



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 103^d CONGRESS, SECOND SESSION

Vol. 140

WASHINGTON, TUESDAY, SEPTEMBER 27, 1994

No. 137

Senate

(Legislative day of Monday, September 12, 1994)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable RUSSELL D. FEINGOLD, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Commit thy way unto the Lord; trust also in him; and he shall bring it to pass.—Psalm 37:5.

Gracious Lord, deliver us from the futility of lost causes and bankrupt ideas. Save us from thinking we are thinking, when all we are doing is rearranging our prejudices.

Help us think originally, creatively, constructively.

Lord God, let Thy will be done in our hearts and homes and offices.

We pray in the name of Him whose human perfection lay in obedience to Thee. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

Washington, DC, September 27, 1994.

To the Senate:

Under the provisions of rule 1, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable RUSSELL D. FEINGOLD, a Senator from the State of Wisconsin, to perform the duties of the Chair.

ROBERT C. BYRD,
President Pro tempore.

Mr. FEINGOLD thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 11 a.m. with Senators permitted to speak therein for not to exceed 5 minutes.

The Senator from North Dakota [Mr. DORGAN] is recognized to speak for up to 15 minutes.

THE FEDERAL RESERVE BOARD

Mr. DORGAN. Mr. President, I wanted to take some time to discuss two issues today. First, very briefly, mercifully, probably in the minds of some, today the Federal Reserve Board will again meet here in Washington, DC. They will likely close their doors in secret to make important decisions about the interest rates we will pay. The decisions very much affect this country's economic future.

Five times in the last 7 months they have done that, and they have increased interest rates five times with no public debate, no fresh air of public thought intermingled with their private discussions. They decided at least in their minds that the fear of inflation was so significant that they should put the brakes on the American economy.

Of course, there is no credible evidence of inflation. Inflation has been down 3 years in a row, and neither is there any credible evidence of inflation on the horizon. But the Federal Reserve Board, nonetheless, seems intent on putting the brakes on the American economy by increasing interest rates.

Today they will make another decision. They have decided in the last 7

months to increase the cost of public borrowing by more than \$100 billion in the coming 5 years. In other words, after all of the wrenching debate last year to reduce the Federal deficit, done in public with great public debate, we came up with a \$500 billion deficit reduction plan. In 5 years the Federal Reserve Board, with no public debate and in secret, has taken action on five occasions to increase interest rates, which increased the cost of borrowing for the Government by over \$100 billion. They have, with no public discussion, taken back one-fifth of all of the deficit reduction package that we enacted last year.

I urge the Federal Reserve Board today to begin paying attention to the needs of this Nation. Do not just fear inflation. Yes, inflation is to be feared. But there is no credible evidence that inflation is on the rise. Fear recession; fear unemployment as well. Let us have a balanced policy of not only stable prices, but economic growth.

THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Mr. DORGAN. Mr. President, I came to the floor today primarily to talk briefly about GATT, the General Agreement on Tariffs and Trade. It does not mean very much to most people in this country. Yet GATT, or the General Agreement on Tariffs and Trade, the trade agreement that will come to the Senate and the House for approval, is one of the most significant pieces of economic policy and trade policy we will confront in a quarter of a century.

It will be done, if some have their way, in a matter of a day, or a couple of days, or a week, sliding through the House and the Senate under a procedure called fast track.

Fast track is just what it sounds like. In basketball they call it fast

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



Printed on recycled paper containing 100% post consumer waste

S13379

It makes no sense for Americans to believe in this notion of so-called free trade when we are talking about trade with countries who have no requirement that you must pay a living wage for work performed, or with countries who have no requirement on the kind of work or safety standards we believe to be imperative.

I think it will not be in the best interest of the Senate, the Congress, or the American people if we decide in the next 2 weeks, let us take this giant piece of trade policy and shove it through the keyhole under fast track so that nobody gets a chance to catch their breath and ask what are we really doing here.

I very much hope that the leaders of the Congress, the American people, and others, will decide this is far too important a policy for our country to push through Congress in a couple of weeks. We should do this next February, March, or April in the new Congress with a substantial national debate about what our trade policy ought to be.

Is there a price for accessing the American marketplace? Is that price the requirement that you invest here, create jobs here, or at least that over there in the production sector you pay some notion of a living wage? Are there any requirements at all, or have we become slaves to this notions and slogans or so-called free trade?

By speaking here today I know that I risk incurring the wrath of all the editorial writers, the business writers, and many others in New York and Washington, who decide that if you are not for free trade, for GATT, you are a xenophobic isolationist boob. That is the way they portray those who do not join the free-trade chants. What a bunch of nonsense.

GATT is about jobs, about economic health, about American economic growth in the years ahead. If we cannot have a thoughtful discussion about GATT and our trade policy and do it not on fast track, but in a manner that serves this country's best interests, then I fear that the Congress, which ought to be the great debating place in our country, is not going to serve its constituents well.

Along with several others in this Chamber, including the Senator now presiding, I have asked the leadership to give us an opportunity to have a straight up-or-down vote first on the question of waiving this body's budget rules in order to pass GATT. Implementing GATT is going to cost some money—an estimated \$40 billion in 10 years—and increase the deficit. That is, the deficit will be increased if we pass this GATT agreement.

Well, are we going to waive the budget rules? Are we unwilling to waive the budget rules on a whole range of things people need in this country, things that invest in human potential, human needs? Of course, we are unwilling to do that, because we have the discipline and we have decided there is a certain

way to do things, and we ought not increase the deficit.

Are we going to come to the floor and roll into fast track a budget waiver that says that for all the other things in this country that we felt were important, we were not going to waive the budget rules, but for GATT, that is just fine?

It is not fine with me. We ought not waive the budget rules, and in my judgment, we ought not consider GATT under fast track this fall. This is a decision the American people ought to help make after the turn of the year.

I yield the floor.

Mr. KERREY addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska is recognized.

HEALTH CARE REFORM

Mr. KERREY. Mr. President, yesterday, Senator MITCHELL announced that the Senate would stop its work on health care reform this session. This news represents a victory for the politics of the status quo and a disappointing defeat for Americans.

The debate on health care reform has long since dwindled into confusion and confrontation. Many Americans became opposed to our health care reform efforts. A majority of Nebraskans opposed most of the health care proposals considered by the Congress. They have listened to ads warning against a big Government takeover, or of restriction of choice, or of long waiting lines, and the majority has begun to say maybe it is good that we wait to change our laws.

That is understandable, since in any year the majority will be secure and will not get seriously ill. The majority does not face an immediate problem.

It is the minority that has an immediate problem. This year less than a fifth of us will need to enter a hospital as a patient. Only one in five Nebraskans each year learns about the complexity and cost of our existing system of payment and delivery.

Only a fraction of those will learn what it means to have a stranger in Washington or a stranger in an insurance company tell their doctor: We will not pay for that procedure. Only a few of us each year face the prospect of not being able to afford the treatment our doctor tells us might save our lives.

In our hearts we know that the problem faced by our neighbor this year is a problem we may face next. Next year it may be our job that is lost in an act of corporate downsizing. Next year it may be our family that faces a serious illness or accident that forever brands our forehead with the scarlet letters: "preexisting condition."

In our heads we know that cost of health care is bankrupting America. This year \$318 billion of our Federal taxes will be used to provide health care to elderly Americans, poor Americans, disabled Americans, American veterans, and Americans who work for

the Federal Government. And we will provide \$90 billion in Federal tax subsidies to encourage Americans to buy private health insurance.

The year to year increase in Federal taxes to pay health care bills is \$38 billion. That is almost \$400 in new Federal taxes paid by each American household just to pay for the increase. That is on top of \$4,000 in direct and indirect tax spending per household.

In our hearts, where we are able to understand the need for health care security, and our heads, where the numbers are calculated, we know that the status quo is not acceptable.

We know that change is needed.

We will fail again next year if we begin by dividing ourselves into Democrats and Republicans, insured and uninsured, rich and poor, urban and rural. We will fail if we insist on accentuating our differences.

Unity does not mean we must paper over our differences. Differences honestly expressed typically allow us to discover win-win solutions. That is what the mainstream coalition attempted to do in the Senate this year and will continue to do next year.

The most difficult barrier to changing our Federal laws is the realization that each of us must change our old habits and ways. As long as we can blame someone else change is easy. As long as we can ask everyone to change but ourselves the job looks simple. The minute it occurs we are going to have to do things differently, too, the fun goes out the window, the air goes out of our tires.

And change we must:

If we want to continue to have best health care in the world; if we want all Americans to know with certainty they will get the health care their doctor prescribes; if we want all Americans to accept personal responsibility for taking care of themselves at the same time we provide a safety net for those who cannot; if we want to bring costs in line with our expectation and capacity to pay; if we want to get healthier.

The mainstream proposal was not a free lunch. It asked Americans to change their behavior as consumers of health care services, as citizens who decide how our State and Federal programs will operate, and as human beings who must face difficult moral and ethical health care choices.

As consumers of health care we must change. Over the past 40 years we have erected a wall of third party reimbursement which now stands between us and the providers of services. Typically neither the buyer nor the seller knows the price anymore. To make the market work—in contrast to a Government run system—Americans must make a greater effort to learn about the price and quality of health care services.

I believe the market will work if consumers are given more information about providers and payers. To do this our laws must be changed so that Americans are not prevented from get-

break. In trade they call it fast track. It means they are running down the court as fast as they can to get to the other end before anybody else gets set up for defense.

Fast track on trade policies means that when a trade bill comes to the floor of the Senate there are no opportunities for amendment. You will approve it as is.

GATT, a trade agreement with many, many nations around the world, will now be brought to us under a procedure called fast track. It will, in my judgment, disserve this country's economic interests if we decide to try to push GATT through the keyhole in the next week or 2 weeks under fast track without a thoughtful national public debate about what our trade policy ought to be.

The fact is our trade policies are in disarray and have been for a long, long time. We are heading this year to the second largest trade deficit in the history of this country. If the pattern holds true, this year's trade deficit—that is, what we purchase versus what we export—will be around \$145 billion. This is not a deficit we owe to ourselves. It is one we have to pay at some point. And we will pay that with a decreased standard of living in this country.

Fortunately, this administration has pursued better trade policies than the two previous administrations. Nonetheless, our trade policies are still out of kilter. Our trade deficit with Japan is about \$60 billion; with China, \$24 billion. Those are just examples.

GATT, although it will not be discussed in the bars and the barber shops and cafes around the country, represents the rules by which we trade with each other in this world.

When I studied and taught economics, we taught about the doctrine of comparative advantage in which under a perfect world order each country would do what it does best and then trade with the other. That would be the most efficient world order. The assumption by those who preached free trade and a free market system—Adam Smith and Ricardo and the others—was first of all that capital is not mobile. Today it is mobile in an instant.

Second, back in the good old days you not only had capital that was not mobile, but you had nations rather than corporations.

Today, capital is mobile instantaneously to move any place in the world; and, second, today we have corporations rather than nations. Corporations encircle the globe as world citizens and decide here is what we want to do, here is how we want to produce, and here is how we want to access markets.

The big corporate interests are saying we want to produce where it is cheap to produce and sell in the established markets. We, as a country, have decided it is just fine with us if all of that happens because our consumers are advantaged by cheaper goods.

The problem is our consumers used to have jobs in which to pay for those cheaper goods and, of course, when the production moved away the jobs also left. So now this country has a lower standard of living with lower wages than we had on average—adjusted for inflation—a decade ago, and more and more production jobs moving elsewhere. And most of the new jobs in this country are jobs that pay less.

What does all of this mean? It means that we are heading toward what is called the British disease if we keep believing this kind of trade policy represents our economic interests. If we decide, as a country, that we should continue to measure our economic health based on what we consume rather than what we produce, we inevitably, as a country, will face a future in which our economy is atrophied.

Put yourself in the shoes of a corporate enterprise that is a world citizen doing business all around the world. Its interest is to its stockholders. How does it make maximum profits with the resources it has under its command? Let us assume that this corporation produces shoes.

In fact, let me cite just for a moment a piece that I think was in *Business Week*, that I read about a corporation employing someone who produces shoes. A corporation employs a woman outside of small town in Indonesia to work in a manufacturing plant for about 14 cents an hour. She works 10½ hours a day, 6 days a week, and makes about \$35 or \$37 a month. There is about 1¼ hour labor in the pair of shoes that she makes. So, the pair of shoes, which is sent back to our market to sell for \$80, has about 20 cents labor in their construction.

A corporation that decides, I am going to make a pair of shoes or a jacket or shirt or whatever, has an opportunity to look at various approaches around the world on how it wants to produce. And for the same money, it has this opportunity—for the same manufacturing wage it can decide to do the following: It can hire 1 American, or it can hire 23 Filipinos instead. It can decide to hire 42 workers in India as opposed to the 1 American. Or it can decide to employ 80 people in China as opposed to 1 American.

Let me rephrase that, because I think it is important to understand what GATT is about. GATT says let us have free trade. It does not talk about standards, or wages, or livable conditions, at least in a way that is enforceable.

We have minimum wages in this country. We have worker safety standards. We say you cannot employ kids except under certain circumstances and restrictions. We are not going to have 10-year-olds working in coal mines anymore because we have certain child worker standards.

So my point is, we have decided the rules in our country so that those who work are able to get some sort of livable income. But GATT says let us

begin trading and competing with other countries, many of whom have no similar kinds of rules.

So we are saying, all right, if you want to produce something, you take a jet, you circle the globe and look for the opportunity to produce at the least cost. American workers, you compete. We are now a team. We have the U.S.A. jersey on. We are a competitive team to produce shoes or shirts or refrigerators. And this team of ours, with our average manufacturing wage in this country of about \$15.50 or \$16 an hour, is competing. For an hour of labor you have the opportunity as producers, as a corporate producer, to hire 1 American, to hire 23 residents in the Philippines for the same wage for the same hour of work, or to hire 42 people from India, or to hire 82 Chinese.

What do you decide to do? You decide increasingly the production of a good many items will be done in areas where you can hire 80 people for the price of 1, as long as there is no price to access the marketplace back here in America.

We tell corporations they can go hire those 80 people for the price that you pay for 1 American, and the product of that you can ship back into our marketplace without any problem at all because our marketplace is open and there is no access charge. You can just have free access. It does not matter.

I am saying that makes no sense for us. Yes. We should have a trade agreement with the other countries whose economies are similar to ours.

But does the new GATT make sense?

Let me just show a chart of some of the wage rates of some of the countries involved in GATT. These are just a few because we are talking well over 100 countries. You have industrialized countries: the United States, Canada, Germany, France. As you see, Germany pays the highest average manufacturing wage of \$25. The United States is about \$16. Spain, Britain, and then what do you see? You see other countries. I could tail off on this map well down with Bangladesh, Sri Lanka and so on. You see China, Thailand; you see India, the Philippines.

The question is do you have a circumstance of fair competition where you say to those who are producing, go ahead and produce where it is cheapest, and then access our marketplace?

The American people have to understand we simply must not embrace trade rules that say it does not matter where you do business because we measure economic health based on consumers. If we continue with such mistaken policy, we consign ourselves to a future that is very, very dismal.

We should want to compete, and we should not have to compete, for 14 cents an hour wages. We should not want to, nor have to, compete for \$1 an hour wages. We have fought far too long in this country to bring up the standard of living so that families can work and care for themselves and improve their lives and educate their kids and provide opportunity for the future.