

## CONGRESSIONAL PERSPECTIVE ON MULTILATERAL TRADE NEGOTIATIONS

*Honorable Edgar L. Jenkins\**

First of all I want to express my appreciation to the students involved in international trade in this sector for the progress that you are making and to the faculty for participating in this very important segment of international affairs, not only as they relate to this nation, but indeed to the entire world.

Before I give a brief congressional overview, I should commence by saying I fully understand how a congressman is thought of in intellectual circles. I could go back probably to every Speaker of the House. You know Speaker Wright is now under investigation; a few years ago Speaker Tip O'Neal was almost a word that you could not use in certain parts of the country because he was under attack. I first went to the Hill as a staff member in 1959 finishing the University of Georgia Law School in 1959 and spent a short time under Sam Rayburn who at that time was not thought of too highly, even though he is today.

The Speaker of the House of 1925 was Mr. Nicholas B. Longworth. One of the House office buildings is named after Mr. Longworth. He said at that time, "During the whole of the time that we have been attacked, denounced, despised, hunted, harried, blamed, looked down upon, excoriated and flayed, I [have] refuse[d] to take it personally." "I have looked into history", he said. "I find that we did not start being unpopular when I became a Congressman. We were unpopular long before that. We were unpopular when Lincoln was a Congressman. We were unpopular even when John Quincy Adams was in the Congress. We were unpopular even when Henry Clay was a Congressman. We have always been unpopular. From the beginning of the Republic it has been the duty of every free born voter to look down upon us. And the duty of every free born humorist to make jokes about us." So I start my remarks with that little preface to give you the congressional viewpoint of our subject matter today.

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I do have the opportunity to serve on the Trade Subcommittee of the Ways and Means Committee. It is true that I am somewhat looked upon within that committee as a spokesman for domestic industry. I make no apologies for that, I never have. But as I speak to you in my allotted time on the congressional perspective of what is going on in the area of services and intellectual property rights, I want you to understand the make-up of the Congress, and, in particular, the make-up of the House as it relates to trade. One could say that nebulous term "free trade" is very much equivalent to saying that I am for a balanced budget, which is easy to say, and all of us say that. I am for free trade, all of us say that. If you take a poll of the American people, they will say they are for free trade; they are for a balanced budget; they are for many things with wonderful titles. We get into difficulties, however, when we get down to the details of a balanced budget or the details of free trade, or the details of prayer in public schools, or details about the various other areas that the polls indicate that our people support.

In the last presidential election, it was generally felt that the hard-line person running for President was Dick Gephardt, a member of my committee. In looking at that campaign from somewhat of an objective viewpoint, it is amusing to me that it was later indicated that candidate Gephardt, who was a strong opponent of trade deficits was eliminated from the scene because the American people once again said we support the great internationalist; we support the free trade view. This was not so. Dick Gephardt ran first in Iowa, a state where no member of Congress voted for the Textile Bill. Dick Gephardt ran on a strong platform in Iowa, utilizing his agricultural interests. Not a single member of the Iowa Senatorial delegation or House delegation supported any so-called protectionist legislation, yet the people voted for him. The same thing happened in South Dakota. What derailed Mr. Gephardt was Mr. Gore's entry into the race. When Mr. Gephardt came South, suddenly all the Southern voters had a safe vote because there was a native son from Tennessee, Mr. Gore, on the ballot. Had it not been for that, I submit, it would have been a rather interesting race on the Democratic side as we moved into the industrial northeast and other parts of the country.

Having said that to give you some perspective on the politics of the issue, I will say that in the House of Representatives, the Trade Subcommittee and the Ways and Means Committee members are much more free trade oriented than is the House of Representatives itself. Were it not for the Trade Subcommittee and the Ways and Means Committee, you would see a lot of legislation that would be

protectionist, by almost anyone's definition. The Committees screen, if you will, a lot of the proposed legislation that would probably pass without a great deal of difficulty on the House floor.

I talked to Mr. Barfield a few minutes ago and a couple of others about the so-called Bryant Amendment that someone in the audience had mentioned. Now I saw a Harris poll in which 90% of the American people reported that they supported the so-called Bryant Amendment. The Bryant Amendment requires some registration of foreign ownership of assets in this country. I make all of these remarks because every member of the House represents some 600,000 people in their particular geographical area, and everyone of the 435 representatives must run for re-election every two years. They meet the people every two years. As Tip O'Neal used to say, "All politics is local." Ultimately, the Bryant Amendment will prevail.

The representatives do have a responsibility, beyond simply representing their people, to work for the overall good. Contrary to the general perception, Congress is not an institution that keeps the same people there all the time. In the last eight years, over 50% of the house has turned over. Of the 435 current representatives, over 230 have been elected in that period of time. I went into Congress 12 years ago; out of 435, my seniority is now 125. It is not the same group that is there all the time. It may be that our defeat rate is small percentage-wise, but there is a constant turnover.

Now to the issue under discussion here. The current round of GATT negotiations is crucial to the future of the multilateral system. There is a great deal of skepticism within the House of Representatives about the GATT's ability to resolve disputes and to function effectively. At the same time, the Congress, as well as the business community, obviously have indicated a willingness to continue to support efforts to strengthen GATT in order to make it work.

The trade bill that has been mentioned gives some indication of this split view within the Congress. First of all, the bill authorizes MTN negotiating authority until 1993. It is not always easy to get such a measure through the Congress. It is only through this straight bill that we were probably able to extend that authority through 1993. It outlines specific negotiating objectives that are of interest to the United States. But the bill also indicates a willingness to take a unilateral approach in areas where the international community is either unable or unwilling to act. These particular provisions have drawn a great deal of criticism, talk, and discussion from various segments of the legal profession as well as from the academic areas.

One example of this unilateral approach is found in the intellectual property section with Special 301 procedures set up for foreign market access and protection. It is also found in the Super 301 section that requires comprehensive negotiations on priority foreign barriers. The trade bill also has a unilateral approach to the telecommunications field and continued authority for negotiating bilateral trade agreements.

Let me digress just a moment since the Canada-U.S. Free Trade Agreement has been alluded to. That is a good example, I think, of congressional support even though there is great doubt within the Congress that it was really a free trade agreement. I supported the Agreement because I thought that it was a step in the right direction. But it does not necessarily help me a great deal in my region. As Mr. Sohn indicated, I represent voters all the way through to the Carolinas. This is a great poultry producing and poultry processing area. I am not talking about small business; rather, it is a multi-billion dollar industry. Canada reserved to itself under the Free Trade Agreement 95% of its home market for poultry products. But while we previously had 3% of that market, we now have under the new agreement another percent, and, therefore, we can still call it a free trade agreement. I do not necessarily think that 5% of the market, a potential 5% of the market, is necessarily all free trade. Nevertheless, it is better than what we had.

The Uruguay Round is currently at an impasse over agriculture and whether it ought to begin to eliminate all trade distorting barriers requested by us. Other issues have been left open as a result of this. I must say that I believe that Congress would be better satisfied if the talks are unable to make any true progress. To have no agreement at all is better than to have an agreement that simply does nothing. From a practical standpoint, we understand that better. We hate to be so misinformed that we think something has been accomplished when in fact two months from now the delegations are just coming in from members districts. I can not say that a speech has been made downtown which said that all difficulties in the area of agriculture and services had been cleared up. It has not cleared up at all. We will have been misled.

So we should make some substantial progress that is evidenced by a package, but we should not simply put together something for the sake of avoiding a breakdown in the agreements. These issues that we talk about have increased visibility because they are matters important to future United States international competitiveness. It is essential that services such as banking, insurance, and telecommun-

ications have internationally agreed—upon rules to help offset the United States deficit in manufactured goods. The key to United States competitiveness in the intellectual property field obviously lies in our perception of our innovative qualities and, hopefully, in the reality of that perception.

Our ability to keep a step ahead of others in the services area, so as to give us an opportunity to offset the manufacturing deficits that we do have, depends on adherence to rules. If foreign countries, particularly some of the developing countries, whether it be India, Brazil or others, which have resisted progress in these particular areas want the U.S. to keep its market as open to goods in which they are competitive, they must accept rules and standards of behavior in those areas in which we may be competitive. Trade is a two-way street.

Congress will continue to play a role in closely watching progress in the Uruguay Round. We will willingly accept agreements that involve a true balancing of benefits for the United States and other countries, but the time is gone when the United States could give far more than it got in multilateral trade talks. Other nations must be willing to share the burdens as well as the benefits of the international trading system. It is only in this way that the continued health of the multilateral system can be assured. A weakening of the multilateral system will lead to continued proliferation of separate bilateral agreements which may, in the long term, not be in the best interest of the world trade system. We now have bilateral agreements with Israel and Canada. Resolutions have been introduced by Congressman Crane and others on the Committee to do the same with Japan, Mexico and Taiwan. I suspect we will continue to see a proliferation of that type of bill being offered and considered and pressure being directed toward that end if we do not make more progress in the field of services and intellectual property rights.

Let me end my remarks by saying that in travelling around the world, I sometimes receive some rather strong reactions from our own people. The American Chamber of Commerce normally has chapters in every major city of the world. They are all free trade advocates and they are "balance the budget" advocates as we all are. As I go into those countries, they are all publically very vocal in favor of free trade. But before I leave, they invariably call me aside and say, "But if you don't keep the pressure on, you will be the bad guy. If you don't keep the pressure on, we will never ever open these markets." We have opened up Korea for two insurance companies. That is some progress. We finally got two. We need to

continue to make progress, whether it be in European Communities, Pacific Rim countries, or wherever. Congress is always, as I described it, political. But whatever you say about the Congress they provide a forum and so are vocal.