Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from New Hampshire (Mr. GREGG) are necessarily absent.

The result was announced—yeas 49, nays 48, as follows:

[Rollcall Vote No. 343 Leg.]

YEAS—49

Allard	Gorton	Nickles
Bennett	Gramm	Robb
Bond	Grams	Roberts
Brownback	Grassley	Roth
Bunning	Hagel	Sessions
Burns	Hatch	Shelby
Byrd	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Cochran	Hutchison	Snowe
Collins	Inhofe	Specter
Coverdell	Jeffords	Stevens
Craig	Kyl	Thomas
Crapo	Lott	Thompson
DeWine	Lugar	Thurmond
Domenici	Mack	Warner
Enzi	McConnell	
Frist	Murkowski	

NAYS—48

Abraham	Edwards	Levin
Akaka	Feingold	Lieberman
Ashcroft	Feinstein	Lincoln
Baucus	Fitzgerald	Mikulski
Bayh	Graham	Moynihan
Biden	Harkin	Murray
Bingaman	Hollings	Reed
Boxer	Inouye	Reid
Breaux	Johnson	Rockefeller
Bryan	Kennedy	Santorum
Cleland	Kerrey	Sarbanes
Conrad	Kerry	Schumer
Daschle	Kohl	Torricelli
Dodd	Landrieu	Voinovich
Dorgan	Lautenberg	Wellstone
Durbin	Leahy	Wyden

NOT VOTING—2

Gregg	McCain

The conference report was agreed to.

Mrs. HUTCHISON. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AFRICAN GROWTH AND OPPORTUNITY ACT—Resumed

Pending:

Lott (for Roth/Moynihan) amendment No. 2325, in the nature of a substitute.

Lott amendment No. 2332 (to amendment No. 2325), of a perfecting nature.

Lott amendment No. 2333 (to amendment No. 2332), of a perfecting nature.

Lott motion to commit with instructions (to amendment No. 2333), of a perfecting nature.

Lott amendment No. 2334 (to the instructions of the motion to commit), of a perfecting nature.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will report the motion to invoke cloture.

The legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the substitute amendment to Calendar No. 215, H.R. 434, an act to authorize a new trade and investment policy for sub-Sahara Africa.

Trent Lott, Bill Roth, Mike DeWine, Rod Grams, Mitch McConnell, Judd Gregg, Larry E. Craig, Chuck Hagel, Chuck Grassley, Pete Domenici, Don Nickles, Connie Mack, Paul Coverdell, Phil Gramm, R. F. Bennett, and Richard G. Lugar.

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the substitute amendment No. 2325 to Calendar No. 215, H.R. 434, an act to authorize a new trade and investment policy for sub-Sahara Africa, shall be brought to a close?

The yeas and nays are required under the rule.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from New Hampshire (Mr. GREGG) are necessarily absent.

The yeas and nays resulted—yeas 74, nays 23, as follows:

[Rollcall Vote No. 344 Leg.]

YEAS—74

Abraham	Fitzgerald	Lugar
Akaka	Frist	Mack
Allard	Gorton	McConnell
Ashcroft	Graham	Mikulski
Baucus	Gramm	Moynihan
Bayh	Grams	Murkowski
Bennett	Grassley	Murray
Biden	Hagel	Nickles
Bingaman	Harkin	Robb
Bond	Hatch	Roberts
Breaux	Hutchinson	Rockefeller
Brownback	Hutchison	Roth
Bryan	Inhofe	Santorum
Burns	Jeffords	Schumer
Cochran	Johnson	Sessions
Coverdell	Kerrey	Shelby
Craig	Kerry	Smith (OR)
Crapo	Kohl	Specter
Daschle	Kyl	Stevens
DeWine	Landrieu	Thomas
Dodd	Lautenberg	Thompson
Domenici	Leahy	Voinovich
Durbin	Lieberman	Warner
Enzi	Lincoln	Wyden
Feinstein	Lott	

NAYS—23

Boxer	Edwards	Reid
Bunning	Feingold	Sarbanes
Byrd	Helms	Smith (NH)
Campbell	Hollings	Snowe
Cleland	Inouye	Thurmond
Collins	Kennedy	Torricelli
Conrad	Levin	Wellstone
Dorgan	Reed	

NOT VOTING—2

Gregg	McCain

The PRESIDING OFFICER. On this vote, the yeas are 74, the nays are 23. Three-fifths of the Senate duly chosen and sworn having voted in the affirmative, the motion is agreed to.

AMENDMENTS NOS. 2332 AND 2333 WITHDRAWN

Mr. LOTT. Mr. President, I ask consent that amendments 2332 and 2333 be withdrawn.

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

The amendments (Nos. 2332 and 2333) were withdrawn.

Mr. LOTT. Mr. President, I remind the Senate pending is the trade bill with the substitute amendment pending in the first degree. Cloture was invoked; therefore, there is a total time restriction of 30 hours, including quorum calls and rollcall votes. Under an additional consent, relevant trade amendments are in order in addition to the germaneness requirement under rule XXII. Those additional first-degree trade relevant amendments must be filed by 2:30 today.

I urge all Senators to offer and debate their amendments in a timely fashion. I request relevant amendments not be abused so we can complete this very important trade legislation.

I yield the floor.

The PRESIDING OFFICER (Mr. ENZI). The Chair recognizes the Senator from Delaware.

Mr. ROTH. Mr. President, I thank my colleagues on both sides of the aisle for their support for the cloture motion. The vote reflects the strong bipartisan support for the bill.

I also want to extend my thanks to the distinguished majority and minority leaders, who worked so hard to find the compromise that would allow the bill to move forward.

Due to their hard work, we have the opportunity to send a clear statement to our neighbors in the Caribbean, Central America, and Africa that we are willing to invest in a long-term economic relationship—a relationship of partners in a common endeavor of expanding trade, enhancing economic growth, and improving living standards.

Most importantly, this bill will also send a clear signal to our trading partners around the world who will join us shortly in Seattle for the ministerial meeting of the World Trade Organization. It signals that the United States is prepared to engage constructively in the wider world around us and to provide the leadership necessary to achieve our common goals.

Most importantly, the bill means we will fulfill our commitment to the American workers and firms that will benefit from this bill—a commitment that means $8.8 billion in new sales and an increase of 121,000 jobs over the course of the next 5 years in the U.S. textile industry alone.

As I have emphasized again and again in this debate, this is not a bill that is good just for our neighbors in the Caribbean and Central America or our partners in Africa. This is a bill that is good for our workers here at home as well. It is a ''win-win'' situation economically for American workers and our friends abroad.

I look forward to working with my colleagues over these coming hours to fashion a still stronger bill that would further those goals.

Let me emphasize once more the strong bipartisan support reflected in the vote just taken. The motion for cloture carried by a vote of 74–23. I urge my colleagues to move as expeditiously as we can because time is limited. As we all know, the Congress is coming to the end of the current session and we want to make sure everybody has the opportunity to bring forward their amendments. It is important we do so in a fashion to expeditiously conclude action on this important piece of legislation.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. MOYNIHAN. Mr. President, I wish to join most emphatically with my revered chairman in congratulating the Senate today, in thanking the majority and minority leaders. We have risen to a moment which was ominously in doubt.

Last week, as the week progressed, two things took place: One, on the Senate floor, as we now have established, we had 74 votes just to proceed with the bill—we will have more when this is done. Even so, we found ourselves in a procedural tangle not unknown to the body which was thwarting the will of an emphatic majority—and not just a majority for this legislation but a majority for a tradition of openness in trade that began 65 years ago with the Reciprocal Trade Agreements Act of 1934 at the depths of the Depression, the aftermath of the Smoot-Hawley legislation, with our system of government very much under challenge. That challenge would grow more fierce and would end in the great World War.

We were then, even so, confident enough of the promise of trade that we could go forward in this matter. We have been going forward for 60 years. However, 5 years ago we stopped. The President did obtain the approval of the Congress for the World Trade Organization. I shouldn't put it that the President ''obtained'' the approval of the Congress; Congress approved what Congress had sent our negotiators to obtain. There was a little side ripple there. An international trade organization was to have been one of the main institutions of the Bretton Woods system created in 1944. The International Bank for Reconstruction and Development—we call it the World Bank—the International Monetary Fund were created; the International Trade Organization didn't happen.

Finally, we caught up with ourselves and we created the World Trade Organization which I believe now has 134 members with 30 observers currently applying for membership. I said there were two ominous, even menacing moments. The second was that there was almost no attention paid in the press and media to this week-long frustrating, seemingly unavailing effort. We have been on this a week and we got nowhere. No one noticed. It is as if no one cared.

We woke up. Yesterday, the Washington Post in a lead editorial on this subject noted neither the administration nor the Congress had done anything they needed to do, and that at the end of this month the World Trade Organization will meet in Seattle. Our Ambassador, our Trade Representative, Ambassador Barshefsky, will open the meeting. Our President will be there, along with heads of state. We will be talking about the next round of global trade negotiations. They can take 9, 10 years. They are fundamentally important.

But our President will not have the authority to enter these negotiations—or rather to send the resulting agreements to the Congress for expedited consideration. If he were to have had the sub-Saharan African legislation fail and the Caribbean initiative of President Reagan fail; if we were to have, in effect, allowed the Trade Expansion Act of 1962, President Kennedy's measure that led to the Kennedy Round, like the Uruguay Round, expire and say to the 200,000 American families who are displaced by trade, as others are, that we should let economic forces work their way and tell them, that's too bad; if we allowed the Generalized System of Preferences to expire and say, no matter, how would our representatives look? What would they say? What could they undertake? Very little.

It would be a moment in trade that would be shameful, after 65 years of bringing the world out of the depths of the Great Depression, now, in the longest economic expansion in the United States, the longest economic expansion in history.

For so many years we talked about ''the longest peacetime expansion.'' No, no, this expansion is greater even than that from World War II. This is what trade has brought us. Not just trade, but without trade expansion we could not have had this economic expansion. Now, at least, we can go to Seattle and say: Here are our bona fides. We are still players. We still want to go forward.

So, Mr. President, let the games begin. We have a long debate before us. It will be a bipartisan debate. The Senator from Delaware, the chairman of our committee, will be leading the debate. His deputy, if I may so deputize myself, will be at his side across the aisle. Let us now proceed, being of good heart and great expectations.

I yield the floor.

Mr. ROTH. Mr. President, I ask the distinguished Senator from New York if he could articulate the importance of the legislation before us.

Mr. MOYNIHAN. I certainly could attempt to do so. I would not risk overstatement. There would be a setting in which, having given the President negotiating authority for a new round of international trade talks, having arranged for Trade Adjustment Assistance to be continued as it has been for 37 years, we could say: The particular matters before us will be part of the trade negotiations—and so forth. We could say we will get to it next year.

But we don't have that negotiating authority. The President goes to Seattle emptyhanded. The only thing he can bring with him is the trade legislation we have before us—which we still have to take to the House. But this is all the United States can show the world, the world which has been following us for all these years.

So I hope, at a very minimum, the sense of tradition—even, if I may say, of honor—will drive us forward in this matter.

Mr. ROTH. I would like to refer to fast track. Like my colleague, I am very unhappy that this authority has not been extended this President.

Mr. MOYNIHAN. And, sir, that this President did not ask for it when he could get it.

Mr. ROTH. That is correct. That is correct.

I also point out our committee in the last 2 years reported this legislation out because there is strong bipartisan support for fast track to be granted to the President, this President, by both Republicans and Democrats.

Mr. MOYNIHAN. Sure.

Mr. ROTH. Unfortunately, there has not been strong leadership from the White House on this matter. It seems to me it is a matter of grave concern. But since that has not happened, I do agree with what my colleague has just said, that it is important we act on this legislation so it becomes clear to our friends and neighbors around the world that we continue to plan to provide leadership in this most important area of trade.

Mr. MOYNIHAN. Yes, sir, and that it becomes clear to our friends around the world, as you say, and our friends downtown—give them heart; give them something to show.

Mr. ROTH. Absolutely. I applaud and congratulate the Senator from New York for his leadership, not only during the current session but down through the years in this most important trade policy. We look forward to bringing home the bacon in the next 30 hours on this important piece of legislation.

Mr. MOYNIHAN. I thank the chairman.

The PRESIDING OFFICER. The Chair recognizes the senior Senator from South Carolina.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the distinguished managers of the bill offered the $8 billion figure in sales and some 121,000 jobs. The truth is, we know from the Labor Department statistics that we have lost 420,000 textile jobs nationwide and some 31,200 textile jobs in South Carolina alone. They said NAFTA was going to create 200,000 jobs. They claim today it is 121,000. In Mexico itself, it was going to create 200,000 jobs. We know textiles alone lost 420,000, and it is undisputed that 31,200 jobs were lost in the State of South Carolina.

I ask unanimous consent to print two articles with respect to the economy and how it has worked in Mexico, one from the Wall Street Journal and the other from the American Chamber of Commerce in Mexico.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Sept. 27, 1999]

A DECADE OF CHANGE

(By Jonathan Friedland)

THE HAVE-NOTS: THE FREE-MARKET REVOLUTION PROMISED SO MUCH; TO MANY IN LATIN AMERICA, IT HAS DELIVERED SO LITTLE

Texcalitla, Mexico.—Liberalization, privatization, globalization. Mary Garcia may not be aware of them in so many words, but she has felt their impact from behind the two-frame stove of her cinder-block cafe, the Avenida Nacional.

Perched alongside the highway that was once the main road between Mexico City and the resort city of Acapulco, Mrs. Garcia's restaurant used to serve dozens of plates of rabbit stew to travelers daily. But early this decade, amid a severe downsizing of the Mexican state, the government let private contractors build a swift toll road between the two cities that bypassed the Avenida Nacional.

Mrs. Garcia has far fewer clients nowadays. Not only that, but the taxes she pays have gone up, in part because of the new road. The Highway of the Sun, as it's called, has been such a financial disaster that the government bought it back two years ago from the companies that built it. The same thing happened with a dozen banks, a pair of airlines and 25 other highway projects. After botched privatizations, they are back in the hands of the government, and taxpayers are facing a bill that may total as much as $90 billion.

''I am all for progress,'' Mrs. Garcia says wistfully, straightening up the place settings in her empty restaurant. ''But this kind of progress is killing us.''

From Texcalitla, here in Mexico's rural Guerrero state, to Tierra del Fuego at the southern tip of South America, there are a lot of people who feel the same way. For many Latin Americans, the free-market revolution that has swept the region in the past decade hasn't delivered the kind of progress they were told it would—easier lives, better incomes and a more secure future. Instead, it has confirmed many of their worst fears about capitalism.

Since Chile embarked on its free-market experiment in the late 1970s, widespread domestic market liberalization, privatization of once-unwieldy state asset holdings and a removal of barriers to foreign competition have made Latin America a much healthier place in purely macroeconomic terms. Government finances are in better shape than ever. Foreign direct investment is up, and inflation rates have fallen. And Latin Americans have access to a wider variety of goods and services than ever before.

But there has also been a big downside to the move from closed to open economies. Buffeted by forces beyond their control—such as the woes of other emerging markets as far afield as Russia and Indonesia—Latin American economies have posted frustratingly inconsistent growth rates in recent years. Job creation has actually slowed while overall unemployment in the region has remained stable, according to Inter-American Development Bank statistics. That means that more Latin Americans work in the informal economy than a decade ago, and that income distribution, uneven to begin with, has generally grown more so.

In fact, from 1980 to 1996, the latest year for which hard data are available, the trend has been for an ever greater percentage of national income to end up in ever fewer hands in all Latin American countries except Costa Rica and Uruguay, says Elena Martinez, regional director of the United Nations Development Program. Unlike their bigger neighbors, Costa Rica and Uruguay have kept a lid on competition and have struggled to maintain their state-run social-welfare systems.

Elsewhere, in Argentina, Brazil, Mexico and other countries, the pattern has been this: A handful of entrepreneurs, often with close ties to their country's political elite, have gotten richer. The middle class, never large to begin with and traditionally propped up by plentiful government jobs, urban food subsidies and trade barriers that kept inefficient companies alive, has shrunk. And the poor, whose safety net, never strong, has been strained by demands for fiscal austerity from the international financiers these countries depend on, keep getting poorer.

''In the 1990s, Latin American policy makers have put their emphasis on overall performance, on making sure the macroeconomic indicators were lining up,'' says Gert Rosenthal, a Guatemalan economist. ''But there is a growing consensus that something is terribly wrong when you have this and 40% of your population is in worse shape than before.''

The negative balance of the free-market experiment for many Latin Americans has tipped the scales away from support for further reform. Leading presidential candidates in Argentina, Chile and Mexico—three countries with elections over the next year—are all emphasizing the need to put people before markets. ''There is a search for a kinder, gentler form of capitalism,'' says Lacey Gallagher, head of Latin American sovereign ratings at Standard & Poor's Co. in New York. ''It is sad, but the reform process in a lot of countries is getting stuck because political support for reforms has dwindled so much.''

No one thinks Latin America will return to the days of import substitution and uncontrollable deficit spending, or that social revolution is on the horizon. But observers like Ms. Gallagher worry that although they have embarked on the free-market path, many Latin American economies aren't yet flexible enough to adapt to change in the global economy. Nor can they deliver an improved standard of living to the majority of their citizens. ''The first-stage reforms, which most Latin American countries have already been through, worsen income distribution, make economic cycles more profound and raise unemployment,'' she says. ''The payoff comes with the second-stage reforms.''

But those reforms, which include strengthening tax collections, making taxation fairer and labor laws more flexible, and streamlining institutions like courts and schools, have run into public opposition mainly because of the financial and social costs associated with the first round of reforms. Politicians generally realize these are the steps they have to take, but in the fledgling democratic environment in which they operate, consensus building is a painfully slow process.

In Argentina, for instance, President Carlos Menem has tried for several years to scrap the country's antiquated labor laws, but he can't because still-powerful unions believe the old rules are the only remaining safeguard for their workers. Lately, Mr. Menem hasn't pushed the point because his Peronist party, built originally upon a base of fervent worker support, needs union backing to prevail in presidential elections scheduled for October.

Economists say the cost of the delay has been high. Argentina, which pegged its currency to the dollar earlier in the decade to quash triple-digit inflation, has entered a nasty recession because of a big currency devaluation by Brazil, its No. 1 trading partner. With its inflexible labor laws, Argentina can't reduce wages to remain competitive. The result: Output has fallen and unemployment has soared.

A similar though less pressing dilemma faces Mexican President Ernesto Zedillo. In March, he floated a plan to gradually privatize the country's electrical sector, arguing that the government doesn't have the resources to invest the $25 billion needed over the next few years to increase the power supply. While many Mexicans agree with the president's basic point—that state funds ought to be spent on things like health and education rather than power plants—few trust the private sector to do the job properly.

It isn't hard to see why. Mexico's privatization binge has been plagued by costly blunders that have many wondering whether state finances are truly better off now, and whether the Mexican economy is truly more competitive than before, as the government contends. ''It isn't obvious to most Mexicans that their lives have improved as a result of these programs,'' says Luis Rubio, a Mexico City development expert.

The toll roads provide a case in point. With the passage of the North American Free Trade Agreement on the horizon and an urgent need to upgrade Mexico's crumbling road infrastructure to handle a surge in trade, former President Carlos Salinas de Gortari embarked on a crash public-works program in which private construction companies built a network of pay-as-you-go highways. But in the government's rush to get the job done, unrealistic traffic and income projection's were made, local banks were muscled into coming up with the financing, and companies without the necessary management skills were signed up to do the work.

''Although it had a private-sector complexion, it was really an old-fashioned public-works program,'' says William F. Foote, a former banker who has studied Mexico's toll-road blitz. ''It was done without reference to the realities of the market.''

That quickly became clear. Projects were plagued by cost overruns, and once the roads opened for business, neither truckers nor travelers could afford the high tolls demanded.

Within a few years, the government stepped in to take over many of the roads, leaving the companies that built them to accept a more gradual return on their investment. Those companies are, in several cases, still waiting to be fully reimbursed and claim that their weak financial condition is mainly due to their toll-road commitments. Meanwhile, roads such as the Highway of the Sun remain glittering and desperately short on traffic.

The fact that the road hasn't delivered on its promise isn't lost on Graciela Martinez, an elderly woman sitting under a tree near one of its toll plazas. Mrs. Martinez, who sells iguanas for a living, stands up to show off her product each time a vehicle slows to pay the toll. There haven't been any sales today, she says solemnly, because city people don't appreciate a good lizard.

But, she jokes, the dearth of traffic does have an upside. While it isn't great for here pocketbook, she says,'' at least it's easy on my feet.''

[From the American Chamber of Commerce of Mexico—Business Mexico, April 1997]

WHAT'S WRONG WITH THIS PICTURE?: OPTIMISTIC INVESTORS OVERLOOK MEXICO'S CONSUMER SPENDING GAP

BY NICHOLAS WILSON

At first sight Mexico seems like an investor's dream: a country of 93 million people, number 13 on the world list of natural wealth per capita, recently opened virgin markets, and a government that is rapidly forging trade agreements in the Americas and aboard. Mexico, however, is also home to grinding poverty, so just how big is its market? The reality, according to economists, is that only between 10 percent and 20 percent of the population are really considered consumers. The extreme unequal distribution of wealth has created a distorted market, the economy is hamstrung by a work force with a poor level of education, and a sizable chunk of the gross domestic product is devoted to exports rather than production for domestic consumption. Furthermore, worker's purchasing power, already low, was devastated by the December 1994 peso crash and the severe recession that followed. Even optimists do not expect wages in real terms to recover until the next century. 'They say there are more than 90 million consumers in Mexico, but less than 20 percent earn more than 5,000 pesos (US$625) per month. The rest of the population lives just above subsistence level,'' says Pedro Javier Gonzalez, economist at the Mexican Institute of Political Studies. the figures make grim reading: the National Statistics Institute (Instituto Nacional de Estadisticas, Geografia e Informatica, INEGI) and the Banco de Mexico estimate that nearly 68 million Mexicans live in poverty. About a million homes do not have electricity and potable water, and adult illiteracy is 13 percent. According to UNICEF's most recent report there are 9 million Mexican children living in extreme poverty (one third of Mexico's population is under 15 years old); 800,000 between the ages of 6 and 14 years working in various productive sectors; and 60,000 ''street kids,'' a number that is increasing by 7 percent annually. The United Nations says poverty is most extreme in the informal sectors of the world's economies. The World Bank estimates 42 percent of Mexico's economic population is employed in the informal sector; the Finance Secretariat put the figure at 50 percent during its recent clampdown on tax evaders. The informal economy includes street vendors as well as largely self-sufficient campesinos who ''effectively neither buy from nor sell to the rest of the economy,'' says Gonzalez. The formal sector, however, is not exactly made up of affluent consumers either. Sixty percent of the registered work force earns between one and two minimum salaries per day, according to a recent study by the Worker's University of Mexico (Universidad Obrera de Mexico). The minimum wage is currently worth about US$3.00 per day. ''Minimum wage guys don't buy imports,'' says one analyst who preferred to remain anonymous.

OVERLY OPTIMISTIC

Despite the poverty indicators, foreign investors often sound cheerful to the point of being almost blase about the economic and social statistics. ''NAFTA will connect the world's largest market (the U.S.) to the world's largest city (Mexico City) says David Dean, promoter of a superhighway to facilitate transport between the free trade agreement's member nations. Yet many of Mexico City's inhabitants don't even have access to drainage, electricity or basic education.

''Mexico has a teledensity of 6–8 telephone lines per one hundred people, compared to 60 per hundred in the U.S. There's a lot of potential in Mexico,'' says recently arrived Bill Ricke, Global One international telecommunications consortium president.

The potential is here, economists agree, but it is unlikely to be developed in the near future with most of the population living in abject poverty. Telefonos de Mexico (Telmex) last year disconnected more customers for not paying their bills than it connected. ''Nearly all of the (US$4 billion) long distance telecommunications market in Mexico is accounted for by businesses. Individuals only make international calls in extreme emergencies,'' says economist Patricia Nelson. In reality the market is only about the top 15 percent of earners and businesses, she says.

Export businesses account for nearly 25 percent of the gross domestic product (GDP), which in 1996 totaled US$326 billion. In 1980 export businesses only accounted for 10 percent of the GDP, says Gonzalez. At the same time, the domestic demand per capita has actually shrunk in the last 20 years, he says. Given the population's low purchasing power, production for the domestic market is minimal. Therefore, the proportion of GDP represented by the export sector is distorted, and is higher than in many developed countries, says ING Barings economist Sergio Martin.

The average salary in Mexico is only US$3,720 a year.

It now takes a worker 23 hours to earn enough to purchase the goods included in the ''basic basket,'' the price of which has shot up 913 percent since 1987, compared to 8.3 hours 10 years ago, according to a report from the National Autonomous University of Mexico (Universidad Nacional Autonoma de Mexico, UNAM).

SELECT FEW

Another distortion in Mexico's market is the eye-opening difference between the rich and poor. Writer Carlos Fuentes describes Mexico as a country where 25 Mexicans earn the same as 25 million Mexicans. In the last two years, the 15 wealthiest families' fortunes leapt from the US$16.4 billion to US$25.6 billion, which is equivalent to 9 percent of the GDP or 23.9 million annual minimum wages.

The result in economic terms is that ''there is a market for luxury Mercedes cars, yet little demand for reasonably priced shoes (relative to a country with Mexico's population),'' says Gonzalez. There are nearly 100 million Mexicans yet there are only 2 million credit cards, adds Martin. ''As some people have more than one it means that less than 2 percent of Mexicans have credit cards and some of them have limits of 1,000 or 2,000 pesos (US$125 or 250).''

Education, or the lack of it, has also played a role in the steady widening of the gap between rich and poor since Carlos Salinas took office in 1988. Between 1987 and 1993, urban workers with higher education saw their wages jump 100 percent, whereas poorly educated workers (50 percent of workers have only a primary school education) saw their wages climb only 10 percent.

The rising poverty is a continual thorn in the government's side. While its tough macroeconomic policies have drawn praises from the international financial community, the benefits have not trickled down to the poor. ''I don't see the government doing anything to address the wealth imbalance,'' Gonzalez says. Many think the government had better get started, however, if it wants to make its newly opened markets attractive to foreign investors. Moreover, there may be social and political consequences if only a handful of Mexicans continue to enjoy the fruit of the economic reforms. ''I think we're living on borrowed time,'' said U.S. Ambassador to Mexico James Jones at the end of last year. ''This generation of adults will probably survive on hope but I think over the next five to ten years if that isn't translated into benefits and real opportunities, you're going to have demagogues rise up who want to turn the clock back.''

Mr. HOLLINGS. Mr. President, the reason I included these articles is because my distinguished mentor, the senior Senator from New York, voted with me on NAFTA and that is against NAFTA. We had misgivings. Of course, the proof is in the Wall Street Journal and the American Chamber of Commerce articles about how they are making less down there 4 to 5 years since the enactment of NAFTA. We were told it was going to create a positive balance of trade. We had a $5 billion-plus balance of trade at the time of enactment. Now we have a $17 billion deficit in the balance of trade with Mexico since NAFTA.

We were told it was going to solve the immigration problem. It has worsened. We were told it was going to solve the drug problem. It has worsened. As I said before, there is no education in the second kick of a mule. We have been through this exercise about how we are all going to put our arms together and hug and love and help our neighbors. Fine with me if it really would work that way. It has not worked that way and is not about to work that way in sub-Sahara and the Caribbean. I will get into those items in just a few minutes.

With respect to the morning article—I try to get into the Wall Street Journal because a lot of my crowd in South Carolina reads it. They have me as the old isolationist: Hollings: ''Info revolution escapes him.''

Really? I know a good bit more about the information revolution than the Wall Street Journal does. I helped bring a good bit of it to South Carolina, in fact, with my technical training for skills. I was in Dublin, Ireland, and walked into the most modern microprocessing plants of Intel outside of Dublin. My friend, Frank McKay, was there. He said: Governor, I want to show you your technical training program. We sent two teams to Midlands Tech in Columbia, SC, and we reproduced what was there, and that is how I got it up and going and operating and in the black.

I told this to Andy Grove when he came by, and he thanked me again. I know a little bit about the information revolution. I am all for it. My problem is, on the one hand, it does not create the jobs they all advertise.

The Wall Street Journal ran an article about Wal-Mart and General Motors. Wal-Mart exceeded the number of employees of General Motors for the first time.

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

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

[From the Wall Street Journal, Aug. 28, 1997]

LABOR: THE CHANGING LOT OF THE HOURLY WORKER

For decades, the U.S. has been evolving from a manufacturing economy to a service economy. But Labor Day 1997 marks a milestone: Earlier this year. Wal-Mart Stores Inc., the discount retailer, passed General Motors Corp. as the nation's largest private employer.

The shift is more than symbolic. Union jobs with lush pay and benefits, like those held by GM assembly-line worker Tim Philbriek, are disappearing. In their place are nonunion jobs like that of Nancy Handley, who works in the men's department at a Missouri Wal-Mart.

Both punch a time clock, and share a stake in their employers' success. The Wal-Mart workday is less physically taxing than GM's, but the hours are longer and the pay barely supports even a thrifty family. Still, Wal-Mart offers a measure of responsibility and path of advancement to hourly workers, thousands of whom are promoted to management each year.

Mr. HOLLINGS. Mr. President, I want the Wall Street Journal to read its own articles.

The leading line:

For decades, the U.S. has been evolving from a manufacturing economy to a service economy. But Labor Day 1997 marks a milestone: Earlier this year, Wal-Mart Stores, Inc., the discount retailer, passed General Motors Corporation as the nation's largest private employer.

General Motors' average hourly wage is about $19 an hour; including benefits, it is $44 an hour. Whereas at Wal-Mart stores, the average hourly wage is $7.50; including benefits, $10. In manufacturing, the salary is four times that in the service economy. That is why they are all talking about this wonderful economic boom that has to do with the service economy, so much so that the labor unions I see have buddied up with the American Chamber of Commerce. The American Chamber of Commerce has gone international. They are not representing Main Street America.

On yesterday, Monday, November 1, ''Corporate, Labor Leaders Both Trumpet Backing for Clinton's Trade-Talk Plan.'' I ask unanimous consent this article be printed in the RECORD.

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

[From the Wall Street Journal, Nov. 1, 1999]

CORPORATE, LABOR LEADERS BOTH TRUMPET BACKING FOR CLINTON'S TRADE-TALK PLAN

(By Helene Cooper)

WASHINGTON.—Depending on how you look at it, the joint letter from corporate and union leaders supporting the Clinton administration's agenda for global trade talks, was either a huge win for big business or for labor unions.

The way corporate America tells it, the letter was a victory for pro-trade American companies because John Sweeney, head of the AFL–CIO, signed it. ''How are the labor unions going to protest in Seattle [at the upcoming World Trade Organization's big powwow] if Mr. Sweeney is saying labor supports the trade agenda?'' asked Frank Coleman, spokesman for the U.S. Chambers of Commerce.

Indeed, Mr. Sweeney's decision to back the Clinton trade agenda rankled the more militant unions, such as the Teamsters and the United Steelworkers of America.

But AFL–CIO leaders said the letter shows Mr. Sweeney at his savviest. For one thing, the AFL–CIO is backing Vice-President Al Gore's presidential campaign and wants to minimize political damage to his election chances by hammering him on trade.

More significantly, several big company chieftains, including John E. Pepper, chairman of Procter & Gamble Co., Maurice ''Hank'' Greenberg, head of American International Group Inc., and Robert Shapiro, head of Monsanto Co., also signed the letter.

The letter calls for a working group to be established within the WTO to study core labor standards and trade, and marks the first time many of America's biggest companies have agreed to support U.S. moves linking trade liberalization with labor standards.

''The U.S. government must further ensure that any agreements enable the United States to maintain its own high standards for the environment, labor, health and safety,'' the Oct. 25 letter said.

For years, Republican lawmakers, backed by big business, have resisted linking trade expansion with labor and environmental issues. While last week's letter makes no mention of using trade sanctions against countries with poor labor standards, Thea Lee, the AFL–CIO's trade policy director, said that is labor's ultimate goal. ''What we want is the ability to use trade rules to protect worker rights,'' Ms. Lee said.

While AFL–CIO leaders still plan to show up in force in Seattle this month to protest WTO policies they see as antilabor, they also said it's important to get a seat at the table so that union views can be represented.

Whether the Clinton administration will get the rest of the WTO to sign on to its labor agenda for the Seattle meeting remains to be seen. Developing countries, in particular, have fought linking trade and labor, and many of these countries see the establishment of a working group as the beginning of a move to do just that. These countries are bound to fight the issue in Seattle.

America's labor unions are hardly united on the matter. Teamsters spokesman Bret Caldwell said he was ''shocked'' and ''disappointed'' in Mr. Sweeney. ''We in no way agree that the administration's trade policies are good for working men and women,'' he said. ''The Teamsters will play a very active role in demonstrations in Seattle.''

Mr. HOLLINGS. Mr. President, ''Mr. Sweeney's decision to back the Clinton trade agenda rankled the more militant unions, such as the Teamsters, and the United Steelworkers of America.'' Those are the manufacturing jobs. Just as the fabric boys divorced themselves from apparel and now can toot for this kind of legislation, the head of the service economy, John Sweeney, has forgotten about manufacturing jobs, and he is going along. That is why we got this overwhelmingly bipartisan majority.

But back to the point, this is what disturbs this particular Senator, that we are hollowing out the manufacturing strength, the industrial backbone of the United States of America.

The so-called service economy or information technology, or information society, strikingly—why don't they read the November 5, 1999, edition of the London Economist that has just come out? On page 87, there is an article entitled ''The New Economy, E-Exaggeration: The Digital Economy is Much Smaller Than You Think.'' I ask unanimous consent to have that article printed in the RECORD.

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

[From the London Economist, Nov. 5, 1999]

The New Economy E-xaggeration: The Digital Economy is Much Smaller Than You Think

Newspapers and magazines are packed with stories about the digital economy, the information-technology (IT) revolution and the Internet age. That their pages are filled with advertising from IT firms presumably has nothing to do with it. Such firms account for a quarter of the total value of the S&P 500, and this week Dow Jones announced that Microsoft, Intel and SBC Communications will be included in its industrial average from November 1st. Not before time, many say, for high-technology businesses now account for a huge chunk of the economy. Actually, they don't.

New figures published on October 28th by America's Department of Commerce appear to support the view that IT is very important to the American economy. The department now counts all business spending on software as investment (previously, it was a cost). This has both increased the apparent size of IT investment and boosted America's rate of growth in recent years.

But measuring the size of the ''new'' economy is a statistical minefield. The most generous estimate comes from the OECD, which tracks the ''knowledge-based economy''. It estimates that this accounts for 51% of total business output in the developed economies—up from 45% in 1985. But this definition, which tries to capture all industries that are relatively intensive in their inputs of technology and human capital, is implausibly wide. As well as computers and telecoms, it also includes cars, chemicals, health, education, and so forth. It would be a stretch to call many of these businesses ''new''.

A study published in June by the Department of Commerce estimates that the digital economy—the hardware and software of the computer and telecoms industries—amounts to 8% of America's GDP this year. If that sounds rather disappointing, then a second finding—that IT has accounted for 35% of total real GDP growth since 1994—should keep e-fanatics happy.

Perhaps unwisely. A new analysis by Richard Sherlund and Ed McKelvey of Goldman Sachs argues that even this definition of ''technology'' is too wide. They argue that since such things as basic telecoms services, television, radio and consumer electronics have been around for ages, they should be excluded. As a result, they estimate the computing and communications-technology sector at a more modest 5% of GDP—up from 2.8% in 1990. This would make it bigger than the car industry, but smaller than health care or finance. In most other economies, the share is lower; for the world as a whole, therefore, the technology sector might be only 3–4% of GDP.

But what, you might ask, about the Internet? Goldman Sachs's estimate includes Internet service providers, such as America Online, and the technology and software used by online retailers, such as Amazon.com. It does not, however, include transactions over the Internet. Should it? E-business is tiny at present, but Forrester Research, an Internet consultancy estimates that this will increase to more than $1.5 trillion in America by 2003. Internet bulls calculate that this would be equivalent to about 13% of GDP. Yet it is misleading to take the total value of such goods and services, whose production owes nothing to the Internet. The value added of Internet sales—i.e., its contribution to GDP—would be much less, probably little more than 1% of GDP.

This is not to deny that the Internet is changing the way that many firms do business—by, for example, enabling them to slim inventories—but, in the near future, as a proportion of GDP, it is likely to remain small.

A LUDDITE'S LAMENT

If measuring the size of the technology sector is hard, calculating its contribution to real economic growth is trickier still, because the prices of IT goods and services (adjusted for quality) have fallen sharply relative to the prices of other goods and services. For example, official figures show that America's spending on IT has risen by 14% a year in nominal terms since 1992, but by more than 40% a year in real terms. This figure is so high partly because it is extremely sensitive to assumptions about the rate at which the price and quality of IT is changing.

The Commerce Department calculates that the technology sector has contributed 35% to overall economic growth over the past four years. But because such figures are based on spending in real terms, the Goldman Sachs study reckons they are misleading. In nominal terms, IT has accounted for a more modest 10% of GDP growth in the past four years.

Another popularly quoted figure is that business spending on IT has risen from 10% of firms' total capital-equipment investment in 1980 to 60% today. But again, this is based on constant-dollar figures, and so it hugely exaggerates the true increase. In terms of current dollars (and before the latest revisions), Goldman Sachs calcuate that business investment in computers accounts for 35% of total capital spending, not 60%. And even this exaggerates the importance of IT, because much of the money goes to replace equipment which becomes obsolete ever more quickly. The share of IT in additional ''net'' investment is much smaller. Computers still account for only 2% of America's total net capital stock.

For years economists have been seeking in vain for evidence that computers have dramatically raised productivity. One explanation for the failure of productivity to surge may be that official statistics are understating its growth. Another is that much investment in IT has been wasted: hours spent checking e-mail, surfing the Net or playing games reduce, not increase, productivity. A third may simply be that IT is still too small to make a difference: for the moment, appropriately enough, you can count the digital economy on the fingers of one hand.

That is changing, and firms are learning. And note this: if you add in all computer software and telecoms (on the widest definition), the share of IT in the capital stock rises to 10–12%. As it happens, this is almost the same as railways at the peak of America's railway age in the late 19th century. Railways boosted productivity and changed the face of Victorian commerce. Hype is hype—but the new economy may yet happen anyway.

Mr. HOLLINGS. I quote from the article:

. . . they estimate the computing and communications-technology sector at a more modest 5% of the GDP —up from 2.8% in 1990. . . .

The value added of Internet sales—i.e., its contribution to the gross domestic product—would be much less, probably little more than 1% of the gross domestic product.

Mr. President, another popularly quoted figure is that business spending on information technology has risen from 10 percent of a firm's total capital, equipment and investment in 1980 to 60 percent today. Again, this is based on constant dollar figures. And it hugely exaggerates the true increase.

In terms of current dollars . . . Goldman Sachs calculate that business investments in computers accounts for 35% of total capital spending, not 60%. And even this exaggerates the importance of [information technology] because much of the money goes to replace equipment which becomes obsolete ever more quickly. The share of [information technology] in additional ''net'' investment is much smaller. Computers still account for only 2% of America's total net capital stock.

I want to dwell on this for a moment, for the main and simple reason that this really is what is at issue and why the Senator from South Carolina takes the floor. It is just not textiles. Textiles is on its way out.

And by another headline I saw in the New York Times, on the right-hand upper column of the front page this morning, President Clinton is getting together with the People's Republic of China to admit them to the World Trade Organization. You can pass the CBI, the sub-Sahara, the NAFTA there, there, and there yonder, and pull it all around, but once that is done, once China gets into the World Trade Organization and starts with its transshipments and its appeals, it controls the general assembly.

We had a resolution about 4 years ago to have hearings on human rights within the People's Republic of China. That crowd went back down into Africa and Australia and around and changed the vote, and they never had the hearing.

So I am telling you, we really are going to be a minority in the World Trade Organization. They can change around your environmental protections, your labor protections, your high standard of living, and everything else. And the CBI and sub-Sahara, and everything else that we think we are doing something to help, we are going to China, I can tell you that right now with the front page article about President Clinton. So we know where we are headed with respect to that.

But my friend, Eamonn Fingleton, has written a book, ''In Praise of Hard Industries.'' Obviously, I can't include the book in the RECORD at this particular time. But I refer to its comparisons where the Wall Street Journal time and time again has come out again and again with certain misstatements.

In 1996, when everyone from the Wall Street Journal to the Christian Science Monitor was dismissing the Japanese economy as sluggish or stagnant or even mired in a deep slump, in fact Japan's growth rate that year of 3.9 percent was the best of any major economy and was significantly superior to the rate of 2.8 percent recorded in the booming United States. . . .

Although experts like the Economist's editor in chief . . . predicted a decade ago that Japan's savings rate would plunge in the 1990s, the truth is that at last count Japan was producing $708 billion of new savings a year—or nearly 60 percent more than America's total of $443 billion . . . Japan has now decisively surpassed the United States as the world's main source of capital . . . Japan's net external assets jumped from $294 billion to $891 billion in the first seven years of the 1990s. By contrast, America's net external liabilities ballooned from $71 billion to $831 billion.

With these things going on, you begin to worry where you are headed with the particular trade bill.

Again, instead of doubling the volume of steel imports since 1983, the United States remains by far the largest importer.

So we are importing the steel. We are not having a savings rate. According to the Financial Times article that was printed in the RECORD the other day:

Fears of a slide in the U.S. dollar has 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.

Quoting from the book I previously mentioned:

In the 1960s——

Since the distinguished Senator from New York went back 65 years—

In the 1960s President John F. Kennedy felt so strongly about this that he ranked dollar devaluation alongside a nuclear war as the two things he feared most.

There you go. Here we have it. We have a whole book written on it. Why, yes, it provides jobs. The information technology society or globalization, as they want to call it, the engine of our great economic recovery in the United States, our wonderful world leadership, it provides jobs for the best, the top 5 percent of the population. You have to be highly intelligent and everything else; like I have mentioned the 22,000 employees at Microsoft. All 22,000 are millionaires. More power to them. But that does not give you any exports, that does not give you any growth. That does not give you any strength of manufacturing in the industrial economy.

That is where we are hollowing it out. That is why we cannot afford it. I would love to help the Caribbean Basin. I would love to help the sub-Sahara. But time and again, we have given over and over and over again with respect to—I remember back in the Philippines we had given there. We had other particular initiatives whereby we always sacrificed at the textile desk.

I do not have it with me right now, but I have it down where we have given to Turkey. We gave to Egypt in Desert Storm. We have just eliminated, in the Multifiber Arrangement, over a 10-year period—now we are in the 5th year—all textile tariffs and everything else of that kind. So we do not have any protectionism about which to really talk.

We have important jobs. The textile jobs, compared to those retail jobs—the average textile wage is $11 an hour. With benefits, it increases that. Those are good jobs that we are trying to hold onto—the jobs of middle America, which is the strength of the democratic society.

Let me go right back to the particular editorial. This is how silly they can get. I will quote from the editorial. This editorial is from the Wall Street Journal. So I ask unanimous consent to have printed in the RECORD the editorial of this morning from the Wall Street Journal. The title of the editorial is ''The Old Isolationists.''

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

THE OLD ISOLATIONISTS

We've got the ideal subject for President Clinton's next speech on the ''new isolationism'' in Congress: Senate Democrats. They've been abetting a filibuster that may kill the Africa and Caribbean free-trade bill that Mr. Clinton at least claims he still wants.

No doubt they think they can get away with this because the media have barely noticed. Jesse Helms gives affluent, powerful Carol Moseley-Braun a hard time for an ambassadorship, and it becomes page one race-baiting mews. But the President's own party stonewalls a trade bill that would help millions of Africans escape their desperate poverty, and the story lands back among the real estate ads.

The bill has everything Dan Rather and other good media liberals claim to love. It's bipartisan, with support ranging from New York liberal Charlie Rangel to Texas conservative Phil Gramm. It'd help Africa not with handouts, but by reducing U.S. tariffs and quotas so these countries can share in the wealth of the global economy. And it repudiates Pat Buchanan-style trade protectionism.

It's also a helluva good political story. Fronting for the textile lobby, Ol' Fritz Hollings of South Carolina has been leading a filibuster like he just walked out of the 19th century. His hilarious rants cite as protectionist authorities both Pat Buchanan and left-wing economist Paul Krugman.

''And so Buchanan comes out, and was the best voice we had in a national sense. I have been talking trade while that boy was in GoZANga. Is that the name of tat high school around her, GoZANga?'' Ol' Fritz was yelling on the Senate floor last week, referring to Gonzaga High School.

''We are in trouble,'' the Senator from Milliken & Co. said later. ''This boom they are talking about in the stock market is the information society; it doesn't create the jobs.''

Self-parody aside, his strategy is obvious: run out the Senate clock. That's why, after more than a week of debate, GOP leader Trent Lott wants to get on with the vote and other Senate business. Enter Senate Democratic leader Tom Daschle, who says he's for the bill, but spent last week aiding Mr. Hollings by rallying fellow Democrats to support Fritz's filibuster.

Mr. Daschle's gripe was that Mr. Lott hadn't allowed a wish-list of protectionist amendments: Pennsylvania's steel front-man Rick Santorum on ''anti-dumping negotiations,'' Iowa protectionist Tom Harkin on child labor, Michigan's Carl Levin (a wholly owned subsidiary of the United Auto Workers) on ''worker rights,'' among others. None of this has anything to do with Africa trade.

The Senate is supposed to be full of statesmen. But on this subject the House has been more worldly. When protectionists tried a procedural ruse to kill Africa trade in the House, Mr. Rangel gathered the names of 79 Democrats who would vote for a GOP rule to limit debate. Mr. Lott has 48 or so Republicans in favor of the bill in the Senate, but the White House hasn't yet been able to get even a dozen Democrats for the 60 votes necessary to shut off debate. Democratic Party to Africa: Get lost.

These columns have often saluted Mr. Clinton's achievements on trade policy, notably Nafta and Gatt. But it's been downhill since then. The President hasn't pushed a trade bill through Congress in five years, mainly because of Democratic opposition. He's also taken to soft-selling fast-track negotiating power lest it hurt Vice President Gore with Big Labor. Rest assured this flagging enthusiasm for free trade has been noted in Democratic circles.

Later this month Mr. Clinton traveles to an international trade meeting in Seattle, supposedly to rally the world back to the free-trade flag. But if he can't deliver through Congress something as small as lower tariffs for Africa, Mr. Clinton might as well stay home.

New York Democrat Pat Moynihan made the point with his usual delicate bluntless on the Senate floor last week. ''The chairman (Republican Bill Roth) and I were planning to spend a few days in Seattle just meeting with people. We were not going to speak. Dare we go? I suppose Ambassador Barshefsky, is required to go,'' he said of the predicament the U.S. trade rep would be in if the Africa bill failed. ''I don't want to show my face.''

Late yesterday Mr. Daschle finally agreed to oppose Mr. Hollings, but only after he got Mr. Lott to guarantee him votes later on such domestic political and non-trade matters as the minimum wage. This shows where his priorities lie. When the final Africa trade bill votes are toted up, we'll also see who the real isolationists are.

Mr. HOLLINGS. Mr. DASCHLE is right. Mr. LOTT had not allowed a wish list of protectionist amendments. You see, Mr. LOTT had given fast track to this particular bill, until this morning, he said yesterday afternoon, but that was without notice. I went back to get some amendments. When I was getting those amendments at 5:30, they closed this Senate Chamber down. They didn't want amendments. Now he says you can get amendments. Here is what the Wall Street Journal thinks:

Pennsylvania's steel front-man Rick Santorum on ''antidumping negotiations,'' Iowa protectionist Tom Harkin on child labor, Michigan's Carl Levin (a wholly owned subsidiary of the United Auto Workers) on ''worker rights,'' among others. None of this has anything to do with Africa trade.

It doesn't? Child labor doesn't have anything to do with Africa trade, with Caribbean Basin Initiative trade? It doesn't? Wait until the Senator from Iowa comes out here and presents his amendment. That is how arrogant they have gotten. They splash a bunch of things people would not understand. It has everything to do with it. In fact, those are the principal amendments the Senator from South Carolina has. If the Senator from Delaware would agree to them, we could move on with this bill.

Specifically, in NAFTA we had the labor side agreements. They are not included in the CBI/sub-Sahara. In NAFTA, we had the environmental side agreements. Not in CBI/sub-Sahara. In the Mexican NAFTA, we had reciprocity. Not in CBI, not in sub-Sahara. In fact, when the Senator from New York jumped back 65 years, to 1934, I didn't hear him enunciate clearly reciprocal trade agreements of Cordell Hull, reciprocity. They had hard, good businessmen. Trade was trade, not a moral thing of foreign aid. That is our problem today. Too many in the political world think about trade as aid, another Marshall Plan. And the Marshall Plan has worked. But there is a limit to what you can give away.

I have time and again said that two-thirds of the clothing I am looking at is imported. One-third of all consumption in the United States is imported right now. If this train continues, it will be over half within the next 5 years. That is the hollowing out. If we are going to follow the London economists and the Brits who went from the production of goods to the providing of services—a service economy—we are going to have minimal growth. They got a British Army, but it is not as big as our Marine Corps. But we are going to lose influence in the World Trade Organization, in GATT, treaties in the Mideast and everywhere else, because money talks. We don't have those things going.

Now, Mr. President, reciprocal trade. I have an amendment on reciprocity, one on labor rights, and I have one with respect to the matter of the environment. It was all included. Let me just note, this is with tremendous interest to this particular Senator because I have just picked up this week's Time magazine. What we really have, in essence, is the campaign finance bill of 1999. They say they are not going to pass it, but this is the campaign finance bill of 1999.

In the middle, on pages 38 and 39, is an open-page Buyers Guide To Congress. Down here listed is the Caribbean tariff relief, a bill to let the Caribbean and Central American countries export apparel to the United States duty and quota free. Then you can go down to the contributions. The clothing firms want access to cheap-tax-advantage offshore production both Clinton and Republicans favor as a free trade measure.

They have in here—yes, the manufacturing and retail side is Sara Lee Corporation, Gap, the ATMI, and everything on the one side, and the AFL–CIO anti-sweat-shop groups. We have seen where that sort of split is. They are going along now with service labor leader John Sweeney and not with the manufacturing jobs in America.

Then we go to last week's edition, and we have the fruit of its labor. We see that, in addition to Sara Lee, we have Bill Farley and the Fruit of the Loom group. It is just embarrassing to me when you take Farley, who already moves 17,000 jobs out of Kentucky and some 7,000 from Louisiana, and then he gets a $50 million bonus when this bill passes. They are talking about how we are going to help working Americans. Then, all we have to do is go back to this week's London Economist again, in the very first part of the magazine section. We can put that in the RECORD.

I ask unanimous consent that the article entitled ''Politics and Silicon Valley'' be printed in the RECORD.

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

[From the Economist, Oct. 30, 1999]

POLITICS AND SILICON VALLEY

The rise of America's high-tech industry is not just a windfall for presidential hopefuls. It could also be a godsend for the liberal political tradition.

Until recently, computer geeks hardly noticed politics. Washington was ''the ultimate big company''. Policy wonks and political theorists—let alone the poor saps sitting in Congress—''just didn't get it''. And the policy establishment, doers and thinkers alike, was only too happy to return the compliment. In the last presidential election campaign, references to a high-tech future were vague and perfunctory, and Silicon Valley or Seattle were not particular ports of call. Washington, DC and the geeks existed in different worlds.

How things have changed. According to the Centre for Responsive Politics, a Washington watchdog group, by the end of June this year contributions from the computer industry were already three times those given to Bill Clinton and Bob Dole combined during the 1996 campaign. Of the $843,000 in direct industry contributions, over one-third went to George W. Bush, the Republican front-runner, with the two Democrats—Vice-President Al Gore and Bill Bradley—both netting about half of the Texas governor's total. These figures tell only part of the story, however. They do not include contributions from telecommunications and biotech companies, nor the millions of dollars the candidates have received in fund-raisers organised by computer executives and venture capitalists: entrepreneurs who helped fuel the high-tech boom, and are now helping pave the way to the White House.

Mr. Bush has courted the computer chiefs of Texas since before he became governor, in 1995. Heading the committee of computer luminaries advising him is Michael Dell, the Godfather of Austin's high-tech revolution, who is actively recruiting other computer executives into the Bush camp. Among the other members of the committee are James Barksdale, founder of Netscape, and John Chambers, president and CEO of Cisco Systems. But if Mr. Bush has Texas sewn up, other candidates have been prospecting elsewhere. In Colorado, which now has the second-highest concentration of high-tech jobs in the country, the state's prosperous telecom industry has been donating generously to both Senator John McCain and Mr. Gore. Trips to the Pacific north-west have been especially lucrative for Mr. Bradley and Mr. McCain, with Microsoft giving both candidates their largest computer-industry donations to date. Nor are the contributions only for the men at the top: the computer industry gave $8m to congressional campaigns in 1998, more than twice what it gave in 1994.

This money is all the sweeter for coming with few strings attached. The computer industry has yet to develop a coherent lobbying strategy, in which campaign donations are implicitly exchanged for influence over the political process. This is partly because the ''computer industry'' is really just a collection of assorted (and often competing) interests. As one industry analyst puts it, ''Just as there is no 'Asia' to Asians, there is no 'technology community' to technology companies.'' The interest of hardware companies are not necessarily those of software or e-commerce companies, and therefore a focused, industry-wide lobbying effort has been difficult to co-ordinate.

Slowly, this is changing, as high-tech executives finally learn the rules of political gamesmanship. Eric Benhamou, boss of 3Com, dates the politicisation of Silicon Valley to 1996, when California's trial lawyers sponsored a ballot measure that would have exposed high-tech companies to a barrage of litigation. Since then the Valley has woken up to the fact that it helps to have friends in Washington. The government has the power to turn off one of the Valley's most important resources: the supply of foreign brains. The Microsoft antitrust case may even prove that it has the power to restructure the entire computer industry. In short, the two sides simple have to talk to each other.

The Technology Network (TechNet), a political action group founded two years ago in Silicon Valley, has just set up a second office in Austin, and plans to open more chapters in the future—an attempt to influence policy at both state and local level. Companies in Washington, DC—home of America Online, America's biggest Internet service provider, and a city where the computer industry has just taken over from government as the biggest local employer—have also started their own lobbying group, CapNet.

According to Steve Papermaster, an Austin entrepreneur who heads TechNet Texas, there is a greater sense of urgency within the technology industry to have more of a say in politics. Like it or not, high-tech businesses have to work in a world of taxes, regulation, lawsuits and legislation; they need politicians just as much as politicians need them. If not more: for political contributions from the high-tech hives are still well below those that come in from such old-fashioned sectors as banking or even agriculture. There is a lot of catching-up to do.

THE GEEKS AND THE PARTIES

The Republican and Democratic candidates who are now trawling the high-tech industry, hands out, hope that this new political awareness has a partisan tinge. Republicans seem to have more grounds for optimism. After years when it looked as if computers favoured big organisations over small ones, and companies such as IBM appeared to be breeding grounds for conformism, the high-tech industry is arguably putting technology back on the side of individual liberty.

The average computer geek is convinced that the rise of clever machines and interlinked networks is inexorably shifting power from organisations to individuals, decentralising authority and accelerating innovation. Not only big companies and big unions, but also big government, seem to be on the point of disappearing. The sort of world the geeks are now conjuring up is a throwback to that of the Founding Fathers, so admired by Republican revolutionaries of the Gingrich mould, where (morally upright) yeomen farmers pursued happiness quite undisturbed by government.

Yet Democrats, too, think they have natural friends in the high-tech industry. There is a growing feeling in some quarters that—as in the case against Microsoft—government is not always a force for evil. Indeed, the public sector may hold the key to solving the social problems that now plague the high-tech industry: the shortage of educated labour, the over-strained transport system and the rapidly growing gap between rich and poor.

Some computer bosses are already appealing to politicians to get their act together. Andy Grove, the head of Intel, has told congressmen that the Internet is about to wipe out entire sections of the economy—and has warned them that, unless politicians start moving at ''Internet rather than Washington speed'', America may see a repeat of the social disaster that followed the mechanisation of agriculture. The high-tech industry is beginning to realise that it is doing nothing less than ''defining the economic structure of the world,'' says Eric Schmidt, the boss of Novell. And with that realisation comes, for some at least, a heavy sense of responsibility.

So which party will gain from the computer industry's belated entry into politics? It is hard to say. Mr. Schmidt points out that most computer folk are seriously disillusioned with the established parties: with the Democrats because they are too soft on vested interests, with the Republicans because of their ''Neanderthal'' social views. They think politics is not about ideology, but about fixing things, a tidy-minded approach that comes easily to scientists and engineers—and which carries echoes of the earlier, not-so-crazy Ross Perot.

It is often claimed that ''libertarian'' and ''progressive'' groupings are emerging in the computer industry. Yet these sound not dissimilar from the sort of shifts that are occurring anyway inside the Republican and Democratic Parties. Libertarians are represented by men like T.J. Rodgers, the boss of Cypress Semiconductor, and Scott McNealy, the head of Sun Microsystems, who argue that government is being rendered largely irrelevant by the power and speed of computers, and that the best way to deal with problems such as the ''digital divide'' may well be to extend the market, not invent new government programmes. This is ''compassionate conservatism''—perhaps operating even through beneficent computer companies themselves, offering training and education—of the sort that George W. Bush might recognize.

The progressives, who originally appeared under Bill Packard at Hewlett-Packard in the 1990s, have now fanned out to a growing number of institutions, from Joint Venture-Silicon Valley, a think-tank dedicated to tackling local problems, to TechNet, which now consists of no fewer than 140 high-tech bosses. They argue that there is still an important place for the government in a computer-driven economy—albeit a much smaller and more intelligent government than the one that currently resides in Washington. They love to point out that government funded the research that gave birth to the Internet, and one of their key complaints is that the federal government's R&D spending over the past 30 years has declined dramatically. Doesn't that sound just a bit like Al Gore?

BRAVE NEW POLITICS

It is tempting to conclude that the high-tech industry, flush with its new success, is claiming an impact on politics that goes far beyond the facts. Yet politics is a theoretical discipline, as well as a practical one; and here the collusion with high-tech is leading in fascinating directions. Computer-folk are beginning to look outside cyber-land for the answers to their questions about the future of society and government. At the same time, the intellectual and policy establishments are increasingly looking to the Valley, and other high-tech corners, for clues as to the shape of things to come.

The latest think-tank in Washington, DC, the New America Foundation, is largely funded by Silicon Valley money and is devoted to exploring the sort of political topics that will be at the heart of the digital age: digital democracy, the future of privacy and the digital divide. New America is in one of the few funky bits of Washington, Dupont Circle. It has scooped up a good proportion of the brightest American thinkers under 40 in its fellowship programme, including Michael Lind, Jonathan Chait and Gregory Rodriguez, and it is making sure that these bright young things interact with the cyber-elite at regular retreats and discussions.

So far, the person who has straddled the worlds of social theory and Silicon Valley most successfully is Manual Castells, a sociologist at the University of California. Mr. Castells enjoys a growing reputation as the first significant philosopher of cyber-space—a big thinker in the European tradition who nevertheless knows the difference between a gigabit and a gigabyte. His immense three-volume study, ''The Information Age'' (Blackwell), echoes Max Weber in its ambition and less happily in its style (the ''spirit of informationalism'', for example). He writes about the way in which global networks of computers and people are reducing the power of nation states, destabilizing elites, transforming work and leisure and changing how people identify themselves.

Mr. Castells ruminates obscurely about ''the culture of real virtuality'', ''the space of flows'' and ''timeless time''. He also castigates the cyber-elite for sealing themselves off in information cocoons and leaving the poor behind. But this former Marxist and student activist cannot restrain his enthusiasm for the way that it is diffusing 1960s libertarianism ''through the material culture of our societies''. The result is that his sprawling boo, is now an important fashion accessory in Palo Alto cafés.

Will the views it enshrines be more than a passing trend? Very probably. The last time America underwent a fundamental economic change, a fundamental political realignment rapidly followed: the transition from an agrarian to an industrial society in the mid-19th century soon gave rise to mass political parties with their city bosses and umbilical ties to labour and capital. The cyber-elite not only suspects that changes of a similar magnitude are inevitable. It hopes to be able to help shape the new politics.

Today's sharpest intellectuals are fascinated by Silicon Valley for the same reason that thinkers early in this century were intrigued by Henry Ford: the smell of huge amounts of money made in new ways. But the Valley has more interest for them than Motown ever had, because it deals in the very stuff of intellectual life, information: and because this, more than any other place, is a laboratory of the future.

Individualism has been losing out as a practical doctrine for the past century because the invention of mass production encouraged the creation of big business, big labor and, triangulated between the two, big government. this has been the age not of Jefferson's yeoman farmer, but of William Whyte's Organisation Man. Now, however, computers are shifting the balance of power from collective entities such as ''society'' or ''the general good'' and handing it back to those whom governments once condescendingly referred to as their ''subjects''.

This cult of individual effort, completely detached from the old hierarchical or social structures, can be found everywhere in Silicon Valley. The place is full of bright immigrants willing to sacrifice their ancestral ties for a seat at the table; almost 30% of the 4,000 companies started between 1900–96, for example, were founded by Chinese or Indians. The Valley takes the idea of individual merit extremely seriously. People are judged on their brainpower, rather than their sex or seniority; many of the new internet firms are headed by people in their mid-20s.

The Valley's 6,000 firms exist in a ruthlessly entrepreneurial environment. It is the world's best example of what Joseph Schumpeter called ''creative destruction'': old companies die and new ones emerge, allowing capital, ideas and people to be reallocated. The companies are mostly small and nimble, and the workers are as different as you can get from old-fashioned company men. As the saying goes in the Valley, when you want to change your job, you simply point your car into a different driveway.

THE DISAPPEARING STATE

This twofold Siliconisation—the spread of both the Valley's products and its way of doing business—is beginning to challenge the rules of political life in several fundamental ways. And it is doing so, of course, not merely in America but the world over—though America is both farther ahead, and represents more fertile ground.

First, the cyber-revolution is challenging the expansionary tendencies of the state. Over the past century the state has grown relentlessly, often with the enthusiastic support of big business. But corporatism has no future in the new world of creative destruction. (It is a safe bet that imitation Silicon Valleys that have been planned by politicians are going to hit the buffers.)

The spread of computer networks is also moving commerce from the physical world to an ethereal plane that is hard for the state to tax and regulate. The United States Treasury, for example, is currently agonizing over the fact that e-commerce doesn't seem to occur in any physical location, but instead takes place in the nebulous world of ''cyber-space''. The internet also makes it easier to move businesses out of high-taxation zones and into low ones.

One of the state's main claims to power is that it ''knows better what is good for people than the people know themselves''. But the Siliconisation of the world has up-ended this, putting both information and power into the hands of individuals. Innovation is now so fast and furious that big organizations increasingly look like dinosaurs, while wired individuals race past them. And decision-making is dispersed around global networks that fall beyond the control of particular national governments.

The web is also challenging traditional ideas about communities. Americans are accustomed to thinking that there is an uncomfortable trade-off between individual freedom and community ties: in the same breath that he praises America's faith in individualism, Tocqueville warns that there is danger each man may be ''shut up in the solitude of his own heart''. Yet the Internet is arguably helping millions of spontaneous communities to bloom: communities defined by common interests rather than the accident of physical proximity.

Information technology may be giving birth, too, to an economy that is close to the theoretical models of capitalism imagined by Adam Smith and his admirers. Those models assumed that the world was made up of rational individuals who were able to pursue their economic interests in the light of perfect information and relatively free from government and geographical obstacles. Geography is becoming less of a constraint; governments are becoming less interventionist; and information is more easily and rapidly available.

So far—Mr. Castells apart—Silicon Valley has not produced a social thinker of any real stature. Technologists tend not to be philosophers. But at the very least, computerization is helping to push political debate in the right direction: linking market freedoms with wider personal freedoms and suggesting that the only way that government can continue to be useful is by radically streamlining itself for a more decentralized age.

It is a little early to expect that this sort of thinking will colour next year's campaigns; the new alliances between politicians and the cyber-elite have mostly sprung up for the most ancient and pragmatic of reasons. But it may only be a matter of time before America sees, on the back of the computer age, a great new flowering of liberal politics.

Mr. HOLLINGS. It says:

How things have changed. According to the Centre for Responsive Politics, a Washington watchdog group, by the end of June this year, contributions from the computer industry were already three times those given to Bill Clinton and Bob Dole combined during the 1996 campaign. Of the $843,000 in direct industry contributions, over one-third went to George W. Bush, the Republican front-runner, with the two Democrats—Vice President Al Gore and Bill Bradley—both netting about half of the Texas Governor's total. These figures tell only part of the story, however. They do not include contributions from telecommunications and biotech companies, nor the millions of dollars the candidates have received in fund-raisers organised by computer executives and venture capitalists: entrepreneurs who helped fuel the high-tech boom, and are now helping pave the way to the White House.

And on and on. If they can see it in downtown London and on Main Street America with the headline, ''The Buyer's Guide To Congress,'' and list in this particular bill the Caribbean tariff relief bill, we Senators don't have any pride. Is there no shame? Can't we understand what is going on and that NAFTA doesn't help the workers in South Carolina? We lost all the jobs. What few remain, they are saying the high-tech revolution has passed by, and it says the info revolution escapes them.

If I could get Gates to South Carolina tomorrow morning, I would bring him in. He is a wonderful industry and everything else. At least give President Reagan credit; we subsidized the semiconductor industry by putting in a voluntary restraint agreement and Sematech.

That is why we would have Intel and otherwise gone. Yes; we have moments of sobriety in this particular body. But it is election 2000. It is all financing, and the buying of the Congress. They ought to be ashamed to bring this bill.

But I will make the Senator from Delaware a deal. If he will accept a side agreement on labor similar to what we have on NAFTA, and a side agreement that we have on NAFTA with respect to the environment and reciprocity, we would not even have to. Those amendments ought to be accepted. They were on the NAFTA agreement. If he will accept those, I will sit down, and we can go ahead and vote on this particular bill. I make that proposal to the distinguished Senator from Delaware. After he has had a chance to study it, I hope to hear from him because it would save all of us a lot of time.

I have had relevant amendments, instead of the ''Hollings filibuster'' all last week. The majority leader filibustered. He knew how to do what he wanted to do. He filled the tree where you couldn't put up those amendments. You couldn't put up any kind of amendment with respect to child labor. You couldn't put up in any amendments with respect to trade. He filled the tree. He forced fast track. It was a bill with his amendments, take it or leave it.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.