

the loose. God forbid he should harm or kill someone else while he has escaped from custody. But this escape should persuade us, as almost all law enforcement officials have told me, that there is a need for some reasonable standards or requirements. Even the private companies themselves have said, yes, there is a need for some basic standards.

I intend to introduce legislation that would allow the Justice Department to establish these standards and perhaps we will not again see an escape of a violent killer of this type. The U.S. Marshals Service also transports offenders or criminals across this country, and they have never lost a violent criminal during that transport. When private companies are contracting with States and cities to haul violent criminals, the American public ought to expect that if they pull up to a gas station someplace they are not pulling up next to a minivan that contains three or four convicted murderers who are being handled improperly, by ill-trained guards, sitting in civilian clothing, and potentially able to escape.

The American public should not have to accept that risk. We will not accept risks in the transport of toxic waste. We will not accept the transport, without standards, of cattle; or for that matter of circus animals. Neither should we accept the transport of convicted killers across this country without some basic minimum standard that would guarantee public safety.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF BUSINESS

Mr. LOTT. Madam President, Senator DASCHLE and I have been working, really last week and early this week, to reach an agreement on the best way to have further consideration of the trade bill and also the bankruptcy bill. I want to say right up front that there has been a good faith effort on both sides. I certainly feel that way toward the Democratic leader. We are very close to reaching an agreement. I think it is basically a question of showing each other the actual amendments that would be involved. But I understand the Senator from South Carolina will not allow us to enter into any agreement with regard to the trade bill at this time. Having said that, we will continue to work to reach an agreement on the bankruptcy bill as well as trying to find a way to consider the pending trade bill.

AFRICAN GROWTH AND OPPORTUNITY ACT—Resumed

Mr. LOTT. Madam President, with that, I now call for the regular order with respect to the trade bill.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 434) to authorize a new trade and investment policy for sub-Saharan Africa.

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.

Lott (for Ashcroft) amendment No. 2340 (to amendment No. 2334), to establish a chief agricultural negotiator in the Office of the United States Trade Representative.

AMENDMENT NO. 2340 WITHDRAWN

Mr. LOTT. Madam President, I now withdraw amendment No. 2340.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. LOTT. Madam President, it is now my hope the Senate can consider trade related amendments to the underlying African trade/CBI bill. We have been encouraging Members throughout this process to be prepared to offer their amendments. I have stated previously it has always been our willingness to have Senators offer these trade amendments. I believe it is time to move forward on this important legislation and complete this bill as early as possible this week.

So I ask consent it be in order for me to send to the desk a series of cleared amendments that I think are about equally divided on both sides. This will be the so-called managers' amendments to H.R. 434. I would say, we would offer these en bloc. There may be other amendments that may need to be offered that are not on this list.

I ask this so-called managers' amendment be considered en bloc, agreed to en bloc, and the motion to reconsider be laid upon the table.

Mr. HOLLINGS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. Madam President, when I yield the floor, the bill will be open for amendment. An amendment can be offered at this point. In my discussion with Senator DASCHLE, I have indicated if we can get agreement on how to proceed on the trade bill and the bankruptcy bill, on which I think he and I can agree, I will be perfectly willing to take down the tree, too. I want the RECORD to reflect that. I have opened this slot so an amendment is in order. Senator DASCHLE may want to comment on that.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Madam President, first, while I fully recognize the ability of the Senator from South Carolina to object to this amendment, it is certainly his right. I am disappointed. The

majority leader has made, in my view, a major step forward in trying to resolve the impasse. I commend him and appreciate the direction he has now indicated he is prepared to go in an attempt to bring this matter to a close.

The amendment, as the majority leader indicated, is one that includes amendments on both sides. We expressed last week our concern for two things: First, the array of relevant amendments that may not be germane. The majority leader's amendment includes all relevant amendments that, in many cases, if not all of them, are not germane. So unless we get an agreement to add these relevant amendments, we are precluded from doing so.

There are some relevant amendments that still need to be offered that are not included in this package. By taking the tree down, those relevant amendments about which we have been very concerned are still pending and would not be offered if there were objections to offering them or if we were not able to bring them to closure.

The second problem we had, of course, was with nonrelevant, non-germane amendments. In our discussions and negotiations, we have been able to accommodate that concern by working out an agreement on bankruptcy that I find to be very satisfactory that will allow us to take up nonrelevant, nongermane amendments.

I intend to support cloture tomorrow, if that is the only way we can move this forward. I hope our colleagues will do so. It is no longer now a matter of protecting colleagues' rights. We are denied that right, not by the majority leader or by the parliamentary situation, but by individual Senators who are within their rights, of course, to object to proceeding on this bill.

I want to get this legislation finished. I want to do all I can to protect Senators and their rights to offer amendments. Obviously, we will have to find other ways with which to do that. One way or the other, we are going to continue to work to see if we can resolve these difficulties. I appreciate very much the majority leader's effort to get us to this point.

Mr. LOTT. Madam President, in conclusion, I yield the floor and observe the bill is open for amendment.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Madam President, I remember the distinguished minority leader's plea about protecting the rights of colleagues. Now instead of protecting the rights, we are given our rights on the installment plan. If you get in line for your installment, fine business.

Like the distinguished Senator from New Jersey, he has an amendment that the majority leader was just presenting to grant permanent and normal trade relations status to Albania. Isn't that

grand? We have gone from CBI, to the sub-Sahara, and now we are back to Albania. Next thing you know, we will have a Kosovo amendment protecting Members' rights to present amendments. You can get in the back room and work this out.

Here is another one. The Dodd-Ashcroft-Bond amendment that would allow a company with operations in Connecticut and Missouri to obtain the refund on duties paid on imports of nuclear fuel assemblies. Isn't that wonderful? They can bring up that amendment. That is germane. I am sure it is because down in the Caribbean Basin, they have a lot of nuclear down there, particularly in the sub-Sahara. I have traveled there and I have gone to see all the nuclear plants in Nigeria and Ghana and the Republic of Congo, Brazzaville, the French Congo, and the rest. It is wonderful to see all those nuclear powerplants. That is another germane amendment.

Then the distinguished Senator from Montana has a sense-of-the-Senate amendment that it is the Senate's view that Japan should open its telecommunications sector. Now we have gone from CBI, to sub-Sahara, and we are all the way around to Japan now. With this deal, you can move things around. It is bargain basement time—this sort of parliamentary Filene's that opened up on the weekend. I did not know you could get all of these things over the weekend.

The Roth amendment, the distinguished chairman of the Finance Committee would ensure existing reports regarding trade-related matters are submitted to the Finance and Ways and Means Committees in addition to the committees already designated. We have the Government Operations Committee with jurisdiction in this bill.

Clarification regarding rules of origin for silk products, an amendment requested by the President. Tell him to run for the Senate like his wife.

An amendment requested by the President to clarify the rules of origin regarding silk products. This clarification is part of a settlement reached in a dispute between the United States and the European Union—not sub-Sahara, not CBI, not a Senator, but soeey pig, everybody come, just get whatever you want.

I am ready to deal because I have worked into a position where I can deal now. That is the way trade is treated in the Senate. It is a very sad thing for the main and simple reason we have an extremely important matter not only for textiles but with respect to the general mindset of the National Government.

I have heard time and again on the floor of the Senate how the e-commerce and the telecommunications industry, the information society, the semiconductors, software, Microsoft, and all the rest are an engine that is

really barreling this economy forward of the United States. I was very interested in reading over the weekend about the impact. I refer in particular to the October 30 edition of the *London Economist*:

A study published in June by the Department of Commerce estimates that the digital economy—

That is what they are talking about—

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, which 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 telecom services, television, radio and consumer electronics have been around for ages and they should be excluded. As a result, they estimate the computing and communications-technology sector at a more modest 5% of GDP. . . .

But what, might you 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.

But with the contributions, it has a 100-percent impact on this particular body when we would see it with about 1-percent impact actually on the economy. But politically it has gotten where you pick it up in the weekend news magazines. *Time* magazine—talking about the move of Fruit of the Loom, with its 17,000 jobs from Kentucky, its 7,000 jobs from Louisiana, going down to the Cayman Islands, with its executives contributing over \$500,000 to the Presidential race of Gov. George W. Bush, and others, and of course of, the Democrats. They know how to give to both sides.

But with those contributions, it is not 1 percent of the effect, it is 100 percent, and we come around and start changing the rules. When the computer industry came to town—that was American Online, Gateway, and all the rest of them—our friend Bill Gates, talked all of us. We sat around the table and then rushed out with Y2K legislation. It can't even happen until a couple months from now or more, but we changed all the State tort laws. Why? Because of the contributions.

I think they have an article with respect to just exactly that in the same magazine. Here in the magazine they

have taken judicial notice, as we used to say in the law:

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.

But the high-tech industry have come to town now, and they have doubled their effort on all scores.

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.

Oh, boy it goes on and on and says, wait a minute, it has the largest contribution group in all of Washington all of a sudden. Five years ago they were not even around.

That is what it says on page 23 of this October 30 edition of the *London Economist*.

You ought to read these magazines. Somehow, maybe that is what colleagues can do on the weekends. Because if you read *Time* magazine, if you read the *Washington Post*, you can find out what influence it can have up here.

The devastating impact, of course, is somehow, really, we ought to get rid of the textile industry and we ought to get rid of all these smokestack industries and everything else. That is what they said to them in Great Britain years ago: that we will go from a nation of brawn to a nation of brains; instead of providing products, we will provide services; instead of creating wealth, we will handle it. Of course, they have gone to second rate. They have the lowest GDP growth and have created two levels of society.

I came over only because of the unanimous consent request. But I have the articles with respect to the U.S. News & World Report, and Mort Zuckerman 2 weeks ago, that I had inserted into the RECORD about how we are going to two levels of society. Now we see the magazines and the title:

The new economy e-exaggeration. The digital economy is much smaller than you think.

It is really a bummer for the main and simple reason it does not create jobs, it does not help with the exports. It is not helping with the growth at all. It is small income growth, and imbalanced mix of jobs, and a poor export prospect. In fact, Eamonn Fingleton, the distinguished author of "Blind-side," now has put out his book "In Praise of Hard Industries," and compares exactly the hard industries and their contributions to the economic security and power of a nation compared with the e-commerce or the information society, what he calls the deindustrialization group.

The postindustrial jobs, that is what it is, the postindustrial jobs of people of considerably higher than average intelligence. It does create jobs for the top 2 or 3 percent. You have to be a whiz kid to be one of the 22,000 who work for Bill Gates out there at Microsoft in Redmond, WA. I have had the privilege of visiting there and meeting with those folks.

Right to the point, according to Time magazine, with their stock options, you have 22,000 millionaires. They are well paid. But heavens above, that is not middle America. That is not jobs for everybody. What we are talking about is—of course, the computerization, has assisted—but more than anything else, with robotics we have become a very productive society for not the best IQ laborers in our society but for normal folks such as you and me who can get the job.

According to Fingleton and Michael Rothchild, 20 percent of the American workforce will be marginalized by the move to an information-based economy. That amounts to a shocking 25 million people. We are not just talking about textiles for the CBI and sub-Saharan. We are talking about the basic, formative industry in America really supporting our society. And with 25 million, they can give you all of these particular statistics about unemployment and otherwise, but I can tell you now, those are retail jobs and part-time jobs for people who have lost their jobs in textiles—some 31,200 in South Carolina since NAFTA—that they have had to seek out as best they can. That is a loss of some 25 million jobs. It is a slow-income growth. For example, the ultimate authority on the income growth or the new economy is the Organization of European Community Statistics and Figures, the Paris-based Organization of Economic Cooperation and Development.

For those who believe in the superiority of the U.S. postindustrial strategy, the 1998 edition of the yearbook makes distinctly chastening reading. It shows, with a per capita income—about \$27,821 a year—the United States trails no fewer than eight other nations.

Last week when I was talking about the United States going out of business, look at this: We trail Japan, Denmark, Sweden, Germany, Austria, Switzerland. You can go right on down the list. They are into the manufacturing and the middle class of America. Manufacturing over in those other economies have outpaced the United States in interim growth with 134 percent compared to our 106 percent over the same period. The wages of America's post-industrial workers are generally much higher than the American average. Naisbitt jumps to the completely fallacious conclusion that a general shift by the United States into post-industrialism or the information society will result in a general boost in wages. The fallacy here is that Naisbitt assumes that post-industrial wages are

higher by dint of the superior economic virtues. In reality, the high wages paid, such as in the software industry, merely reflect the fact that some businesses generally recruit exceptionally intelligent and capable workers. But it is a very small group of people earning this income.

The leader in income growth, of course, for the entire period from 1980 to 1998 is South Korea, because it has gone, not for high tech, but for hard goods. Of course, they tried to say this information society or post-industrial America is really going to create those jobs, but in truth, it does not. Without those jobs, they have slow income growth and poor export prospects.

We have all been talking about the matter of agriculture, which is a magnificent contribution to our exports. We used to export a lot of hard goods because we manufactured and produced hard goods. Last week, I put into the RECORD that we have really gone out of business with respect to shoes and textiles and machine tools and steel. We are importing steel. Can you imagine—the United States of America is a net steel importer. That is why we have had a hard time getting a ruling. We have had to take the case all the way from the International Trade Administration to the commission and back over to the White House trying our dead level best to save the No. 1 industry important to our national security. But we don't have anything now to export.

When you look to software, you have the language difficulties, the cultural difficulties with respect to that software. You have the proposition of piracy, and they can steal and reproduce immediately this software overseas. This is the most important thing to emphasize because they have people smart enough about software outside of the United States. They assume all of these skills are just here, which is absolutely fallacious. That is why they are trying to change the immigration laws.

The software people are coming up here because they want to take all the smart people the world around and bring them into this country.

Let's talk about Japan, which is supposed to be going broke. That has particularly nettled me, and I am glad to get the exact figures, because they have calculated a controlled kind of capitalism through their Ministry of Finance and their Ministry of International Trade and Industry. They allocate the financing of a particular industry and then they control the local market.

We act as if we have led the way for 50 years on liberal trade and have broken down the barriers, as one of the distinguished proponents said only last Friday. That is why I brought that thick book. Just on textiles alone, barriers persist around the world, specifi-

cally in the sub-Saharan and the CBI, specifically no reciprocity in this particular treaty—that is the thing we are trying to emphasize. Those things continue. Japan now is supposed to have gone broke. Let's see how they compare.

The living standards and everything have really improved. In fact, with the so-called almost depression that was described in the Wall Street Journal, there was a less than 4 percent unemployment rate, less than 4 percent in the first 8 years of the 1990s up to early 1999. The highest it had been at any stage was 4.4 percent. Japan's total exports during that period rose by a cumulative 53 percent in the first 8 years. That represents real growth of more than 18 percent.

So Japan is still coming on as an economic superpower at this minute—the little island of 125 million versus the great United States with its 260 million. Japan outproduces the United States of America. If it continues at this particular rate, by the end of next year, 2000, it will have a bigger gross domestic product; it will have a larger economy, the largest in the world.

John Schmitt and Lawrence Mishel pointed out that the per capita gross domestic product actually grew faster in Japan than in the booming United States for the first 8 years of 1990. The distinguished Senator from New York and the distinguished chairman of our Finance Committee started off the debate on Friday that way: What a wonderful economic boom we have had. We have to sober up. We have to look at the real facts.

Actually, our competition is growing much stronger and much faster than we are. Japan's performance has been even better than the comparisons suggest. For a start, the figures measured gross domestic product, whereas the most appropriate yardstick for comparison is gross national product. The distinction, of course, is that the GNP is a more comprehensive measure. Unlike gross domestic product, it takes in account the debits and credits relating to cross-border investments.

The United States has become an increasingly large net importer of capital in recent years. Its GNP is actually now considerably less than its GDP. By contrast, Japan has long been a major net exporter of capital and its GNP is considerably larger than its GDP. These are the kinds of things that have to be taken into consideration. The yen has been gaining a net 24 percent between 1989 and 1998 on the dollar.

I saw that in the Financial Times last week. I put that article in. If we continue with this deficit in the balance of trade, there is bound to be a devaluation. In this regard, if other things are equal, the strength of a nation's currency is the ultimate determinant of the size of its economy, the ultimate symbol of its economic

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

Let us get right to a particularly interesting section here: the clearest evidence of the lengths to which Japanese leaders are prepared to go to understate their economy. They know how to talk rather than run around beating their breasts like American politicians saying how great we are, the only remaining superpower. We are going to blow them off the map and, of course, if they don't move with the Air Force, we are not going to invade, or anything else of that kind. It is almost embarrassing, this braggart attitude of United States politicians.

Perhaps the clearest evidence of the lengths to which Japanese leaders are prepared to go to understate their economy's true strengths is in the way they talk about the Japanese Government's budget. All through the 1990s, they have suggested that the government has been running huge deficits—deficits ostensibly intended to stimulate consumption, particularly consumption of imported goods. So successful have they been in this regard that America's most respected media organizations—organizations of the caliber of the New York Times, the Washington Post, and the Wall Street Journal—have fallen for the story. Thus, year after year, Americans have been treated to a deluge of reports that Japan was supposedly running huge government deficits. In reality, as authoritative figures from OECD demonstrate, Japan was running huge government surpluses. In 1995, for instance, the year when the Wall Street Journal reported that Japan was running a budgetary deficit of 2 percent, the OECD found that the government achieved a budgetary surplus of 3.5 percent. In fact, according to OECD's figures, which were published each year in the widely circulated yearbook *OECD In Figures*, not only was Japan's surplus one of the strongest of any OECD nation, but Japan was the only major nation that had a budget surplus at all that year. By comparison, the United Kingdom, for instance, ran a deficit of 5.0 percent and America's deficit was 2.2 percent.

Well, this Senator knows better than anyone how they didn't really continue to call deficits surpluses. I put that in the RECORD, and I will put it in the RECORD again time after time. The Department of Treasury's figures showed that they had \$127 billion deficit last fiscal year. Now, true it is, they had some carry-over amount, which concluded to be about \$16 billion. So, at best, it would be \$111 billion to \$112 billion deficit—not a surplus. That is the debt of treasury at year end, September 30, 1999, for fiscal year 1999—a deficit, not a surplus. But these newspapers pick this up, and we have almost got a cheering section carrying us into bankruptcy. Continuing to read, it says:

So how strong is the Japanese economy really?

Eamonn Fingleton said, in this book *Hard Industries*:

From his vantage point in Tokyo, he has seen little since then to undermine his con-

fidence in his analysis. Certainly, he has been vindicated in his central point, which was that Japan's current account surpluses would continue to soar in the latter half of the 1990s, thus, giving the lie to much talk in the American press in the mid-1990s that Japan's export industries would be disastrously hollowed out by South Korea and other low-wage East Asian nations.

... the truth is that, at last count, Japan was producing \$708 billion in new savings a year—or nearly 60 percent more than America's total of \$443 billion.

They are saving twice as much.

... 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.

Madam President, the reason we continue to give these figures with respect to this particular bill is that we are in deeper trouble than most Senators realize. They are all talking about whether they are human, or whether they have on an overcoat, or a jacket, or whatever nonsense it is about running the campaign, and who all is for education. Everybody is for education and wants smaller classrooms, or better math and science programs. We finally got, again—in the U.S. News and World Report, from David Gergen, he got back to my particular premise, that what we ought to do is double the teachers' pay. You get what you pay for. Average pay is \$37,000. The average pay in my State is down to \$31,000. I see the young graduates coming across the stage and they say: Senator, I would like to have gone into teaching, but I could not save enough money to send my children to college. Yet, we are bumping into each other, saying how we are all for education. We can be all for it or all against it. The most you are going to spend is 7 cents out of every dollar. It is a local matter. We are Senators and we have to get on to the things the local and State governments do not take care of, and that is trade. That is the economic strength and viability and security of the United States, the sustenance of the middle class. That is why I am talking about these particular figures.

In the first seven years of the 1990s, America's current account deficits totaled \$726 billion, up 79 percent. Thus, despite a massive devaluation of the dollar that supposedly brought a dramatic turnaround in American competitiveness that would soon dispose of the deficits for goods.

Madam President, for the first 8 years of the 1990s, Japan's current account surpluses totaled \$750 billion. That was more than 2½ times the total of \$279 billion recorded in the first 8 years of the 1980s. So all during the '90s, we have been reading and telling each other these fairy tales. One, that the information age is upon us and the information society, and post-industrialism has taken over. The computer software and so forth is the engine of

the economy that is barreling us forward into global competition. False. It is taking us down into very precarious straits. We are relying upon it, and we are going to eliminate the middle class and the workforce of America. Otherwise, we have been told time and time again about how Japan has been going down and we have been going up. We have had 8 years of the boom, with the lowest inflation, the lowest unemployment; but we have been giving away the store.

Mr. President, I wasn't prepared to get into this general item this afternoon, but it is salutary that we were able to touch on it so we can talk sense to the American people, because what we have with the CBI, the sub-Sahara bill, is an extension of NAFTA to the Caribbean Basin Initiative; and so the sub-Sahara. If you are in with or close to the leadership, you can take care of Japan, Albania, and operations in Connecticut and Missouri to refund some money on nuclear fuel assemblies. You even can get a distilled spirits tax fixed.

You watch it.

I am going to present an amendment to put side agreements that we had on NAFTA on this particular bill, and you can bet your boots they will stand down there and say it is not germane, having had the audacity to come in with nuclear, Japan, Albania, distilled spirits, and what have you, but not take a formative, relevant, serious concern that we have on this particular bill.

I didn't like NAFTA. But, be that as it may, it had side agreements on both the environment and labor. I have a side agreement to present on the environment. I want them to allow us to vote on that side agreement for the CBI and the sub-Sahara. I want them to let us vote—at least a vote. Don't get here with a technicality after you have sneaked in all your Japanese, Albanian, Missouri, and nuclear amendments here this afternoon when nobody is in town and then come tomorrow when the Senate is in full session and say, oh, no, that is not germane; we have rules of rules. They will get to be rules of rules tomorrow. One is reciprocity. We have tariffs that are being really merged out and disassembled out because under the Multifiber Arrangement we had a 10-year blend-out of it and a termination. So now we are entering the last 5 years.

But there are still some tariffs that ought to be reconciled with the CBI and the tariffs in the sub-Sahara, so we can get some modicum of reciprocity when they talk about the trade adjustment assistance. That takes gall to do that. They say it is unconscionable to oppose this bill. I will say it takes gall to talk about trade adjustment assistance, which is nothing more than welfare payments putting people out of work.

So they say: Hurry up, we have to get this bill done because we have 200,000 of those put out of work who have lost their jobs as a result of these silly trade agreements—these one-way streets that the Senate has ratified and agreed upon. You wouldn't have to have trade adjustment assistance if you just let them trade, if you just let them work, and not put them out of business.

But the great merit, according to the senior Senator from New York, on this particular measure is, back in Kennedy's days, 37 years ago, we passed trade adjustment assistance. I don't want that to infer that John F. Kennedy was against textiles. Thirty-eight years ago, President John F. Kennedy put in his seven-point textile program and one-price cotton looking out for the cotton farmer.

So the Senator from Massachusetts, then President, was very aware of the economic viability of these United States of America. He knew what was keeping the country strong and what was necessary to keep the country strong. So he put that in. He wasn't bragging about having to put in trade adjustment assistance. He was just trying to reconcile the successful United States at the time with the other trading nations, giving them a chance under the Marshall Plan to rebuild their economies.

At that particular time, they said to me, as Governor: Governor, what do you expect these Third World emerging nations to make? Let them make the textiles and the shoes, and we will continue, and we will make the computers and the airplanes. My problem now, in November 1999, is those countries are making 86 percent of the shoes worn on the floor of the Senate. I can see them now. These countries also are making two-thirds of the clothing that I see, looking at in this Chamber, imported into the United States.

Look at the contracts made by USAir and all of the other airlines concerning Airbus. They are making the planes and dumping them here in the United States. They are making the computers and dumping them in the United States. The Japanese have taken over the computer industry, in spite of Sematech, in spite of Microsoft, in spite of Intel.

We have to be not pessimists nor optimists but realists.

Here on the floor of the Senate is a good moment to really bring everything into focus because the leadership said we are now going to vote cloture tomorrow and the minority leader is not going to ask them to vote against it. That is exactly how NAFTA was passed.

I will never forget the New York Times article. I wish I had it. But I will try to get it and put it in the RECORD tomorrow. But in NAFTA, the President then just bought off the sufficient

votes to pass NAFTA. I will never forget. He gave a cultural exchange to my friend, Jake Pickle of Texas. He gave two C-17s to another Texas fellow. He gave another particular freebie, and they went down with the 26 giveaways to pick up the 26 votes.

Here on this solemn afternoon, we have the same deal going. They are buying off the votes. They are getting it on nuclear fuel assemblies. We are getting it on the Japanese telecommunications. We are getting it on Ways and Means and Finance Committee rules. We are getting it on silk products of the United States and the European Union. We are getting it on Albania. We just go right down—on Kyrgyzstan. What in the world? Kyrgyzstan. I don't know about that. Now we are in Asia Minor. I am almost at Bible school. Asia Minor. This procedure has gotten to be a disgrace. They buy enough votes and they win. They have 11 of them listed here on the so-called managers' amendment. So they put them all in there and take care of those 11 votes so they will know that they will get cloture.

It is wonderful to serve in this body.

But it is better to be heard because it is important that we be heard. I can tell you here and now, when the ATMI wakes up, the American Textile Manufacturers Institute, and they put in the sub-Sahara along with the CBI, I want to see them at that party. They are going to hold a victory party because they supported this particular bill. That is going to happen. That is exactly what is going to occur. You can see the fix is on. They are going to roll over this particular Senator and get rid of what little textile industry we have left.

There will be a few of the real competitors; the Roger Millikens will last. They put money in, and they know how to run an industry and they will survive. But generally speaking, they can't survive. The reason they can't survive is on account of us. We Democrats, we Republicans, we Senators and Congressmen have many requirements called the American high standard of light. That standard calls for Social Security, Medicare, Medicaid, plant closing notice, parental leave, safe working place, safe machinery, clean air, clean water, all of these things, labor rights, and otherwise. And it is one of these things in the global competition that is not required. On the other hand, they have the comparative advantage of their governmental policies.

I wish Ricardo were here because he didn't think finance could be transferred so easily, that the bankers would all stay close to their home folks and depositors. Now you can transfer it on satellite by computer, in a flash, and you can get capital anywhere. You can send on a computer chip the technology and save 20 percent of your

labor costs by moving to low-wage offshore countries. So a company in the United States with \$500 million in sales can save 20 percent, or \$100 million, by keeping its main office and its sales force here in the United States, send its manufacturing to a Third World, low-wage country, and make \$100 million, or they can continue to work their own people and go broke because of competition.

That is why on last week I inserted part of an important book in the RECORD. I will get that book again and show you that all of them are leaving here in the United States—Dan River, the corn mills, Burlington, all of them are going down. It is not the sewing operations alone, it is fabric plants, and, of course, the Japanese, the Koreans, and, most of all, the Chinese, the People's Republic of China.

They are whining on the other side of the aisle about most favored nation for China. Look at a most-favored-nation Chinese vote and anyone will see a vote for this bill.

China, we have sub-Sahara; put up the front companies and put up the production of the People's Republic of China through the sub-Sahara.

The arrangement that those folks relied on some 5 years ago; they better batten down the hatches because I don't know how they will get the money out of the machinery and survive with this particular measure. It is drastic. It is unconscionable. They say we are unconscionable; I say they are unconscionable.

We can see how the majorities are fixed. We have not had any real debate on the floor of the Senate on trade as a matter of national policy or otherwise. They say the President wants this; the minority leader says it is his duty to give the President what he wants. The other side of the aisle has been wanting to do away with all kinds of trade agreements and market forces, and Adam Smith has long since gone in this global competition. It ought to depend on market forces. They depend on protection. Of course, so does the other side of the aisle when it comes to intellectual property, movies, books, copyrighting, when it comes to protecting the talents of the individual producers, the authors, writers, singers, and performers. Fine, let's have protection for them. But for those who work by the sweat of their brow, that is protectionism and a terrible thing. We are isolationist and we are unconscionable.

Maybe they will have another consent agreement similar to this one, and I will have another opportunity to talk. I appreciate the indulgence of my colleagues this afternoon.

Mr. BAUCUS. Mr. President, I am proud to stand on the floor of the world's greatest deliberative body. I've been proud every time over the past twenty years that I have had this privilege. I can think of no greater honor

than to discuss with my Senate colleagues issues of vital importance to our nation.

So I am deeply distressed that I have not yet had an opportunity to discuss important trade issues. Last week, the majority leader chose to cut off consideration of amendments to the Africa bill, the only trade bill which will reach the floor of this honorable body. That bill included amendments which had bipartisan support. Because of this bizarre process, we can't even act on Senator HARKIN's amendment to combat child labor, which has widespread support.

I had filed two amendments to the bill, both of them trade-related. Both of them issues which are extremely important to Americans. I am very disappointed that we were locked out of discussing them. However, with the new filing of cloture, I hope that we may have the chance to talk about these important matters.

One of the amendments allowed for tariff cuts on environmental goods as part of a global agreement in the WTO. The measure has the support of both business and environmental groups. This is a rare instance where both sides of the trade-environment debate agree on something. It's a shame that the Senate cannot move forward on something so sensible.

The second amendment concerned agricultural subsidies. American farmers are the most productive in the world. But they're being frozen out of foreign markets by European and Japanese subsidies. I filed an amendment that would fight back by funding our Export Enhancement Program.

This amendment required the Secretary of Agriculture to target at least two billion dollars in Export Enhancement Program funds into the EU's most sensitive markets if they fail to eliminate their export subsidies by 2003. It's time to start fighting fire with fire. This "GATT trigger" should provide leverage in the next round of the WTO in reducing grossly distorted barriers to agricultural trade.

I voted against cloture last week because I objected to the way the majority leader handled the bill. I was denied the ability to do what the people of Montana sent me here to do. But I support the bill itself. I support each of its elements—the Caribbean Basin Initiative, the Africa Growth and Opportunity Act, and the renewal of both Trade Adjustment Assistance and the Generalized System of Preferences.

I have long supported efforts to extend additional tariffs preferences to the Caribbean Basin. But with conditions. The benefits should be conditioned on the beneficiary countries' trade policies, their participation and cooperation in the Free Trade Area of the Americas ("FTAA") initiative, and other factors. This trade bill is substantially similar to the version I sup-

ported in the 105th Congress with some reservation.

I see a flaw in the bill, however, and would like to work to repair it. The bill suggests criteria the President can use when deciding whether to grant CBI benefits. It is a long list of about a dozen items. Criteria like Intellectual Property Rights. Investment protections. Counter-narcotics. Each one is important. The bill should make these criteria mandatory.

In particular, I believe that the President should be required to certify that CBI beneficiaries respect worker rights, both as a matter of law and in practice. We can't maintain domestic support for open trade here at home unless our programs take core labor standards into account.

We want to help our Caribbean neighbors compete effectively in the U.S. market. But we don't want them to compete with U.S. firms by denying their own citizens fundamental worker rights.

It only seems reasonable that as we help the economic development of these nations, we also help them enforce the laws already on their books. The majority of these countries already have the power and only need the will to ensure that their citizens see the benefits of enhanced trade—decent wages, decent hours and a decent life.

Overall, I believe that CBI parity is the right thing to do—if it does what it is intended to do. That is lift the people of the hurricane devastated countries out of poverty and ensure them a better way of life.

I also believe that the U.S. must lead by example. Sensitively to labor and environment must play a role in our trade decisions and actions around the world.

It's tragic that partisan politics keeps the United States Senate from taking these actions.

I have the same concerns about labor in terms of the African Growth and Opportunity portion of the bill. But I supported the Chairman's mark, which included a provision requiring U.S. fabric for apparel products produced in eligible sub-Saharan African countries.

Developing markets is in the best interest of us all. And the trade bill would help Africa move in that direction. But this bill is about more than trade. It is about hope.

It is about bringing the struggling nations of Sub-Saharan Africa into our democratic system. It is about establishing stability and a framework wherein the citizens of these nations can enjoy the fruits of prosperity. It is about building a bridge between the United States and Africa that will be a model for all nations.

The third part of the bill renews the Trade Adjustment Assistance Program. This program is vital to help our workers adjust to the new forces of globalization.

I have seen the effects of this program in Montana. We have been well served by the efforts of Gary Kuhar, Director of the Northwest TAA Center in Seattle, Washington.

Impact on Montana—Montana currently has six firms affected by TAA funding, including:

Montana Moose—Christmas ornament operation,
Ranchland—a cattle operation,
Mountain Woods—furniture designer,
Western States—pellet operation,
Sun Mountain Sports—manufacturer of golf bags and other ripstops,
Burt and Burt—wind chimes, and
Kahlund Enterprises—picture frames producer.

In fact, the renewal of Trade Adjustment Assistance translates to 330 Montana employees impacted and approximately \$44 million in gross annual sales preserved.

This legislation is long overdue. While we delay, certified firms anxiously await funding. This is fundamentally unfair—especially for firms fighting import competition that is beyond their control.

They cannot afford to wait while TAA is caught up in the annual battle for funding as the "perennial bargaining chip" for other trade proposals. That's just ineffective government. It's time to pass this legislation.

Finally, let me say a word about GSP renewal. This is the fourth part of the trade bill. This is also a question of effective government. Over the years, the program has lapsed periodically when renewal legislation was delayed. The latest lapse occurred on June 30. Four months later, we still haven't acted on its renewal.

Who gets hurt? Not just foreign companies. A lot of American firms get hurt. That includes both American importers and exporters. A lot of the American firms produce abroad and then export to the United States. Much of this is internal company trade. That's the reality of today's global economy.

When GSP lapses, these companies are suddenly required to deposit import duties into an account. Customs holds the money until renewal legislation is signed. Eventually the companies get their money back. But they don't know how long renewal legislation will take. So they don't know how much they'll have to set aside, or how long the money will be in escrow.

How can we expect businesses to operate efficiently under such conditions? These cycles of GSP lapsing and then being renewed represent government at its worst. We have a responsibility to provide business and consumers with a consistent, predictable set of rules. We need to fix this GSP lapse as quickly as possible.

Mr. President, a lot of effort, a lot of thought, a lot of time has gone into this bill. Much time has also gone into

formulating amendments. It was a great disappointment to see this effort unravel over partisan politics. We may have a second chance this week. Let's not squander the opportunity. We can and should work together to pass this bill.

We were elected to his body to pass legislation not to bicker. Let's do what the people sent us here to do.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRAHAM. Madam President, I ask that we return to morning business for a period of 30 minutes for remarks on the Labor-HHS conference report.

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

D.C./LABOR-HHS APPROPRIATIONS

Mr. GRAHAM. Madam President, the business before the Senate will soon be the conference report on Labor Department and Health and Human Services and Education appropriations bill. We are now considering various trade measures. Since we will be taking up the D.C./Labor-HHS conference report tomorrow, I appreciate the Presiding Officer's generosity in allowing me to discuss this very important piece of legislation.

I think it is fair to describe that one night within the last few weeks, through back-door negotiations, various members of the Senate and House of Representatives Appropriations Committees crafted the conference reports that we have before us today. The end result was that a very large elephant, weighing \$313.6 billion, The Labor/HHS conference report, being placed upon the back of a relatively small and not particularly compliant ant weighing \$429 million, the District of Columbia's Appropriations bill.

Out of that marriage of elephant and ant, we now have before the Senate the conference report on the District of Columbia with the enormous addition of a \$313 billion of Labor-HHS "rider".

Unfortunately, when these bizarre marriages occur, the public interest is not necessarily served. This parliamentary tactic has stolen from Members of the Senate the right to offer motions instructing the conferees on how we believe they should proceed in conference. We have also lost the right to challenge the existence of authorizing legislation on an appropriations bill during the process of negotiation between the two Houses. There will be no opportunity for Congress or the President to independently consider the

Labor, Health and Human Services and Education Appropriations bill. While one is an elephant and one is an ant, they are both important and deserve separate and distinct consideration.

There is not the opportunity to protest the inclusion of items which were not included in either the Senate or the House bill, or were so altered as to be unrecognizable. This bill is purely the creation of that late-night negotiation. This lack of democracy has allowed the will of a small minority to triumph on a variety of provisions of great importance. I will take the opportunity this afternoon to focus on only two of the issues that are a part of this marriage of elephant and ant: First, the proposal to terminate competitive bidding for Medicare's payment of health maintenance organizations' reimbursement; and, second, preventing the Congress from fully funding the Social Service Block Grant Program.

Let me begin the discussion with the absconding of funds from two congressionally authorized competitive pricing demonstrations. This takes us back 2 years to 1997 during the consideration of the Balanced Budget Act. Both Houses of Congress voted to create demonstration projects based upon community participation in an attempt to learn more about how HMOs, which provided services to Medicare beneficiaries, could be priced; that is, how the amount of that reimbursement from the Federal Government could be determined by competitive bidding.

In order to understand what this issue is about, I am afraid some discussion of how HMOs currently are priced when they provide services for a Medicare beneficiary is required. In a simplified form, the way in which an HMO receives reimbursement when it provides funds to a Medicare beneficiary is a function of how much is paid within that county for fee-for-service payments. While there are some modifications to this overly broad statement, basically if, let us say, in a particular county the average payment for a fee-for-service Medicare patient is \$5,000, then the HMO is reimbursed at, more or less, 95 percent of that level, or \$4,500. There is some blending of the national fee-for-service rate and the local fee-for-service rate, but as of today, and in the past and in the immediate future, the description I have given is essentially an accurate representation.

What has been the result of this reliance on a percentage of fee-for-service within a narrow, local area on the amount that HMOs are reimbursed? It has resulted the fact that in many areas of your State and mine, where fee-for-service charges are relatively low—that is particularly true in rural areas—there are no HMOs. Why? Because HMOs cannot economically justify operating with the reimbursement

levels they would get based on 95 percent of those relatively low fees for service.

On the other hand, in some areas which have very high fees for service—for instance, an area that has a large tertiary hospital, particularly one associated with a medical school where costs tend to be very high because of the nature of the service they provide—that community will have a high fee-for-service rate. Therefore, 95 percent of that high level will result in high reimbursement levels for HMOs. So, you have not just one HMO, but typically many HMOs that want to compete to get that fixed-formula-based percentage of fee-for-service reimbursement.

The purpose of the 1997 action of the Congress was to try a different model; to not rely on this central planning use of fee-for-service but rather go out and test the marketplace. What will the market in a rural area say is called for to engage managed care as an option for Medicare beneficiaries? What is the appropriate level of HMO reimbursement in a large urban area with high fee-for-service costs? That was the purpose of this competitive bidding demonstration project.

The Balanced Budget Act, in conjunction with the Health Care Financing Agency, set up a structure which included area advisory committees. These committees consisted of health plans, providers, and beneficiary representatives. It was decided the two communities in which demonstrations would take place were Kansas City and Phoenix. The function of the area advisory committees was to recommend how to best implement the competitive pricing demonstrations in these two communities.

Unfortunately, in the bill that will be before us tomorrow, the bill that the conference has reported as the funding for Departments of Labor, HHS, and the District of Columbia, all funding for these two demonstrations in Kansas City and Phoenix has been removed, removed by those who do not want to find out if there is a means to use the competitiveness of the marketplace to arrive at what should be the appropriate reimbursement level for health maintenance organizations.

Experience has shown us in other areas of the Medicare system that there is the potential for preserving high levels of quality and saving money by using the dynamism of the marketplace as determined by competitive bidding. Let me use an example from my own State. One of the other provisions in that 1997 Balanced Budget Act was to set up competitive bidding on the Part B, or hospital component of Medicare, as it related to a variety of items, including durable medical equipment. The demonstration for durable medical equipment was settled to be in Lakeland, FL.