent inflation and unemployment of between 60 and 80 percent.

Let me tell the story of one little boy I met. Only through a humanitarian organization and through the support of private donations is this 9-year-old boy able to obtain an education. As a tool to economic and democratic stabilization, aid is simply not enough. Many children just aren't able to stay in school. They are required to work in order to contribute to their families' survival.

Again, I make the point that for a good number of the people in Haiti, their per capita income is around $50 a year. A straight calculation of the per capita income is about $500. But if you look at the makeup of that distribution, you can see easily that there are literally millions of people in Haiti who live with a per capita income of around $50.

If these children are to have a future, revitalization and expansion of economic opportunities are needed to reach the goal of economic self-sufficiency. By creating a framework for using trade and investment as a development tool, the United States will be fostering reform at the economic base of these countries, taking direct aim at lowering unemployment and high inflation rates.

This legislation creates this framework by extending enhanced trade benefits to the countries of the Caribbean Basin. Since the passage of the North American Free Trade Agreement, U.S. imports from Caribbean countries have been at a distinct disadvantage. The measure would build on the existing Caribbean Basin Initiative program, often referred to as CBI, by providing additional trade benefits to Caribbean countries similar to that which Mexico and Canada currently enjoy.

Since its inception, CBI has had a significant positive economic impact on both the United States and the Caribbean countries, helping to promote regional security and stability of our Caribbean neighbors. Opening this market even further, particularly following the recent devastation inflicted by hurricanes, will help to stimulate job growth by increasing exports and expanding market access to these countries for U.S. businesses.

Another important component of this trade package establishes U.S. support for economic self-reliance in sub-Saharan Africa. The United States stands to benefit a great deal from a strong and prosperous Africa. By fostering growth-oriented economic policies, we will help support broader access to African markets for American goods and services. Sub-Saharan Africa makes up a market of more than 700 million people and is potentially one of the largest markets in the world. As economic reforms and market-opening measures spur growth in Africa, it will create new and bigger markets for U.S. exporters.

A particularly sensitive, albeit important, provision included in both the African Growth and Opportunity Act and the Caribbean Basin Trade Enhancement Act deals with textiles. The textile and apparel industries have historically provided the first step toward industrialization in many countries. This is because production is fairly simple, can be done on a small scale, and often uses locally abundant raw material.

In seeking to address the concerns raised by the U.S. textile industry, this legislation has sought compromise by restricting preferential treatment to apparel produced by U.S. fabric and yarns.

Additionally, this legislation provides strong protections against illegal transshipment of goods through Africa or eligible CBI countries. We need to ensure that these countries do not become stop-over points for products from countries not eligible for preferential treatment under the legislation.

International trade has been an important part of the growth we have enjoyed in the United States. Since 1994, international trade has created more than 11 million American jobs, and accounts for 30 percent of our Nation's gross domestic product. Imports have helped to hold down inflation, lower the cost of production, provide greater choice to consumers, and have given incentives to raise productivity.

As emerging markets seek to grow, it is important that the United States take the lead in offering these countries incentives to continue their economic reforms. By doing so, we will be providing the citizens of these emerging countries with more jobs, more opportunities and genuine hope. I believe a strong trade relationship is the best form of ''foreign assistance'' we can offer another country.

I thank the chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I want to address some of the statements made about the process unfolding, allegations that the majority leader has tied up the process.

The truth is, we have strong bipartisan support for this legislation. The majority leader has tried to protect the 80 or 90 Senators who support the bill to make sure we focus on the merits of the bill and not on extraneous issues that are calculated to block progress.

My friend and Finance Committee colleague, Senator CONRAD, indicated, for example, he wants to raise some amendments on agriculture negotiating objectives and trade adjustment assistance, and these amendments are relevant and should be debated. They could be, if our friends on both sides reach agreement to work together to table nontrade amendments. That is what we should be about.

Let's work together on this and begin to focus on our efforts on the bill. Let's not concede the debate to the opponents because of their procedural tactics. Let's focus on getting this bill acted upon, which is good for America as well as the CBI.

Time is running out. I think it is critically important that we bring about a process where we can move forward on this most critical piece of legislation. What concerns me is it is time sensitive.

For example, GSP has already expired. That not only works against the interests of the Third World developing countries we are trying to help, but it works against the best interests of American companies that depend on this source of supply for their material.

Yesterday, the distinguished ranking minority leader of the Senate Finance Committee made a very eloquent statement about the importance of trade adjustment to the workers who are dependent upon it. Let me emphasize, these are American workers—about 200,000.

Mr. MOYNIHAN. Mr. President, 200,000 this year, up from 150,000 last year. This is not a diminishing program. As trade grows, this number grows.

Mr. ROTH. I ask the distinguished Senator what will happen if we do not act on this legislation with respect to these American workers?

Mr. MOYNIHAN. We will have broken our word to them, that by accepting open trade policies in the aftermath of which there would be dislocations, the economy at large and the society would make arrangements for them to transfer to other work with other skills. There is no reason to think that won't happen, but without assistance it won't, and we will have broken our word which we gave 37 years ago. President after President after President has reaffirmed this, as the Senator has in this bill.

Mr. ROTH. Let me say to my distinguished friend, many years ago when the legendary Russell Long was chairman of our committee, the TAA was about to expire and no one was trying to save it. The chairman was about to rap the gavel to move on to other things. I said: Just a minute, sir. We have a commitment.

That is exactly what the Senator is claiming now. I am proud and pleased to say the legislation was continued.

It is a matter of significant concern to thousands of American workers and their families who are depending upon it. The purpose of this program, of course, is to enable these workers to be trained for new jobs, for new opportunities. We have an economy where there are, indeed, many jobs available. It behooves all to work to expedite action on this important piece of legislation.

The other point I want to underscore and emphasize, and it has been addressed eloquently by the distinguished Senator from New York, who brings so much historical background into this picture, if we don't act on this legislation, it is a denial of liberal trade policies of the past how many years—35 years?

Mr. MOYNIHAN. Sir, I go back to Cordell Hull and the Reciprocal Trade Agreements Act of 1934 which put in place the present system. As the Senator knows—I know our friend from South Carolina doesn't agree—the Smoot-Hawley tariff was a catastrophe. We have not had a tariff bill on the Senate floor since.

We now are in a difficult situation with every President, Republican or Democrat, reaffirming. A legitimate point is made that President Clinton didn't send up a request for fast-track authority in 1995; it has been delayed and we haven't gotten it. If we haven't gotten the CBI, which President Reagan promised, if we haven't gotten the African agreements, we haven't gotten trade adjustment assistance, what do we take to Seattle for the conference of the World Trade Organization?

We go as if we had thought there never should have been such an organization and didn't want it around. Why is it meeting in the United States?

Ten years ago one would not have imagined this moment.

Mr. ROTH. That is absolutely correct.

The distinguished Senator raises a most important point, going back to the need for action being taken now. The meeting of the WTO to be held in Seattle is an extraordinarily important event. It can bring about some very significant progress for this changing world where we are increasingly involved in a global economy.

It is incomprehensible that on this legislation, which has broad bipartisan support on both sides of the aisle, and has the support of the President of the United States, no action will be taken, thus giving the wrong signal to our friends, allies, and trading partners around the world as to our seriousness about moving ahead on trade policy. It looks as if we cannot take action.

Regarding fast track—and I appreciate the support Senator MOYNIHAN has given in committee—we have certainly tried to push fast track. We believed it was critically important this President, as every other President, have that authority. Unfortunately, it never happened.

Mr. MOYNIHAN. The floor not being exactly teeming with Senators wishing to join, Mr. President, this is the point: We are at a critical moment; where is the Senate?

In the absence of the Senate, let me offer some statistics about the centrality of trade. The crash of 1929 is part of American myth, tradition, history. One does not know much about American history if one does not know about that. In the aftermath, in 1930—the crash of 1929 came in October—our GDP dropped 9 percent. That is a pretty hefty drop, but stock markets go up and then they go down. When they are up, there are bargains made by selling; when they are down, there are bargains made by buying. It tends to be cyclical and does not necessarily change that much in the real world. I say again, in 1930, GDP dropped 9 percent; in 1931, it dropped another 6.4 percent. Again, that is a drop, but it is leveling off.

It was before we understood the business cycle very well, before just-in-time delivery, before countercyclical financing. The American world had never heard of John Maynard Keynes. There was learning going on, but it hadn't gotten to us. The Federal Reserve Board responded to the crash by tightening credit. They would never do that today, and they know why; they will show why in numbers.

Then came the impact of Smoot-Hawley in 1932 and the gross domestic product dropped another staggering

13.3 percent. That is when it really hit. At the same time the British had created the idea of free trade by long argumentation, good argument—reeling from Smoot-Hawley, went onto Empire Preference. They drew in and they would deal with Canada and India and New Zealand but not with Europe, not with Germany. Recall it was the Economist magazine, which I understand now has a larger circulation in the United States than it does in Britain but comparably the same readership, was founded to advocate free trade as an economic principle that worked. It did work. Great theorists such as Albert Imlah demonstrated that in the aftermath.

The Japanese, having the market here closed to them, they went to a Greater Far Eastern Coprosperity Sphere, which is a long way of saying a Japanese empire; and they invaded Manchuria, which is another way of saying China, and they began that process which ended in Hiroshima.

In 1933, the same 1933 the year after GDP here dropped 13.3 percent, unemployment was so high and social stability so weakened that a frightened German middle class elected Adolph Hitler to be Chancellor. He was chosen in the Reichstag. The rest is history.

I joined the Navy in 1943, at age 17, and a lot of other people around here did. Maybe not enough people around here did. They don't remember.

Mr. ROTH. I was one of them, I might say.

Mr. MOYNIHAN. You joined on, yes, sir. It was our generation.

Mr. ROTH. That is right.

Mr. MOYNIHAN. That is what we were there for, to fight wars that needn't have happened had the world been wiser. Not just about trade, of course not, but don't underestimate trade. We are not just talking about profits.

Mr. ROTH. Could I ask a question of the distinguished professor? We are enjoying, today, one of the greatest periods of prosperity, 8, 9 years or so, this country has undergone. Unemployment is lower than anyone would ever have predicted a few years ago. The future of this country is bright. It was only about 10 years ago everybody was predicting the United States was going down the drain and Japan was becoming No. 1. But the contrary has happened. In this period of time, we have enjoyed the liberal trade practices that began many, many years ago—what was the year?

Mr. MOYNIHAN. In 1934.

Mr. ROTH. In 1934. How can you explain the prosperity of this country, which has the most open markets of any, if not put it on the basis that a liberal trade policy does work? Unfortunately, there are some industries and some workers who do suffer. That is the reason we have TAA, to help them make the adjustment.

Mr. MOYNIHAN. Right.

Mr. ROTH. But overall, our country has never had a longer period of growth and prosperity than we are enjoying and have enjoyed. It has been enjoyed under two Presidents.

Isn't it ironic we are here debating whether or not we should extend these policies that have worked so well to a few countries that are in need of some support and help? It will not only work in their interests, but again it will work in our interest, as I think the Senator pointed out, starting with the growers of cotton, people who make the fabrics, the apparel, the wholesalers, the retailers, and the consumers. It seems to me it is almost unbelievable anyone would argue to the contrary, that we should not continue on this path of a liberal trade policy.

Mr. MOYNIHAN. Mr. Chairman, we have now reached the point where you and I are alone on the Senate floor as one of the epic decisions of this decade is about to be made. One asks Senators who might be listening: Where are you?

But the answer to your question, sir, is our learning has truly expanded. We know more about this. I mentioned 1933. In that year, John Maynard Keynes published a book in the United States called ''Essays In Persuasion.'' It appeared the previous year in Britain. He already had a pretty good record. He wrote that great essay, ''The Economic Consequences of the Peace''—of Versailles. He was on the British delegation as an adviser, and he said: It is going to be awful. Germany is not going to get over this.

That is a very famous essay—and it is sort of a joke. Winston Churchill became Chancellor of the Exchequer around 1926 and went back, took Britain back on the gold standard. He wrote an essay called ''The Economic Consequences Of Mr. Churchill,'' which he thought were pretty grim. And they were.

But, in 1933, in this book, ''Essays In Persuasion,'' he had an introduction. It is really essays over the years. He said: The economic problem is just a giant muddle. He said: We will figure it out. We will get through it. He said: I estimate by about the year 2030, we will have it pretty well under control and we can go on to other issues in life.

The Senator mentioned the existing expansion, the period of expansion. In February of the coming year, that will be in about 4 months, we will completed a period of sustained growth of 107 months, the longest in history—unless we start killing it, which is what we seem intent on doing. Of course there are dislocations brought about by trade. Joseph Schumpeter—had it not been for the Great Depression it is generally thought Schumpeter would be regarded as the greatest economist of the 20th century. He is an Austrian, ended up a professor at Harvard. In his book ''Capitalism, Socialism & Democracy,'' he speaks a phrase now in wide use, of the ''creative destruction of capitalism.'' Sure, there comes a time when shipping the cotton to mills in New England no longer makes sense. They want to have mills in South Carolina. ''Bring the mills to the cotton,'' as the phrase was. It did make sense. The next thing you know you had empty mills all up and down the river in Lowell, MA, and, I might say, in Gloversville, NY, and such like.

Yes, but did that put an end to life in Massachusetts? No. The next thing you know, Route 128 is creating enormous economic growth spurred on by computer companies. That destruction is creative because it brings better uses of resources into play. You get more than you had. Trying to keep just what you had is a formula for ruin—well, not for ruin, but for stagnation. I speak with some temerity. I was once our Ambassador to India, and I saw it happen. Tariffs you could not get through, government purchasing. The Soviet Union——

Mr. ROTH. That is correct.

Mr. MOYNIHAN. The Soviet Union, sir, what was that? Oh, yes, that was the place that was going to take over the world.

I remember a meeting in Bucharest of world trade advocates at the time. It was an international conference about the developing world. The Soviet delegate absolutely swept the conference with an announcement that, as of this moment, as a gesture of solidarity with our friends in Africa, in Latin America, in Southeast Asia, the Soviet Union is abolishing all tariffs of imports from those countries.

The conference went wild, but no one stopped to think: But, wait a minute, the Soviet Union doesn't have tariffs. Everything is bought by the government and put through collective enterprises, all of which were in ruins and eventually collapsed. This was 20 years before the whole system imploded.

We are talking for democracy, talking for vitality, talking for expansion, talking for a tradition. As Jerry Ford said yesterday in the Rotunda, he came to Congress as a social moderate, a fiscal conservative, and a determined internationalist. He was right. Can it be we have forgotten all that?

I say, again, before I yield the floor, at a critical moment in our economic history—a critical moment—we are hours away from ruinous indecision. There are three Senators on the floor. It happens we are all friends, perhaps have gotten to be more friends because we have been on the floor together for 2 days now. It is hard to understand.

Mr. ROTH. Can I make one further observation and get the Senator's reaction to it? The irony of what is before us is, if we enact this legislation, it will help the very industries about which we are concerned.

Mr. MOYNIHAN. Sure.

Mr. ROTH. It is, as we have said before, a win-win situation.

Mr. MOYNIHAN. It gives them a different mix of costs and profits, and that turns out to make them viable again.

Mr. ROTH. I point out it is projected by the industry itself that adoption of this legislation will create in the next

5 years approximately 121,000 jobs, that it will result in markets exceeding roughly $8.8 billion. The purpose of this legislation is not only to enable the textile industry, for example, to compete better at home but also to be in a better position to compete abroad in other markets. If we do nothing, as has happened in the past, we see, for example, the Chinese exports increasing.

Mr. MOYNIHAN. Right.

Mr. ROTH. What we are trying to do is make us more competitive in the industry so that it not only helps the economy but, most important, creates jobs within the industry.

Mr. MOYNIHAN. Mr. President, the chairman is doing this for the American worker. If you think otherwise, think back to opposite policies and what they brought the American worker in the 1930s. Don't think we cannot make those mistakes again. We knew enough not to do it then. We did not know exactly why. But 1,000 economists wrote President Hoover, who was a sensitive and an intelligent man. Nothing quite like that happened before; nowadays we get 1,000 a day. They said: Don't sign that tariff bill, Smoot-Hawley. Don't sign it, they said. Well, he did. It cost him the Presidency, but that is the least of it. I thank the Chair, and I yield the floor.

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

Mr. ROTH. Mr. President, yesterday, I began making some comments in answer to critics of the proposed legislation, and I want to take a few minutes to continue to answer those negative comments.

One of the questions that has been asked is: Won't this legislation result in the further erosion of America's manufacturing sector?

None of my colleagues who have risen in opposition to this bill have addressed its specifics. The reason is that, unlike the House-passed Africa bill, the Finance Committee measures are drafted in a way that ensures a benefit to the American industry as well as our African, Caribbean, and Central American trading partners.

I made passing reference just now to the specifics and how it would impact on the industry and the American worker. What my colleagues who oppose the bill have done is raise several general arguments against trade that I thought might still be helpful to address.

One of the arguments that falls in that category is the argument that trade has led to an irreversible decline in U.S. manufacturing, and that any trade measure, even this one, would simply worsen that decline. Let me take that head on.

America is not losing its manufacturing sector. By any measure, it is doing a lot better than some of my distinguished colleagues seem to think. There is no question that manufacturing has declined as a percentage of the U.S. economy. Manufacturing, as a portion of GDP, has declined steadily since 1960, from 27 percent of GDP to 17 percent of GDP by 1996. But does that mean the United States is losing in the international arena? The answer is no.

According to the International Trade Commission, all industrial countries have faced a similar percentage decrease in manufacturing as a share of GDP from about 28 percent in 1970 to about 18 percent in 1994.

Does the decline in manufacturing as a percentage of GDP mean that American industry is in decline and output is falling?

Again, the answer is no. In fact, America's industrial output expanded 62 percent for the period from 1977 through 1996. Let me repeat. The fact is, America's industrial output expanded 62 percent from 1977 through 1996, a period that critics of our trade policy think of as the worst stages of our industrial decline.

American manufacturing added a net figure of 4.4 million new jobs during that same period, or an increase of 31 percent in employment in the manufacturing sector.

These are very important statistics, I believe. It bears out what the distinguished Senator from New York was just pointing out.

Are we being beaten in this measure of international competition? Again, the answer is no. According to a most recent edition of the Economist, which I think is one of the best periodicals available today, American industrial production is up by 35 percent over 1990.

During that same period, Japanese industrial growth fell by 5 percent. What a contrast. Ours grew by 35 percent; Japan's fell by 5 percent. This was the world where our country was going to be down and Japan was going to take over.

Industrial output in Germany has remained a sluggish 4 percent over the same 10 years, while French and British industrial production grew by only 8 and 9 percent, respectively.

Is there employment available for those workers who have lost their jobs due to an increase in productivity? As Senator MOYNIHAN and I were commenting earlier, the answer is yes. We have never seen such low unemployment as this country is enjoying today.

The American economy currently enjoys the lowest unemployment in history and rising wages across the board, even for the unskilled who have dropped out of school rather than finishing their education.

Mr. MOYNIHAN. Would my friend allow me to make a comment in the form of a question?

Mr. ROTH. Please proceed.

Mr. MOYNIHAN. In terms of how we are progressing and what we are learning, the Senator mentioned we have the lowest unemployment rates in 30 years, and for the longest time we also have had the lowest inflation rates.

Mr. ROTH. That is correct.

Mr. MOYNIHAN. Twenty years ago, statistics proved that was not possible. There were something called the ''Phillips Curve'' that said: There is a trade-off; the lower your unemployment rate goes, the higher your inflation rate goes. And everyone said, oh, God, we can't get the unemployment rate down too much because that will spark inflation.

If I can just be reminiscent and tell war stories in this crowded Chamber, where I see we are back to three Members—well, the distinguished Senator from Illinois is presiding; and it is an honor to have him in the Chair—in 1963, the Council of Economic Advisers, then chaired by Dr. Walter Heller of the Kennedy administration, was putting together the economic report. This report was created by the Employment Act of 1946 which gave us the institutionalized, countercyclical economic notions.

They said: We should have a goal; we should set as a goal for the country an unemployment rate of 4 percent. Now, it won't be easy, but we should be bold.

In the Labor Department we were sort of distressed because we had dreams of unemployment below 4 percent. So we got them to change the text and make it an interim goal of 4 percent—again, a dream.

Sir, we now are routinely close to 4 percent, have been for almost a year. Thirty years ago, it was something you could not imagine. In a rousing economic report—if there is such a thing—you could say, let's do things that are unimaginable. Now we do not even notice when they are reported every month. It is working. Why put it in jeopardy?

Mr. ROTH. I could not agree more with what the Senator just said. I think this is one of the brightest periods in history with respect to our country. I think there is enough credit for everyone to claim.

Mr. MOYNIHAN. Sure.

Mr. ROTH. But I think the——

Mr. MOYNIHAN. But, sir, would you allow me? If we let this calamitous event take place of bringing down this trade bill there will be plenty of blame to go around, too.

Mr. ROTH. I agree with you.

Mr. MOYNIHAN. To go around and around and around.

Mr. ROTH. As you and I have pointed out, a majority of the Senators on both sides of the aisle are supportive of this legislation.

I do wish some of those who are supportive would come down and give their reasons why it is so important that we move ahead with this legislation. It would be a shame if we lost this opportunity to take a step forward. Because, if I might say so, we are not only losing the opportunity to act on this legislation, which in and of itself is so important, but it helps give what I think is the mistaken message to the world that we are no longer interested in liberal trade policy, particularly in view of the fact that we will be going, hopefully, out to Seattle in a few weeks to take the next step forward in broadening and liberalizing markets, making them more accessible to everyone, which, of course, is particularly in our interest because the United States has the lowest tariffs, the most open markets. It is important that we move ahead and begin to negotiate access to other markets.

Mr. MOYNIHAN. May I inquire, will you say that again and again and again? The United States has the lowest tariffs of any major economy in the world.

Mr. ROTH. That is correct.

Mr. MOYNIHAN. The only outcome of having negotiating power and a negotiating round is to reduce the tariffs of other people.

Mr. ROTH. Absolutely.

Mr. MOYNIHAN. And it is in our interest to do it.

We have heard talk about the subsidies of the European Union, and so forth. You do not get anywhere with subsidies.

Mr. ROTH. That is right.

Mr. MOYNIHAN. You get elected 1 year, and so forth. But the economy doesn't.

Mr. Chairman, thank God, you are where you are. But where, sir, are the others?

I see our distinguished friend is in the Chamber. We have reached a critical mass. There are five Senators in the Chamber—six. Yes, six. Perhaps the word is getting around that something of great consequence is going to happen today—or not.

Thank you, Mr. Chairman.

Mr. ROTH. Thank you, I say to Senator MOYNIHAN.

Mr. President, I yield the floor.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I thank the Chair.

I come to the floor today to add my voice in support of this very important piece of legislation in the hope that, as we continue to talk about the great strengths and characteristics that make this a good bill and the importance of continuing this open trade, we can build enough support to pass it, to get over whatever procedural hurdles are present.

I thank the Senator from New York and the Senator from Delaware for their bipartisan leadership. With all due respect to the opponents, let me make a few points about this African Growth and Opportunity Act.

When the United States can do something that extends opportunity to countries that need our assistance while at the same time benefiting American workers and industry, I believe we should take that step. We can, by voting for this bill, elevate the commercial exchange between Africa, the Caribbean, and Central America—hopefully, if that piece can be added—and the United States. That is what this bill attempts to do.

My State, Louisiana, is smart and blessed to have positioned itself at the mouth of the Mississippi River. It is how our State began. It is how the city of New Orleans and communities began hundreds of years ago and developed into a State.

It is impossible to overstate the river's importance to the economy of our Nation, but the Mississippi River is more than just a way to move goods within the United States. It is also the primary artery for north-south trade among the United States, Canada, and developing countries to the south. And therein lies so much potential for them and for us. At this time, much of America's trade flows in an east-to-west direction, between Europe and the east coast or Asia and the west coast. We have all benefited, some to a greater degree than others, and there have most certainly been changes, but we have all benefited from that flow. While Louisiana benefits and participates, it does not make use of Louisiana's national geographic advantage.

We will continue to benefit in an even greater way by increasing the north-south flow. For this reason, when the United States has the opportunity to increase trade on the north-south axis, I can be confident we will increase those benefits to our State and the Nation.

Although it has come under some criticism, the best example for Louisiana is NAFTA. By promoting trade among Mexico, the United States, and Canada, NAFTA moves goods along a north-south corridor that naturally produces growth for our State. The results have been quite dramatic.

In 5 years since NAFTA was enacted, Louisiana's trade with our partners has increased 134 percent. Louisiana's exports to Mexico alone were up 34 percent last year. This trade increase supports over 10,000 jobs in my State and is growing every month. Thus, from the standpoint of enlightened self-interest, the majority of people in Louisiana support the expansion of trade between our other southern trading partners in Latin America, the Caribbean, and, yes, Africa.

This bill is also about the United States paying more attention, serious attention, to a continent we have in many ways ignored. Such an effort is too long in coming. Until now, United States policy in Africa has really operated in two modes: benign neglect and cold war gamesmanship.

Our Government poured aid into Africa when it was an active battleground in the ideological struggle of the cold war. We made many mistakes in our efforts to be helpful. We supported governments that paid only lip service to democratic principles and cared little about the infrastructure necessary for a modern market economy. Much of our aid was wasted—I am sure some of it went to very good use—and the series of wars and human tragedies have left the American people somewhat jaded about the prospects for real reform in Africa.

Our neglect of this continent, with some exceptions, obviously, is starkly pointed out by our trade and investment statistics. Only 1 percent of all United States foreign direct investment goes to Africa. Of that 1 percent, half of it is in the petroleum sector, which obviously we, in Louisiana, know something about. The majority was concentrated in only five countries. That leaves 43 other nations in Africa with virtually no contact with the American system of free enterprise.

I believe the American people understand this is a continent we cannot afford to leave behind and we cannot afford to develop a society in this world of haves and have-nots. The stresses that such disparities produce inherently rip at the fabric of our society, cause upheaval, and ultimately can, as we have seen on occasion after occasion, decade after decade, century after century, turn to severe violence and war.

The disparity between the United States and nations such as Tanzania or Malawi makes the difference between the rich and poor within our own country seem laughable. Yet we wonder where rogue nations come from. We wonder what prompts them to act in violent and, in our idea, irresponsible ways. When people in our country are not vested in the development of our society, when they believe they have nothing at stake in the community, crime and violence result. The international community is no different.

Would the Sudan be a rogue state if it had a serious trade relationship with the United States and Europe? I do not believe so. Unfortunately, much of Africa finds itself ignored and divested from the world community. Again, the figures paint a stark picture. For 20 years, the gap between the level of economic development in Africa and the rest of the world has not closed; it has widened. Declining commodity prices cost Africa $50 billion in export earnings. This is twice as much as they received in foreign aid between 1986 and 1990. Fifty percent of all Africans live below the poverty line; 40 percent live on less than $1 a day. And debt service claims over 80 percent of Africa's foreign exchange earnings.

It is no wonder that, given this bleak picture, trade relations with Africa need a jump start, not only for Africa's benefit but for our benefit, for South America, for the Caribbean, and for every State in the Union, particularly those that have the infrastructure to offer for north-south trade.

The African Growth and Opportunity Act would open up American markets to apparel and other goods produced in Africa, but with the right percentages and the right mechanisms and methods for much of those goods and services to also have value added here, which would preserve jobs.

As the amazing growth of East Asia has demonstrated, apparel is a natural entry point into manufacturing and a natural source for more robust trading relations with the United States and Africa.

The Senate version of this bill ensures the benefits of this relationship will not be one-sided but will be mutual, as only apparel utilizing American-produced textiles will receive the GSP benefits. Thus, a steady two-way traffic can develop between the United States and Africa. Such a system of mutually beneficial trade can only enhance prospects of further American investment and interest in the African market, creating jobs both there and here.

For my home State of Louisiana, this is a very good deal. My friend and colleague in the House of Representatives, BILL JEFFERSON, has been one of the principal advocates for this legislation because he understands the mutual benefit for our State and many States in this Nation and this continent. Furthermore, as home to one of the most significant ports in the world, trade in either direction translates into highway jobs for citizens of Louisiana.

With regard to the criticisms of some of my colleagues relating to the dangers of labor standards and environmental degradation, I take these critiques and critics very seriously. I, for one, most certainly don't want to be a part of any trade relationship that does not promote good and progressive environmental policies and labor policies. The only long-term answer to both of these problems is economic growth. No country will address labor relations when 50 percent of its people live in poverty. No country can protect its environment when people are struggling to be kept alive. Poaching, deforestation, slash-and-burn agriculture, these are all the results of too little trade, too little investment, and too little exchange with more developed countries.

This is not to say we should abandon American standards and principle—to the contrary—but, rather, we should look at what has happened in Southeast Asia. As those economies have grown, so have wages and so has concern for the environment. Engagement is required because the status quo is even less likely to produce the kind of environmental goals we want to achieve and to address the rights of workers everywhere.

I am saddened to know that despite the importance of the African Growth and Opportunities Act, it is unlikely to receive a vote on final passage. The vast majority of this Senate, I believe, want this bill enacted. I understand that we are late in the year and procedural difficulties could absorb the little time we have remaining. However, I must say that when it comes to the question of world leadership, the Senate should make time for these kinds of discussions. The Senate floor has seen many items debated that have not enjoyed the broad-based support this legislation does. So I remain hopeful our differences can be worked out because this and other trade bills and provisions are so important to help us maintain the upward mobility we are experiencing in America, the tremendous growth of opportunities in jobs and wage improvements that can only help if these agreements are done in the right way in countries around the world and particularly throughout the Southern Hemisphere.

I just want to end briefly with a statement about the Caribbean Basin Initiative portion of this bill. I had the opportunity to visit Central America in the wake of the hurricane in Honduras and Nicaragua. They were devastated, set back over a decade or two, according to some analysts who spoke about the devastation that hurricane wrought. It was a terrible time for it to hit, just when they were coming into a democracy and when the economies were expanding. When I visited—as many Republicans and Democrats did—with the Presidents of these nations, yes, they asked for us to help repair their highways, and they asked for our military to engage, particularly our Reserves, which we were proud to send down to help them dig out and rebuild. The one thing they asked for more than anything was the Caribbean Basin Trade Initiative so that they could work themselves up, so that they could help produce new jobs, not only in the Caribbean, not only in South America and Central America, but here in the United States of America.

So let us learn from the past. Let us look confidently toward the future. Let us not cower back because the rules may be different and because globalization is upon us. Let us be brave and go forward, recognizing that global trade brings wealth and opportunity, and not only more to our Nation, but it is the only thing that is going to help close the tremendous gap of wealth in this world, which, if we don't close, will produce nothing but unrest, violence, and war in the future.

So for all those reasons—primarily for economic development but also for world peace—let us be about the business of trade. That is what today is about.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. ROTH. Mr. President, the critics of an open and forward-looking trade policy would prefer to avoid a debate about the actual facts regarding the United States economy. Let me give you some examples.

According to the International Trade Commission, from 1970 to 1997, the percentage of U.S. GDP involved in international trade more than doubled—from 11 percent of GDP to 25 percent of GDP. If the opponents of this bill were right in their criticism of U.S. trade policy, the United States should be facing a precipitous economic decline. In fact, the United States' GDP roughly quadrupled over the same time period from $2 trillion to $8.2 trillion.

If the opponents of this bill were correct in their criticisms of our trade policy, we should have seen a dramatic rise in unemployment along with the predicted decline in output. In fact, from 1970 to 1997, the American economy produced a net increase of 33.5 million jobs.

To put that in context, the American economy produced more than three times the number of new jobs than the entire G–7 industrial countries combined. Rather than facing the double-digit unemployment that Germany faces, U.S. unemployment stood near 4 percent.

The opponents of this bill often finger our trade policy as the culprit in a decline in real wages from 1978 to 1997, because trade as a percentage of our economy doubled while real wages fell. In fact, while wages fell, the overall benefits of the entire package of compensation and benefits offered to workers actually increased by 2 percent.

That is not to deny that there is a growing gap between the pay of our highest paid workers and our lowest. There is little doubt that this gap has grown.

But, we owe it our to ask three basic questions? First, is the gap, in and of itself, a problem if everyone is better off? Second, is the gap attributable to trade as the critics complain? Third, is slowing the pace of trade liberalization, or, worse yet, the imposition of actual restraints on trade, the right policy to remedy the inequality in wages?

As to the first point, the growing gap in wages is not necessarily a problem if everyone is better off at the end of the day. As noted above, while wages fell at the low end, the overall package of benefits increased over the past two decades. Furthermore, real wages are once again on the rise, including at the low end.

But, even if wages were, in fact, stagnant, trade would help. Trade makes a broader range of higher quality goods and services available to all wage earners in the economy. In other words, trade helps ensure that even the lowest paid sectors of the economy can get higher value for their dollars than would be the case without the competition trade brings.

As for the second question, whether trade is the culprit in wages in equality, the answer is that trade has some impact, but not as much as the disparity in income between different levels of education.

Education also gives you the tools to remain flexible as the conditions of your current employment changes or as employment changes generally. That is why the economy pays a premium to those who made the sacrifices it takes to succeed in getting a high school education, a college education, and post-graduate education as well.

Our economy rewards academic achievement. There is no doubt about that. But, should we change that? Should we eliminate any incentive to achieve a higher education as a way of eliminating the wage gap? Few people would suggest that that is an appropriate response.

But, that really focuses our attention on the third question—whether slowing the process of trade liberalization or imposing trade restraints is the right answer to address the wage gap. The answer is no!

Imposing restraints on trade would, at best, be an indirect, inefficient, costly, fourth-best option. If the disparity in wages relates to academic achievement, trade restraints will not address the problem, much less solve it.

Indeed, if the problem is one of encouraging improvements in our educational system and encouraging our youth to remain in school, imposing restraints on trade is simply self-defeating. Trade restraints will do nothing to improve educational standards or improve school attendance or achievement. It will simply impose higher costs on consumers.

And, on whose shoulders will those higher costs fall? Those higher costs will fall disproportionately on the lowest economic sectors in our society. In other words, the burden of trade restraints will fall on precisely on those groups that the critics of trade purport to want to help because of what they perceive as an inequitable gap in wages.

Why is that so? The reason is that trade restraints like tariffs and quotas are hugely regressive. Our highest tariffs fall on staples such as food and clothing.

That is an inconvenient fact that the critics of trade would prefer not to publicize. What that means is that those workers that now receive relatively lower wages would pay the cost for any increase in trade restraints, which would exacerbate the inequality between the high and low end of the pay scale, rather than reduce it.

If we actually want to do something about wage inequality, we should avoid using the gap in wages from the high end to the low end as an excuse to provide protection for certain industries in this country and impose higher costs on consumers. Rather, we should be concentrating on improving our primary, secondary, and post-secondary education.

That is but one of the appropriate responses to the rising wage gap. But I understand the arguments that you can't take a former textile worker and retrain him to be a computer programmer.

That is why we should also pursue policies that will increase the amount of capital flowing within and into the United States.

This helps those at the bottom in two ways. If the amount of capital increases relative to labor, it will demand more labor to fully employ itself and appreciate in value.

It also raises the productivity of those at the bottom, making them more valuable, and they will be rewarded for such productivity accordingly. This can summed up succinctly by one question—which high-school level worker gets paid the most to dig a hole, the one who uses a spoon, a shovel, or an excavator? The answer is obvious, and the difference between the three is not education, but the capital that they employ to produce.

Ultimately, all economic growth is the result of risk-taking on new ideas that increase our productivity—thereby increasing our standard of living. When we lower the government barriers to risking capital, like we did in the Taxpayer Relief of 1997, which included a large cut in the capital gains tax, the creation of the Roth IRA, and cuts in the estate tax, capital becomes more abundant, fueling the real wage increases, stock market increases, and economic growth we have seen in recent years.

The stability of the dollar in the past two decades, as opposed to the turmoil of the 1970's, has also greatly contributed to capital formation, not only because the tax on capital is unindexed for inflation, but also because currency instability increases the risk associated with all economic activity.

When we lower these barriers and risks, those with capital will risk it on those without capital, but who possess a surplus of time, energy, talent, or ideas.

These ideas, anything from a better mousetrap to the personal computer, allow us to produce more out of less—raising living standards of all sectors of the wage base.

These are the most direct responses to the rising wage gap, and also the most efficient, least costly, and potentially successful answer to wage and income inequality. Calling for an end to trade liberalization will not help. Nor will opposing this bill.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BUNNING). The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. HOLLINGS. 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. HOLLINGS. Mr. President, it is a little difficult to have coherence with respect to this debate. I had hoped we would avoid getting back to Smoot-Hawley and even Hitler. I know Pat Buchanan—one of the enthusiasts for competitive trade—and I think he is right on trade. Unfortunately, he has suggested in his recent book we ought to be more considerate of Hitler. A notion that is pure nonsense.

On this issue, the Senator from New York cited Smoot-Hawley, the Depression, and Hitler. If you listen to the gentleman and are not fully aware of all the facts, one would think this is a bill to avoid a depression and avoid ''Hitlerism'' or some other possibility.

With respect to Smoot-Hawley, we had a good debate some 15 or more years ago. I will never forget it. The late Senator from Pennsylvania, John Heinz, and myself had to correct that record. We got the Don Bedell Associates study of Smoot-Hawley.

The crash occurred in October of 1929. That is when we all went broke. That could easily happen with what is going on right now, if some of the signs we are reading on the horizon come to bear. Not being an alarmist and being a realist, let's look at Smoot-Hawley.

First, it occurred some 8 months after the October 29 crash, in June of 1930. It did not cause the crash, Hitler, the Depression, or any of the other disasters of the thirties. On the contrary, it did not affect trade to any extent. The tariffs in question affected only one-third of our trade; two-thirds were unaffected—causing no impact whatsoever with respect to trade.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HOLLINGS. 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. HOLLINGS. Mr. President, continuing with respect to the amount of trade affected, it was just at a third or a little less. Trade itself was somewhere around 1.5 percent. There was some argument about it being 3 percent of the GNP. Now it is 25 percent.

I am trying to give a comparison so you get a feel of the exact impact upon the economy.

The tariffs in question affected only $231 million worth of products in the second half of 1930—less than 1 percent of the world trade. So it did not have any real effect on world trade.

In 1930 to 1932, duty-free imports into the United States dropped at virtually the same percentage as dutiable imports.

So what you do is you look at the effect of Smoot-Hawley, and look how unaffected free trade really was mostly due to the worldwide depression. But namely, talking about cause and effect, we are both discussing the effect, but not the cause; because the cause was not Smoot-Hawley.

When taken into account, Smoot-Hawley only affected a fraction of the trade. Only 33 percent of the $1.5 billion of U.S. imports was in the dutiable category. The entire impact of Smoot-Hawley has to be focused on the $1.5 billion number which was barely 1.5 percent of our GNP.

I have a better authority than any, I think, with respect to Smoot-Hawley. Paul Krugman, in ''The Age of Diminished Expectations,''—I finally found his quote—and I am quoting from page 64:

Although protectionism is usually a bad thing, it is worth pointing out that it isn't as bad as all that. Protectionism does not cost our economy jobs any more than the trade deficit does: U.S. employment is essentially determined by supply, not demand. The claim that protectionism caused the depression is nonsense; the claim that future protectionism will lead to a repeat performance is equally nonsensical.

Mr. President, there you are. Any time they get in trouble and they do not have the facts with them, then they go off and try to get you into a miasma of history and how we have had bad times, and now we have good times—the best of times—and how we are going to create all of these jobs. The group that says it is going to create jobs is the same group mentioned in 1993 in Capital City's Media Women's Daily, where the article from November 16 states:

That was the battle cry Monday by directors of the American Textile Manufacturers Institute, who in a last-ditch effort to solidify congressional support for NAFTA, pledged not to move any jobs to Mexico in the pact as passed. The ATMI Board, made up of firms representing every facet of the textile industry, voted in favor of the resolution which said their companies would not move jobs, plants, or facilities from the United States to Mexico as a result of the North American Free Trade Agreement.

What are the facts? Dan River is about to build an integrated apparel fabrics manufacturing plant in Mexico. Tarrant Apparel purchased a denim mill in Puebla, Mexico; DuPont and Alpek are going to build a plant in Altimira, Mexico and form a joint venture with Teijin; Guilford and Cone Mills are to create a Mexican industrial park known as ''textile city''; Burlington Industries is going to build a new Mexican plant to produce wool products.

I hear about the 127,000 jobs that the industry says it is going to create. I heard that NAFTA was going to create 200,000 jobs.

I know categorically from the Department of Labor that we have lost 420,000 textile jobs since NAFTA was introduced. We have lost exactly 31,700 jobs in South Carolina alone. You only have to turn to the articles by Kurt Salmon Associates—and I quote from August of this year:

More textile mills are funneling plants and investment into Mexico to be closer to the cut-and-sew apparel factories that have already migrated south of the border, according to a new analysis. A flood of low-priced fabric and fiber imports from Asia has pressured domestic manufacturers to respond by seeking ways to cut their own costs.

The Kurt Salmon Associates report continues:

Since NAFTA's passage in 1994, Georgia has lost 28,000, plus two textile—30,000 apparel and textile jobs.

So we have lost 31,700 jobs. They have lost 30,000. That makes, as you go over through the other States and the other communities, some 420,000 in just textile jobs alone.

Rather than a balance of trade that they are talking about—a win-win situation, that the industry is for this, everybody is for it. We heard that cry before, too. It was going to create a positive balance of trade. We were at $5 billion at the time we passed NAFTA, a $5 billion-plus balance of trade. Now we have a negative $17 billion balance of trade with Mexico.

So the proof of the pudding is in the eating. As I said before, there is no education in the second kick of a mule. This NAFTA proposition that they are trying to spread to the CBI and the sub-Sahara at the same time, it reminds me of an insurance policy contest that they had for a company down in South Carolina years back. The winning slogan for the particular company was: The Capital Life will surely pay, if the small print on the back don't take it away.

Here we extend this to the CBI and then to the sub-Sahara; or to the sub-Sahara and then to CBI—either way. I think it is really going to the CBI; and it is going to be kept there and then taken away from the sub-Sahara. They are not going to invest all the way over into Africa when they all just pell-mell are going down there hand over fist to come into the Caribbean production.

I was just referring to Mr. Farley and Fruit of the Loom and how they have already eliminated 17,000 jobs in the Presiding Officer's State of Kentucky. They eliminated another 7,000 jobs in Louisiana. They have moved to the Cayman Islands. So they are foreign companies. It is getting to be where we have to sort of sober up and understand what the real facts are.

Trade, reciprocity—that is exactly what he called it—reciprocal trade policy of Cordell Hull back in the 1930s. We had reciprocity. We had a modicum of it even in NAFTA, even though it didn't work. But we had the side agreements on the environment. We had the side agreements for labor. We had reciprocity. We go down the list, and we find out now we are going to do away with all of the particular tariffs with respect to the United States for the CBI, sub-Sahara.

Let's see what the CBI—Dominican Republic has a 43-percent tariff; El Salvador—some of these include VAT, a value added tax—El Salvador, 37.5 percent; Honduras, 35 percent—this is all on textiles—Guatemala, 40 percent; Costa Rica, 39 percent; Haiti, 29 percent; Jamaica, 40 percent; Nicaragua, 35 percent; Trinidad and Tobago, 40 percent—the United States is already giving it the store. We have already lowered ours to 10 percent. There is a 5-year phaseout. We have had a 10-year phaseout of the Multifiber Arrangement. Now we are going into the fifth or sixth year, so we only have another 5 years. And the real impacts, the heavy reductions on the good traded articles—we do trade some in textiles—is going right on out of the window. So, yes, you have some fabric boys calling us and saying: Wait a minute, Senator, we are for this bill. That is shortsighted. It is just like all the apparel jobs—about gone.

What is happening, as Kurt Salmon Associates says, they want to locate the fabric plants near where the sewing is and where the apparel is. It is just an economy of production, an increase in productivity. So they are moving down there more and more. So the fabric boys are calling on the phone. Give them another 5 years, I can tell you here and now; they will be gone.

I know this: Any good businessman in textiles looking at this situation says, with 5 years—wait a minute—to put in this new machinery, this new spindle or otherwise—says: I can't get my money back in 5 years. It is going to take me 9 to 10 years to get my money back. I just don't buy it. I don't get productivity. And then the politicians will run around on the floor of the National Government hollering: They have to be more productive; they have to be more productive. And who has cut off the productivity? We have.

What about tariffs in Africa? Central African Republic, 30 percent; Cameroon, 30 percent; Chad, 30 percent; Congo, 30 percent; Ethiopia, 80 percent; Gabon, 30 percent; Ghana, 25 percent; Kenya, 80 percent; Mauritius, 88 percent; Nigeria, 55 percent; Tanzania, 40 percent; Zimbabwe, 200 percent. There they are.

What is really going to happen, from practical experience, is transshipments. Let me say a word about the transshipment problem. I will never forget. It was 1984; this Senator got 500 additional customs agents into the Treasury-Post Office appropriations bill, and they didn't hire them. We kept on pleading, and by the end of the 1980s, we finally got President Bush, and he put on some extra ones. But we haven't gotten any extra ones since that time.

We go to the customs agents, and they say yes, it is still at least 5 billion in transshipments, but they say: Senator, you want us to stop T-shirts or drugs? And you look them in the face and say: Well, of course you have to stop the drugs. They say: That is all we have got.

Now they are talking all over the Halls in both Chambers of a 1½ percent cut. And now we have just been educated by CBO that 1½ won't work, it will take at least 5.8 percent. And then if you don't, if you are going to exclude, say, defense and others, emergency ones, it is going to take an 11.8-percent across-the-board cut. So they are debating over on the House side right now is this so-called cut bill. But what they are debating is a cut in customs agents and a cut in enforcement.

Our African friends, I know they changed their vote with respect to human rights in the United Nations some 4 years ago or 5 years ago. We had passed a resolution in the general assembly, and we will set up the hearings. We never have had the hearings.

Our Chinese friends went down into Africa. They have made all kinds of friends there over the years. I will never forget over 25 years ago when I was in Zaire, it was the Chinese building the railroad from the hinterland out to the coast, down the Congo. They have had all kinds of contacts down there with Nelson Mandela and many others. They will get their plants and transshipments, and they will be coming through Africa. And our folks will be working still at customs looking for drugs coming up from Colombia and South America and little inspecting will done concerning transshipments in the area of African trade.

In reality, you are really fattening the competition in the Pacific rim all under the auspices and the gist of free trade. Let's say we are going to allow our textile boys to compete with the Pacific rim industries. That is why I put in that book.

Do we have the book of all the fabric manufacturers? I don't want to put the entire book in, but we included just those entities that had invested already down in Mexico—referring, of course, to Davidson's Textile Blue Book. You can see here the fabric resource list. We will include all of these pages—not the book, but pages 345 through—well, just the fabric—well, we can include the yarns, too, natural fibers; they have yarn forward on 807, 809.

That is too much to include in the CONGRESSIONAL RECORD. Just on the fabrics, not just the yarns forward, would be 11 pages.

As I related on yesterday, all you need do is go from southern California into Tijuana, and you can see that you think you are going into Mexico, but it looks as if you are going into Seoul, Korea. There is nothing but Korean plants all over it. I have been there. I have traveled to other parts of Mexico. I think we ought to say a word, though, with respect to the wonderful economy we have. Do we have that article?

I was talking earlier about the economy and the devastating effect this would have on the economic strength, the security, of the United States upon a three-legged stool: One leg of values as a nation is unquestioned; the second leg, that of military and the only superpower left; the third leg of the economics has been fractured. They used the 17-percent figure, but the most recent figure I had of workforce and manufacturing had gone from 26 percent 10 years ago down to 13 percent. What happens is, since we are not saving here, I had the article where we are actually consuming more than our increase in productivity. If you can find that in here—I am not sure that is the same article I was looking at. It was three weeks ago in Newsweek where they pointed that out. Last week, Mort Zuckerman, in U.S. News and World Report, talked about the two levels of society and the split we have there.

We see signs on the horizon now of trouble. We are not pessimists, and we are not necessarily optimists; we are realists. As I pointed out earlier, the deficit at the end of last month for the fiscal year 1999 was $127 billion. It is not a surplus—not as they reported in a Washington Post story that was added earlier today to the RECORD—that said for the first time since the Eisenhower days we had back-to-back surpluses. That is absolutely false. It is a $127 billion deficit, according to Treasury figures. They could be interpolated by the CBO about funds carried forward. And it says there might be about $16 billion.

When my distinguished friend from New Mexico put this balanced budget law through in 1997, I said: If the budget is balanced under your act, I will jump off the Capitol dome. We knew it would not be. We know now it isn't. When you are still spending $100 billion more than you take in and you are increasing your deficit from last year, as we are going to do already this year, we just go pell-mell down the road. Your interest debt increases, your interest cost increases, and so your spending increases. And they want to give all kinds of tax cuts and spending.

I know I am on pretty solid ground. So when the President said—I wish I had that article of yesterday from the Washington Post. It was on page 3 or 4. I want to give some credibility to what I am saying. It is difficult when you are the only one saying there is a deficit. The newspapers say surplus, the President says surplus, the majority leader says surplus, the minority leader says surplus, the Democrats say surplus, the Republicans say surplus; and you come along and say there is a deficit. You have to have support for what you are doing. So I put in this sheet of paper earlier with respect to the Treasury figures. I am glad to put it in again, if I can find a copy of it. I will ask the staff to get a copy of that sheet from the Treasury Department we were inserting into the RECORD so we can see exactly—I am not just saying it is a deficit, it is the Treasury Department saying it is a deficit. So we will find that.

Right here in this morning's paper it says we are not spending more money than we are taking in. It is as usual. As Tennessee Ernie said, ''another day older and deeper in debt.''

Can we get Thursday's Washington Post, which is easily had, and the sheet of paper from the Treasury Department? I know they made a copy. Here it is. ''Hill Negotiators Agree to Delay Part of NIH Research Budget.'' The subheadline is ''The government has recorded its first back-to-back surpluses since 1956–57.''

Mr. President, this says:

> Meanwhile, figures out yesterday showed that the federal government ran a surplus of $122.7 billion in fiscal 1999 . . . the first time the government has recorded back-to-back surpluses since the Eisenhower administration in 1956–57.

Absolutely false. There isn't any question about it.

I will retain this floor. I know others like to talk about different subjects, but I have had a difficult time this morning trying to get a word in edgewise about this particular trade bill.

If we find the Treasury sheet that was issued yesterday, it is a whole report—I didn't want to put the entire report in the RECORD, but if we can find that sheet, we will include it. It is page 20.

I have my hand on another copy right here. This is page 20 of the Department of the Treasury report, table 6: ''Means of financing the deficit or disposition of surplus by the U.S. Government, September 1999, and other periods.''

Then you will see the account balances column, current fiscal year of total Federal securities. In other words, how much did we have to borrow? We have the figure here at the beginning of the year; it is $5,478,704,000,000. Then you look at the close of the fiscal year, and it is $5,606,486,000,000—a deficit, not a surplus, of $127.8 billion. That is as of yesterday. But if you read the headline in the paper, they have ''back-to-back surpluses,'' and we have another deficit in excess of over $100 billion.

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

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

[From the Washington Post, Oct. 28, 1999]

HILL NEGOTIATORS AGREE TO DELAY PART OF NIH RESEARCH BUDGET

(By Eric Pianin)

House and Senate negotiators yesterday agreed to delay a big chunk of the research budget of the National Institutes of Health, as they struggled to find new ways to hold down costs and stay within tight spending limits.

With concerns rising over their plan to cut programs across the board, Republicans leaders are once again turning to creative accounting tactics to make sure their spending bills are lean enough to avoid tapping into Social Security payroll taxes.

The last of the 13 spending bills to be considered by Congress, a giant $313 billion measure funding labor, health and human service programs, would provide the NIH with $17.9 billion for fiscal 2000, a 15 percent increase that exceeds the administration request by $2 billion.

But the bill, which will be considered by the full Congress today, would require the NIH to wait until the final days of the fiscal year in September to use $7.5 billion of that money. The tactic is aimed at limiting the actual amount of money that the government will spend at NIH in the current fiscal year; the plan would essentially roll over $2 billion of spending to next year.

The Clinton administration warned that the move would seriously hamper research efforts and impose significant administrative burdens on NIH, and congressional Democrats complained that it was yet another step eroding GOP credibility on budget matters.

But Senate Appropriations Committee Chairman Ted Stevens (R-Alaska) said Congress was justified in its use of accounting ''devices'' to cope with emergencies and pressing budget priorities that exceeded what Congress had previously set aside to spend this year.

The various devices are crucial to the GOP's campaign to pass all 13 spending bills for the fiscal year that began Oct. 1 without appearing to dip into surplus revenue generated by Social Security taxes. GOP leaders last night put the finishing touches on an unwieldy package that includes both the labor-health-education bill, the District of Columbia spending bill and proposal for a roughly 1 percent across-the-board spending cut.

Democrats maintain the ''mindless'' across-the-board cuts would ''devastate'' some agencies, hurt programs for mothers and children, and trigger large layoffs in the armed services. But House Majority Whip Tom DeLay (R-Tex.) said accusations the cuts would hurt defense were ''nothing but hogwash.'' He said the criticism was coming from ''the same officials who have sat by idly as the president has hollowed out the armed forces.''

President Clinton has vowed to veto the huge package, as he has three other bills, and there is no way the two sides can reach agreement before a midnight Friday deadline. With neither side willing to provoke a government shutdown, the administration and Congress will agree on a third, short-term continuing resolution to keep all the agencies afloat while they continue negotiations.

While the Republicans and the White House are relatively close in negotiating overall spending levels, there are serious differences over how to spend money to reduce class sizes, hire additional police officers and meet a financial obligation to the United Nations, as well as disputes over environmental provisions in the bills.

Meanwhile, figures out yesterday showed that the federal government ran a surplus of $122.7 billion in fiscal 1999 (which ended Sept. 30), the first time the government has recorded back-to-back surpluses since the Eisenhower administration in 1956–57.

The 1999 surplus was almost double the 1998 surplus of $69.2 billion, which was the first since 1969. While the 1999 surplus was the largest in the nation's history in strict dollar terms, it was the biggest since 1951 when measured as a percentage of the economy, a gauge that tends to factor out the effects of inflation.

All of the surplus came from the excess payroll taxes being collected to provide for Social Security benefits in the next century. Contrary to an earlier estimate by the Congressional Budget Office, the non-Social Security side of the federal government ran a deficit of $1 billion, money that was made up from the Social Security surplus.

The drafting of the labor-health-education spending measure dominated the action behind the scenes on Capitol Hill yesterday. The House has been unable to pass its own version, so House and Senate negotiators worked out a final compromise in conference.

The $313 billion compromise exceeds last year's spending by $11.3 billion and includes more money for education, Pell Grants for college students, NIH, federal impact aid for local communities, the Ryan White AIDS research program and community services block grants than the administration had requested.

While the bill provides $1.2 billion for class size reduction, the Republicans insist local school districts be given the option for using the money for other purposes while the White House would mandate the money for hiring additional teachers.

Republicans also were claiming $877 million in savings by using a computer database of newly hired workers to track down people who defaulted on student loans. The nonpartisan CBC said the idea would only save $130 million, but Republicans are using a more generous estimate used by Clinton's White House budget office.

Mr. HOLLINGS. Mr. President, having gotten the record made, the point is that it is not as easy as my distinguished colleagues from New York and Delaware, the leaders on this particular measure, have painted it. When you see that you are running deficits now of $127 billion, when you see that the trade deficit is widening, when you see that, according to an article, we were consuming faster than we were producing, then you can see trouble on the horizon.

I refer to this morning's Financial Times, page 4: ''Widening Trade Gap Raises Fear For Dollar.''

I ask unanimous consent that this article be printed in the RECORD.

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

WIDENING TRADE GAP RAISES FEARS FOR DOLLAR

(By Christopher Swann)

Fears of a slide in the US dollar have haunted global currency markets for several months now. The dollar was granted a reprieve last week following better than expected August trade figures. But many observers believe it is only a matter of time before the dollar succumbs to mounting trade imbalances.

As the US current account deficit has increased, concerns have intensified that international appetite for dollar assets will soon be exhausted, leaving the US unable to fund its trade shortfall with the rest of the globe and precipitating a sharp drop in the currency. That could imperil the US economy's run of rapid non-inflationary growth.

However, some economists point out that the high level of long-term foreign direct investment should spend the dollar from the threat posed by the current account deficit, expected to reach $320bn in 1999.

Optimists argue that the growing importance of foreign direct investment, as US companies become the target of foreign takeovers, means much of the capital now flowing into the US may be relatively slow to leave.

Foreign direct investment (FDI), into the US is booming, with BP's take-over of Amoco, Daimler's take-over of Chrysler and Vodafone's takeover of AirTouch the most high profile examples.

New inflows of FDI reached $60.5bn in 1998, a record sum which covered about a third of the US current account deficit. And this year, net FDI has already eclipsed last year's figure, with $83.5bn pouring into the US in the second quarter alone. In the fourth quarter of 1998 and the second quarter of 1999, net FDI flows were stronger than shorter-term portfolio inflows and indeed exceeded the entire current account deficit. The long-term nature of these flows reduces the prospect of a sudden balance of payments crisis, says Ian Morris, US economist for HSBC in New York.

''If a current account problem develops there is a breathing space for the authorities to correct the imbalances rather than have financial markets force it on them in an abrupt and possibly catastrophic manner,'' he argues.

The big question for the dollar is whether this surge in foreign direct investment can be maintained.

Paul Meggyesi, senior currency strategist at Deutsche Bank in London, thinks it can. The deep-seated structural advantages enjoyed by the US in areas such as technology and labour market regulation, he argues, should ensure that FDI continues at a healthy rate.

''This is particularly true in the technology field, with the US accounting for 74 of the top 100 information technology companies, compared to only 5 per cent in Europe. It would not be surprising if European companies try to close the gap by taking over or merging with US businesses,'' he says.

But the bare facts are alarming. The current account deficit, expanding at about 50 per cent a year over the past two years, is now at its highest level since at least the end of the civil war as a proportion of GDP. And the family silver can only be sold once. Few believe that the US economy can rely indefinitely on the sale of assets to cover the current account shortfall.

Mr. Morris calculates that funding the expected $375bn deficit in 1999 from FDI alone would mean selling the equivalent of Intel, the third largest company in the Standard and Poors 500 index.

And if present trends continue until 2001, assets equal in value to Microsoft, the largest company in the US, would have to be sold to cover the deficit.

In reality, over the medium term FDI is unlikely to be anywhere near 100 percent of the current account shortfall, leaving much to come from more fickle portfolio flows. ''While the high proportion of long-term capital flows provides some comfort for the dollar, it is likely to prove inadequate,'' argues Avinash Persaud, head of global research at State Street.

When US shares offered an unrivalled 20 percent annual returns it seemed the US would have no trouble attracting sufficient portfolio inflows. With US share prices falling and returns picking up in the economies of Japan, the euro-zone and the UK, competition for international capital is becoming more intense.

''The safe haven portfolio flows which entered the US during the global crisis at the end of 1998 now have other alternative homes. It will prove much more difficult for the US to finance its deficit in 1999 than it was in 1998,'' says Mr. Persaud.

Most agree that this will cause the dollar to grind lower, removing one of the main ingredients in the US's high rate of non-inflationary growth. Higher interest rates and weaker stocks may well be the consequence.

Some analysts believe that the dollar's 16 percent fall against the yen since this year's peak in May merely marks the start of a period of general weakness in the US currency.

But the dollar has so far proved relatively resilient against other currencies and may well keep the market on tenterhooks for some time yet.

Mr. HOLLINGS. Mr. President, there it says:

A slide on the U.S. dollar has haunted global currency markets for several months now.

It says:

The dollar was granted a reprieve last week following better-than-expected August trade figures. But many observers believe it is only a matter of time before the dollar succumbs to mounting trade imbalances.

It is going up over $300 billion.

As the U.S. current account deficit has increased, concerns have testified that international appetite for dollar assets will soon be exhausted, leaving the U.S. unable to fund its trade shortfall with the rest of the globe and precipitating a sharp drop in the currency. That could imperil the U.S. economy's run of rapid inflationary growth.

It goes on to say how we have had foreign direct investment with, of course, the BP takeover of Amoco, Daimler-Mercedes takeover of Chrysler, and Vodafone's takeover of AirTouch.

It says:

The big question for the dollar is whether this surge in foreign, direct investment can be maintained.

But the bare facts are alarming. The current account deficit, expanding at over 50 percent a year over the past two years, is now at its highest level since at least the end of the Civil War as a proportion of GDP. And the family silver can only be sold once. Few believe that the U.S. economy can rely indefinitely on the sale of assets to cover the current account shortfall.

Some analysts believe that the dollar's 16 percent fall against the yen since this year's peak in May merely marks the start of a period of general weakness in the U.S. currency.

What are we doing about this? We are taking away the productivity. It is not an increase in jobs. It isn't any increase at all. They are running and spending it fast in the fabric plants. But forget about the people working by the sweat of their brow in the apparel industry—such as the mother trying to keep food on the table and get her children through college.

We will pass all kinds of protections for high tech companies. We even repealed the State tort laws for something that can't happen until the first of next year. They want to do away with the immigration laws for high tech companies—the estate taxes, the capital gains tax, and everything else of that kind. They have all kinds of benefits. I even saw an article about creating a subsidy for boat manufacturers, so we can get more pleasure yachts.

We have to increase the productivity. We are losing the industrial backbone of the United States of America.

What we are hearing is that this Senator and others do not understand that the high-tech community is the engine of this wonderful globalization, the engine of this economic giant, the United States of America. Not so at all.

There is a book called ''In Praise of Hard Industries'' by Eamonn Fingleton. We don't put the book, of course, in the RECORD.

But surely the United States has scored some real successes in high-tech manufacturing in the 1990s? Yes—but far fewer than even most experts realize. Perhaps the strongest remaining American high-tech manufacturer is Boeing. But even Boeing is doing less well than it used to. Quite apart from facing increasing competition from the European Airbus consortium, Boeing has been under considerable pressure from foreign governments to transfer jobs abroad, and it has duly done so. As William Greider has pointed out in his book *One World, Ready or Not*, 30 percent of the components used in Boeing's 777 jet are made abroad. By comparison in the 1960s, Boeing imported only 2 percent of its components. Thus, Boeing, like other erstwhile world-beating American manufacturers, is rapidly becoming a ''virtual corporation'' ever more dependent on suppliers in Japan and elsewhere abroad for its most advanced manufacturing needs.

I divert for a minute to say that was the trouble we had in the gulf war. We had to get panel displays from Japan in order to get the weapons in order to fight that war. We weren't making them anymore. Every time I put a ''buy America'' provision into the defense bill—I serve on the Defense Appropriations Subcommittee—I get no, you are a fruitcake. That is what Mike Kelly calls those who are trying to protect trade.

Now I hear this morning that I am going to start a depression and everything else of that kind. You can't talk sense on this particular subject. But the proof of the pudding is in the eating.

Let me quote again.

Meanwhile, despite all the talk of a renaissance in the American semiconductor industry, there is acturally only one truly strong American semiconductor manufacturer left: Intel. Moreover. Intel's success says little if anything about its manufacturing prowess. In fact, the company's twenty-four-fold growth in the fifteen years to 1997 has been driven not by any fundamental efficiency edge in production engineering but rather by the company's near-monopolistic franchise in producing microprocessors for the dominant ''Wintel'' standard in personal computers.

In any case, Intel is just one company—and judged by the all-important criterion of jobs, not a particularly large one. At last count it employed sixty-seven thousand people worldwide—little more than one-sixth of IBM's peak workforce in the mid-1980s before its domination of the computer industry collapsed under pressure from the rising Wintel standard. Moreover, Intel is not as advanced as it appears. In fact, its Wintel chips are based on an aging technology known as CISC (complex instruction set computing). In the last decade, CISC has been superseded by a technology called RISC (reduced instruction set computing). RISC chips, which are noted for their use in such high-performance computers as Sun Microsystems' network servers, are made mainly in Japan.

Intel apart, there are few other semiconductor manufacturers left in the United States. This may seem surprising in view of the fact that, according to such prophets of America's purported industrial renaissance as Jerry Jasinowski, the United States has now recovered strong leadership in semiconductors. He has reported that American semiconductor makers boosted their global market share from 40 percent in 1988 to 44 percent in 1993, and this supposedly has put the United States back in the ''top spot'' in the industry. After the big decline in America's share in the first half of the 1980s, all this seems like convincing evidence of a comeback. But the truth is that his 44 percent figure is bogus. It is based on highly misleading statistical procedures that categorize most chips outsourced by American companies from factories in East Asia and elsewhere as ''American''! The only justification for this bizarre statistical treatment is that most such chips are made to American designs and bear American brand names. But that hardly means they are made in America. Even Dataquest, an information-industry consulting firm that is the ultimate source of data on world semiconductor production, compiles its statistics on this basis.

Given the prevalence of such misleading statistics, how do we gauge the true state of American competitiveness? Again, there is no substitute for international trade figures. These indicate that the United States ran a deficit of more than $3 billion with Japan alone in semiconductors in 1997. Given Japan's higher wage levels, therefore, it is clear that the idea that the United States has recovered world leadership in semiconductors is just another myth.

Mr. President, I want to yield in a minute so other colleagues can address the Senate. But I will come back because what you have is a situation where that sandwich board they put up with all of these industries, they are all for the American worker. No; they are all for money, profit. That is all that those companies are for.

Let me quote page 32.

Since American labor is not represented in American boardrooms, the real losers from technological globalism have no say in the matter. Moreover, workers' interests count for so little these days that American corporate executives openly proclaim their commitment to utopian globalism without the slightest fear of embarrassment. The pattern was memorably exemplified a few years ago by a Colgate-Palmolive executive who told the New York Times: ''The United States does not have an automatic call on our resources. There is no mindset that puts this country first.'' A similarly outspoken disregard for the interests of American labor was apparent in a remark by NCR's president, Gilbert Williamson, some years ago when he said: ''I was asked the other day about the United States' competitiveness, and I replied that I don't think about it at all. We at NCR think of ourselves as a globally competitive company that happens to be incorporated in the United States.''

That is the situation with Farley and Fruit of the Loom, exactly what was brought in issue fortuitously by Time magazine when they put in the article ''The Fruit of Its Labor—The Politics of Underwear.'' Fruit of the Loom eliminated 17,000 jobs in Kentucky, 7,000 in Louisiana, moved to the Cayman Islands and I should put them on one of those sandwich boards. Whoopee, they are for this bill so that they can make more money.

Who is looking at the welfare of the American worker? Who is looking at the industrial strength of the United States? Who is looking at the economic progress and security of the United States of America?

One could not be for this particular bill if one knew how it has been drawn up. It does not even compare with NAFTA. We cannot put an amendment up because the tree is filled. They put in what you might call fast track, no amendments, and then they give their friends the fruit of the tree. Senator WELLSTONE, the Democrat, comes in with an agricultural amendment that is not to be allowed. But take the Senator from Missouri. When he comes with a particular amendment on agriculture, the leader comes down and finds that is relevant. We stop the whole process and pluck the amendment from the tree and put in your friend's amendment and they call that ''procedure'' in the world's most deliberative body. It is the most undemocratic procedure, unparliamentary kind of procedure that could possibly be contemplated. They ought to be embarrassed handling a measure this way.

However, there is no embarrassment with this group. They know they can pass this bill easily because they can breeze through the committee and everybody on the floor saying mollify, unite. It used to be the ILGWU working the floor. I have been in it too long; I understand the competition.

As a southern Governor, I don't blame the foreigners for saying we give this benefit and give that benefit. That is exactly what we did in South Carolina. The Senator from Delaware says they can get new jobs by learning new skills. We do that in South Carolina. We have brought in Hoffman-LaRouche and BMW. They told me the only reason they have come is because of the technical training system I instituted 30 years ago. I know about skills, training, getting new jobs and new industry. But we have had a net loss, in the last 4 years since NAFTA, of 12,000 jobs in South Carolina.

In the campaign last year in the Governor's race, they were talking about new jobs. I said: Add and subtract. You are not announcing those that are leaving and going down to Mexico. We had United Technologies, the textile plants and others take off down to Mexico. We saw it starting then and it is mushrooming now.

We are being derided on the floor talking about Smoot-Hawley and putting up the bankers' sandwich board and saying: This is for the good of America.

We are going to have to discuss this a little bit longer.

I yield the floor.

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

Mr. GRASSLEY. Mr. President, this morning Senator CONRAD offered an amendment which I cosponsor. I ask my colleagues to consider voting for this amendment that will make the Trade Adjustment Assistance Program available for farmers as well as industrial workers.

This program, trade assistance, is being reauthorized in this legislation. This amendment would expand it just a little bit.

President Clinton, about a month ago in an address spoke about one-third of the jobs that have been created during his administration have come as a result of opening foreign trade and all the economic activity that takes place because of foreign trade.

If we can have millions of jobs created during this administration because we have had a 50-year history of breaking down trade barriers between countries, we have to conclude that the liberalization of trade is good for American workers and good for our economy.

Free trade has produced many winners in our economy. This has been true since 1947 when the United States and just 22 other countries created the regime for liberalized trade we have been under since 1947 called the General Agreement on Tariffs and Trade.

Since 1987, we have had eight series—sometimes they are called rounds—of multilateral trade negotiations to break down these barriers. These multilateral trade negotiations have liberalized trade in many sectors. Tens of thousands of tariffs have been scrapped. Many nontariff trade barriers have been eliminated. Others have been sharply reduced.

The result of 50 years of trade liberalization has meant the creation of enormous wealth and prosperity and, as I have said, millions of new jobs, one-third of the new jobs created just in this decade. But whenever you have a free market economy, probably even when you have a regimented economy, as the socialist countries have had, there is always some adjustment in the economy. There are some winners and some losers; that is true in our economy, and it is true in the foreign trade part of our economy.

For this reason, more than 35 years ago President Kennedy and the 87th Congress thought it was only fair to transfer some of the net gain from free trade to injured workers or firms or industries or even entire communities. The first U.S. Trade Adjustment Assistance Program was designed by President Kennedy and authorized by the Trade Expansion Act of 1962 to help workers dislocated as a result of a Federal policy to reduce barriers to foreign trade.

It is very important for the purposes of our amendment and also the spirit of the Trade Adjustment Assistance Act to hear what President Kennedy, its author, had to say about its intent and scope:

> I am recommending as an essential part of the new trade program that companies, farmers, and workers who suffer damage from increased foreign import competition be assisted in their efforts to adjust to that competition. When considerations of national policy make it desirable to avoid higher tariffs, those injured by that competition should not be required to bear the brunt of the impact. Rather, the burden of economic adjustment should be borne in part by the Federal Government.

What President Kennedy said was so important, and I emphasize, once again, a small part of it:

> Trade adjustment assistance should be available for companies, farmers, and workers.

In spite of President Kennedy's belief that farmers should be able to get relief from trade adjustment assistance, just like others who suffer from trade-related job losses, the reality is, few, if any, individual family farmers are ever able to qualify for this program. Hence the amendment by Senator CONRAD and myself that is offered today to address this inequity.

Senator CONRAD and I think it is only fair that not only farmers be included but fishermen be added to this group as well. They are workers, they help put food on our tables, and they have the same problems under the current program as farmers.

Our program will create a limited new trade adjustment assistance for farmers program. It will provide cash assistance to farmers and fishermen when the price of a commodity falls sharply as a result of imports and causes a farm's net income to drop. The formula ensures farmers will recover a portion, but not all, of the income lost due to import competition.

This is not an open-ended program. Assistance is capped at $10,000 per farmer and a total of $100 million per year, and, of course, as must be under the Budget Act, this Trade Adjustment Assistance Program is paid for. In order to qualify for this limited Trade Adjustment Assistance Program, farmers will have to consult with the USDA's Extension Service to develop a plan for adjusting to the import competition.

In about 5 weeks, the United States will launch a new round of global trade talks with 133 other WTO—World Trade Organization—member countries. That is an extension of the organization that started out with 22 countries in 1947 for this regime of liberalizing trade. In 5 weeks, these talks start.

Farmers have always been among the strongest supporters of free trade because so much of what they produce is sold in overseas markets. In fact, there is an absolute necessity of selling overseas because, even in normal production, we produce a third more than can be domestically consumed. Profitability and farming must come by selling the surplus overseas.

The income our farm families earn in these foreign markets sustains our economy and contributes greatly to our national well-being. Farm support for free trade cannot and should not be taken for granted by the rest of the people in this country who benefit from free trade.

We are in the worst farm crisis since the Depression of the thirties. Low commodity prices are not caused exclusively by import competition, and I do not mean to imply that. In fact, it is just the opposite. It is caused because a lot of our markets overseas have been hurt by the financial crisis that started 2 1/2 years ago in the Far East. But, of course, in our complex economy, even in our complex agricultural economy, trade might be a contributing factor to these historically low prices.

Through trade adjustment assistance, we look after Americans who are harmed by import competition but not farmers. Through trade adjustment assistance, we have looked after communities harmed by import competition but not farm communities. Between 1979 and 1996, 12 trade adjustment assistance centers in the United States assisted about 6,130 firms with petitions for trade adjustment assistance. During this same 17-year period, these centers assisted only 200 food growers and processors, 200 firms in 17 years that were nonindustrial. But these firms were not individual family farms. I am concerned that if we lose farm support for free trade, it will be very hard, and perhaps impossible, to win congressional approval for new trade deals when these negotiations conclude among these 133 countries.

Fairness, equity, common sense, and, most importantly, the original intent of President Kennedy's program, all tell us that farmers and fishermen should and must be a part of the Trade Adjustment Assistance Program.

So as Senator CONRAD did this morning, I strongly urge my colleagues to support this important amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

ACROSS-THE-BOARD SPENDING CUTS: IRRESPONSIBLE BUDGETING

Mr. KENNEDY. Mr. President, we are almost a month into the new fiscal year and Congress still has not passed an appropriations bill for the Departments of Education, Labor, and Health and Human Services. The work of these Departments touches the lives of nearly every American, yet the Republican leadership has been unable to work out an acceptable budget for them which will enable them to carry out their responsibilities fully and effectively.

The majority has used an extraordinary array of gimmicks, such as bogus emergency spending designations, and an unprecedented level of advance fundings. But even those budgetary slights of hand were insufficient to do the job.

They considered reneging on Congress' commitment to provide TANF moneys to the States but backed off under pressure from the Republican Governors.

They proposed increasing taxes on the working poor by changing the reimbursement rules for the Earned Income Tax Credit. Even the leading Republican Presidential candidate denounced that as ''balancing the budget on the backs of the poor.'' Again, the Republican leadership was forced to retreat from an outrageous proposal. The fact that these cuts were even considered shows how out of control the budget process is.

In desperation, the Republicans have now proposed that we indiscriminately cut all Government programs by 1 percent across the board. In other words, they would treat essential health and education programs no differently than special interest pork barrel projects. They ignore the reality that some of the programs are far more important than others. This type of mindless cut is an admission of total budgetary failure.

They pretend such a cut will not have any impact on the programs, but they are terribly wrong. The human cost of such an across-the-board cut would be very high. It would hurt many of our most vulnerable people:

Some 5,000 fewer preschoolers in Head Start;

2,800 fewer children in the child care programs;

74,000 fewer babies receiving nutritional supplements;

2,775,000 fewer meals brought to the elderly and disabled;

120,000 fewer disadvantaged students helped;

6,000 fewer job opportunities for youth;

10,000 fewer work-study grants for college students;

10,000 fewer children helped to read;

3,000 fewer children immunized;

20,000 fewer homes for low-income families.

Each one of these is an unacceptable price to pay for the Republicans' inability to produce a fair and fiscally sound budget.

That was with a 1% cut. Now CBO has made available to us a letter that was sent to the Honorable JOHN SPRATT, who is the ranking Democratic member of the Committee on the Budget in the House, with copies also to Mr. KASICH and Mr. DOMENICI.

The conclusion of these letters is that the 0.97% cut that will be included in the conference report, which perhaps we will consider later, is going to be insufficient, according to the latest calculations of CBO, to avoid tapping social security funds this fiscal year. Their estimate is, it would have to be not 0.97 percent but a total of 5.8 percent. If you were to eliminate defense, military construction, veterans programs, it would be in excess of 11 percent.

So here on this chart are the cuts with 1 percent. And the CBO says, if you are going to do the job and follow the pathway that is being recommended by the Republican leadership, it will have to be a 5.8 percent cut.

So you can multiply all of the cuts to programs needed by our most vulnerable citizens by 5.8, which yields a much more devastating impact. Those are the circumstances we are in.

The fact is that the President and the ranking Democrats on the various committees say: Why don't you go back and cut out the pork you put in and cut out the excesses you have added, and send us something that is responsible? Then we can have true negotiations.

But that isn't the way the Republican leadership is moving. They are just favoring across-the-board cuts, which will cut valuable, helpful programs that are indispensable to needy people, for infants and for children, for education, and for health—the same amount as the pork programs that have been added by the Republicans.

These consequences are all the more deplorable because they are unnecessary. President Clinton and the Democrats here in Congress have proposed fiscally responsible measures to keep our hands entirely off Social Security money even while we make the critical investments needed to strengthen our Nation in the coming year.

But the Republicans repeatedly said ''no.'' ''No'' to a cigarette tax that would prevent teen smoking while paying for children's health initiatives; ''no'' to making oil companies pay royalties they owe the Federal Government; ''no'' to reducing corporate welfare; ''no'' even to military officers when they ask to defer or delay programs the Republicans want in their districts.

By consistently declining opportunities to reduce a balanced budget, Republicans are on a course to raid Social Security, regardless of this proposed 1 percent cut.

Why have Republicans proposed this latest gimmick? To avoid using this year's Social Security surplus to pay for this year's Government spending, they tell us. But what Republicans don't say is that the gimmicks they have already voted for guarantee that the Social Security money will be used in the budget this year. That is what the latest CBO report that has been given to the leaders today has indicated.

I have but one simple question for anyone who would disagree: Where will the money come from to pay for the census, which Republicans have suddenly declared to be an emergency? This money must be paid to contractors and staff this budget year, yet it cannot be found anywhere except in the Social Security trust fund.

By simply calling a $4 billion entirely foreseeable program an ''emergency,'' Republicans cannot escape the fact that they will certainly spend Social Security surpluses this year, regardless of whether there is an across-the-board cut. The census gimmick is but one of many instances in which Social Security funds have already been spent by Republicans this budget year. When all the smoke and mirrors produced by the Republicans are removed, we can see that the true goal of their 1-percent cut is not to preserve Social Security surpluses but to gut Government spending on core education, health, and criminal justice programs. Republicans in this Congress are returning to the time of Speaker Gingrich when they proposed abolishing the Department of Education, only now they are dismantling it piece by piece.

Today's Republicans have proposed a $288 million cut for the Department of Education—continuing their long-standing assault on our children's futures. Let's not forget that when Republicans first assumed the control of Congress in 1995, their top agenda item was to rescind $1.7 billion in education funding that had already been enacted into law by the Democratic Congress. Then, in the first full funding cycle subject to Republican control, their appropriators in the House socked the Department of Education with a $3.9 billion proposed cut—almost 20 percent. They tried again in the budget year 1997 when Senate appropriators sought a $3.1 billion cut to the President's request for education programs.

Democrats in the Congress, together with President Clinton, successfully resisted each one of these Republican cuts in education.

So since 1997, Republicans have sought more modest education cuts of