

*Bob Dole*

U. S. SENATOR FOR KANSAS

NEWS  
FROM:

SENATE REPUBLICAN LEADER



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## GATT VOTE

### STATEMENT OF SENATE REPUBLICAN LEADER BOB DOLE

We have now reached a moment eight years in the making.

The Uruguay Round was launched in 1986 in Punta del Este, Uruguay. Many times during the ensuing eight years of negotiations, it seemed the ambitious goals of these negotiations would not be achieved. Many times, it seemed the entire process would break down -- indeed at least once, the United States bravely walked away from the negotiations because of inadequate offers from other countries on agriculture.

Nevertheless we, and the more than 100 other countries involved, persevered. Through three U.S. administrations, the eighth round of trade negotiations under the GATT finally concluded in December of last year.

#### Not A Perfect Trade Agreement

Despite these impressive and lengthy efforts, this is not a perfect trade agreement. We did not achieve all of our objectives. We must seek to complete work in some areas, especially services, including financial services, telecommunications and audio-visual.

In addition, the overall economic impact of the Uruguay round agreements has clearly been overstated, in both directions. To hear some of its supporters, the agreement will virtually result in a cure for the common cold. Depending on which study you read, the agreement will add hugely to our GNP and create hundreds of thousands, or maybe even millions, of new jobs.

On the other side, the opponents have variously claimed that this agreement is a "hydra-headed monster," a "stealth-like power grab by international bureaucrats," and "100 times worse than NAFTA," and so on.

#### Benefits for the American Worker

In the end, I believe, the benefits will be modest, but clearly a net gain for the American people.

Our trade policy must serve the people of America, the hard-working families of this country, the families making \$25,000 to \$30,000 a year. Trade growth for its own sake cannot be our objective. Creation of new trade bureaucracies cannot be our objective. Our objective must be domestic economic growth, and increasing the standard of living of hard-working American families. Trade should serve the people, not the other way around.

I believe this trade agreement is the right way to help the American worker, create new high-paying jobs and benefit the American consumer.

#### Reduce Tariffs World-Wide

Most tangibly, this agreement will bring down tariffs world-wide. Since U.S. tariffs are already low, around 4%, while those of the rest of the world are relatively high, around 20%, a 1/3 cut in global tariffs under this agreement means a disproportionate benefit to U.S. exports. It means that tariffs worldwide will be lowered by \$744 billion. That is a huge reduction in the most tangible barrier to trade that exists: the direct tax on an import. In some sectors -- construction equipment, agriculture equipment, steel, beer, distilled spirits, paper, toys and furniture -- tariffs are not just reduced, they are eliminated, they go to zero. These are the so-called "zero-for-zero" products. These are sectors in which U.S. producers are already very competitive -- this trade agreement will increase our competitiveness. Overall U.S. merchandise exports, it is estimated, will increase by \$150 billion per year over the next ten years.

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### A Plus for Agriculture

For U.S. agriculture, for my own state of Kansas, this agreement is clearly a net plus. The U.S. farmer is the most productive in the world, and in the future will not be forced to compete quite as much with foreign treasuries. Lower subsidies by competitors' governments will level out the playing field. We need to continue this progress. Market access for U.S. agriculture products will also increase as tariffs come down, as non-tariff barriers are converted to tariffs and then reduced, and as minimum access levels are implemented. These are important achievements in global agriculture trade. Total U.S. agriculture exports are expected to increase by \$4.7 billion to \$8.7 billion by the year 2005. According the USDA, U.S. exports of grains and feeds will increase \$2 - 4 billion; cotton by nearly \$600 million; meats, dairy and other animal products by \$1.7 - 2.5 billion; horticultural products by \$200 - 400 million; and oilseeds and products by \$800 million to \$1.3 billion. Increased exports means increased farm income -- one estimate says by as much as \$2.5 billion by the year 2005. And agricultural export-related employment will grow too, by as many as 190,000 jobs by one estimate.

In recent discussions with the administration, I also obtained assurances that agriculture would not be singled out for cuts in future budgets. Also, permissible export promotion programs will be used to the maximum extent possible. On the whole, the GATT agreement helps the American farmer.

### Intellectual Property, Services & Investment Trade Rules

The GATT agreement also establishes, for the first time, rules governing intellectual property, services and investment trade. It is my hope that coverage of these areas by trade rules will especially benefit the United States, since these are areas where the U.S. is already highly competitive. In particular, in the services sector -- for example insurance or engineering -- the U.S. has a huge trade surplus -- nearly \$60 billion. This trade agreement will bring rules and disciplines to trade in services that will allow us the continue to be the leader in global services.

No country will be able to pick and choose from the benefits of the agreement "a la carte" -- for the first time the selections on the menu must be taken all or nothing. So whether it is on subsidies, antidumping, customs valuation, or standards, everyone will have to observe the same rules. This too will benefit the U.S., since we will not have to change our practices much, while many other countries will have to come into conformity.

### World Trade Organization

There is one aspect of this agreement that caused me great concern -- that is the question of the world trade organization. Perhaps here, too, the benefits and dangers have been overstated. Judging from the thousands of phone calls and letters I have received, no aspect of this agreement is of deeper concern to the American people. I have also heard from Ross Perot, from Pat Buchanan, Ralph Nader, and Lane Kirkland on this issue, and I appreciate their extensive efforts to highlight this matter.

It seemed to me there are two major concerns behind the criticism of the WTO: one is that the wto could produce bad decisions that might be grossly unfair to U.S. interests. The other is that somehow we are diminishing or selling out our "sovereignty" if we sign up as a member of the WTO, that the WTO represents "world government."

The first concern seemed to me to have some real substance. The WTO is not just an international "watchdog" organization. It will have judicial powers, in effect. What will we do if the WTO decides to exercise those powers in an "activist" way? Here in the U.S., our judiciary has a tradition of judicial restraint. No such tradition exists in the WTO.

Furthermore, decisions by the WTO dispute settlement panels will be automatically adopted by the WTO, unless all members, including the winning country, agree the decision should not be adopted. This is an important change from current GATT practice, which permits any country to block, or veto, the adoption of a decision. I believe that most of the time, this change will benefit the U.S., since so many times in the past we have won cases in the GATT, only to have the losing countries refuse to comply with the rulings against them. The Europeans repeatedly refused to comply with the soybean decisions against them, and Japan thumbed its nose at the GATT on beef imports. Nevertheless, in cases where the U.S. is the loser, and the WTO dispute settlement panel exceeded its powers or simply made an

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arbitrary decision, it seemed to me important to have additional protection.

I raised this concern with the administration, with Ambassador Kantor and others. They agreed that we needed some additional protection against decisions by the WTO that go beyond the WTO's authority. We agreed that next year, a dispute settlement review commission would be created to review WTO actions and to determine whether the WTO exceeded its powers and authority. After three such instances, Congress would vote on whether to withdraw from the WTO. It is as simple as that, and it will allow us to get out of the WTO if our rights are being trampled by dispute settlement panels in Geneva.

The second concern behind the criticism of the WTO, however, has no merit. The World Trade Organization is not world government. Our sovereignty is not threatened by this agreement or by the WTO. The WTO has no power to force the U.S. to do anything. Even if the WTO finds that a U.S. law does not square with the obligations we have assumed under the agreement, we remain totally free to disregard that finding. As Judge Bork has pointed out, our ultimate compliance with the agreement is a matter of international comity, or accommodation, not of sovereignty. Our legislative and executive branches will continue to function exactly as before. To quote Judge Bork: "The U.S. constitutional framework safeguards U.S. sovereignty by providing that the most recent action by the political branches of the federal government supersedes prior laws or international agreements. As long as the United States can relieve itself of any international obligation that conflicts with U.S. law by enacting a subsequent statute, U.S. sovereignty is protected. Arguments to the contrary distort American law and contradict principles recognized by the Supreme Court for more than one hundred years."

I would also note, that one of the most vocal critics of the WTO as an infringement on our sovereignty, Professor Lawrence Tribe of Harvard, recently reversed his position on the issue. I quote from his memorandum to me and other Senators dated November 28: "Although it might be less embarrassing for me simply to say nothing, I regard it as my responsibility, in light of Assistant Attorney General Dellinger's recent forceful analysis, to say that I believe the Clinton administration has based its position on the Uruguay round agreements on constitutional arguments that are both powerful and plausible."

The sovereignty issue is a red herring. And if our rights are being trampled, we will be able to exit the WTO quickly. Our sovereignty could not be better protected.

#### Implementing Bill Pork

Let me say a word about the implementing bill. Republicans notified the administration earlier this year that the implementing bill should remain "clean," that it should not be loaded up with extraneous provisions, since the bill is not subject to the normal rules of debate and amendment in the senate. I was extremely disappointed, then, to discover that this implementing bill contains a whole variety of special provisions that benefit specific companies or individuals.

Most egregious, in my view, is the so called pioneer preference provision, giving FCC licenses to three companies at a discount, and cutting off judicial review of that giveaway. I regret that this provision cannot be stricken from the bill. I will work next year, and the administration has committed to work with me, to ensure that the government is fully and fairly compensated for the licenses in question.

In short, this fast-track vehicle is carrying unauthorized cargo. I deeply regret this because it is an abuse of the fast-track process, a process which I have supported in the past. Most recently, I voted for the extension of fast-track to complete the negotiations in the Uruguay round. Fast-track is founded on consensus. The inclusion in this implementing bill of numerous items on which no consensus was reached or even attempted undermines the entire process.

Another provision in the implementing bill deals with the term of patents, changing the current patent term of 17 years from date of grant to 20 years from date of filing. I was concerned that we not end up making shorter the length of time patents receive protection. We must not prejudice our inventors by fundamentally altering our patent system. I raised this issue with the administration. I obtained a commitment that the administration would not oppose efforts next year to change the patent term to the longer of 17 years from grant or 20 years from filing. We will work on this in the 104th Congress.

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**Economic Activity Offsets Tariff Cuts**

With respect to the budget waiver, I had hoped this bill would be paid for. Republicans in the Senate sought to persuade the President early this year that the implementing bill must include adequate offsets for the tariff cuts under the GATT agreement. Regrettably, that did not happen. Nevertheless, I believe it is clear that failure to waive the budget rules will doom the implementing bill. In my view, that would be a steep price to pay.

It is also clear that in the long run, increased economic activity resulting from this trade agreement will outweigh the losses in revenue caused by the tariff cuts. In other words, over time, tariff cuts pay for themselves. In fact, this argument is reminiscent of an argument we have been making for a long time with regard to a capital gains rate reduction. I hope that next year, the administration will be equally receptive to this argument in the context of a capital gains debate.

**U.S. is Open for Business**

We cannot isolate ourselves from the rest of the world. On the contrary, our message must be that the U.S. is open for business, and we want the rest of the world to bring down their barriers to our products and services. This trade agreement will lock in market-opening measures and will pave the way for further measures. The U.S. can compete in any market in the world, as long as access to that market is assured. The Uruguay round trade agreement will help us gain access to foreign markets, and I urge my colleagues to vote for this agreement.

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\* Remarks made on the Senate floor, approximately 5:30 PM ET.