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THE WHITE HOUSE

WASHINGTON

December 1, 1997

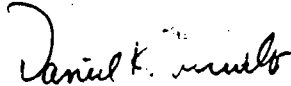
MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
UNITED STATES TRADE REPRESENTATIVE
CHIEF OF STAFF TO THE PRESIDENT
DIRECTOR OF CENTRAL INTELLIGENCE
CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: Fast Track Talking Points and Q&As

Attached are Administration talking points and Q&As for use in the aftermath of this Fall's fast track effort. If you have any questions, please call Bob Kyle at 456-9281.


for Samuel R. Berger
Assistant to the President
for National Security Affairs


for Gene Sperling
Assistant to the President
for Economic Policy


Daniel K. Tarullo
Assistant to the President
for International Economic Policy

Attachment
Tab A

Fast Track Talking Points and Q&As

cc:

Mack McLarty
Anne Lewis

ADMINISTRATION TALKING POINTS FAST TRACK

THE PRESIDENT REMAINS COMMITTED TO OPENING MARKETS AND CREATING OPPORTUNITIES FOR AMERICAN WORKERS AND BUSINESS. From the beginning of his Administration, President Clinton has been committed to a three-part economic strategy: reduce the deficit, invest in the training and education of our people and open foreign markets to American goods. The President continues to believe in the importance of breaking down trade barriers. That is why he fought so hard for fast track, even though we knew it would be a tough fight from the start.

DESPITE THE DELAY IN THE HOUSE, WE DID MAKE SIGNIFICANT PROGRESS THIS YEAR. Both the House Ways & Means and Senate Finance Committee reported out fast track bills with bipartisan support. That is something many thought was impossible. We also secured a strong bipartisan majority in the Senate. Those achievements should not be taken for granted. They represent important steps forward in this tough effort. Remember, it took the Reagan Administration four years to secure fast track authority. In light of that, our achievements this fall are significant.

ONE IMPORTANT REASON THIS YEAR'S HOUSE EFFORT DID NOT SUCCEED IS THAT THE PRESIDENT WAS NOT WILLING TO COMPROMISE HIS PRINCIPLES. House passage required both Republican and Democratic support. Speaker Gingrich fought admirably and in good faith, but there was a block of Republicans necessary for passage who were intent on linking the policy on international family planning to the fast track legislation. The President was not willing to compromise his principles on that issue. Those Republican members would have made the difference. There were many factors at play, but their insistence on linkage was decisive at the end.

THE ADMINISTRATION WILL CONTINUE ITS EFFORT NEXT YEAR. In the days and weeks ahead, we will be discussing within the Administration and consulting with Congress to determine the best way to proceed. It would be premature to speculate how we will move forward. The important point is that we will continue to seek support for legislation that can attract bipartisan majorities in both Houses.

IN THE INTERIM, THIS SETBACK DOES NOT PREVENT US FROM CONTINUING EFFORTS TO OPEN MARKETS FOR AMERICAN WORKERS. To the extent our trading partners see this delay as a temporary phenomenon, we do not believe it undermines our capacity to engage these countries to lower their barriers. To the extent they see it as a longer-term problem, we believe it would have serious implications for our capacity to open foreign markets and for American global leadership generally. Without fast track, we can continue negotiations, but a continued failure to grant fast track authority would prevent those talks from maturing into agreements. That is why fast track authority is so important.

QUESTIONS & ANSWERS FAST TRACK

Q: During the fast track fight, you said no country would sit down to negotiate with the U.S. unless it had fast track authority. Doesn't that mean you can't move forward with your trade agenda at all? Aren't APEC, FTAA and WTO negotiations dead?

A: This delay does not impede our ability to continue these efforts in the short run, so long as our trading partners see it as a temporary phenomenon. However, to the extent they believe this is a longer-term problem signaling a more fundamental retreat by the United States, this would have serious implications for our trade agenda and American leadership generally. That's why it's so important to secure fast track authority next year. In the interim, we believe our trading partners will continue to engage us on these issues.

Q: How about APEC? What can the President do in Vancouver without fast track?

A: Although we would be in a stronger position with fast track, we can at least make progress in the areas we previously envisioned. For some time, we have sought agreement within APEC to enter negotiations on key sectors in which the U.S. is highly competitive. We can agree to begin those discussions without fast track authority. In some sectors, we might have residual fast track authority from the Uruguay Round legislation. In other sectors, we might need new fast track authority before we could seek implementing legislation from Congress.

Q: How about the FTAA? Will the President still go to Santiago in April, 1998? Will we still launch negotiations toward an FTTA, as the U.S. has repeatedly promised?

A: The President fully intends to go to Santiago next year. We remain committed to the goal of achieving a Free Trade Area of the Americas by 2005. Obviously, we will continue to participate in the discussions leading up to Santiago, and we will be consulting with Congress as we proceed.

Q: Will you negotiate a Chilean free trade agreement without fast track?

A: The Chileans have made it clear they are unwilling to negotiate an agreement with us if any final agreement can be amended.

Q: How will you proceed with fast track next year? Will you change the labor/environment provisions in the bill? Will you delete authority for bilateral free trade negotiations? How will your proposal or strategy change?

A: It would be premature for me to speculate. We obviously supported the bipartisan bills that emerged from the Committees this year. In the coming weeks, we will deliberate within the Administration and consult with both parties in Congress to determine the best way to proceed.

Q: How can you expect to pass fast track during an election year when you were unable to get the votes this year?

A: Based on our House effort this fall, we know there are many Members interested in constructively resolving this issue. We are optimistic we can find a solution that will command a bipartisan majority in both Houses.

Q: Does the fast track loss show the President is now a lame duck?

A: No. The President's record over the past year has been impressive by any standard. It includes the balanced budget bill, ratification of the Chemical Weapons Convention, renewal of China MFN, to name just a few.

We always knew fast track would be a difficult battle, but the President was not afraid to take up the challenge. I think that shows a vibrant Presidency, one that tries to achieve big things.

Mitsler, Elaine M.

From: Mitsler, Elaine M.
Sent: Monday, November 24, 1997 12:09 PM
To: Kyle, Robert D.
Subject: You received a phone call from JASON GOLDBERG. [UNCLASSIFIED]

Called: 0
Phone Number: 69767
Please Contact: JASON GOLDBERG
PleaseCall: 0
ReturnedCall: 0
WantsToSee: 0
WillCall: 0

Erschine asked Jason to relay fine job, as usual. Please send the talking points out.

THE WHITE HOUSE

WASHINGTON

November 20, 1997

E. Bowles
THE WHITE HOUSE
WASHINGTON

TO: ERSKINE BOWLES
JOHN PODESTA

FROM: BOB KYLE *PK*

Attached are the fast track talking points/Q&As cleared within the White House. The compromise FTAA answer (#3, p. 2) has been cleared by John Hilley, Mack McLarty, Charlene Barshefsky and Dan Tarullo. I hope to get Sandy's concurrence soon but Iraq has delayed it. I would like to distribute these to the Administration soon, pending your concurrence.

Attachment

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1/2/98
Chz*

Bob Kyle

organized labor. But it will take at least 50 House Democrats to provide the bipartisan support Republicans are insisting on, most experts agree.

Getting there will take an intense effort. At a meeting last weekend of the Business Council, a blue-chip group of chief executives, Lawrence Bossidy, chief executive of AlliedSignal Inc., called fast-track "fundamental. Without it, no one negotiates with us." But while he said business is lobbying, he added: "With how much fervor is another question."

Lawmakers ask the same question. In recent weeks, GOP Rep. David Hobson of

been cruising this New York Republican's Long Island district urging residents to tell him to oppose the bill. At one weekend event, an airplane buzzed by trailing a banner with the same message, according to a Lazio aide.

Off to a Bad Start

Business got off to a slow start partly because of the Clinton administration's inept launch of its fast-track bill. Rather than delivering a bipartisan bill in early September as promised, the administration failed to reach accord with both Republicans and key Democrats. Even after

Administration Offers Package to Get Liberal Democrats to Back Fast-Track

By BOB DAVIS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The trade bazaar is open for business.

To entice liberal Democrats to vote for "fast-track" trade legislation, the Clinton administration is offering a \$500 million package of programs, over five years, to help workers and communities hurt when jobs move overseas. During negotiations with the Congressional Hispanic Caucus, the White House put forward proposals to add \$455 million in assistance for certain groups of dislocated workers that often include minorities, and \$37 million for community development programs administered by the North American Development Bank, called Nadbank.

In addition, the White House is developing a community-aid plan modeled after a Pentagon program to help communities recover economically after a military base closes. The proposals "will help build progressive support for the president's open-market efforts," says Gene Sperling, director of the White House's National Economic Council, who is coordinating the effort.

The deal-making is part of a two-pronged strategy the White House used successfully in 1993 to sell the North American Free Trade Agreement. While President Clinton stays above the fray and argues that fast-track is essential for the U.S. to maintain its global leadership, his advisers cut deals to assure lawmakers that open trade won't harm their districts.

So far, lawmakers are holding out for sweeter deals. The administration's Nadbank proposal "is far from responsive to even our most basic concerns," charged Democratic Rep. Esteban Torres of California in a letter to the 18-member Hispanic caucus.

Fast-track is the expedited process Congress uses to approve trade pacts. Under fast-track, which expired in April 1994, lawmakers can vote yes or no on a trade deal but can't amend it. Without fast-track, trading partners won't negotiate in earnest with the U.S. on broad trade deals because they fear Congress could rewrite agreements.

Demonstration of Desire

The bargaining over Nadbank, in particular, shows how far the administration will go to get votes — and the depth of congressional skepticism over the White House's pledges. The bank was created in the flurry of deal-making over Nafta to finance infrastructure projects along the polluted U.S.-Mexican border and development projects elsewhere in the country. According to a letter by then-Treasury Secretary Lloyd Bentsen to Rep. Torres, the bank was to be structured so that about \$150 million would be available for community-development grants and loans.

However, the administration came through with only \$22.5 million and took more than three years to name the eligible communities. The first two projects were announced last month, on the day Treasury Secretary Robert Rubin met with

Hispanic Caucus members to urge them, with no success, to back fast-track.

Since then, the White House has offered to add another \$37 million in Nadbank funding for community projects, an amount it believes can be leveraged into far more than \$150 million in loans and grants. But the promise hasn't swayed lawmakers yet.

This week, Watsonville, Calif., is scheduled to receive a \$500,000 loan from Nadbank — the bank's largest community-development loan by far — to help revive Watsonville's food-processing business. Even so, Democratic Rep. Sam Farr, who represents Watsonville, opposes fast-track because he is angry at the administration over another trade matter: imports of cut flowers from Colombia.

Effects of Acrimony

The acrimony over Nadbank has colored negotiations over other parts of the administration package. In discussions with Rep. Xavier Becerra (D., Calif.), the White House offered to earmark \$455 million in aid, over five years, for so-called secondary workers affected by trade. These are workers whose companies do business with plants harmed by trade — button makers, for instance, who lose their jobs when a garment factory moves to Mexico. These workers are often black, Hispanic and nonunion. Along with the extra money, the Labor Department has promised to do a better job of informing the workers that aid is available.

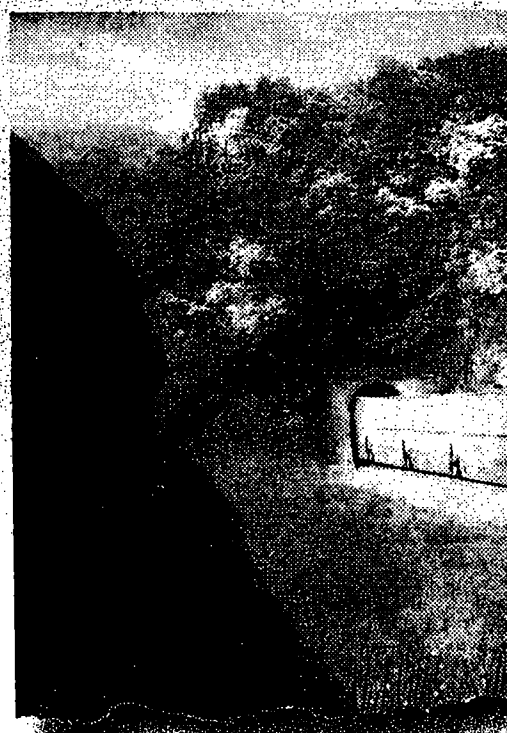
Nevertheless, Mr. Becerra opposed fast-track during the House Ways and Means vote. To make sure he voted "no," his mentor, Rep. Torres, who is pushing the administration for more Nadbank funding, attended the committee vote. The administration hopes to persuade Rep. Becerra to reverse his vote by the time the measure comes to the full House, but it is doubtful it can do much to persuade Rep. Torres.

The administration is also working on other measures to attract Democratic lawmakers. The White House is studying how the Pentagon's Office of Economic Adjustment coordinates federal aid programs to help communities after military bases close. The administration plans a civilian equivalent to help towns whose big employers leave the country or shut down as a result of import competition.

At the same time, the administration is trying to package a number of its urban initiatives — empowerment zones, youth programs, community development banks — to show that it helps economically disadvantaged communities, whether or not they're affected by trade.

The various programs did persuade Democratic Rep. William Jefferson from New Orleans to vote for fast-track in the Ways and Means committee — only one of four Democrats to do so. "People want to know how you're going to get them jobs," he said.

ONCE AGAIN, NO INDUSTRY STANDARDS



Clinton Says He'll Win New Powers For Trade

By JAMES BENNET

BRASÍLIA, Oct. 13 — President Clinton predicted today that he would ultimately win enhanced authority from Congress to negotiate free trade deals here in Latin America and around the world.

"It's a tough fight, but I think we'll win it," he said of the debate over whether his so-called fast-track negotiating power should be renewed. "It's a debate over principle with me."

He suggested that the country's international standing was at stake. "The United States has to send a signal to our allies, particularly in this hemisphere, and our allies in Asia and in Africa, that we know we are in a new world," Mr. Clinton said, "and it's a world in which we are interdependent."

He made the remarks on his plane as he flew here from Caracas tonight for the second stop of his Latin American tour, discussing his difficulties persuading Americans to embrace his vision of a hemispheric free trade zone, which he hopes to see established by 2005.

He said his visit to Venezuela showed that Democratic critics of his free trade goals, who worry that new treaties will not protect labor or the environment, could rest easy.

The Venezuelans, he said, "understand that they can't preserve their democracy in a free-market economy unless they try to strengthen their social compact." As a result, he said, "we're going in the right direction — the direction the opponents of fast track want us to go in."

Working toward his goal of economic integration, Mr. Clinton spent his day, in Venezuela and then here, playing to local constituents by complimenting his hosts on their democracies and market economies — as well as their music and baseball players — while implicitly illuminating for his home audience the opportunities that await here.

Brazilian news reports have suggested that the United States still expects to dictate terms of its relations, rather than forge a genuine partnership. Almost immediately upon arriving here, Mr. Clinton tried to assuage such fears in an appearance with the Brazilian President,



Agence France-Presse

President Clinton laughed with President Rafael Caldera of Venezuela during a ceremony where they signed energy and environmental agreements in Caracas yesterday. Mr. Clinton then left for Brazil.

Fernando Henrique Cardoso, at Itamaraty Palace, site of the Ministry of Foreign Affairs. "Mr. President, as we reach for the future, America reaches out to Brazil with a hand of friendship and a pledge of partnership," he said. "We share a vision of a better tomorrow."

In Caracas today, Mr. Clinton was able to make much the same point against a symbolically potent backdrop: the towering tomb of Simón

ton, ringed with banners in the yellow, red and blue of the Venezuelan flag, was only half full, with perhaps a thousand people. Michael D. McCurry, Mr. Clinton's press secretary, said the Venezuelans allowed entry only to people with tickets, rather than to the general population as the White House had wanted.

Mr. Clinton repeatedly praised the Venezuelans for their efforts to open their economy, permitting private investment in nationalized industries.

In addition to an agreement to cooperate further in the war on drugs, United States officials signed an energy agreement today with Venezuela, which now supplies 18 percent of America's oil, more than any other country. The two countries agreed to exchange scientific and technical information and to conduct joint studies on energy planning.

Venezuela is expected to open its nationalized oil industry to \$30 billion in new private investment in the next 10 years, and executives for American oil companies — some of whom Mr. Clinton met with today — are eager for a piece.

Venezuela is planning to double its oil production in coming years, to 6.9 million barrels of oil daily. The United States wants to increase its reliance on Venezuela's oil "to be less dependent on unstable parts of the world," in the words of Energy Secretary Federico Pena.

On Latin tour, the President sounds confident.

Bolívar, the hero of Andean liberation and democracy.

"Bolívar belongs to all the Americas," Mr. Clinton said. "He was the first to imagine a hemisphere of democracies, united by shared goals and common values."

In a further effort to play to the local crowd, Mr. Clinton experimented with Spanish, drawing giggles and applause from the crowds. "Todo está chevere," he declared outside Bolívar's tomb, using a Venezuelan expression to say everything was just fantastic.

The cobbled plaza before Mr. Clin-

As Was Brazil Pl

By DIANA JEAN SCI

BRASÍLIA, Oct. 13 — T after he corralled other the region into charting a Area of the Americas, Clinton stepped off Air tonight to encounter a worldly and assertive Br: the first serious challeng put American leaders hemisphere.

While Mr. Clinton has elsewhere since the Dec summit meeting in Miami free trade area was discus has been quietly playing diplomatic game, streng own regional trade group and building ties with the Union and Japan as a cou to United States dominan

"I think the U.S. Gov coming into an awarene change worldwide a bit Amaury de Souza, a politi at Brazil's Institute of Social and Political Stud "a shift of power and eco tions going on worldwid Souza said that these da: seizing the opportunity to only economically, but to important player in inter lations."

Behind the fanfare ar mism surrounding Mr whirlwind appearances h silia, in São Paulo and Janeiro, is the glaring South America has been neglected backyard.

Mr. Clinton is the first l a quarter-century to put visit to South America u ond term. Political an: said that even though peared that he might w track authority — which him to negotiate trade that Congress must vote amendments — little p ward creating a free tr likely by next year's eco mit meeting in Santiago.

Argentina, where Mr. after leaving Brazil, has out a United States amb six months, and no on nominated. The America dor to Brazil, Melvyn L be going home a few r Mr. Clinton's trip, and n has been announced.

For much of the centu serious challenge to W dominance in South Am from the Soviet Union. easily overlooked. Despi

REVIEW & OUTLOOK

The Clinton Back Track

As President Clinton starts his first official swing through South America this week he ought to be pushing an agenda for the whole world to get richer by embracing free trade. Even without the U.S., the South Americans already are establishing liberalized trading regimes among themselves, such as Mercosur, a turn in economic philosophy that would have been unimaginable until very recently. But instead of riding this crest, it's more likely Mr. Clinton will spend his energy explaining to his hosts in Brazil, Venezuela and Argentina why he doesn't have enough clout back home to deliver on his aging promises of big free-trade agreements.

For that, Mr. Clinton recently asked Congress to give him special "fast track" powers to negotiate trade pacts abroad—starting with a proposed hemisphere-wide Free Trade Area for the Americas. Congress has been hesitating over the terms for handing Mr. Clinton any more control over trade than he's already got. That hesitancy says a lot about the odd nature of the Clinton presidency.

Fast track authority lets the President bypass protectionist interests by empowering him to make trade deals abroad on which Congress, without wrangling over details, has to vote straight yes or no. Mr. Clinton himself used it to set up the 1993 North American Free Trade Agreement with Mexico and Canada. Fast track lapsed in 1994. Last month Mr. Clinton asked Congress to grant it again. The Republicans have balked and not without reason.

Mr. Clinton has been quite clear that he wishes to be succeeded by Vice President Gore. Alas, Mr. Gore leads the wing of the Democratic Party least receptive to free trade—organized labor and the environmentalists. Accordingly, Mr. Clinton asked for authority to negotiate trade deals in which he could spell out labor and environmental standards for U.S. trading partners, and punish them if they failed to comply.

Congressional Republicans saw no reason to hand Mr. Clinton more tools to serve the Gore-led coalition. Last week the House Ways and Means Committee produced a compromise bill, proposing a cleaner version of fast track. This version is at least improved enough to infuriate protection-

The compromise relegates Mr. Clinton's labor and environmental millstones to an explanatory section called "International Economic Policy Objectives." The bill is worded so as to prevent the President from actually spelling out his vast side endeavors as legal conditions of any fast-track trade deal.

But one more Clinton contradiction retards the process: the matter of trust. For all the Administration's assertions that it has little interest in these labor and environmental showstoppers, Mr. Clinton has a long record of wiggling out of deals his partners thought were firm. This wariness about Mr. Clinton's commitments is a problem of his own making.

As this process stumbles forward, it's hard not to conclude that the entire debate remains skewed. The assumption underlying all these machinations seems to be that we are seeking to find the best means for politicians, not markets, to optimize the use of resources. The negotiations Mr. Clinton can look forward to, under any version of fast track so far proposed, involve protecting American producers from the competition of imports, while trying to pry open foreign markets for American exports. That's why the bargaining process itself has become such a mighty effort. This is not free trade. This is a dressed-up variant of central planning, in which politicians try to engineer what they suppose to be the best use of scarce resources.

Something's missing here. It's the "special" interest of the one all-important figure whom no one ever speaks for in these Washington trade debates: the consumer. The purpose of production, after all, is to provide things people want to consume. Nations don't get rich by protecting jobs, or producers, or specific industries most capable of lobbying and buying politicians. They get rich when producers must compete in the marketplace to please consumers, who are free to choose what they most value—whether it's raspberries from Chile or California; pajamas from China, the U.S. or Brazil.

What we'd really like to see some day is a President with the vision to stand up and defend not just his own bargaining powers but the immense benefits of genuine, global free markets. A President willing to articulate the free-market principles that made America rich in the first place might

By ROBERT EISNER

Do international free-trade agreements generally help the nations involved? Yes. Do they help all the people in each nation? No. And therein lies the crux of the political struggle over President Clinton's request that Congress give him "fast track" authority to negotiate trade agreements that will not be subject to a variety of amendments before ratification. Those who think they may be hurt by freer international trade demand the right to protect themselves.

That said, there is a great deal of confusion about who would actually be hurt, and about the substantial benefits of eliminating trade restrictions. To understand how widespread the misconceptions are, take the following true-false test:

1. Trade deficits are necessarily bad; reducing trade deficits is necessarily good.
2. Continued trade deficits create an untenable foreign debt burden for Americans.
3. The U.S. risks a financial crisis like Mexico's if foreigners try to pull out of their American investments.
4. Easing restrictions will generally destroy American jobs because we will be subject to increased competition from cheap foreign labor.
5. Insisting on better wages and working conditions for foreign workers will help American workers.
6. It is in America's own interest to prevent foreigners from damaging their environment.

Accepted Truths

Answers: All of the above statements, though widely accepted as truths, are false. Here are the reasons why:

1. A trade deficit enables a country to increase its domestic consumption and investment by receiving more output from foreigners than it gives up to them. One sure, yet counterproductive, way for us to eliminate our deficit would be to slow our economy relative to others. We would then purchase fewer Japanese-made Toyotas, thus cutting our imports; but we'd also buy fewer American cars, cutting production and jobs at home.

But if we reduce our trade deficit by increasing our exports—a major objective of free-trade agreements—we will create more jobs at home, and continue to enjoy

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By STEPHEN SCHWARTZ

In an incident reported in The Washington Post, and too good to have been invented, the famous writers at a Library of Congress luncheon last Thursday confessed they knew little or nothing about this year's Nobel laureate in literature, Italian theater performer Dario Fo. But one person recognized his name: Jane

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A Free Trade Primer

By ROBERT EISNER

Do international free-trade agreements generally help the nations involved? Yes. Do they help all the people in each nation? No. And therein lies the crux of the political struggle over President Clinton's request that Congress give him "fast track" authority to negotiate trade agreements that will not be subject to a variety of amendments before ratification. Those who think they may be hurt by freer international trade demand the right to protect themselves.

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But if we reduce our trade deficit by increasing our exports—a major objective of

the imports. If increased exports are matched by more imports, the deficit will not be reduced, but we will still have more jobs (except in the unlikely event that all of the imports are substitutes for domestically produced goods).

2. It is not precisely our trade deficit but our total current-account deficit, corresponding to net foreign investment in the U.S., that adds to what is improperly called our foreign debt. The so-called debt actually represents net foreign claims on Americans, claims that are in large part not debt but investments in equity and in real assets. And the current account includes, in addition to trade—that is, exports and imports of goods and services—

As long as we continue to run a current-account deficit, we get a free ride because foreigners find the U.S. dollar to be a good investment.

investment income and "unilateral transfers," or international gifts.

The U.S. current-account deficit totaled \$148.2 billion in 1996. Assume the unlikely event that this deficit continues at the same proportion of gross domestic product, about 1.94%, and thus keeps increasing as GDP grows. The absolute dollar value of foreign claims will increase indefinitely, and by greater and greater amounts each year. But meaningful measures must be relative, and debt is best related to income.

The important point is that since our national income—or GDP—is growing, those net foreign claims will not increase indefinitely in proportion to GDP. This is because as GDP continues to rise, the rate of increase of these claims divided by GDP gradually declines. The faster the rate of GDP growth, the lower the ultimate ratio of these claims to GDP. With the recent 1.94% deficit and a 5% GDP growth in dollar terms, for example, net foreign claims will never exceed 38% of GDP. Even if foreigners were able to earn a very healthy real return of 4% on their net U.S. investments, their claims to every \$100 of American output would never exceed 4% of \$38, or \$1.52—or 1.52% of our GDP.

to run a current-account deficit, foreigners are in fact reinvesting their earnings in the U.S. economy. We get a free ride because foreigners find the U.S. dollar, and the U.S. economy that backs it, to be a good investment. They keep the price of dollars high by their efforts to acquire them for their investments. This in turn makes foreign goods relatively cheaper for Americans and U.S. goods more expensive for foreigners, and perpetuates the current-account deficit—which is the other side of the coin of net foreign investment in the U.S.

The U.S. faces no danger if foreigners try to pull out—first, because foreign claims are overwhelmingly in dollars, and

second, because the majority of those claims are in direct ownership and equity rather than fixed obligation debt. Our Federal Reserve, unlike the Mexican central bank faced with debt in dollars and other foreign currencies, can supply all the dollars anyone wants. And if foreigners dump Rockefeller Center or any other investment at fire-sale prices, Americans will be glad to snap it up.

4. To the major extent that "cheap foreign labor" reflects lower labor productivity, it clearly does not offer undue competition to U.S. labor. Nor does it do so when foreign firms (or American firms or other multinationals) exploit foreign workers. If foreign labor costs are truly lower and these lower costs are passed on in lower prices, U.S. imports will rise, and our supply of dollars to foreigners will rise—thus eventually lowering the price of the dollar, increasing our exports and creating more jobs for Americans. These jobs will tend to be in higher-wage, higher-labor-cost industries that were not competitive before the fall in the dollar.

As markets are opened in low-wage countries our low-wage workers may suffer; our high-wage workers will gain. U.S. public policy should be directed at educat-

tarian and political reasons, it would be wise to subsidize workers in transition.

5. Insisting on stronger unions and better wages and working conditions in foreign countries may well help foreign workers. It will not help U.S. workers. Lessening the competition from foreign industries that have relatively lower labor costs will preserve the jobs of low-wage U.S. workers rather than increase the proportion of high-wage jobs in our economy.

6. If foreigners are foolish enough to foul their own air and water in order to produce more cheaply, it is in our selfish interest to take advantage of their cheap products and devote our resources to production that does not damage our environment. Of course, if their foul air and water flow over or into the U.S., that is another matter.

The U.S. has the mightiest economy in the world, and generally the most productive. The classical economic law of comparative advantage, going back to David Ricardo, tells us that, even if a country is more productive than other countries in all areas, it can gain from trade. It does so by specializing in those industries in which it has the greatest advantage, and exporting their products. It then imports from others the products of industries in which it has a lesser advantage.

Ricardo's Wisdom

Consider a couple of modern applications of Ricardo's wisdom: Michael Jordan may be able to mow a lawn faster than any gardener, but it is best for him to pass up lawn care and stick to basketball. Similarly, the U.S. may well be more productive than other countries in textiles as well as aircraft production, but it would do better to import those cheap shirts from China and ease the way for Boeing to export its planes all over the world.

That is not an easy thing to explain to American textile workers, or to their union. But new free-trade agreements, achieved by fast track or whatever other means, will be more easily reached if those who may lose by new trade are helped by all of the rest of us who gain.

Mr. Eisner, professor emeritus at Northwestern University and a past president of the American Economic Association, is au-

COST
10/13

POLITICS & POLICY

Fast-Track Business Lobbyists Aim for Better Showing

By ROBERT S. GREENBERGER
And CHRISTINA DUFF

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — Business lobbyists pushing "fast-track" trade legislation should be swarming all over Rep. Chet Edwards. Since he came to Congress in 1990, the Texas Democrat has voted for every major trade bill. On this one, however, he is undecided.

So far, Mr. Edwards has heard little from fast-track supporters since President Clinton rolled out his bill last month. But he has heard regularly from labor unions, which vehemently oppose the bill. "If I were giving out grades, business would receive an F-minus and labor an A-plus," he says. "I've never seen a major issue more poorly lobbied in my seven years in Congress."

Indeed, business got off to a slow start on fast-track, leaving the impression with many lawmakers that while business claims fast-track is of paramount importance, it can't clearly state why.

Business groups say they will improve their grade this week when lawmakers are home for the Columbus Day recess. Thomas Donahue, who heads the U.S. Chamber of Commerce, is on a 40-city tour to promote fast-track, and the chamber is mobilizing 50,000 activists across the country to contact their congressmen. In addition, several company chiefs also plan to work the phones, and a business coalition launched a television ad campaign aimed at undecided legislators. One spot shows Americans at work and declares that fast-track, which is intended to enhance the president's ability to make foreign-trade deals, "opens foreign markets to U.S. goods."

A Crucial Campaign

These belated efforts are crucial for supporters of fast-track authority. Last week, the House Ways and Means Committee approved a GOP-designed fast-track bill, but only got support from four of the panel's 16 Democrats. Nearly all trade bills are passed because of overwhelming support from Republicans, who tend to be more pro-trade and less intimidated by organized labor. But it will take at least 50 House Democrats to provide the bipartisan support Republicans are insisting on, most experts agree.

Getting there will take an intense effort. At a meeting last weekend of the Business Council, a blue-chip group of chief executives, Lawrence Bossidy, chief executive of AlliedSignal Inc., called fast-track "fundamental. Without it, no one negotiates with us." But while he said business is lobbying, he added: "With how much fervor is another question."

Lawmakers ask the same question. In recent weeks, GOP Rep. David Hobson of

NO special interest amendments

NO delay or gridlock

(202) 225-3121

YES

for Fast Track

Scenes from a television commercial sponsored by America Leads on Trade, a coalition of more than 550 companies and associations. The ad will be aired in 104 congressional districts during the current congressional recess.

Ohio has been visited by executives of Limited Inc., which operates several stores in his district. He says the conversations with officials of the apparel retailer mostly have been about regional trade pacts that exclude the U.S. and how American trade leadership is important to the futures of his children and grandchildren — not about the current fast-track measure itself.

"This doesn't seem to have quite the fervor and intensity" of the 1993 battle to pass the North American Free Trade Agreement, says Rep. Hobson, who says he supported NAFTA, albeit reluctantly.

This time, only organized labor has displayed genuine zeal. Just ask Rep. Rick Lazio, another lawmaker undecided about fast-track. Recently, sound trucks have been cruising this New York Republican's Long Island district urging residents to tell him to oppose the bill. At one weekend event, an airplane buzzed by trailing a banner with the same message, according to a Lazio aide.

Off to a Bad Start

Business got off to a slow start partly because of the Clinton administration's inept launch of its fast-track bill. Rather than delivering a bipartisan bill in early September as promised, the administration failed to reach accord with both Republicans and key Democrats. Even after

ble explaining why fast-track is important. That is partly because past fights over NAFTA and the Uruguay Round of trade talks involved specific issues, such as opening markets in Mexico. Fast-track, on the other hand, involves only granting the administration the authority to negotiate future pacts which Congress can then approve or reject but not amend.

"NAFTA was a deal where you could go to a chief executive and say: If this goes through, you could sell millions of dollars worth of your products there. And they would say, go fight for it," recalls Harry Freeman, a former American Express Co. executive and veteran lobbyist of several trade wars.

Such dollars-and-cents logic doesn't spring readily to mind with fast-track. Rep. Carolyn Maloney, while weighing her decision, asked a top corporate executive why she should support the measure. He couldn't make a compelling case, says an aide to the congresswoman. The New York Democrat now plans to vote no. "I think the lack of a sound explanation on the part of that individual definitely swayed her," says the aide.

Indeed, several corporate bosses who were at last weekend's Business Council meeting haven't been knocking themselves out to promote the cause. John Bryan, chief executive of Sara Lee Corp., says he is "an unqualified proponent of free trade." But when asked what he is doing on fast-track, he answers: "Not so much."

But other business leaders say that with their vast resources they will close the gap and win the fight. "We have to be a sprinter, rather than a long-distance runner," says Willard Workman, vice president of international operations for the U.S. Chamber of Commerce.

the White House presented a compromise with Republicans late last month, it was widely considered dead on arrival.

"I don't think we're late," says Donald Fites, chief executive of Caterpillar Inc. "It's hard [for business] to support something when you don't have anything in front of you." Now Mr. Fites is inviting congressmen to visit Caterpillar plants, which export up to 50% of their products. Still, some business leaders have trou-

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First, Fix Nafta

By Michael J. Stuart

President Clinton shouldn't be surprised about the pale reception his "fast track" trade package is receiving on Capitol Hill.

His Administration is working overtime to find support for legislation that would give him the discretion to negotiate trade agreements that Congress must vote up or down without amendment.

But the President has a huge obstacle to overcome: his Administration's failure to make good on many of the commitments he made when he was lobbying for passage of the North American Free Trade Agreement.

In 1993, in the days leading up to the House vote on Nafta, Administration officials sought the support of Florida's Congressional delegation. To address the concerns that the state's fruit and vegetable growers would be hurt by increased Mexican imports, the Clinton Administration made a slew of promises, including the pledge to enforce quotas on Mexican produce and to raise tariffs quickly if the quotas were exceeded.

The President, in a letter to Representative Tom Lewis, a Florida Republican, said he believed safeguards in the agreement and in trade laws would protect vegetable growers from cheap exports.

Based on these commitments, several of Florida's agricultural groups, mine among them, reluctantly

Michael J. Stuart is the president of the Florida Fruit and Vegetable Association.

tantly dropped opposition to Nafta. And many in the Florida Congressional delegation voted for the trade agreement. But in less than a year, the Administration's promises turned out to be empty.

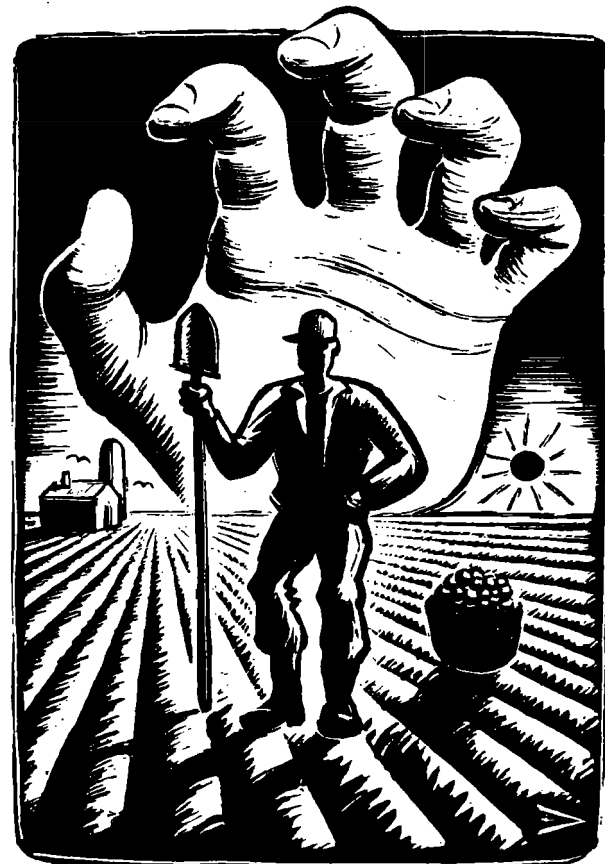
Since Nafta took effect in 1994, the United States has been flooded with produce from Mexican farms where workers earn less in a day than American workers earn in an hour.

The injury to Florida's produce industry is real and measurable. For example, in the spring of 1993, Florida's tomato producers held a 56 percent share of the American market, according to the state's Department of Agriculture. Now, their market share is only 35 percent.

Fast track? Florida farmers have learned not to trust Clinton's promises.

And Mexico? Before Nafta was enacted, Mexico's share of the American tomato market was 28 percent, but only two years later its share had grown to 50 percent. The injury to other Florida crops is comparable.

The safeguards and trade remedies, like tariffs and existing trade law, touted by the President have failed miserably. These prescriptions, which were largely intended for manufactured or dry goods, are inadequate or go into effect too slowly for farmers whose products are perishable and seasonal.



Eric Drooker

The result is that American growers who compete with Mexico have been unable to obtain sufficient relief under Nafta or other trade laws. Farms and jobs are being lost. Five years ago, Florida had 200 independent

tomato farmers. Today, there are fewer than 100.

Last month the Clinton Administration turned its back on Florida's farmers yet again. It initiated an international environmental agreement under which growers in developing countries will be able to use methyl bromide, a critical fumigant, until 2015. Farmers in the United States will be prohibited from using it starting in 2001.

The Administration has given our foreign competitors another huge advantage. Given the Administration's sorry record, why should farmers believe that any fast-track agreements will address their concerns?

Enough is enough. Florida's vegetable growers have experienced the failures of Nafta firsthand. Its major inadequacies must be addressed before Congress gives the President new authority to negotiate trade agreements. □

Money Becomes Electric

By James Buchan

Can the computer-legible plastic cards that were mailed to some 50,000 bank customers on Manhattan's Upper West Side last week displace bills and coins between 60th and 96th Streets? For the moment perhaps not, but these cards are yet another sign that our relationship with money is changing.

Cash, on the edge of extinction.

monetary circuit of pure electricity. Money could flow as electronic wages into his or her account, pass from the A.T.M. into the card, be drained by the retailer's terminal and flow back into the banking system. Nowhere would it crystallize into that thing that is money.

first in China, then in Europe and New England, people recognized that the important thing about money was not its form or substance but its function. Almost anything can be used for payment, and indeed has been.

This attenuation of money matches our growing capacity for symbolic thought and our confidence in our social institutions. But if the current experiment in New York becomes the norm, what will the consequences be?

Should money become largely invisible, it would lose some of its nationality: the electric dollar would not be so intrinsically American.

Medici

The medical use of marijuana remains a poisonous idea in Washington. Williams Welton for it was one of Sen. Helms's stated reasons for his nomination as Ambassador to Mexico, and no one in the world wanted even to discuss it.

But in the scientific world, there is increasing use of marijuana as treatment — or at least minded testing.

The National Institutes of Health issued a report by a member committee calling for tests of marijuana's efficacy in medical areas. The chair of the committee, William B. Georgetown University, said at least some potential indications for marijuana use after the state overwhelmingly approved a referendum last year.

In the New England Medicine dated Aug. 7, 1997, a worded article by George condemned political interference in the question — in particular the Administration's three-year moratorium on marijuana use after the state overwhelmingly approved a referendum last year.

"Doctors are not the enemy of drugs," Mr. Annas wrote. "War on drugs, Mr. Annas said, is a war on patients who need it to help them go to treatment for life-threatening diseases."

The best popular discussion of the scientific-medical use of marijuana appeared in The Economist on Oct. 16. It described four kinds of patients in which patients have found marijuana helpful.

One is glaucoma. The pressure in the eyeball that causes it is eased by marijuana. Indeed, the Food and Drug Administration allowed its use for glaucoma treatments until 1991 — when it gave way to anti-marijuana.

A second medical area is cancer. Sufferers from cancer, for instance, find marijuana helpful in easing their arms and legs.

Third, there is what the medical community called "marijuana-induced" ability to stimulate appetite. This is reportedly helpful to AIDS sufferers.

The Clinton Back Track

As President Clinton starts his first official swing through South America this week he ought to be pushing an agenda for the whole world to get richer by embracing free trade. Even without the U.S., the South Americans already are establishing liberalized trading regimes among themselves, such as Mercosur, a turn in economic philosophy that would have been unimaginable until very recently. But instead of riding this crest, it's more likely Mr. Clinton will spend his energy explaining to his hosts in Brazil, Venezuela and Argentina why he doesn't have enough clout back home to deliver on his aging promises of big free-trade agreements.

For that, Mr. Clinton recently asked Congress to give him special "fast track" powers to negotiate trade pacts abroad—starting with a proposed hemisphere-wide Free Trade Area for the Americas. Congress has been hesitating over the terms for handing Mr. Clinton any more control over trade than he's already got. That hesitancy says a lot about the odd nature of the Clinton presidency.

Fast track authority lets the President bypass protectionist interests by empowering him to make trade deals abroad on which Congress, without wrangling over details, has to vote straight yes or no. Mr. Clinton himself used it to set up the 1993 North American Free Trade Agreement with Mexico and Canada. Fast track lapsed in 1994. Last month Mr. Clinton asked Congress to grant it again. The Republicans have balked and not without reason.

Mr. Clinton has been quite clear that he wishes to be succeeded by Vice President Gore. Alas, Mr. Gore leads the wing of the Democratic Party least receptive to free trade—organized labor and the environmentalists. Accordingly, Mr. Clinton asked for authority to negotiate trade deals in which he could spell out labor and environmental standards for U.S. trading partners, and punish them if they failed to comply.

Congressional Republicans saw no reason to hand Mr. Clinton more tools to serve the Gore-led coalition. Last week the House Ways and Means Committee produced a compromise bill, proposing a cleaner version of fast track. This version is at least improved enough to infuriate protectionists like Rep. Richard Gephardt, whose presence guarantees that Mr. Gore must forever look to his left.

The compromise relegates Mr. Clinton's labor and environmental millstones to an explanatory section called "International Economic Policy Objectives." The bill is worded so as to prevent the President from actually spelling out his vast side endeavors as legal conditions of any fast-track trade deal.

But one more Clinton contradiction retards the process: the matter of trust. For all the Administration's assertions that it has little interest in these labor and environmental showstoppers, Mr. Clinton has a long record of wiggling out of deals his partners thought were firm. This wariness about Mr. Clinton's commitments is a problem of his own making.

As this process stumbles forward, it's hard not to conclude that the entire debate remains skewed. The assumption underlying all these machinations seems to be that we are seeking to find the best means for politicians, not markets, to optimize the use of resources. The negotiations Mr. Clinton can look forward to, under any version of fast track so far proposed, involve protecting American producers from the competition of imports, while trying to pry open foreign markets for American exports. That's why the bargaining process itself has become such a mighty effort. This is not free trade. This is a dressed-up variant of central planning, in which politicians try to engineer what they suppose to be the best use of scarce resources.

Something's missing here. It's the "special" interest of the one all-important figure whom no one ever speaks for in these Washington trade debates: the consumer. The purpose of production, after all, is to provide things people want to consume. Nations don't get rich by protecting jobs, or producers, or specific industries most capable of lobbying and buying politicians. They get rich when producers must compete in the marketplace to please consumers, who are free to choose what they most value—whether it's raspberries from Chile or California; pajamas from China, the U.S. or Brazil.

What we'd really like to see some day is a President with the vision to stand up and defend not just his own bargaining powers but the immense benefits of genuine, global free markets. A President willing to articulate the free-market principles that made America rich in the first place might just manage to earn the political support of American consumers—all 266 million of them.

By ROBERT

Do international free trade agreements generally help the nation? Do they help all the people? No. And therein lies the real struggle over President Clinton's request that Congress give him authority to negotiate trade agreements that will not be subject to amendments before the Senate, who think they may be national trade demands themselves.

That said, there is a fusion about who would and about the substantiating trade restrictions how widespread the market take the following truths:

1. Trade deficits are reducing trade deficits in the United States.
2. Continued trade deficits are a tenable foreign debt in the United States.
3. The U.S. risks a free trade agreement with Mexico's if foreigners are their American investors.
4. Easing restrictions on trade destroy American jobs and subject to increased cheap foreign labor.
5. Insisting on better trading conditions for foreign American workers.
6. It is in America's interest to prevent foreigners from damaging the environment.

Accepted Truths

Answers: All of the above though widely accepted are false. Here are the reasons:

1. A trade deficit does not increase its domestic investment by receiving more foreigners than it gives, sure, yet counterproductive eliminate our deficit with the economy relative to other nations, thus cutting our imports and jobs at home.

But if we reduce our dependence on increasing our exports—a free-trade agreement—more jobs at home, and

By STEPHEN S.

In an incident reported in the Washington Post, and too good to be true, the famous writer, who attended the Congress luncheon last week, confessed they knew little about this year's Nobel laureate, the Italian theater performer, one person recognized by the Nobel Endowment for the Arts, "He's one of our great writers."

Excuse me, our? As

PRELIMINARY
October 15, 1997 (12:08pm)

**To: Janet Yellen
Jeffrey Frankel
Rebecca Blank**

From: Jon Haveman

In re: The Administration (a), Senate (b) and House (c) versions of the Fast Track Bill

This memo is labeled preliminary for the following reasons: first, the House bill is not current. I have been unable to obtain a copy of the bill as it came out of the subcommittee, but anticipate having such a document in the next day or two. Second, I am not expert in reading legislation and will be discussing this with people at OMB and USTR who are in the process of putting together a document much like this one.

In what follows, I have reproduced the text from the 3 different bills as it pertains to labor and the environment. This is followed by a comparison of relevant sections as per the bullet items. The differences include some key omissions and insertions. I am somewhat loath to interpret differences in language, but my impression is that the Senate and House bills differ from the President's bill in key ways, but are similar to each other.

Key Differences:

- The principal negotiating item specifying the WTO (2b7) in bill (a), are absent from bills (b) and (c). The Senate bill has no such section while the House bill does, but eliminates mention of the WTO and further mentions trade policy disguised as labor, env, or other policy.
- Sec 7a1 and 7a2, the definitions of "core labor standards" and "internationally recognized worker rights", respectively, found in (a) are absent from (b) and (c), as is any reference to these phrases.
- The ILO language in (a) remains in both (b) and (c).
- The "directly related to trade" language in (a) has been rephrased in (b) and (c) so as to limit the extent to which foreign governments can derogate from existing health, safety, labor and env policies.
- There are some additional bits of text in bills (b) and (c), but it is unclear to me what the appropriate interpretation of them is. (b) section 2c1Ci (c) sections 102c1A&B

All in all, my impression is that the bill has been watered down with respect to labor and environmental standards. My impression is that there is less in the way of mandatory treatment, but no more in the way of restrictions - except that countries must commit to avoid competitive reductions in standards.

PART I: From the President's original bill

Section 2 excerpts:

(a) **OVERALL TRADE NEGOTIATING OBJECTIVES.** - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) **PRINCIPAL TRADE NEGOTIATING OBJECTIVES.** -

(7) **WORKER RIGHTS AND ENVIRONMENTAL PROTECTION.** - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

© to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) **DEFINITIONS.** - For purposes of this Act:

- (1) The term “core labor standards” means -
- (A) freedom of association;
 - (B) the right to organize and bargain collectively;
 - © a prohibition on forced labor;
 - (D) a prohibition on exploitative child labor; and
 - (E) a prohibition on discrimination in employment.

(4) The term “internationally recognized worker rights” has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

PART II: From the Senate Finance Committee Fast-Track Bill

Section 2. Trade Negotiating Objectives of the United States

(b) Principal Trade Negotiating Objectives

(15) Competition

(B) to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports. Nothing in this section shall be construed to authorize inclusion in an implementing bill or in an agreement subject to an implementing bill provisions that would restrict the autonomy of the United States in these areas.

© International Economic Policy Objectives Designed to Reinforce the Trade Agreements Process by -

(1) In general. - It is the policy of the United States to reinforce the trade agreements process by -

© Promoting respect for workers' rights, by -

(I) Reviewing the relationship between workers' rights and the operation of international trading systems and specific trade arrangements; and

(ii) seeking to establish in the ILO a mechanism for the systematic examination of and reporting on the extent to which ILO members promote and enforce the freedom of association, the right to organize and bargain collectively, a prohibition on the use of forced labor, a prohibition on exploitative child labor, and a prohibition on discrimination in employment; and

PART III: From the House Bill PRIOR to the mark-up Session

Section 102. Trade Negotiating Objectives

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

(c.) International Economic Policy Objectives -

(1) In general. -- The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals. The United States priorities in this area include--

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

(C). promoting the respect for worker rights and the rights of children and an understanding of the relationship between trade and worker rights, particularly by working with the ILO to encourage the observance and enforcing of core labor standards, including exploitative child labor; and

MENTION OF WTO From the President's bill:

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES. - :

(7) WORKER RIGHTS AND ENVIRONMENTAL PROTECTION. - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

© to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

1) Eliminated from the Senate Bill

2) Modified in the House Bill:

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

"Directly related to trade" language:

President's Bill:

(a) OVERALL TRADE NEGOTIATING OBJECTIVES. - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

Senate Bill:

(b) Principal Trade Negotiating Objectives

(15) Competition

(B) to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports. Nothing in this section shall be construed to authorize inclusion in an implementing bill or in an agreement subject to an implementing bill provisions that would restrict the autonomy of the United States in these areas.

House Bill:

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

Additional bits of text in House and Senate Bills:

Senate:

(2clCi) Reviewing the relationship between workers' rights and the operation of international trading systems and specific trade arrangements; and

House:

(c.) International Economic Policy Objectives -

(1) In general. -- The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals. The United States priorities in this area include--

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

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ROOM: 328

NO. OF PAGES (inc cover) _____

DATE: *10/15/97*

SUBJECT: *Fast Track*

MESSAGE:

Bob,
I was pleased when I first saw the House &
Senate Bills. I hope that you will be too.
Also, Passell reports that you've moved to Michigan!
I only wish it were true - just think what it would
do to the value of my UM degree!

Cheers - Jon

Economic Scene

Peter Passell

Loading the trade agenda with divisive issues could backfire.

THE politics of free trade used to be simple. Exporters and the international-minded political establishment were for it. Unions and industries vulnerable to imports were against it. Now, you can't tell the players without a scorecard. Organized labor is still manning the barricades. But by shifting the focus from old-fashioned protectionism to new-fashioned concern with human rights and the environment, unions have sown dissension among the free traders.

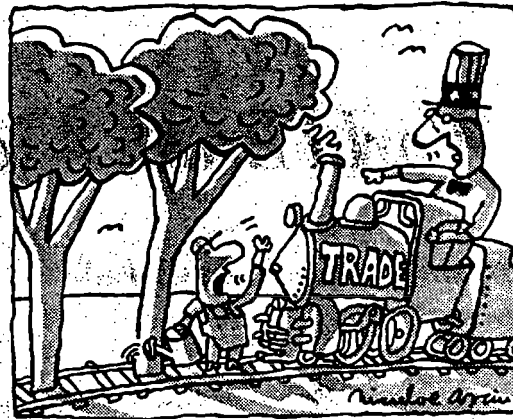
While President Clinton may be inclined to meet the unions halfway, any significant tilt to the left is likely to alienate the Congressional Republicans he needs to win the "fast track" authority critical to negotiating further trade liberalization. Indeed, even academic economists, who give free trade lobbies their intellectual imprimatur, are threatening to jump ship if Mr. Clinton compromises.

Last week some 50 academic trade specialists — a who's who led by Robert Baldwin of the University of Michigan and Jagdish Bhagwati of Columbia — warned that overloading the trade agenda with divisive new issues could "halt the opening up of world markets."

Mr. Bhagwati was blunter. "Linking human rights and the environment to trade is the lazy man's solution to extremely difficult problems," he argued, "and a recipe for failure all around."

Presidents have had fast-track authority — that is, discretion to negotiate trade agreements that Congress must vote up or down without amendment — for the last two decades. And for good reason: without fast track, there can be no effective bargaining with foreign governments since any tentative deal would be subject to death by a thousand amendments in Congress.

That is why those who oppose extending the



Niculae Asciu

North American Free Trade Agreement to include other Latin American economies or to another round of global trade liberalization also oppose renewal of fast track. But with a Republican majority in Congress and an open trader in the White House, protectionists don't have the muscle to kill fast track by direct assault.

The politically astute alternative, favored by the House minority leader, Representative Richard Gephardt, Democrat of Missouri, is to make common cause with human rights and environmental groups. Mr. Gephardt wants to condition fast-track authority to include minimum labor and environmental standards in any new treaty.

So what's wrong with insisting, say, that Indonesia bar child labor, or that East African farmers leave grazing room for elephants? Some economists argue national sovereignty must be respected at any cost short of turning a blind eye to slavery or genocide. But most oppose burdening the trade agenda on more pragmatic grounds.

For one thing, many Congressional Republicans will not go along because they fear America would have to change its own labor standards — notably state "right to work" laws — to conform to the European approach. For another, it would compli-

cate the already difficult problem of piecing together agreements with dozens of interest groups. The Asian tigers, for example, would probably balk at interference in their labor laws.

More important, many economists argue, activists are putting the cart before the horse. Open trade, they say, is the key to rapid income growth in developing areas, and high income leads to adoption of tough social and environmental rules.

Gene Grossman, an economist at Princeton and a signatory to the economists' statement on fast track, has documented this process. Pollution typically rises during early stages of economic development, just as it did in 19th-century Europe. Later, it declines as economies become rich enough to afford clean air and water.

In any case, Mr. Bhagwati argues, there are already escape hatches under World Trade Organization rules for boycotting imports from countries with particularly objectionable social policies. Two-thirds of the members may collectively obtain a waiver from nondiscriminatory import obligations. Or a single nation can just say no to foreigners' practices, blocking imports and accepting limited retaliation by the trade group.

The hard political question here is whether the economists' effort to get the President to stand up to protectionists on labor and environmental standards will make further trade liberalization more or less likely. Robert Z. Lawrence, an economist at the Kennedy School of Government at Harvard, did not sign the economists' statement because he wanted to give the White House flexibility to cut a deal that allows Congressional Democrats to save face. "A reasonable effort at compromise should be attempted," he concluded.

But Mr. Bhagwati and company fear that fast track has become an end in itself — that President Clinton will give away the substance to claim political victory. A compromise that advances neither the cause of free trade nor elevated social standards, Mr. Bhagwati argued, "is unworthy of a great nation known for leadership on both."

Insurers' Rules Cons

New York Legis

By JOSEPH B. TREASTI

Some of the biggest insurance companies in the country squared against Ralph Nader and a contingent of lesser-known consumer advocates yesterday in a committee hearing of the New York State Assembly on the structure of insurance companies.

The debate, in which billions of dollars are at stake, centers on legislation that would permit the companies, which are mutuals or cooperatives formally owned by their policyholders, to sell stock. The companies argued that the measure was vital for their continued strength, but the consumer advocates charged that policyholders would be deprived of a small fortune while executives enriched themselves.

Testifying under crystal chandeliers in the marble and stone New York County Lawyers Association building in lower Manhattan, Harry P. Kamen, the chairman and chief executive of the Metropolitan Life Insurance Company, and other industry officials repeatedly contended that a reorganization would "provide considerable enhanced value" to policyholders "over the long run."

But Mark Green, the New York City Public Advocate, called the legislation, which has the strong backing of Gov. George Pataki, "one of the most anti-consumer measures" he had ever seen.

Lieut. Gov. Betsy McCaughey Ross — who does not see eye-to-eye with Mr. Pataki on many issues — submitted a statement contending that the legislation could

PRELIMINARY
October 15, 1997 (4:00pm)

**To: Janet Yellen
Jeffrey Frankel
Rebecca Blank**

From: Jon Haveman

In re: The Administration (a), Senate (b) and House (c) versions of the Fast Track Bill

This memo is labeled preliminary because I am not expert in reading legislation and will be discussing this with people at OMB and USTR who are in the process of putting together a document much like this one.

In what follows, I have reproduced the text from the 3 different bills as it pertains to labor and the environment. This is followed by a comparison of relevant sections as per the bullet items. The differences include some key omissions and insertions. I am somewhat loath to interpret differences in language, but my impression is that the Senate and House bills differ from the President's bill in key ways, but are similar to each other.

Key Differences:

- The principal negotiating item specifying the WTO (2b7) in bill (a), are absent from bills (b) and (c). The Senate bill has no such section while the House bill does, but eliminates mention of the WTO and further mentions trade policy disguised as labor, env, or other policy.
- Sec 7a1 and 7a2, the definitions of "core labor standards" and "internationally recognized worker rights", respectively, found in (a) are absent from (b) and (c), as is any reference to these phrases.
- The ILO language in (a) remains in both (b) and (c).
- The "directly related to trade" language in (a) has been rephrased in (b) and (c) so as to limit the extent to which foreign governments can derogate from existing health, safety, labor and env policies.
- There are some additional bits of text in bills (b) and (c), but it is unclear to me what the appropriate interpretation of them is. (b) section 2c1Ci (c) sections 102c1A&B

All in all, my impression is that the bill has been watered down with respect to labor and environmental standards. My impression is that there is less in the way of mandatory treatment, but no more in the way of restrictions - except that countries must avoid competitive reductions in standards.

PART I: From the President's original bill

Section 2 excerpts:

(a) **OVERALL TRADE NEGOTIATING OBJECTIVES.** - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) **PRINCIPAL TRADE NEGOTIATING OBJECTIVES.** -

(7) **WORKER RIGHTS AND ENVIRONMENTAL PROTECTION.** - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

© to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) **DEFINITIONS.** - For purposes of this Act:

- (1) The term “core labor standards” means -
- (A) freedom of association;
 - (B) the right to organize and bargain collectively;
 - © a prohibition on forced labor;
 - (D) a prohibition on exploitative child labor; and
 - (E) a prohibition on discrimination in employment.

(4) The term “internationally recognized worker rights” has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

PART II: From the Senate Finance Committee Fast-Track Bill

Section 2. Trade Negotiating Objectives of the United States

(b) Principal Trade Negotiating Objectives

(15) Competition

(B) to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports. Nothing in this section shall be construed to authorize inclusion in an implementing bill or in an agreement subject to an implementing bill provisions that would restrict the autonomy of the United States in these areas.

© International Economic Policy Objectives Designed to Reinforce the Trade Agreements Process by -

(1) In general. - It is the policy of the United States to reinforce the trade agreements process by -

© Promoting respect for workers' rights, by -

(I) Reviewing the relationship between workers' rights and the operation of international trading systems and specific trade arrangements; and

(ii) seeking to establish in the ILO a mechanism for the systematic examination of and reporting on the extent to which ILO members promote and enforce the freedom of association, the right to organize and bargain collectively, a prohibition on the use of forced labor, a prohibition on exploitative child labor, and a prohibition on discrimination in employment; and

PART III: From the House Bill PRIOR to the mark-up Session

Section 102. Trade Negotiating Objectives

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

(c.) International Economic Policy Objectives -

(1) In general. -- The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals. The United States priorities in this area include--

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

(C). promoting the respect for worker rights and the rights of children and an understanding of the relationship between trade and worker rights, particularly by working with the ILO to encourage the observance and enforcing of core labor standards, including exploitative child labor; and

MENTION OF WTO From the President's bill:

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES. -

(7) WORKER RIGHTS AND ENVIRONMENTAL PROTECTION. - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

(C) to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

1) Eliminated from the Senate Bill

2) Modified in the House Bill:

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

"Directly related to trade" language:

President's Bill:

(a) OVERALL TRADE NEGOTIATING OBJECTIVES. - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

Senate Bill:

(b) Principal Trade Negotiating Objectives
(15) Competition

(B) to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports. Nothing in this section shall be construed to authorize inclusion in an implementing bill or in an agreement subject to an implementing bill provisions that would restrict the autonomy of the United States in these areas.

House Bill:

(b) Principal Trade Negotiating Objectives

(7) Labor, the Env. And other Matters - The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic env., health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

Additional bits of text in House and Senate Bills:

Senate:

(2clCi) Reviewing the relationship between workers' rights and the operation of international trading systems and specific trade arrangements; and

House:

(c.) International Economic Policy Objectives -
(1) In general. -- The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals. The United States priorities in this area include--

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

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intent similar → Senate Finance
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Bill

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To extend trade authorities procedures with respect to reciprocal trade agreements, and for other purposes. (Introduced in the House)

SEC. 101. SHORT TITLE.

This title may be cited as the 'Reciprocal Trade Agreement Authorities Act of 1997'.

SEC. 102. TRADE NEGOTIATING OBJECTIVES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES- The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 103 are--

- (1) to obtain more open, equitable, and reciprocal market access;
- (2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and that decrease market opportunities for United States exports or otherwise distort United States trade;
- (3) to further strengthen the system of international trading disciplines and procedures, including dispute settlement; and
- (4) to foster economic growth, raise living standards, and promote full employment in the United States and to enhance the global economy.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES-

(1) TRADE BARRIERS AND DISTORTIONS- The principal negotiating objectives of the United States regarding trade barriers and other trade distortions are--

(A) to expand competitive market opportunities for United States exports and to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for United States exports or otherwise distort United States trade; and

← directly related = House contribution to whole exercise

(B) to obtain reciprocal tariff and nontariff barrier elimination agreements, with particular attention to those tariff categories covered in section 111(b) of the Uruguay Round Agreements Act (19 U.S.C. 3521(b)).

esp. important for

102(b)(7)

(2) TRADE IN SERVICES- The principal negotiating objective of the United States regarding trade in services is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment and unreasonably restrict the establishment and operations of service suppliers.

(3) FOREIGN INVESTMENT- The principal negotiating objective of the United States regarding foreign investment is to reduce or eliminate artificial or trade-distorting barriers to trade related foreign investment by--

(A) reducing or eliminating exceptions to the principle of national treatment;

(B) freeing the transfer of funds relating to investments;

(C) reducing or eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments;

(D) seeking to establish standards for expropriation and compensation for expropriation, consistent with United States legal principles and practice; and

(E) providing meaningful procedures for resolving investment disputes.

(4) INTELLECTUAL PROPERTY- The principal negotiating objectives of the United States regarding trade-related intellectual property are--

(A) to further promote adequate and effective protection of intellectual property rights, including through--

(i)(I) ensuring accelerated and full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)),

(II) achieving improvements in the standards of that Agreement, particularly with respect to United States industries whose products are subject to the lengthiest transition periods for full compliance by developing countries with that Agreement; and

(III) ensuring that the provisions of any multilateral or bilateral trade agreement entered into by the United States provide protection at least as strong as the protection afforded by chapter 17 of the North American Free Trade Agreement and the annexes thereto;

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(III) ensuring that the provisions of any multilateral or bilateral trade agreement entered into by the United States provide protection at least as strong as the protection afforded by chapter 17 of the North American Free Trade Agreement and the annexes thereto;

(ii) providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;

(iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and

(iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms; and

(B) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

(5) TRANSPARENCY- The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through--

(A) increased and more timely public access to information regarding trade issues and the activities of international trade institutions; and

(B) increased openness of dispute settlement proceedings, including under the World Trade Organization.

(6) RECIPROCAL TRADE IN AGRICULTURE- The principal negotiating objective of the United States with respect to agriculture is to obtain competitive opportunities for United States exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of trade in bulk and value-added commodities by--

(A) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for United States exports--

(i) giving priority to those products that are subject to significantly higher tariffs or subsidy regimes of major producing countries; and

(ii) providing reasonable adjustment periods for United States import-sensitive products:

(B) reducing or eliminating subsidies that decrease market opportunities for United States exports or unfairly distort agriculture markets to the detriment of the United States;

(C) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities or distort agricultural markets to the detriment of the United States, particularly with respect to import-sensitive products, including--

(i) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms;

(ii) unjustified trade restrictions or commercial requirements affecting new technologies, including biotechnology;

(iii) unjustified sanitary or phytosanitary restrictions, including those not based on sound science in contravention of the Uruguay Round Agreements;

(iv) other unjustified technical barriers to trade; and

(v) restrictive rules in the administration of tariff rate quotas;

(D) improving import relief mechanisms to recognize the unique characteristics of perishable agriculture;

(E) taking into account whether a party to the negotiations has failed to adhere

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(7) (B)

can be interpreted in many different ways. what you want.

last sentence not in Senate.
Senate more concerned w/ US sovereignty.

(7)(B) not enough for Democrats.
Democrats want countries to raise standards.
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to the provisions of already existing trade agreements with the United States or has circumvented obligations under those agreements;

(F) taking into account whether a product is subject to market distortions by reason of a failure of a major producing country to adhere to the provisions of already existing trade agreements with the United States or by the circumvention by that country of its obligations under those agreements; and

(G) otherwise ensuring that countries that accede to the World Trade Organization have made meaningful market liberalization commitments in agriculture.

most
unilateralist

(7) LABOR, THE ENVIRONMENT, AND OTHER MATTERS- The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

prices in
rich foreign
countries
uses labor
environmental
as a disguised

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic environmental, health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are nondiscriminatory and consistent with sound macroeconomic development.

portion that
will get the
most attention

question of intent. can waive/derogate if not for trade

establish
benchmark
intent:
use trade
agreements
to enforce
status quo

(8) WTO EXTENDED NEGOTIATIONS- The principal negotiating objectives of the United States regarding trade in financial services are those set forth in section 135(a) of the Uruguay Round Agreements Act (19 U.S.C. 3555(a)), regarding trade in civil aircraft are those set forth in section 135(c) of that Act, and regarding rules of origin are the conclusion of an agreement described in section 132 of that Act (19 U.S.C. 3552).

if country in crisis
can loosen
standards
on out.

(c) INTERNATIONAL ECONOMIC POLICY OBJECTIVES-

mandatory language. context.
(not subject to FT)

tempt
to appease
D.

(1) IN GENERAL- The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals.

reassured
since not subject to FT.

The United States priorities in this area include--

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

(C) promoting the respect for worker rights and the rights of children and an understanding of the relationship between trade and worker rights, particularly by working with the International Labor Organization to encourage the observance and enforcing of core labor standards, including exploitative child labor; and

(D) supplementing and strengthening standards for protection of intellectual property under conventions administered by international organizations other than the World Trade Organization, expanding the conventions to cover new and emerging technologies, and eliminating discrimination and unreasonable exceptions or preconditions to such protection.

(2) APPLICABILITY OF TRADE AUTHORITIES PROCEDURES- Nothing in this subsection shall be construed to authorize the use of the trade authorities procedures described in section 103 to modify United States law.

(d) GUIDANCE FOR NEGOTIATORS-

(1) DOMESTIC OBJECTIVES- In pursuing the negotiating objectives described in subsection (b), the negotiators on behalf of the United States shall take into account United States domestic objectives, including the protection of health and safety, essential security, environmental, consumer, and employment opportunity interests, and the law and regulations related thereto.

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(2) CONSULTATIONS WITH CONGRESSIONAL ADVISERS AND ENFORCEMENT OF THE TRADE LAWS- In the course of negotiations conducted under this title, the United States Trade Representative shall--

(A) consult closely and on a timely basis with, and keep fully apprised of the negotiations, the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974; and

(B) take into account the need for the United States to retain the ability to enforce rigorously its trade laws in order to ensure that United States workers, agricultural producers, and firms can compete on fair terms and enjoy the benefits of reciprocal trade concessions.

(e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY ROUND AGREEMENTS- In determining whether to enter into negotiations with a particular country, the President shall take into account the extent to which that country has implemented, or has accelerated the implementation of, its obligations under the Uruguay Round Agreements.

SEC. 103. TRADE AGREEMENTS AUTHORITY.

(a) AGREEMENTS REGARDING TARIFF BARRIERS-

(1) IN GENERAL- Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes, policies, and objectives of this title will be promoted thereby, the President--

(A) may enter into trade agreements with foreign countries before--

(i) October 1, 2001, or

(ii) October 1, 2005, if trade authorities procedures are extended under subsection (c), and

(B) may, subject to paragraphs (2) and (3), proclaim--

(i) such modification or continuance of any existing duty, or

(ii) such continuance of existing duty-free or excise treatment.

as the President determines to be required or appropriate to carry out any such trade agreement. The President shall notify the Congress of the President's intention to enter into an agreement under this subsection.

(2) LIMITATIONS- No proclamation may be made under paragraph (1) that--

(A) reduces any rate of duty (other than a rate of duty that does not exceed 5 percent ad valorem on the date of the enactment of this Act) to a rate of duty which is less than 50 percent of the rate of such duty that applies on such date of enactment; or

(B) reduces the rate of duty on an article to take effect on a date that is more than 10 years after the first reduction that is proclaimed to carry out a trade agreement with respect to such article.

(3) AGGREGATE REDUCTION; EXEMPTION FROM STAGING-

(A) AGGREGATE REDUCTION- Except as provided in subparagraph (B), the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement entered into under paragraph (1) shall not exceed the aggregate reduction which would have been in effect on such day if--

(i) a reduction of 3 percent ad valorem or a reduction of one-tenth of the total reduction, whichever is greater, had taken effect on the effective date of the first reduction proclaimed under paragraph (1) to carry out such agreement with respect to such article; and

(ii) a reduction equal to the amount applicable under clause (i) had taken effect at 1-year intervals after the effective date of such first reduction.

(B) EXEMPTION FROM STAGING- No staging is required under subparagraph (A) with respect to a duty reduction that is proclaimed under paragraph (1) for an article of a kind that is not produced in the United States. The United States International Trade Commission shall advise the President of the identity of articles that may be exempted from staging under this subparagraph.

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(4) **ROUNDING-** If the President determines that such action will simplify the computation of reductions under paragraph (3), the President may round an annual reduction by an amount equal to the lesser of--

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(5) **OTHER LIMITATIONS-** A rate of duty reduction that may not be proclaimed by reason of paragraph (2) may take effect only if a provision authorizing such reduction is included within an implementing bill provided for under section 105 and that bill is enacted into law.

(6) **OTHER TARIFF MODIFICATIONS-** Notwithstanding paragraphs (1)(B) and (2) through (5), and subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act, the President may proclaim the modification of any duty or staged rate reduction of any duty set forth in Schedule XX, as defined in section 2(5) of that Act, if the United States agrees to such modification or staged rate reduction in a negotiation for the reciprocal elimination or harmonization

of duties under the auspices of the World Trade Organization or as part of an interim agreement leading to the formation of a regional free-trade area.

(7) **AUTHORITY UNDER URUGUAY ROUND AGREEMENTS ACT NOT AFFECTED-** Nothing in this subsection shall limit the authority provided to the President under section 111(b) of the Uruguay Round Agreements Act (19 U.S.C. 3521(b)).

(b) **AGREEMENTS REGARDING TARIFF AND NONTARIFF BARRIERS-**

(1) **IN GENERAL-** (A) Whenever the President determines that--

(i) one or more existing duties or any other import restriction of any foreign country or the United States or any other barrier to, or other distortion of, international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the United States economy, or

(ii) the imposition of any such barrier or distortion is likely to result in such a burden, restriction, or effect,

and that the purposes, policies, and objectives of this title will be promoted thereby. the President may enter into a trade agreement described in subparagraph (B) during the period described in subparagraph (C).

(B) The President may enter into a trade agreement under subparagraph (A) with foreign countries providing for--

(i) the reduction or elimination of a duty, restriction, barrier, or other distortion described in subparagraph (A), or

(ii) the prohibition of, or limitation on the imposition of, such barrier or other distortion.

(C) The President may enter into a trade agreement under this paragraph before--

(i) October 1, 2001, or

(ii) October 1, 2005, if trade authorities procedures are extended under subsection (c).

(2) CONDITIONS- A trade agreement may be entered into under this subsection only if such agreement makes progress in meeting the applicable objectives described in section 102 and the President satisfies the conditions set forth in section 104.

→ (3) BILLS QUALIFYING FOR TRADE AUTHORITIES PROCEDURES- The provisions of section 151 of the Trade Act of 1974 (in this title referred to as 'trade authorities procedures') apply to a bill of either House of Congress consisting only of--

(A) a provision approving a trade agreement entered into under this subsection and approving the statement of administrative action, if any, proposed to implement such trade agreement, *no barrier. in all bills.*

(B) provisions directly related to the principal trade negotiating objectives set forth in section 102(b) achieved in such trade agreement, if those provisions are necessary for the operation or implementation of United States rights or obligations under such trade agreement, *→ new concept.*

There is
a "basket"
objective??

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Senate
this is
well but there is
more wiggle room. Senate: meet but go beyond.

Can get FT only if provisions
directly related → means

principal negotiating objectives define
the scope of FT.

1988 law did not have this at all. objectives were guidance. Did not

http://thomas.loc.gov/cgi-bin/query/D?c105:1::/temp/~cl05d8oV:e17759:

President could exceed objectives if he wanted to. 10/14/97

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still need to get votes!
some flexibility to get passed
② try to make test broader
than strictly necessary
but not as broad as
necessary and appropriate.

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*Federal/state preemption. preclude a private right of action.
(Here was a negotiating point you did not pursue)*

(C) provisions that define and clarify, or provisions that are related to, the operation or effect of the provisions of the trade agreement, *1988 necessary or appropriate* → *vague.*
Administration + Congress have gone beyond scope of Act.

Uruguay Round: A+C redid AD laws. Only small changes were necessary.

(D) provisions to provide adjustment assistance to workers and firms adversely affected by trade, and *Not to Democratic interests. Future agreements will include*

(E) provisions necessary for purposes of complying with section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 in implementing the trade agreement, *revenue loss to Treasury. Open things w/ nothing to do w/ trade.*
Unfortunate. (ex: reform of pension system) PAGO(?)

to the same extent as such section 151 applies to implementing bills under that section. A bill to which this subparagraph applies shall hereafter in this title be referred to as an 'implementing bill'.
Senate side: can amend provision if raise revenue in another way.

(c) EXTENSION DISAPPROVAL PROCESS FOR CONGRESSIONAL TRADE AUTHORITIES PROCEDURES-

(1) IN GENERAL- Except as provided in section 105(b)--

(A) the trade authorities procedures apply to implementing bills submitted with respect to trade agreements entered into under subsection (b) before October 1, 2001; and

(B) the trade authorities procedures shall be extended to implementing bills submitted with respect to trade agreements entered into under subsection (b) after September 30, 2001, and before October 1, 2005, if (and only if)--

(i) the President requests such extension under paragraph (2); and

(ii) neither House of the Congress adopts an extension disapproval resolution under paragraph (5) before October 1, 2001.

(2) REPORT TO CONGRESS BY THE PRESIDENT- If the President is of the opinion that the trade authorities procedures should be extended to implementing bills described in paragraph (1)(B),

the President shall submit to the Congress, not later than July 1, 2001, a written report that contains a request for such extension, together with--

(A) a description of all trade agreements that have been negotiated under subsection (b) and the anticipated schedule for submitting such agreements to the Congress for approval;

(B) a description of the progress that has been made in negotiations to achieve the purposes, policies, and objectives of this title, and a statement that such progress justifies the continuation of negotiations; and

(C) a statement of the reasons why the extension is needed to complete the negotiations.

(3) REPORT TO CONGRESS BY THE ADVISORY COMMITTEE- The President shall promptly inform the Advisory Committee for Trade Policy and Negotiations established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) of the President's decision to submit a report to the Congress under paragraph (2). The Advisory Committee shall submit to the Congress as soon as practicable, but not later than August 1, 2001, a written report that contains--

(A) its views regarding the progress that has been made in negotiations to achieve the purposes, policies, and objectives of this title; and

(B) a statement of its views, and the reasons therefor, regarding whether the extension requested under paragraph (2) should be approved or disapproved.

(4) REPORTS MAY BE CLASSIFIED- The reports submitted to the Congress under paragraphs (2) and (3), or any portion of such reports, may be classified to the extent the President determines appropriate.

(5) EXTENSION DISAPPROVAL RESOLUTIONS- (A) For purposes of paragraph (1), the term 'extension disapproval resolution' means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: 'That the XX disapproves the request of the President for the extension, under section 103(c)(1)(B)(i) of the Reciprocal Trade Agreement Authorities Act of 1997, of the provisions of section 151 of the Trade Act of 1974 to any implementing bill submitted with respect to any trade agreement entered into under section 103(b) of the Reciprocal Trade Agreement Authorities Act of 1997 after September 30, 2001.', with the blank space being filled with the name of the resolving House of the Congress.

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(B) Extension disapproval resolutions--

(i) may be introduced in either House of the Congress by any member of such House; and

(ii) shall be jointly referred, in the House of Representatives, to the Committee on Ways and Means and the Committee on Rules.

(C) The provisions of sections 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to extension disapproval resolutions.

(D) It is not in order for--

(i) the Senate to consider any extension disapproval resolution not reported by the Committee on Finance;

(ii) the House of Representatives to consider any extension disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules; or

(iii) either House of the Congress to consider an extension disapproval resolution after September 30, 2001.

SEC. 104. CONSULTATIONS.

(a) NOTICE AND CONSULTATION BEFORE NEGOTIATION-

(1) IN GENERAL- The President, with respect to any agreement that is subject to the provisions of section 103(b), shall--

(A) provide, at least 90 calendar days before initiating negotiations, written notice to the Congress of the President's intention to enter into the negotiations and set forth therein the date the President intends to initiate such negotiations, the specific United States objectives for the negotiations, and whether the President intends to seek an agreement, or changes to an existing agreement; and

(B) before and after submission of the notice, consult regarding the negotiations with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and such other committees of the House and Senate as the President deems appropriate.

(2) CONSULTATIONS REGARDING NEGOTIATIONS ON CERTAIN OBJECTIVES-

(A) CONSULTATION- In addition to the requirements set forth in paragraph (1), before initiating negotiations with respect to a trade agreement entered into under section 103(b) in which the subject matter is directly related to the principal trade negotiating objectives set forth in section 2(b)(1) or section 102(b)(7), the President shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate and with the appropriate industry sector advisory groups established under section 135 of the Trade Act of 1974 with respect to such negotiations.

(B) SCOPE- The consultations described in subparagraph (A) shall concern the manner in which the negotiation will address the objective of reducing or eliminating a specific tariff or nontariff barrier or foreign government policy or practice directly related to trade that decreases market opportunities for United States exports or otherwise distorts United States trade.

(3) NEGOTIATIONS REGARDING AGRICULTURE- Before initiating negotiations under section 102(b)(6)(A) with any country, the President shall assess whether United States tariffs on agriculture products that were bound under the Uruguay Round Agreements are lower than the tariffs bound by that country. In addition, the President shall consider whether the tariff levels bound and applied throughout the world with respect to imports from the United States are higher than United States tariffs and whether the negotiation provides an opportunity to address any such disparity. The President shall consult with the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning the results of the assessment, whether it is appropriate for the United States to agree to further tariff reductions based on the conclusions reached in the assessment, and how all applicable negotiating objectives will be met.

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(b) CONSULTATION WITH CONGRESS BEFORE AGREEMENTS ENTERED INTO-

(1) CONSULTATION- Before entering into any trade agreement under section 103(b), the President shall consult with--

(A) the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) SCOPE- The consultation described in paragraph (1) shall include consultation with respect to--

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the applicable purposes, policies, and objectives of this title; and

(C) the implementation of the agreement under section 105.

(c) ADVISORY COMMITTEE REPORTS- The report required under section 135(e)(1) of the Trade Act of 1974 regarding any trade agreement entered into under section 103(a) or (b) of this Act shall be provided to the President, the Congress, and the United States Trade Representative not later than 30 days after the date on which the President notifies the Congress under section 103(a)(1) or 105(a)(1)(A) of the President's intention to enter into the agreement.

SEC. 105. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) IN GENERAL-

(1) NOTIFICATION AND SUBMISSION- Any agreement entered into under section 103(b) shall enter into force with respect to the United States if (and only if)--

(A) the President, at least 90 calendar days before the day on which the President enters into the trade agreement, notifies the House of Representatives and the Senate of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(B) within 60 days after entering into the agreement, the President submits to the Congress a description of those changes to existing laws that the President considers would be required in order to bring the United States into compliance with the agreement;

(C) after entering into the agreement, the President submits a copy of the final legal text of the agreement, together with--

(i) a draft of an implementing bill described in section 103(b)(3);

(ii) a statement of any administrative action proposed to implement the trade agreement; and

(iii) the supporting information described in paragraph (2); and

(D) the implementing bill is enacted into law.

(2) SUPPORTING INFORMATION- The supporting information required under paragraph (1)(C)(iii) consists of--

(A) an explanation as to how the implementing bill and proposed administrative action will change or affect existing law; and

(B) a statement--

(i) asserting that the agreement makes progress in achieving the applicable purposes, policies, and objectives of this title;

(ii) setting forth the reasons of the President regarding--

(I) how and to what extent the agreement makes progress in achieving the applicable purposes, policies, and objectives referred to in clause (i);

(II) whether and how the agreement changes provisions of an agreement previously negotiated;

(III) how the agreement serves the interests of United States commerce; and

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(IV) how the implementing bill complies with section 103(b)(3).

(3) **RECIPROCAL BENEFITS-** In order to ensure that a foreign country that is not a party to a trade agreement entered into under section 103(b) does not receive benefits under the agreement unless the country is also subject to the obligations under the agreement, the implementing bill submitted with respect to the agreement shall provide that the benefits and obligations under the agreement apply only to the parties to the agreement, if such application is consistent with the terms of the agreement. The implementing bill may also provide that the benefits and obligations under the agreement do not apply uniformly to all parties to the agreement, if such application is consistent with the terms of the agreement.

(b) LIMITATIONS ON TRADE AUTHORITIES PROCEDURES-

(1) FOR LACK OF CONSULTATIONS-

(A) **IN GENERAL-** The trade authorities procedures shall not apply to any implementing bill submitted with respect to a trade agreement entered into under section 103(b) if during the 60-day period beginning on the date that one House of Congress agrees to a procedural disapproval resolution for lack of notice or consultations with respect to that trade agreement, the other House separately agrees to a procedural disapproval resolution with respect to that agreement.

(B) **PROCEDURAL DISAPPROVAL RESOLUTION-** For purposes of this paragraph, the term 'procedural disapproval resolution' means a resolution of either House of Congress, the sole matter after the resolving clause of which is as follows: 'That the President has failed or refused to notify or consult (as the case may be) with Congress in accordance with section 104 or 105 of the Reciprocal Trade Agreement Authorities Act of 1997 on negotiations with respect to, or entering into, a trade agreement to which section 103(b) of that Act applies and, therefore, the provisions of section 151 of the Trade Act of 1974 shall not apply to any implementing bill submitted with respect to that trade agreement.'.

(2) PROCEDURES FOR CONSIDERING RESOLUTIONS- (A) Procedural disapproval resolutions--

(i) in the House of Representatives--

(I) shall be introduced by the chairman or ranking minority member of the Committee on Ways and Means or the chairman or ranking minority member of the Committee on Rules;

(II) shall be jointly referred to the Committee on Ways and Means and the Committee on Rules; and

(III) may not be amended by either Committee; and

(ii) in the Senate shall be original resolutions of the Committee on Finance.

(B) The provisions of section 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to procedural disapproval resolutions.

(C) It is not in order for the House of Representatives to consider any procedural disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules.

(c) RULES OF HOUSE OF REPRESENTATIVES AND SENATE- Subsection (b) of this section and section 103(c) are enacted by the Congress--

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such are deemed a part of the rules of each House, respectively, and such procedures supersede other rules only to the extent that they are inconsistent with such other rules; and

(2) with the full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner, and to the same extent as any other rule of that House.

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SEC. 106. TREATMENT OF CERTAIN TRADE AGREEMENTS.

(a) CERTAIN AGREEMENTS- Notwithstanding section 103(b)(2), if an agreement to which section 103(b) applies--

obviously you can't notify us. But consult w/ us as soon as possible after PT.

(1) is entered into under the auspices of the World Trade Organization regarding trade in information technology products,

(2) is entered into under the auspices of the World Trade Organization regarding extended negotiations on financial services as described in section 135(a) of the Uruguay Round Agreements Act (19 U.S.C. 3555(a)),

(3) is entered into under the auspices of the World Trade Organization regarding the rules of origin work program described in Article 9 of the Agreement on Rules of Origin referred to in section 101(d)(10) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(10)), or

(4) is entered into with Chile,

and results from negotiations that were commenced before the date of the enactment of this Act, subsection (b) shall apply.

(b) TREATMENT OF AGREEMENTS- In the case of any agreement to which subsection (a) applies--

(1) the applicability of the trade authorities procedures to implementing bills for be determined without regard to the requirements of section 104(a), and any procedural disapproval resolution under section 105(b)(1)(B) shall not be in order with respect to the provisions of section 104(a); and

(2) consultations under section 104(a) that would be required prior to initiation of negotiations shall be made as soon as feasible after the enactment of this Act.

SEC. 107. CONFORMING AMENDMENTS.

(a) IN GENERAL- Title I of the Trade Act of 1974 (19 U.S.C. 2111 et seq.) is amended as

follows:

(1) IMPLEMENTING BILL-

(A) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking 'section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988, or section 282 of the Uruguay Round Agreements Act' and inserting 'section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997'.

(B) Section 151(c)(1) (19 U.S.C. 2191(c)(1)) is amended by striking 'or section 282 of the Uruguay Round Agreements Act' and inserting ', section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997'.

(2) ADVICE FROM INTERNATIONAL TRADE COMMISSION- Section 131 (19 U.S.C. 2151) is amended--

(A) in subsection (a)--

(i) in paragraph (1), by striking 'section 123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988,' and inserting 'section 123 of this Act or section 103(a) or (b) of the Reciprocal Trade Agreement Authorities Act of 1997,'; and

(ii) in paragraph (2), by striking 'section 1102 (b) or (c) of the Omnibus Trade and Competitiveness Act of 1988' and inserting 'section 103(b) of the Reciprocal Trade Agreement Authorities Act of 1997';

(B) in subsection (b), by striking 'section 1102(a)(3)(A)' and inserting 'section 103(a)(3)(A) of the Reciprocal Trade Agreement Authorities Act of 1997' before the end period; and

(C) in subsection (c), by striking 'section 1102 of the Omnibus Trade and Competitiveness Act of 1988,' and inserting 'section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,'.

(3) HEARINGS AND ADVICE- Sections 132, 133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and 2154(a)) are each amended by striking 'section 1102 of the Omnibus Trade and Competitiveness Act of 1988,' each place it appears and inserting 'section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,'.

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(4) PREREQUISITES FOR OFFERS- Section 134(b) (19 U.S.C. 2154(b)) is amended by striking 'section 1102 of the Omnibus Trade and Competitiveness Act of 1988' and inserting 'section 103 of the Reciprocal Trade Agreement Authorities Act of 1997'.

(5) ADVICE FROM PRIVATE AND PUBLIC SECTORS- Section 135 (19 U.S.C. 2155) is amended--

(A) in subsection (a)(1)(A), by striking 'section 1102 of the Omnibus Trade and Competitiveness Act of 1988' and inserting 'section 103 of the Reciprocal Trade Agreement Authorities Act of 1997';

(B) in subsection (e)(1)--

(i) by striking 'section 1102 of the Omnibus Trade and Competitiveness Act of 1988' each place it appears and inserting 'section 103 of the Reciprocal Trade Agreement Authorities Act of 1997'; and

(ii) by striking 'section 1103(a)(1)(A) of such Act of 1988' and inserting 'section 105(a)(1)(A) of the Reciprocal Trade Agreement Authorities Act of 1997'; and

(C) in subsection (e)(2), by striking 'section 1101 of the Omnibus Trade and Competitiveness Act of 1988' and inserting 'section 102 of the Reciprocal Trade Agreement Authorities Act of 1997'.

(6) TRANSMISSION OF AGREEMENTS TO CONGRESS- Section 162(a) (19 U.S.C. 2212(a)) is amended by striking 'or under section 1102 of the Omnibus Trade and Competitiveness Act of 1988' and inserting 'or under section 103 of the Reciprocal Trade Agreement Authorities Act of 1997'.

(b) APPLICATION OF CERTAIN PROVISIONS- For purposes of applying sections 125, 126, and 127 of the Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137)--

(1) any trade agreement entered into under section 103 shall be treated as an agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

(2) any proclamation or Executive order issued pursuant to a trade agreement entered into under section 103 shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 102 of the Trade Act of 1974.

SEC. 108. DEFINITIONS.

In this title:

(1) **UNITED STATES PERSON**- The term 'United States person' means--

(A) a United States citizen;

(B) a partnership, corporation, or other legal entity organized under the laws of the United States; and

(C) a partnership, corporation, or other legal entity that is organized under the laws of a foreign country and is controlled by entities described in subparagraph (B) or United States citizens, or both.

(2) **URUGUAY ROUND AGREEMENTS**- The term 'Uruguay Round Agreements' has the meaning given that term in section 2(7) of the Uruguay Round Agreements Act (19 U.S.C. 3501(7)).

(3) **WORLD TRADE ORGANIZATION**- The term 'World Trade Organization' means the organization established pursuant to the WTO Agreement.

(4) **WTO AGREEMENT**- The term 'WTO Agreement' means the Agreement Establishing the World Trade Organization entered into on April 15, 1994.

TITLE II--TRADE ADJUSTMENT ASSISTANCE

SEC. 201. ADJUSTMENT ASSISTANCE FOR WORKERS.

Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended--

(1) in subsection (a) by striking '1993' and all that follows through '1998' and inserting '1998, 1999, and 2000'; and

(2) in subsection (b) by striking '1994' and all that follows through '1998' and inserting '1998, 1999, and 2000'.

SEC. 202. ADJUSTMENT ASSISTANCE FOR FIRMS.

Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking '1993' and all that follows through '1998' and inserting '1998, 1999, and 2000'.

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SEC. 203. GENERAL ACCOUNTING OFFICE REPORT.

Section 280(a) of the Trade Act of 1974 (19 U.S.C. 2391(a)) is amended--

(1) by striking '2, 3, and 4' and inserting '2 and 3'; and

(2) by striking 'January 31, 1980' and inserting 'October 1, 1999'.

SEC. 204. TERMINATION.

Section 285(c) of the Trade Act of 1974 (19 U.S.C. 2271 note) is amended in paragraphs (1) and (2)(A)(i) by striking '1998' and inserting '2000'.

SEC. 205. EFFECTIVE DATE.

The amendments made by this title take effect on the date of the enactment of this Act.

TITLE III--REVENUE PROVISIONS

SEC. 301. REPEAL OF SPECIAL RULE FOR RENTAL USE OF VACATION HOMES, ETC., FOR LESS THAN 15 DAYS.

(a) IN GENERAL- Section 280A of the Internal Revenue Code of 1986 (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by striking subsection (g).

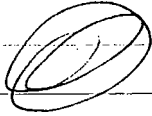
(b) NO BASIS REDUCTION UNLESS DEPRECIATION CLAIMED- Section 1016 of such Code is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

'(e) SPECIAL RULE WHERE RENTAL USE OF VACATION HOME, ETC., FOR LESS THAN 15 DAYS- If a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year, the reduction under subsection (a)(2) by reason of such rental use in any taxable year beginning after December 31, 1997, shall not exceed the depreciation deduction allowed for such rental use.'

(c) EFFECTIVE DATE- The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

—

Bob Kyle



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countries to
e versa. For
cessfully tan-
tual property,
not U.S. pa-
adgers Japan
e regulations
so on.

open markets in all countries to
commerce. But the U.S. has always been
an ambivalent leader, pilloried at home
by right-wing nationalists who fear global
integration will weaken U.S. sovereignty,
and by left-wing laborites who fear compe-
tition from low-wage countries.

Since 1974, when fast track was first

Economists Urge Congress To Pass Simple Fast Track

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — A group of 54 lead-
ing international economists urged Con-
gress to approve fast-track trade negoti-
ating authority that is unencumbered by
labor or environmental language.

"Insisting on such a linkage . . . will
slow down or even possibly halt the
opening up of world markets through
trade liberalization negotiations, a pro-
cess that has been so important in
raising average wages and living stan-
dards in the U.S.," the economists said.

Under fast-track rules, Congress can
vote yes or no on a trade pact, but can't
amend it. House Democrats especially
have been insisting that fast-track au-
thority be used to bolster labor and
environmental standards world-wide.

The petition was organized by Colum-
bia University economist Jagdish Bhag-
wati and University of Wisconsin econo-
mist Robert Baldwin, and is bound to be
embraced by lawmakers fighting labor
and environmental links. Mr. Bhagwati
organized a similar petition, urging free-
trade principles, during the U.S. trade
fight with Japan early in the Clinton
administration. The petition became a
rallying point for opponents of U.S. policy
and helped bolster Japanese resistance
to U.S. demands.

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agreements would doubtless be waps. To
get developing nations to open their mar-
kets to U.S. biotechnology, for instance,
the U.S. would have to reduce tariffs and
other barriers to foreign competition in its
protected areas—textiles, apparel, agricul-
ture, government procurement, and the
like. Ultimately, fast track makes it easier
for Congress to dismember U.S. trade
protections. Otherwise, lawmakers would
fight to keep protections that aid their
constituents.

Without fast track, "members of Con-
gress become trade negotiators," says
Deputy U.S. Trade Representative Jeffrey
Lang. "The basic principle of negotiations
is that only one person [the president] can
negotiate for the U.S."

THE WALL STREET JOURNAL FRIDAY, OCTOBER 13, 1995

10/13

John H.

I guess that
~~that~~ our package
to Bhagwati
must have helped

J.F.

COMMENTARY

By Paul Magnusson

WHY FAST TRACK MAY BE GOING NOWHERE

Representative Maxine Waters (D-Calif.) was angry. As head of the Congressional Black Caucus, she had invited White House representatives to a Sept. 4 meeting with the 39-member group to talk about President Clinton's upcoming "fast-track" trade bill. But Black Caucus members were incensed when U.S. Trade Representative Charlene Barshefsky and Labor Secretary Alexis M. Herman stood them up. That gave the floor to AFL-CIO President John J. Sweeney, who was supposed to debate fast track with the Administration's contingent. Instead, he railed against the trade initiative as "a step backward" for working Americans.

That *faux pas* was just one of the many tactical blunders that have all but sunk any chance of getting a trade bill through Congress this year. And passing a bill to authorize the President to negotiate new trade agreements won't get any easier next year during the congressional elections.

LOCKSTEP. The fact is, the Administration grew complacent about winning another big policy battle. It assumed that the GOP, prodded by business lobbyists, would fall into ideological lockstep behind anything labeled "free trade." That misplaced confidence led the Clintonites to promise a bill last spring—then dither for another six months before producing it. Meanwhile, CEOs and lobbyists at the Business Roundtable and the U.S. Chamber of Commerce refused throughout the summer to endorse a trade bill sight unseen. They feared it



TOO LATE? The White House made a series of missteps

would call for new environmental and labor regulations, as liberal Democrats proposed. Fast-track opponents such as the AFL-CIO and Sierra Club used the time to equate trade liberalization with stagnant wages, sweatshop labor abroad, and a rapidly growing U.S. trade deficit.

At the same time, Clinton hasn't given Democrats sufficient reason to buck their labor and environmental allies—and hasn't demonstrated to Republicans why they should hand him another big legislative victory. To do a free-trade deal with Chile? So that Nike Inc. and Boeing Co. can move more production abroad?

There's a bigger point. Without

fast track, U.S. trade negotiators could be sidelined during scheduled negotiations in Geneva on world agriculture, telecommunications, and software, three areas where U.S. exporters rule.

With Clinton largely absent from the debate, partisan bickering has flourished. GOP leaders boycotted Clinton's Sept. 10 fast-track kickoff ceremony at the White House after learning that the admin-

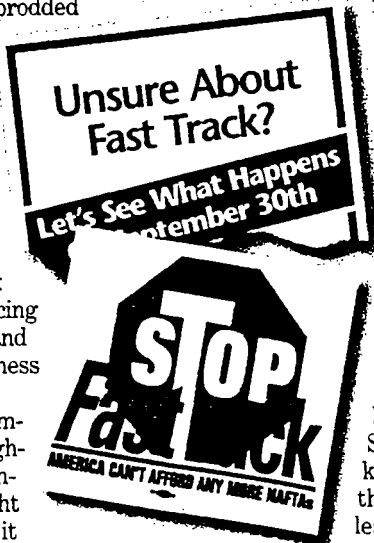
istration's proposal was still being rewritten to satisfy last-minute demands from Senate Minority Leader Thomas A. Daschle (D-S.D.) for provisions on labor rights, environmental protection, and agriculture. When President Clinton strode into the East Room—35 minutes late—a row of chairs reserved for congressional Republicans stood empty. Now, even normally free-trade Republicans such as Senator Phil Gramm of Texas are attacking the White

House plan—finally outlined on Sept. 16—as a sellout to labor that might require states to drop right-to-work laws.

By the time Clinton introduced his proposal, say congressional staffers of both parties, the draft was already on a resuscitator. Now, rather than starting with the Clinton plan, Senate Finance Chairman William V. Roth Jr. (R-Del.) and House Ways & Means Chairman Bill Archer (R-Tex.) are drawing up their own bills. Subcommittee and other hearings on those bills likely will take up most of the seven weeks remaining before Congress recesses.

The Clinton Administration isn't conceding defeat. "We're about where we thought we'd be, and things are moving forward," insists Barshefsky. America Leads on Trade, a 500-member business coalition backing fast track, will soon begin airing free-trade television ads in 103 congressional districts. "We have suffered greatly from the delay, but we still hold out the hope of congressional action this year," says the group's chairman, James T. Christy, a vice-president of TRW Inc. But unless the Administration can provide some reasons for members of both parties to stick their necks out, further trade deals may be years away.

Magnusson follows trade issues from Washington.



**To: Janet Yellen
Jeffrey Frankel**

From: Jon Haveman

Assessment of the FTA Bill: Labor and the Environment

This memo outlines, briefly, my impressions of the treatment that labor and environmental concerns play in the FTA bill as submitted.

- The language regarding L&E is minimal.
- The ***principal*** objectives regarding L&E are through the WTO.
- Addressing L&E is expressly an issue only in matters that are “directly related to trade”.
- Core labor standards are to be addressed through the International Labor Organization.

The bottom line is that Jagdish Bhagwati has little to complain about. The ties between bilateral agreements, or multilateral agreements not under the WTO, are minimal. For example, there is no language in the document that would mandate Labor and Environmental standards as a constraining factor in any agreement reached with Chile.

Note that there is also nothing in the agreement saying that L&E considerations will ***NOT*** be linked to further agreements.

The following pages (2) contain snippets of the agreement that have anything, even marginally, to do with labor and the environment.

How does this relate to the Bhagwati Op-Ed piece? Quite simply, the answer is that he has gone overboard. The linkage, the ***price to be paid for fast-track*** that will lead free traders to want to side with protectionists against it, just isn't there. It may in the end turn out that we have agreements that have linkages in them, but arguing against fast-track because of the type of agreements the president ***might*** bring to the table seems unwise.

From the press release:

Key provisions of the proposal are as follows:

- The proposal sets out "overall" and "principal" trade negotiating objectives for the President. The objectives call on U.S. negotiators to seek, for example:

[provisions deleted]

- To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

From the text of the agreement:

Section 2 excerpts:

(a) **OVERALL TRADE NEGOTIATING OBJECTIVES.** - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) **PRINCIPAL TRADE NEGOTIATING OBJECTIVES.** -

(7) **WORKER RIGHTS AND ENVIRONMENTAL PROTECTION.** - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

(C) to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) **DEFINITIONS.** - For purposes of this Act:

(1) The term "core labor standards" means -

(A) freedom of association;

(B) the right to organize and bargain collectively;

(C) a prohibition on forced labor;

(D) a prohibition on exploitative child labor; and

(E) a prohibition on discrimination in employment.

(4) The term "internationally recognized worker rights" has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

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By JAGDISH BHAGWATI

Today President Clinton plans to ask Congress to renew the lapsed "fast-track" legislation. Fast-track gives authorizes the president to negotiate future international trade agreements on which Congress would then vote either up or down, without the prospect of the deal unraveling as its details are strenuously contested.

Fast-track is a brilliant political invention that was instrumental in the 1993 passage of the Uruguay Round of major international trade liberalization and the 1993 North American Free Trade Agreement. One can therefore only applaud Mr. Clinton's decision to seek fast-track now. Yet as the debate in Congress will soon reveal, the critical issue in fast-track renewal will not be the conventional tussle between free traders and protectionists. Rather, it will be over whether fast-track authority should contain a mandate that all future trade treaties submitted with fast-track status must include environmental and labor standards. In June 1994, the administration proposed such requirements. Yet in the face of Congress's strong preference for "clean" fast-track free from such preconditions, the administration abandoned fast-track altogether later in the year.

'Loaded' Authority

The administration has not really changed its mind on the "linkage" of environmental and labor issues to trade treaties. Whether the White House will succeed in outmaneuvering opponents in Congress to win "loaded" fast-track authority this time around is anybody's guess. But if it does, it will weaken the world trading system even as the administration claims to be strengthening it. For the arguments for linkage are weak, and many are wrong outright. In fact, if linkage is the price to be paid for fast-track, thoughtful free traders will want to side with protectionists against it.

Consider these five fallacious arguments in favor of loaded fast-track authority, which its proponents have found quite potent in public debate:

- *Trade is "unfair" if trading nations have different pollution and labor standards.* The truth, however, is that a diversity of standards is perfectly legitimate. The reason is simple: Different nations have different conditions and preferences. Thus, if Chile already has cleaner air and worse water than the U.S. does, it would only be sensible for it to have stiffer penalties for polluting water than the U.S., and smaller penalties for polluting air. Different regulatory burdens for an industry in

different countries are therefore to be expected. Thus, when House Minority Leader Richard Gephardt (D., Mo.) talks of "equalizing burdens" on each industry across borders, he is advocating placing unjustifiable costs on producers abroad.

- *In competing to attract multinationals, countries will lower their standards.* This "race to the bottom" argument says the U.S. must seek harmonized international regulations in order to safeguard our own standards. The empirical evidence for this claim, however, is negligible. In fact, the economist Arik Levinson has shown that multinationals mostly use the most environmentally friendly technology. There

*If linkage is the price
to be paid for fast-track,
free traders will want to
side with protectionists
against it.*

are excellent economic reasons, including harm to their reputations, for companies not to exploit weaker standards. In addition, most poor countries are now democratic and have elements of an articulate civil society. It is hard to imagine their elected leaders trying to attract multinationals by inviting them to pollute their nations.

- *Products made with lower labor standards are morally unacceptable.* At first blush, it seems reasonable that we should want to exclude products made, for instance, in sweatshops. Shouldn't we then be able to say we will not trade with countries that fail to conform to our labor standards?

Such "values"-based denials of access to the U.S. market can surely open a Pandora's box, seriously disrupting trade. Because we think only of our values being imposed on others, we fail to see that the single worst aspect of some of our industries would be cited in efforts to curtail their international trade. For instance, many Americans strenuously object to the use of purse seine nets in tuna fishing because they kill dolphins. But what about the crowded U.S. hog farms? Or what if other nations want to suspend U.S. agricultural imports because of abuses against migrant workers in this country? Protectionist interests in other countries would quickly seize on such arguments, causing ever more economic damage.

- *Trade with poor countries is driving*

down U.S. workers' wages. By now it has become commonplace to assert that up to 20% of the decline in real U.S. wages since the 1970s is due to international trade. Yet nearly all trade economists who have examined the issue conclude the adverse impact is negligible.

The conventional view is that U.S. wages must move in tandem with the prices of labor-intensive goods, which are increasingly produced in low-wage countries. Yet my latest research shows that real U.S. wages rose in the 1970s even though the prices of labor-intensive goods produced abroad fell, and U.S. wages fell in the 1980s while these prices rose. Indeed, I conclude that trade with poor countries has likely benefited U.S. workers.

- *We've done it before.* True, since the 1980s the U.S. has included environmental and labor regulations in bilateral and regional trade preferences. But we can correct a mistake, can we not? If we have grown a Frankenstein, must we live with him simply because our own misguided efforts created him?

The case for linkage is specious. Trade treaties should reduce trade barriers, not raise new ones. But the question remains: If our trade treaties do not include safeguards against inhumane treatment of workers, for instance, how should the administration strive to improve other countries' labor and human rights standards? The answer: by proactive policies at institutions such as the International Labor Organization, the United Nations Environmental Protection Agency and Unicef, which already review, monitor and advance labor, environmental and child-welfare objectives. Trade negotiators and the World Trade Organization have no expertise in these complex areas.

Lazy Man's Answer

The efforts at using trade sanctions to eradicate child labor—which the ILO estimates involved nearly 250 million children last year—clearly illustrate the intellectual bankruptcy of quick fixes devised in a context like international trade, which is dominated by special interests. Linking liberalized international trade to a host of other goals is the lazy man's answer, unworthy of a great nation known for leadership on both trade and moral issues.

Mr. Bhagwati, a professor of economics at Columbia University, was formerly economic policy adviser to the director general of the General Agreement on Tariffs and Trade. He is co-editor, with Robert Hudec, of "Fair Trade and Harmonization: Prerequisites for Free Trade?" (MIT Press, 1996).

How Donors Can Keep Universities Honest

By FRANK M. TURNER

Last month the Connecticut Supreme Court ruled that donors to institutions of higher education

What should be done to restore accountability? First, colleges and universities

often, the units subject to such monitoring are among the best run portions of the in-

On the 'Fast Track' To Nowhere; Clinton Has Lost ...

DOCUMENT 3 OF 69

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Outlook

* On the 'Fast Track' To Nowhere; Clinton Has Lost His Way In the Debate

* Over Trade

Robert L. Borosage

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The Washington Post

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In recent weeks Bill Clinton has dithered over an implicit choice: Will he be a modern-day Theodore Roosevelt, the Republican who forged a bipartisan coalition for progressive reform at the beginning of this century? Or will he be remembered as another Grover Cleveland, the long-forgotten Gilded-Age Democrat who dedicated himself to assuring business that there was no difference between the two parties?

For Clinton, the legislative debate known in Washington jargon as "fast track" poses a fundamental choice of national leadership. Last week, the president submitted legislation to Congress that would empower him to negotiate trade agreements that the Congress must vote up or down without amendment. The administration wants fast track authority primarily to bring Chile into the North American Free Trade Agreement (NAFTA) -- which links the United States, Mexico and Canada. The ultimate goal is to establish a free trade area throughout the Americas.

The stakes are much larger than the specifics. The fierce congressional debate that kicked off last week is the beginning of a historic contest over who will write the rules of the new global economy.

The president understands this. In 1992, candidate Clinton staked out a progressive, popular position on the trade issue. He excoriated President Bush for not taking the steps needed to "harness the global economy to the benefit of all of our people." In defining his foreign policy vision in a 1993 address at American University, the newly elected president emphasized that "regional and bilateral agreements provide opportunities to explore new kinds of trade concerns." NAFTA, he argued, should ensure that "the environment, that living standards, that working conditions are honored."

But Clinton soon retreated in the face of Republican opposition. In campaigning for congressional passage of NAFTA in 1993, he relegated labor and environmental concerns to unenforceable agreements and did little to promote them.

Four years later, Clinton has once again acceded to the Republican party leadership that adamantly rejects the notion of
 * building social protections into trade treaties. Indeed, Clinton's proposal incorporates the clever "compromise" language offered by House Ways and Means Committee Chairman Bill Archer (R-Tex.) that uses the rhetoric of protecting workers to restrict the president's authority to negotiate labor and environmental provisions. In doing so, the president aligns himself with the BusinessRoundtable, virtually all big-ticket campaign donors and a chorus of editorialists, commentators and economists and against the majority sentiments of his own party and the majority of the American people.

* Advocates of fast track authority repeat the mantras of "free
 * trade" and "leadership." Will "other countries continue to look to the United States to lead," as Clinton declared earlier this month, or watch as we become "withdrawn from the world"?

But it is precisely leadership that the president's critics are demanding. In contrast to the 1993 NAFTA debate, the opposition today is not led by demagogic populists like Ross Perot or Pat Buchanan but by progressives like House Minority Leader Dick Gephardt, Jesse Jackson and AFL-CIO President John Sweeney.

"The question," says Sweeney, "is not whether America must lead, but where we must lead. It is not whether we are internationalist, but what values our internationalism serves."

Proponents of labor rights and environmental protections argue that the United States must take the lead in the historic effort to establish fair rules for the global economy, rules that protect people as well as property.

Clinton's suggestion that opponents are isolationist is just a
 * rehash of free-trade rhetoric that is now obsolete. No one disputes that the global economy now exists.

The information revolution has generated a growing global market, dominated by a relative handful of corporate behemoths. Export-Import Bank officials estimate that fully one-fourth of U.S. manufacturing exports are accounted for by 15 corporations with household names such as General Electric, General Motors and Boeing Corp. These companies have been shedding American jobs as they restructure for global production and distribution.

* This reality transforms the trade debate from even 1992-93.

* The issue is no longer about free trade versus protectionism. Trade negotiations no longer focus on cutting tariffs; rather, they focus on organizing the global market.

Corporations want to use regional accords to test new

protections for capital investment, copyright and other business prerogatives. Supporters of environmental and labor rights clauses
 * argue that it is time to test how to use trade sanctions to bolster labor rights, as well as copyrights.

President Clinton often likens the historical moment to the progressive era at the beginning of the century, and with good reason. The Industrial Revolution produced a national market dominated by great corporate trusts. Popular protest grew against what Roosevelt called the "malefactors of great wealth." A populist movement challenged laissez-faire complacency. Muckrakers exposed grotesque working conditions and corporate abuses. Progressives, led by Roosevelt, forged a bipartisan coalition to put boundaries around the market. Against fierce resistance of the most purblind corporations, and with the support of the more enlightened who understood the benefits of regulation, Progressives fought for antitrust laws, food and drug regulation, child-labor bans, a minimum wage and a progressive income tax. Roosevelt's "New Nationalism" laid the groundwork for 20th-century economic reforms and the creation of the great American middle class.

Popular movements are once again challenging the business agenda. Muckrakers are exposing sweatshop conditions from El Monte, Calif., where young women were locked behind barbed-wire fences while sewing garments for leading U.S. department stores, to Xian, China, where machinists make \$40 a month making parts for Boeing airplanes. Human-rights activists are organizing boycotts against goods produced with child labor. Workers in China, Thailand, Vietnam and Indonesia have staged demonstrations and walkouts to protest starvation wages, hazardous working conditions and arbitrary layoffs. This year, striking public workers in France and UPS workers in the United States won widespread public support.

The implicit global agenda of "the new internationalism," as Sweeney has dubbed it, resembles the domestic agenda of Roosevelt's new nationalism 95 years ago. Just as Roosevelt's foes blasted his
 * program as unworkable, unnecessary and un-American, so fast track proponents caricature the demand for labor rights and environmental protections as an attempt to impose American values on foreign cultures or foist a U.S.-level minimum wage on developing countries that cannot afford it.

But labor rights -- the right to organize, bargain collectively, strike -- are not simply American values; they are enshrined in international covenants signed by virtually every nation, and they are fought for by workers around the world. Reformers are not demanding that countries enforce the U.S. minimum wage, but a minimum wage adequate to the country. The point is to put the weight of the U.S. government on the side of those trying to put civilized limits on the competition for capital and to empower workers to gain their fair

share of the rewards of global growth.

At the height of his popularity, the president could choose to unite the Democratic party with Republican moderates into a vital center for reform. But to date the president has chosen to challenge the likes of General Electric CEO Jack Welch on the golf course rather than confront him or his fellow executives in the political arena. He has shown little of Roosevelt's willingness to indict "corporate arrogance," to rally the country against the "power of the mighty industrial overlords." He has been more a Cleveland who, while running for president in 1884, reassured worried industrialists that "the transfer of executive control from one party to another does not mean any serious disturbance of existing conditions."

Clinton is now seeking to have it both ways: reassuring his Republican and business allies while offering token concessions to his own party and most loyal supporters. The White House added more language on labor rights and environmental protection to the text of the proposal he submitted last week. The president pledges to promote

- * labor rights at the World Trade Organization. He will offer a bigger,
- * better package on trade-adjustment assistance for families and
- * communities that are displaced by trade. He will escalate his "fair
- * trade rhetoric." But in the end, as one aide told the New York Times, "we guarantee nothing other than to talk about these issues."

Clinton's failure to use the bully pulpit to forge a reform coalition at home forfeits any chance of leadership on these issues

- * abroad. That is why the debate about fast track promises to be so fierce. If opponents can defeat the president's proposal, they may force him finally to don the mantle of Teddy Roosevelt rather than spurn it.

Robert Borosage is co-director of the Campaign for America's Future and contributing editor of the Nation magazine.

<http://www.washingtonpost.com>

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Business Leaders Gear Up Lobbying and Ad ...

DOCUMENT 9 OF 69

WP9726200114

A Section

* Business Leaders Gear Up Lobbying and Ad Campaign for 'Fast-Track'
Bill

Terry M. Neal

Washington Post Staff Writer

818 Words

5540 Characters

* 09/19/97

The Washington Post

FINAL

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To counter a fierce lobbying effort by organized labor, business leaders are planning to spend at least \$2 million on an air and land

* war to persuade Congress to broaden President Clinton's trade negotiating powers.

But even as the advertising campaign began yesterday, coalition members acknowledged they were playing catch-up to the union forces that vehemently oppose the measure. Some members of Congress who support "fast-track" authority for the president expressed concern yesterday that the business lobby had fallen dangerously behind the curve on an issue that could be decided by a handful of votes.

"Most of the members are saying they haven't heard anything from business," said Rep. Robert T. Matsui (D-Calif.), a fast-track supporter and ranking member of the Ways and Means Committee, where the bill has been assigned for markup. "Then you wonder: How much does the business community want fast track? How important is it to them?"

* Fast track empowers the president to negotiate international trade agreements that Congress cannot amend, only vote up or down. The battle is largely between organized labor on one side and Clinton and big business on the other.

* America Leads on Trade, a coalition formed to lobby for the authority, insists the issue is a top priority for business. The group plans a television campaign in about 30 targeted markets across the country as well as a grass-roots effort.

At a news conference Wednesday, James T. Christie, chairman of the 543-member coalition, refused to divulge how much it is spending and which congressional districts it is targeting. But yesterday a coalition official revealed the \$2 million figure and said more resources would be readily available if necessary.

* "The philosophy of America Leads on Trade is, we're going to match dollar for dollar what the opposition spends," said the official, who requested anonymity. "We are keeping close tabs on the opposition and are monitoring what they do. And we are flexible to respond to their advertising buys."

On Tuesday, AFL-CIO President John J. Sweeney announced a multimillion-dollar television and radio campaign, initially aimed at 13 congressional districts and the entire state of California. The targeted members are undecided on the issue, and most won their seats by small margins and come from areas with a strong labor presence. The ads provide a toll-free number for constituents to call their lawmakers.

AFL-CIO officials said the media campaign would cost \$1 million in the first week alone. Legislative director Peggy Taylor said: "The dollar for dollar doesn't matter. We have the ability to mobilize tens of thousands of working families in states and congressional districts all over the country."

Unlike big business, organized labor has been active for months, personally lobbying members and coordinating grass-roots efforts in members' districts. The business lobby has been particularly deficient in making personal contacts on Capitol Hill, sources there said.

"They need to get out of their offices downtown, go to the Hill and wear down some shoe leather," said a Democratic staff member who

* specializes in trade issues.

Johanna Schneider, a spokeswoman for the Business Roundtable, said there is a good explanation: Business leaders decided to hold off intense lobbying until they could see Clinton's bill. That bill was released Tuesday after several delays.

She noted that the Roundtable -- a key member of America Leads
* on Trade -- sent two dozen CEOs of large companies to lobby on the Hill earlier this month.

Thomas J. Donohue, president of the U.S. Chamber of Commerce, acknowledged that labor is riding high from the successful strike against UPS, but vowed that big business will not be a patsy.

"These guys [labor] play political hardball, and they have
* staked their political reputation on it [fast track]," Donohue said.

"So you are going to get one hell of a fight here."

* The America Leads on Trade source said the television campaign is targeted at 103 congressional districts -- 35 Democrats and 68 Republicans. Television ads started running in the D.C. area yesterday. They will begin today in markets including Seattle, Denver, Phoenix, Dallas, Los Angeles, Tampa and Jackson, Miss.

Forty-eight other Democrats have been targeted for grass-roots lobbying. Business officials, elected leaders and others from their

* districts will be calling members to urge support for fast track.

Some members of Congress have been caught in the cross-fire. Among those with opposing television ads running in their districts: Reps. David E. Skaggs (D-Colo.), Phil English (R-Pa.) and Thomas C. Sawyer (D-Ohio).

Skaggs said his office had received 57 phone calls from both sides on the issue in the last two days. He said he will announce his position today at a news conference in his district.

"I don't know that this is the heaviest lobbying I've seen in my 11 years here," Skaggs said. "But I think it would be fair to say this is the heaviest full-court press this year."

Staff writer Steven Pearlstein contributed to this report.

<http://www.washingtonpost.com>

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The Wall Street Journal / NBC News Poll — A ...

See Page 2

DOCUMENT 10 OF 69

J9726200098

Washington Wire

The Wall Street Journal / NBC News Poll

A Special Weekly Report From

The Wall Street Journal's

Capital Bureau

By Ronald G. Shafer

783 Words

5858 Characters

* 09/19/97

The Wall Street Journal

A1

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CLINTON CLIMBS to the highest public approval of his presidency.

Americans by 62% to 29% approve of the job he is doing, a new Wall Street Journal/NBC News poll shows. By 64% to 28% they applaud his handling of the economy. "Americans seem content with the direction of the nation," the economy and "their own work and professional lives," say Democrat Peter Hart and Republican Robert Teeter, who conducted the poll.

* Clinton will cite the strong economy to push for more free-trade policies. He will tackle racial issues next week at the 40th anniversary of the desegregation of a Little Rock, Ark., high school. This fall he hopes to propose a major child-care effort. He seeks to meet goals for cutting greenhouse gases without taxing polluters.

Clinton's 62% approval is still the lowest peak of any postwar president, but compares with 60% for Reagan at the same point in his second term.

BIG TOBACCO DIVIDES over Clinton's call for a tougher antismoking deal.

Brown & Williamson declines to join other companies in promising to "work constructively" on the issue. The company's move underscores simmering suspicions among cigarette makers that Philip Morris Cos. benefits most from a settlement. Meanwhile, Republicans want to see more specifics on Clinton's proposal.

GOP leaders say they haven't yet been invited to the White House, as Clinton promised, for an October meeting on his plan to raise cigarette prices \$1.50 a pack. Backers of the current deal tend to be upper-income people, blacks and liberals, according to the poll. Among opponents who

say the deal isn't tough enough, concern is highest among Democrats, women and young adults.

- * CLINTON'S REQUEST for 'fast-track' trade authority faces hurdles.
 - * The America Leads on Trade coalition plans \$2 million of TV ads in 30
 - * markets backing fast-track, which limits Congress to yes or no votes on
 - * trade pacts with no changes. But the Chamber of Commerce pushes to remove meager provisions to protect labor and the environment.
 - * Americans by 56% to 37% oppose giving Clinton fast-track powers. By 55% to 33% they say imports are generally bad for the U.S. because they take away American jobs and hurt the wages of American workers. GOP Ways
 - * and Means Chairman Archer says fast-track will "require close to 90 Democratic votes to be comfortable" of passage in the House.
- Clinton's plan angers labor, giving union officials second thoughts about how warmly to welcome him at next week's AFL-CIO convention in Pittsburgh.

CONSERVATIVES LAUNCH a new attack on national reading and math tests proposed by Clinton. The tests would be "poisoned by political correctness," charges William Bennett. Americans by 79% to 18% support national testing.

WHO'S THE BOSS: FCC Chairman Hundt, feuding with commissioners over a botched auction of wireless licenses, sends an e-mail reminding them who is in charge: The FCC "is, in short, personified not by commissioners but by the CEO (who is also the chairman)" and commission staff.

THE WHITE HOUSE REJECTS the Treasury Department's top two candidates to run the Federal Deposit Insurance Corp. -- New Hampshire banker Lawrence Connell and World Bank official Jon Fiechter, both experienced Washington hands. White House officials instead lean toward Hawaii lawyer Donna Tanoue.

ROYAL DEATH: Americans by 56% to 40% think there has been too much press coverage about Princess Diana's death. A majority believes the British monarchy has less of a future than before she died. Over 80% support press restrictions on coverage of Princes William and Harry.

SOCIAL SECURITY OVERHAUL gets increased attention after the budget deal.

Treasury Secretary Rubin, Budget Director Raines and Economic Council Chief Sperling meet to plot strategy. The Senate Budget Committee creates a task force led by New Hampshire Sen. Gregg. Clintonites say the first goal will be a campaign to convince the public that the system needs a bold fix. In the poll, 83% already support major changes.

Americans by 55% to 23% approve of the balanced-budget agreement. If

the government starts having a surplus, 49% back using the money for higher spending on education and health care. Only 25% would reduce the national debt, while 21% would opt for tax cuts. Clinton aides say they won't use any projected surplus for spending.

"Everyone should stop trying to spend money we don't yet have," Sperling says.

MINOR MEMOS: Prince Albert vs. Prince Charles: While positive feelings toward Gore drop to a personal low of 38% of Americans, that beats the 18% who feel positively about the heir to the throne of England. . . . After the flap over Gore's fund-raising phone calls, potential White House rival Gephardt jokingly introduces the vice president by saying, "Whenever we've `called up' Al Gore, he's been there. He's always answered `the call.'"

I0607 * End of document.

Albright Gives Her Backing To Trade Bill

DOCUMENT 12 OF 69

J9726200048

Economy

Albright Gives

Her Backing

* To Trade Bill

By Robert S. Greenberger

Staff Reporter of The Wall Street Journal

382 Words

2963 Characters

* 09/19/97

The Wall Street Journal

A2

(Copyright (c) 1997, Dow Jones & Company, Inc.)

WASHINGTON -- Secretary of State Madeleine Albright, adding her voice

* to the Clinton administration's push for passage of trade legislation, called the measure a "foreign policy imperative" needed to maintain world leadership.

* Equating trade pacts to Cold War security agreements, Mrs. Albright

* said in a speech here that the so-called fast-track authority Mr.

Clinton is seeking is "indispensable to U.S. economic leadership, and that leadership is indispensable to U.S. influence around the globe."

* Under the administration bill introduced earlier this week, trade

* pacts negotiated by the administration would be placed on a "fast track" through Congress; lawmakers could vote up or down on such pacts but couldn't amend them.

Senior administration officials privately are hopeful they can win congressional approval on what is likely to be a very close vote. To make its case, the White House has deployed a number of cabinet officials, including Treasury Secretary Robert Rubin, Agriculture Secretary Dan Glickman, Commerce Secretary William Daley and Labor Secretary Alexis Herman, in addition to Mrs. Albright.

The administration also is targeting a wide variety of interests. For instance, in her speech before the American Business Conference and the Institute for International Economics yesterday, Mrs. Albright noted how

* the fast-track measure would benefit U.S. agriculture, a subject generally not dealt with by secretaries of state. "In gaining access to this \$500 billion a year market, we want a level playing field for

* American agriculture -- but to get it we need fast track," she said.

That seemed to be an indirect message to two key senators from farming states, Tom Daschle of South Dakota, the Senate's top Democrat, and Charles Grassley of Iowa, the GOP chairman of the Senate Finance

* Committee's subcommittee on trade.

Turning to the more familiar ground of foreign policy, Mrs. Albright * said that in the Asia-Pacific region, U.S. investment and trade involvement has "helped to deepen understanding among our partners of their shared stake in security." Similarly, she added, European economic integration helps promote U.S. interests in forging a united and peaceful Continent.

"For decades during the Cold War," Mrs. Albright said, "we Americans spread the gospel of competition, free enterprise and open markets." The * world, she added, "will be watching the fast-track debate closely to see whether we continue to practice what we have so long preached."

I0607 * End of document.

Senate Republicans Criticize Clinton's Effort on ...

DOCUMENT 15 OF 69

NYTF9726100218

Section A; National Desk

* Senate Republicans Criticize Clinton's Effort on Trade Accords

By DAVID STOUT

503 Words

3819 Characters

* 09/18/97

04:06

The New York Times

Late Edition - Final

Page 21, Column 1

c. 1997 New York Times Company

WASHINGTON, Sept. 17 -- The Clinton Administration's stance on international trade encountered intense opposition from important Senate Republicans today, only a day after it was denounced by House Democratic leaders.

Senator William V. Roth Jr., the Delaware Republican who heads the Senate Finance Committee, told the United States trade representative, Charlene Barshefsky, that the Administration's proposals were "in deep trouble" and stood no chance of passage.

"The present proposal does not seem to have very widespread support on either side of the aisle," Mr. Roth added. "What you have here before us is not going to develop the kind of coalition we need if we're going to be successful enacting legislation."

The dispute is over President Clinton's desire for authority to negotiate trade agreements that Congress can approve or disapprove but not amend. The Administration has hit fierce opposition over two issues, workers' rights and environmental standards. Mr. Clinton had wanted so-called fast-track authority to negotiate on those issues in trade agreements.

But organized labor and environmental groups have expressed fears about hastily negotiated trade deals that might hurt American workers. The labor unions and environmental groups have complained that American workers lose in competition with their counterparts in developing countries, where wages are far lower and environmental standards are likely to be more lax.

So Mr. Clinton on Tuesday pledged to negotiate separate side agreements on labor and environmental issues and to negotiate global agreements on those matters through the World Trade Organization and other international groups.

It was not clear today how much the President's shift softened the

opposition of those Democrats and labor interests who want to see workers' rights and environmental standards at the center of any

* international trade pact and enforced by the possibility of sanctions.

What was clear today is that the Administration's proposals have angered some Republicans. One, Senator Phil Gramm of Texas, said the changes proposed by Mr. Clinton could put Congress in the position of having to vote yes or no on right-to-work laws, which bar mandatory union membership.

And Senator Trent Lott of Mississippi, the majority leader, told Ms. Barshefsky and Treasury Secretary Robert E. Rubin that he would not
* allow the fast-track legislation to become "a vehicle for special-interest agendas, no matter how passionate their proponents may be."

* Ms. Barshefsky told the Senators that the fast-track legislation was needed unless the United States was willing to "cede our leadership role with respect to the global economy."

* This evening, an Administration official familiar with the fast-track issue said the President and Ms. Barshefsky would continue to work with both Democrats and Republicans on Capitol Hill.

"We see this as a first step in a long -- hopefully not too long -- process," the official said, speaking on the condition of anonymity.

* Every President since Gerald R. Ford has had fast-track authority. Mr. Clinton's expired two years ago. Anticipating that the issue would divide Democrats, he chose not to press for it as he headed into his re-election campaign.

04:06 EDT September 18, 1997

I0607 * End of document.

Silent Invasion: In Backyard of the U.S., ...

DOCUMENT 16 OF 69

J9726100115

Silent Invasion:

In Backyard of the U.S.,

Europe Gains Ground

* In Trade, Diplomacy

South America Is Hot Market

For EU-Made Goods;

How Fiat Outpaced Ford

Monet and Chirac in Brazil

By Matt Moffett and Helene Cooper

Staff Reporters of The Wall Street Journal

1693 Words

12273 Characters

* 09/18/97

The Wall Street Journal

A1

(Copyright (c) 1997, Dow Jones & Company, Inc.)

SAO PAULO, Brazil -- While Uncle Sam sleeps, Europe is mounting a silent invasion.

Combining savvy deal-making with velvet diplomacy, the European Union
* is angling to convert its thriving trade ties with South America into a full geopolitical partnership. There is no guarantee that this trans-Atlantic bid for influence will succeed. But Europe is emerging as a potential spoiler in President Clinton's latest push to revive a long-stalled plan to create a common market extending the length of the Western Hemisphere.

A stroll through this business capital captures the sweep of Europe's gains. The hot new compact car is the Palio, which is produced locally by Italy's Fiat SpA and has left Ford Motor Co.'s Fiesta in the dust. Aided by a recent \$1 billion acquisition of a local bank, the Hongkong & Shanghai Bank subsidiary of London-based HSBC Holdings PLC has leapfrogged past Citicorp and First National Bank of Boston as Brazil's largest foreign lender. And in a refrigerator market so dominated by Whirlpool Corp. that the words "frost free" have entered the language here, Germany's Bosch-Siemens Hausgeraete GmbH and Sweden's Electrolux AB are introducing competing lines.

* At more than \$40 billion last year, total trade between Mercosur, a regional bloc led by Brazil and Argentina and including Paraguay and Uruguay, and the EU exceeds that between Mercosur and the U.S. "It can

all be summed up quite simply: We are stomping all over their backyard just as they have done over ours for the past 50 years," says Peter

* Guilford, an EU trade spokesman.

That's probably hyperbole. In Latin America, the U.S. still dominates many major industries, ranging from full-size cars to computer software
* to airplane parts. And U.S. trade with Mercosur is also growing rapidly, with the bloc's imports from the U.S. up an estimated 84% between 1993
* and 1996. But during those years, total U.S. trade with Mercosur rose only 51%, while Europe's was increasing 62%.

EU politicians are striving to make the European flavor of Latin America even stronger. In a diplomatic courtship in which Europe has trotted out everything from an exhibition of Monet paintings to Oxford University's new Brazilian Studies Department, the EU is pushing for its
* own free-trade agreement with Mercosur as "part of the natural order of things," as French President Jacques Chirac put it.

The idea of closer ties to Europe appeals greatly to many Brazilian industrialists -- and to many in Brazil's Europhile political elite, who yearn for international recognition to match the country's vast size and
* resources. At the very least, Brazilian trade negotiators want to play the European card to pry open U.S. markets and persuade Washington to move more slowly toward a common market in the Americas. They want to give Brazilian companies more time to get competitive and to expand Mercosur to incorporate other South American countries.

Whether Mercosur tilts toward Europe or the U.S. may be decided by
* the hot debate over President Clinton's request for "fast track"
* authority to negotiate trade pacts. If Congress rejects his plan, South
* America could be indefinitely ceded to the Europeans. "No fast track -- no concrete negotiations," says Jose Botafogo Goncalves, the Brazilian Foreign Ministry's subsecretary general of commerce.

"While we're complacent, the Europeans are obsessed with increasing their exports to Latin America," says Jeffrey Garten, dean of the Yale School of Management and former Clinton Commerce Department undersecretary. "They're targeting Brazil and Mexico and Argentina; we'd be extremely myopic to read them out of the competitive race there."

Vouching for that are the U.S. corporations battling it out with Europeans in one of the world's most-torrid deal-making sectors: the estimated \$70 billion market for Brazil's privatized companies and concessions. Consortia led by Telia AB of Sweden and AirTouch Communications Inc. of San Francisco are grappling in both the legal and diplomatic arenas for a mammoth prize: a cellular-phone concession, worth about \$1 billion, in the affluent state of Sao Paulo. The Telia group was the high bidder, even though the Telecommunications Ministry had tried to disqualify it from the auction. Now, the U.S. and Swedish governments are lobbying on behalf of their respective companies as Brazilian courts try to straighten out the mess.

Europe's new discovery of Latin America is actually a rediscovery: It

harks back to earlier this century, when Europeans held sway here both economically and culturally, says Riordan Roett, a professor at Johns Hopkins University in Baltimore. Spain and Portugal long had colonial ties in South America. Britain dominated high finance. French was the preferred second language, and architects turned Buenos Aires into the "Paris of the New World." Italy's fascists devised the model for the corporatist labor system adopted in both Brazil and Argentina.

Not until Europe was busy rebuilding after World War II did its influence begin to wane. And during a 1963 French-Brazilian fishing dispute, President Charles de Gaulle enraged Brazil by expressing doubt that it was a serious country.

Meanwhile, American influence rose. During the Cold War, the U.S. intervened in Latin America to confront Communist expansion. More recently, the U.S. has pursued economic objectives. In 1993, the U.S.

* signed the North American Free Trade Agreement with Mexico and Canada.

As Europe watched from the sidelines, President Clinton invited Latin

* American leaders to Miami and announced plans for a Free Trade Area of the Americas extending from "Alaska to Tierra del Fuego." U.S. officials said the new bonhomie was partly responsible for the Brazilian government's decision to choose Raytheon Co. over France's Thomson SA for a \$1.4 billion contract for a satellite system for the Amazon.

But then the U.S. plan to bring the entire continent solidly within its economic orbit ran headlong into a protectionist backlash. In 1995,

* Mr. Clinton failed to muster congressional support for the fast-track

* authority needed to expand Nafta, and the hemispheric trade pact went nowhere. Europe, noting Latin America's rebounding economies and especially Brazil's market of 160 million consumers, saw new opportunities and seized them.

"We've suddenly discovered Latin America," says Michael Valdes Scott,

* who heads Britain's Latin American Trade Advisory Group. And Latin America "is throwing the bloody door open to us."

Accustomed to crossing borders at home, European companies often moved faster than American rivals in Latin America. Despite having no Latin American presence at all as recently as two years ago, BOC Group PLC, a British natural- and industrial-gas conglomerate, quickly ramped up a Latin American division that now employs 1,000 people and has lined up four big contracts.

In addition, many Europeans seem more comfortable than Americans in Latin America's business environment. U.S. electric utilities have been put off by Brazil's vague regulatory framework, but it hasn't impeded Europe's state-run utilities, which are used to smoothing over problems through political negotiations.

Electrolux has found that Latin American consumers are much like Europeans; both prefer smaller, cheaper washing machines to the large, souped-up American models. The company's South American sales tripled to almost \$1 billion last year.

Auto making is another business in which shrewd European companies lapped a U.S. giant. Though operating here for just two decades, Fiat has surpassed long-established Ford in the small-car market. The reason: Fiat was the only auto maker with a product ready when the government, in the early 1990s, offered tax incentives to stimulate small-car sales.

"It's basically a one-car company, and they capitalized on that," says John Peart, sales-planning manager of Ford's Brazilian operation. Only now is the affiliate emerging from its heavy losses when it was caught without a small car.

Soon, European politicians were following the footsteps of their corporations toward Latin America. President Chirac staged the most aggressive European diplomatic political sally. In a visit here coinciding with the Monet exhibition last March, the French leader formally retracted the old insult. "I consider Brazil extremely serious," he said.

Then he fired a salvo at les Americains. "They want to give orders about everything in the world," he charged, adding: "Geographically, Brazil is part of America. But it's European because of its culture and global because of its interests." And as French and Brazilian diplomats toasted a recent pact under which France waived visa requirements, the press here noted the contrast with the U.S., which is often accused of discriminating against Brazilians seeking visas.

Next in Europe's sophisticated diplomatic blitz: Brazilian President Fernando Henrique Cardoso will travel to London this fall for a state visit, a pomp-filled spectacle in which he will stay at Buckingham Palace and be feted by the queen. Britain grants only two such visits a year; not even Mr. Clinton got the full royal treatment during his visit in June.

Mr. Clinton's planned visit to South America next month will be his first trip to the continent in his five years in office; he canceled a visit scheduled for last spring after injuring his leg in a stumble.

* Earlier this year, U.S. Trade Representative Charlene Barshefsky sparked a major dust-up by bluntly questioning Brazil's commitment to open markets.

* Mercosur officials say they want to enter into trade agreements with both the EU and the U.S., though they clearly prefer the slower pace proposed by the Europeans. "The U.S. is anxious to get access to some areas of the market and much less anxious to open access," says Mr. Botafogo of Brazil's foreign ministry.

Brazil's business community, meanwhile, is dividing up into pro-European and pro-American factions. A younger group of manufacturers prefers the U.S. Old-line, family-run businesses, as well as raw-materials exporters, tend to prefer Europe.

Among the latter is Luiz Fernando Furlan, a business-group leader and president of Sadia SA, a big meat processor. Sadia sends about 40% of its exports to Europe but almost nothing to the U.S. because of hygienic

N

barriers that Mr. Furlan views as disguised protectionism. "If the U.S. doesn't offer conditions of trust and equality," he says, "others will cultivate the relationship with Mercosur."

Everyone knows who the "others" are. Mario Garnero, chief of * BrasilInvest, a big holding company here, recently organized a trade seminar for Brazilian, U.S. and European executives. No sooner had invitations gone out, he says, than he got a call from a French official asking "why more Europeans weren't participating."

I0607 * End of document.

'Fast-Track' Bill Draws GOP Fire; Conservatives ...

DOCUMENT 17 OF 69

WP9726100111

A Section

* 'Fast-Track' Bill Draws GOP Fire; Conservatives Dislike Trade Initiative's Labor, Environmental Language

Paul Blustein

Washington Post Staff Writer

754 Words

5320 Characters

* 09/18/97

The Washington Post

FINAL

A04

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* President Clinton's free-trade initiative, already under attack from liberals for going too far toward unfettered markets, came under withering fire yesterday from conservatives who said it doesn't go far enough.

The assault from the right came the day after Clinton formally
 * asked Congress for the authority to negotiate new trade accords,
 * including an expansion of the North American Free Trade Agreement. At
 * a Senate Finance Committee hearing, Clinton's trade representative, Charlene Barshefsky, and Treasury Secretary Robert E. Rubin ran into a barrage of complaints from Republicans who found a number of problems in the fine print of the administration's bill defining the scope and
 * goals of future trade deals. "I am for fast track. I want to be for it. But in the current

form you have submitted this proposal, I am adamantly opposed to it,"
 * said Sen. Phil Gramm (R-Tex.), referring to the so-called fast-track
 * authority that would give the president the power to negotiate trade
 * deals without fear that Congress will pick them apart. Under fast
 * track, Congress could vote only to approve or disapprove trade pacts; it could not amend them.

Others, including Senate Majority Leader Trent Lott (R-Miss.), joined Gramm in expressing strong reservations about provisions in the administration bill aimed at prodding U.S. trading partners to raise their standards on worker rights and the environment. The provisions, which Lott called "highly disturbing," are objectionable to ardent free-traders such as Gramm, who believe labor and environmental restrictions could impede the free flow of goods internationally.

The criticism cast serious doubt on the prospects for swift
 * passage of fast track, which Clinton has promoted as vital to the

continued prosperity of a nation increasingly dependent on selling to fast-growing foreign markets.

- * A congressional refusal to grant the president trade negotiating authority, Barshefsky warned the senators, "means we cede our leadership role with respect to the global economy."

"If we're not in there writing the rules, they aren't going to be written in a way that favors America," she said.

After the hearing, Barshefsky sought to shrug off the GOP reaction as a predictable first-day response to a controversial and complex initiative.

"Everyone is putting their concerns on the table, and we'll see if we can reach a common understanding," she said. "Clearly, members were saying they would like to work something out; clearly, they agree

- * that this president should have fast-track authority." One of her aides cited as reassuring Lott's assertion that "this is only the kickoff -- this is not the end of the game."

But the GOP objections were particularly striking because Republicans had offered cautious praise when the White House unveiled its bill Tuesday, while fierce attacks came from organized labor and congressional liberals such as House Minority Leader Richard A. Gephardt (D-Mo.).

Gephardt and his allies argued that the administration didn't go nearly far enough in promising to force trading partners to raise labor and environmental standards. In the absence of enforceable standards, they contend, the United States is opening itself up to unfair competition from countries that allow companies to exploit workers and degrade the environment.

Yesterday it became clear that by moving even modestly toward including labor and environmental provisions in its bill in order to appeal to moderate Democrats, the administration risks losing support from Republicans.

Sen. Connie Mack (R-Fla.) said that when he first heard how the administration bill "was being spun," he thought he could support it, "but then as I started to review the legislation and the language specifically, I became very concerned."

- The White House could sacrifice some Democratic votes to win
- * Republicans, but it badly wants strong bipartisan support for fast
- * track to strengthen its hand in future trade talks. That is why the seemingly arcane provisions concerning labor and the environment have become such an important battleground.

And with its deliberately vague language aimed at appealing to Democratic and Republican moderates, the administration has left itself open to charges from both sides that it is selling out basic principles.

Gramm maintained that the administration's bill might even lead to drastic changes in U.S. laws.

Asserting that the administration has effectively made "core labor standards" a negotiating objective, Gramm spun a scenario in which the United States would agree with other countries to maintain the right to collective bargaining. The president, he warned, could * then include that in a treaty submitted to Congress under fast-track rules legislation "to override right-to-work laws in 21 states."

Barshefsky replied: "I see what you're saying, and certainly we need to look at this."

<http://www.washingtonpost.com>

I0607 * End of document.

Clinton's 'Fast-Track' Trade Proposal Quickly ...

DOCUMENT 19 OF 69

J9726100049

Politics & Policy

* Clinton's 'Fast-Track' Trade Proposal

Quickly Collides With GOP Senators

By Bob Davis

Staff Reporter of The Wall Street Journal

486 Words

3812 Characters

* 09/18/97

The Wall Street Journal

A16

(Copyright (c) 1997, Dow Jones & Company, Inc.)

WASHINGTON -- After alienating many House Democrats by proposing

* meager labor and environmental protection in new "fast-track" trade legislation, the administration was pilloried in the Senate by influential Republicans who claimed those same provisions were too draconian.

"I would rather that the U.S. sit on the sidelines than to see us destroy the world trading process by injecting into it labor and

* environmental conditions that will disrupt trade," said Sen. Phil Gramm, a staunch free-trader who said he opposed the White House proposal. Galvanized by the Texas Republican's comments during a hearing of the Senate Finance Committee, Majority Leader Trent Lott of Mississippi and Senate Finance Committee Chairman William Roth of Delaware also raised stiff objections.

"What you have before us won't develop the kind of coalition we need

* to pass fast-track legislation," Mr. Roth lectured U.S. Trade Representative Charlene Barshefsky, who was testifying on the administration's plan.

The Finance Committee's rough handling of the proposal demonstrates the difficulty the White House faces winning congressional approval for

* authority to negotiate trade pacts through the year 2005. Under
* fast-track rules, lawmakers can vote yes or no on trade accords, but
* can't amend them. Without fast-track authority, its proponents say, nations won't negotiate seriously with the U.S. for fear Congress will
* rewrite trade provisions after talks are completed.

The White House believed the Senate panel would be a sympathetic forum and had hoped to win quick approval there in order to build momentum for a vote in the more-hostile House Ways and Means Committee. Instead, the Republican objections intensified the squeeze on the White House. To the extent that the administration further weakens

environmental provisions to placate Republicans, it further alienates Democrats.

Partly to placate New York Sen. Daniel Patrick Moynihan, the committee's ranking Democrat, the bill commits the administration to try
 * to boost labor standards by working through the World Trade Organization and the International Labor Organization. Few labor advocates have much faith in either group. The WTO traditionally has been hostile to linking
 * trade and labor, while the ILO's labor standards generally are ignored world-wide.

But the administration hoped the provision could provide cover for Democrats who wanted to show their concern about labor issues.

However, Mr. Gramm interpreted the provision as allowing the administration to make broad changes in U.S. law. For instance, he said, the White House could negotiate a pact in which the U.S. would agree to enforce such ILO standards as collective bargaining and the right to organize unions. The federal government could then overrule state right-to-work laws, which let workers opt out of unions, and have the
 * agreement considered under fast-track procedures, he said.

Ms. Barshefsky said the administration hasn't any plans to use
 * fast-track authority to make domestic policy. Despite the criticism, she remained upbeat after the hearing. "We'll see if we can reach a common understanding," she said. Senate Republicans "want to find a way to work this out."

I0607 * End of document.

Clinton Faces Off With Congress on Trade

DOCUMENT 20 OF 69

NYTF9726000273

Section A; National Desk

* Clinton Faces Off With Congress on Trade

By ALISON MITCHELL

989 Words

6894 Characters

* 09/17/97

04:28

The New York Times

Late Edition - Final

Page 24, Column 1

c. 1997 New York Times Company

WASHINGTON, Sept. 16 -- President Clinton put his personal prestige on the line today, traveling to the Capitol to fight for new authority to

* negotiate trade deals in the face of muscular opposition from House leaders of his own party.

Mr. Clinton and Vice President Al Gore appeared before a fractious caucus of House Democrats as senior Administration officials unveiled
* the trade legislation and then fanned out across the Capitol to sell the proposal at the heart of Mr. Clinton's second-term economic agenda.

* The measure would grant Mr. Clinton what is often called "fast
* track" authority to negotiate trade agreements that Congress can approve or disapprove but not amend. Such authority has been held by every President since 1974. But it expired two years ago and Mr. Clinton chose not to push ahead with a vote that would have splintered the traditional Democratic coalition as he headed into a Presidential election year.

Today, however, Mr. Clinton joined the battle, arguing that expanded markets were crucial to continued prosperity. "Today 12 million American jobs are supported by exports," he said at the White House before his meeting with Democrats. "Today at the pinnacle of that strength, America must choose whether to advance or retreat. I believe the only way we can continue to grow and create good jobs in the future is to embrace global growth and expand American exports."

But the President did not mollify hard-core opponents in his party, who argue that American workers are hurt by competition with third world nations that have lower wages and lax environmental standards. Representative Richard A. Gephardt, the House minority leader and a likely primary opponent to Mr. Gore in the year 2000, nearly shouted his opposition after Mr. Clinton left.

Referring to a trip he made last week to the border with Mexico to

survey living conditions, Mr. Gephardt said, "The people we met over the weekend are living in subhuman conditions. It is wrong."

The A.F.L.-C.I.O., meanwhile, announced that it had begun airing television and radio commercials against the measure at an initial cost of \$1 million in the districts of 13 undecided lawmakers of both parties as well as radio ads throughout California.

While Mr. Clinton had planned to put forth the legislation last week, the White House delayed it as it sought ways to write a bill that could attract more Democratic support without losing Republican votes.

In the end, the bill contained some provisions designed to address objections from Democrats, organized labor and environmental groups. The legislation promised consultations with Congress and listed "workers rights and environmental protection" as negotiating objectives that the
* United States would pursue through the World Trade Organization.

Administration officials also pledged that the President would use his executive authority to negotiate separate side agreements on labor and the environment.

But the bill largely tracked language favored by Republicans and stopped well short of what many Democrats and labor unions wanted to see -- the placement of labor and environmental standards at the heart
* of any market opening accord, enforced by the threat of trade sanctions.

In a sign of just how delicate the balancing act is for votes in the Republican-controlled Congress, Senator William V. Roth Jr. of Delaware, the chairman of the Senate Finance Committee, said he thought the bill "provides a reasonable base on which to start" but added that he had some reservations about the labor provisions that had been included in the legislation.

* With the vote on the trade bill likely in October, a major question will be whether the Administration's pledges to heed labor and environmental concerns will be enough to sway undecided moderate Democrats. Senator Tom Daschle of South Dakota, the minority leader, said the steps the Administration had taken were "encouraging" but that he had not decided what to do. "Obviously, there is a good deal of difference of opinion," he said after Cabinet-level officials briefed Senate Democrats.

Representative Dick Armey of Texas, the House majority leader, predicted that it would be a "tough job" to pass the bill. "The President will have to participate in that very fully, as we will on our side of the aisle," he said.

* Shadowing the trade debate are memories of a similar fight in 1993
* over the North American Free Trade Agreement which involved trade with Mexico and Canada and which Mr. Clinton won with mostly Republican votes.

The Administration insisted at the time that it would be a boon to the economy. But an Administration assessment earlier this summer suggested that at most 90,000 to 160,000 American jobs rely on increased

exports to Mexico as a result of that pact. In a booming economy that has created 13 million new jobs over the past four and a half years, that figure is hardly significant.

- * The critics of Nafta point to a United States trade surplus that has
- * turned into a \$16 billion trade deficit and say that American jobs are moving out. They also argue that the "side agreements" with Mexico on environmental and labor matters have not brought about reform and will
- * not unless made a central part of trade agreements, with United States sanctions wielded as a threat.

.Charlene Barshefsky, the President's chief negotiator, sought to rebut that viewpoint today by noting that the goal of trade agreements is to open rapidly growing markets to United States exports. "It is not realistic to suggest that countries will rewrite their domestic labor and environmental laws for the privilege of buying more of our goods," she told reporters as she made her way around the Capitol.

Mr. Clinton and Mr. Gore met with House Democrats for more than an hour and tried to keep the mood civil despite the sharp differences.

Democrats who participated in the closed-door session said more

- * Democrats argued against the trade agreement than for it, and at times, participants said, the tone of the meeting turned testy.

04:28 EDT September 17, 1997

I0607 * End of document.

\$1 Million Push by Labor on President's ...

DOCUMENT 21 OF 69

NYTF9726000257

Section A; National Desk

THE AD CAMPAIGN

* \$1 Million Push by Labor on President's Authority Over Trade

By RICHARD L. BERKE

522 Words

3878 Characters

* 09/17/97

04:28

The New York Times

Late Edition - Final

Page 24, Column 4

c. 1997 New York Times Company

The A.F.L.-C.I.O. said it was spending \$1 million this week alone to broadcast this 30-second commercial in 14 Congressional districts where members have indicated they will support President Clinton's drive for

* new authority to negotiate trade deals. At the end of each ad, viewers are urged to call their member of Congress to oppose the measure. The commercial began appearing yesterday.

PRODUCER -- Axelrod and Associates, Chicago

ON THE SCREEN -- This fast-paced ad opens with a man on the street

* questioning the need for "fast track" trade legislation. It zooms in on a belching smokestack to dramatize possible environmental affects of the measure. And it shows a little girl eating strawberries, to underscore the risks of contaminated food. To make an argument that
* fast-track authority would needlessly hasten "flawed trade deals," a rubber stamp dominates the screen as a hand stamps it down, leaving the imprint, "Approved."

THE SCRIPT -- Man on Street: "Stop and think and reason these things through."

Woman on Street: "Why not get it right?"

* Announcer: "What is Fast Track? Special powers to rush through
* flawed trade deals like Nafta, stripping Congress of the right to fix them. Since Nafta: hundreds of thousands of American jobs exported. More pollution along our border. Tainted food on our shelves."

* Another Man on Street: "I'd rather see fair trade deals than a fast one."

* Announcer: "Tell Congressman (Name) to vote no on Fast Track so he
* can fight for trade deals that work for us."

ACCURACY -- The commercial warns that Nafta has led to the loss of hundreds of thousands of American jobs, more pollution along the border and tainted food on the shelves of American supermarkets. But it is not so easy to pin all of those changes on Nafta.

For example, manufacturing jobs in the United States have declined for years, but most major studies have found no evidence that those declines are directly attributable to Nafta. The peso crisis in Mexico, which occurred around the time Nafta took effect, may have also played a role in costing jobs.

As for pollution, there are clearly serious problems on the border. Many environmental groups raised concerns that Nafta would encourage more production in Mexico, where environmental controls are sometimes less stringent than in the United States. But, again, it is virtually impossible to know how much of the pollution is directly attributable to Nafta.

As for tainted food, the General Accounting Office of Congress found in May that Nafta had led to fewer inspections of Mexican trucks carrying more food into the United States. But there are few scientific data to support -- or undermine -- a sweeping generalization linking Nafta to contaminated food.

SCORECARD -- John J. Sweeney, president of the A.F.L.-C.I.O., said: "We're trying to get the message of the high road in terms of addressing workers' standards, environmental protection, public health * and human rights in our trade agreements."

But this campaign style ad oversimplifies the complicated debate over the effects of Nafta. It deftly uses compelling images and simple, even frightening, language to build its case.

04:28 EDT September 17, 1997

I0607 * End of document.

'Fast Track' Issue Deserves Fast Action

DOCUMENT 22 OF 69

NYTF9726000217

Section A; Editorial Desk

* 'Fast Track' Issue Deserves Fast Action

By Bob Dole and Lloyd Bentsen

654 Words

4697 Characters

* 09/17/97

04:28

The New York Times

Late Edition - Final

Page 31, Column 2

Op-Ed

c. 1997 New York Times Company

WASHINGTON -- During more than two decades of divided government, Democrats and Republicans have often set aside their differences to take collective action on matters promoting our nation's interests beyond its borders. The next issue that calls for bipartisan leadership is the

- * passage of legislation granting the President "fast track" authority -- a contract between the executive and legislative branches in which
- * the President can negotiate trade deals knowing that the results will receive an up or down vote, without amendments, in return for a commitment that the Administration will consult Congress in the negotiations.

As Senate colleagues from different political parties, we joined in
 * voting to give fast-track authority to every President from Gerald Ford to George Bush. Today, as law firm colleagues, we agree that Congress and the Administration must set aside partisan differences to grant President Clinton this same authority. The United States must act now to take advantage of our status as the most competitive economy in the world to insure our future prosperity. To do that, Congress must decide to compete, not retreat.

The United States is, once again, the world's largest exporter. Our current seven-year period of sustained growth, with extraordinarily low
 * unemployment, has been fueled in large part by international trade. More than a quarter of our economic growth and more than 10 million jobs are
 * the direct result of trade.

- * Without passage of fast-track legislation, however, our success in selling American products to the world will be at risk. Inaction carries a very high price. Although we are currently well positioned to compete,
- * other countries have recently been negotiating trade agreements that will allow them to move ahead of us into developing markets -- even in

our own backyard in Latin America.

- * Since 1992, 20 free trade pacts have been negotiated in Latin America and Asia that exclude the United States. China, for example, has aimed at Argentina, Brazil, Chile, Mexico and Venezuela as "strategic priorities" to develop bilateral trade.
- * Fast-track authority will allow President Clinton to negotiate agreements to break down trade barriers in areas where the United States is most competitive, like agriculture, telecommunications, financial services and medical equipment. It will allow us to retain our leadership in exports by focusing on developing economies, where the bulk of international growth will occur in coming years.
- * The coalition that passed the North American Free Trade Agreement and the General Agreement on Tariffs and Trade must come together again to pass a fast-track bill this fall. If legislation does not pass in short order, next year's contentious elections may delay passage until the 106th Congress -- and 1999 may be too late. If we don't act quickly to shore up trade relationships in Latin America and Asia, other countries will.
- * Passage of fast-track legislation is critical to insure that our economy continues to grow at its present rate. In fact, the success of this year's budget agreement depends on maintaining steady growth. As much as any other issue, the fate of the fast-track bill in 1997 will determine whether our budget balances in 2002.

While we are the world's largest exporter, we also continue to import more than we export. The best way to shrink the resulting trade deficit is to persuade other countries to eliminate their trade barriers, enabling us to export even more goods, services and agricultural products. That, in turn, will create more and better-paying American jobs.

- * Given the public's general ambivalence about trade matters, it would be easy for either party to try to score political points by criticizing responsible proponents of free and fair trade. Criticism is easy. Leadership requires hard work. Our leaders must step forward, now, to do what is right for America's future.

About the Author: Bob Dole, the 1996 Republican Presidential nominee, is the former Senate majority leader. Lloyd Bentsen, the former Treasury Secretary, is a former Democratic Senator from Texas.

04:28 EDT September 17, 1997

I0607 * End of document.

The Trade Bill

DOCUMENT 23 OF 69

WP9726000118

Editorial

* The Trade Bill

473 Words

3230 Characters

* 09/17/97

The Washington Post

FINAL

A18

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* THE PRESIDENT sent Congress his proposed trade bill yesterday. It had been delayed a week while the administration searched for ways to make it more palatable to labor, environmental and other critics without vitiating its purpose and without losing votes on the other side of the debate. But the president had relatively little wiggle room, and the assurances the administration offered the critics yesterday were not so much statutory as political: Trust us to include
* in future trade agreements as much support for U.S. labor and environmental standards as we possibly can.

This is procedural legislation only. It empowers the president to negotiate further agreements that would then be subject to
* congressional approval but on a so-called fast-track basis, meaning debate would be limited and no amendments would be allowed; the agreements could only be voted up or down. Without such assurances, other countries would be reluctant to negotiate; why bother to reach a detailed agreement with the executive branch if the legislative branch can then amend those details?

* The goal of the process is freer trade. The fear of the critics is that this will further open the U.S. market to competition from low-wage countries with weak environmental laws, only rudimentary systems of health and safety regulation, etc. The United States will lose jobs, so they argue, while U.S. wages and high regulatory
* standards are undercut. They would confer fast-track status only on
* trade agreements that require foreign competitors to meet "enforceable labor and environmental standards" somehow defined. But of course other countries would be reluctant to agree to such conditions, so
* that trade-expanding agreements would be harder if not generally impossible to reach.

* The administration argues that trade adds more jobs in this
* country than it costs, and that only trade -- not fiat -- can ultimately succeed in raising living standards abroad. We think that's

right, but a lot of people -- many of them represented in Congress by Democrats -- don't believe it. The party is split; House Minority Leader Dick Gephardt, thought to be a leading rival to Vice President Gore for the Democratic presidential nomination in the year 2000,

* opposes fast track.

The Clinton bill doesn't say the president must negotiate the kinds of assurances the critics seek. Rather, the president promises and reserves the right to negotiate as many such protections as he can, including in side agreements. The hope is that the promise will provide enough Democrats with enough political cover to pass the bill. Perhaps it will help Mr. Gore as well in making the case that he is not indifferent to these issues. And maybe there will in fact be some useful nudging of other countries in progressive directions. They ought to pass this bill, and our sense is that, after a lot of venting -- and some healthy consciousness-raising -- they will.

<http://www.washingtonpost.com>

I0607 * End of document.

Clinton Asks for Trade-Pact Authority, Avoiding ...

DOCUMENT 24 OF 69

J9726000105

Economy

* Clinton Asks for Trade-Pact Authority,
Avoiding Labor, Environmental Issues
By Bob Davis and Greg Hitt
Staff Reporters of The Wall Street Journal
687 Words
5184 Characters

* 09/17/97

The Wall Street Journal

A2

(Copyright (c) 1997, Dow Jones & Company, Inc.)

WASHINGTON -- President Clinton asked Congress for the authority to

* negotiate foreign-trade pacts through the year 2005 in legislation that largely sidesteps issues of labor and the environment.

The administration's proposal hews closely to congressional

* Republicans' wishes that trade negotiations deal strictly with
* commercial issues, such as reducing trade barriers and protecting
intellectual property rights. Concerns about worker rights are relegated
* principally to the World Trade Organization, a Geneva-based group of
trading nations that traditionally has resisted linking labor standards
* with trade.

House Minority Leader Richard Gephardt and other Democrats had urged
that labor and environmental issues be a major part of any proposed
* trade pact. But the White House rejected that approach as a loser: Even
if it somehow passed the Republican-controlled Congress, it would be
rejected by negotiating partners abroad.

"It's not realistic to suggest that countries will rewrite their
domestic environmental and labor laws for the privilege of buying our
* goods," said U.S. Trade Representative Charlene Barshefsky.

The International Brotherhood of Teamsters, usually a Clinton ally,
lambasted the administration for "brushing aside the well-being of
working families and caving in to corporate special interests." Labor
* unions represent the core of the opposition to trade expansion, and have
been able to persuade many Democratic lawmakers to back them. However,
the unions have been unable to defeat any significant effort during the
* past several decades over trade liberalization.

* The administration is seeking renewal of so-called fast-track
* negotiating authority, under which trade pacts are either approved or
* defeated by Congress, but can't be amended. Grants of fast-track
* authority date to 1974; without fast-track, foreign countries won't

bargain in earnest with the U.S. for fear that Congress will rewrite provisions after trade negotiations are completed.

- * The administration plans to use the negotiating authority to include Chile in the North American Free Trade Agreement with Mexico and Canada, to open financial-service markets abroad, and to reduce tariffs and other trade barriers on high-tech goods.

The Clinton administration has had to carefully balance the conflicting demands of its Democratic allies and the Republican majority in Congress. To woo influential Democratic lawmakers, the White House added a number of provisions. Language directing U.S. negotiators to prod the World Trade Organization and International Labor Organization to strengthen worker rights was inserted to win support from Sen. Daniel Moynihan of New York, the ranking Democrat on the Senate Finance Committee.

An emphasis on agricultural negotiations was added to please Senate Minority Leader Thomas Daschle (D., S.D.), among others.

Mr. Daschle also is negotiating with the administration to put together a list of steps it can take, without congressional action, to boost labor and environmental standards. For instance, as part of Nafta, the administration negotiated with Mexico and Canada to set up labor and environmental review panels, a move that didn't require congressional approval.

- * Ms. Barshefsky, the U.S. trade representative, said the administration's fasttrack proposal also would allow the U.S. negotiators to pursue trade deals that prohibited parties from lowering their labor or environmental standards in order to boost exports or foreign investment. However, deals to improve labor and environmental standards would have to be negotiated separately and wouldn't receive fasttrack treatment.
- * The trade legislation faces tough going in Congress, especially in the House. House Majority Leader Richard Armey (R., Texas) said Mr. Clinton, who met yesterday with House Democrats, will have to lobby hard for the bill. Rep. David Dreier (R., Calif.) added that many in the GOP rank-and-file, whose support is being taken for granted, are unwilling to back fast-track authority if Democrats aren't supportive.

The Senate isn't overwhelmingly friendly either. Despite White House efforts to court Mr. Daschle, he said yesterday that he was not yet prepared to support the effort. "We're not there yet," he said.

The Senate Finance Committee plans to vote on the matter within the next two weeks, and the administration hopes that an approval there will build momentum for the more difficult vote by the House Ways and Means Committee. The White House is pushing for approval by the full House by Oct. 13, when Mr. Clinton takes off for his first trip to South America.

I0607 * End of document.

Trade Measure Puts Undecided Lawmaker In ...

DOCUMENT 26 OF 69

WP9726000062

A Section

* Trade Measure Puts Undecided Lawmaker In Lobbyists' Sights

Terry M. Neal

Washington Post Staff Writer

1397 Words

9015 Characters

* 09/17/97

The Washington Post

FINAL

A01

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Karen Hiott doesn't need a political consultant to tell her what will happen if her congressman, Adam Smith, votes to give President

* Clinton authority to negotiate "fast-track" trade agreements with other countries.

"He probably won't be reelected," said Hiott, lounging in the back yard of her suburban Puyallup home, with snow-capped Mount Rainier looming grandly to the east. "Our union watches these labor issues very closely. And this is an important one. It's a very, very active union."

* If fast track is an arcane issue to many Americans, Hiott, a machinists union shop steward at Boeing Co., is not among them.

Clinton yesterday proposed legislation to give him authority to

* negotiate trade agreements that Congress cannot amend, only vote up or down. Organized labor and environmentalists are opposing it

* vigorously, as they did with the North American Free Trade Agreement in the early 1990s. Big business is strongly behind it and Clinton appears ready to put the full might of his popularity behind the measure.

Smith is among a handful of lawmakers who are undecided, making themselves targets for intense lobbying from both sides. The outcome of what officials expect to be a very close vote may come down to what a few moderate Democrats like Smith do.

"Adam's got a tough decision to make," said Fred Benson, vice president of federal and international affairs for Weyerhaeuser Co., a giant private timber company based in Smith's district. "This certainly has all of the ingredients for a lot of tension."

Benson said his company, the nation's largest exporter of softwood products, plans to lobby Smith now that the bill has been released by Clinton. But, he said, the company never conditions

support for a candidate on a single issue and wouldn't oppose Smith
 * based solely on a vote against fast track.

On this issue, Smith is in as tough a position as anyone in
 * Congress. His state is among the most trade dependent in the country.
 At the same time, the 9th District has perhaps the strongest union
 presence in a strong labor state. Snuggled around the southern end of
 Puget Sound and west of the Cascade Mountains, the district is home to
 thousands of low- and medium-skilled union workers such as Hiott, who
 makes insulation blankets for commercial airplanes. It is a district
 * that has in many ways benefited from freer trade around the world --
 and that remains suspicious of it.

The district is predominantly suburban, white and blue collar,
 with a median household income of about \$32,000 a year. It includes
 some high-income communities, particularly around Puget Sound. The
 employment base includes offices and factories around Sea-Tac
 International Airport and shipyards and docks in Tacoma. Thousands of
 residents are associated with the Fort Lewis Army base.

Officials at Boeing, which employs about 16,000 people in
 Smith's district and is the nation's No. 1 exporter, yesterday
 * reiterated their support for fast track, but said they hadn't seen
 Clinton's bill and refused to comment specifically on it.

The majority of Boeing's commercial sales are overseas, said
 * spokeswoman Maria Sheehan. Fast track, company officials argue, will
 help open up foreign markets so it can better compete with its only
 commercial competitor, Airbus; that will increase, not reduce, jobs
 domestically.

"Sure, this gives Boeing a better opportunity to sell planes
 to Mexico," replied Linda Lanham, political director for the
 International Association of Machinists in Smith's district. "But then
 Mexico says, 'We'll buy your planes but we need you to move some jobs
 to Mexico.' That's what concerns people. They don't want to worry
 about losing their jobs to a foreign country."

Smith has also heard from advocates far from home. The
 opposition lobby, which has been extremely organized, is coordinated
 * from Washington, D.C., by groups such as the Citizen Trade Campaign,
 an arm of Ralph Nader's consumer and environmental group Public
 Citizen.

This summer, Smith and 14 other Democrats were invited to the
 White House, where Clinton and Vice President Gore wooed them. Smith
 said it's the only time he's been personally lobbied by Clinton. It
 will probably not be the last.

* Fast track is a huge issue for Clinton, who believes he needs
 it to craft other NAFTA-like agreements and shore up his legacy as an
 international leader in his last few years of office, White House
 sources said.

Top administration officials have paid Smith a couple of

* visits on Capitol Hill. And U.S. Trade Representative Charlene Barshefsky has called on the New Democratic Coalition, a moderate group that includes Smith as a member. For the moment, though, they don't appear to be winning the day.

* Smith said he prides himself as a supporter of free trade, but questions how far the country should go in trying to address labor and environmental concerns. The question, he says, is not whether to

* trade, but how to do it.

Tall, clean-shaven and fresh-faced, the 32-year-old Smith has a legislative style that embodies the personality of his district. Washington state doesn't register voters by party, but Smith's district is generally thought to have equal numbers of Democrats and Republicans, with a plurality of independents.

The 9th District has shown a willingness to boot first-termers. In 1996, the moderate Smith defeated conservative Republican Randy Tate, who defeated liberal Democrat Mike Kreidler in 1994.

In an interview in his Capitol Hill office yesterday, Smith said he has spent the last few months listening to all sides. He said he's

* leaning toward opposing the trade measure, based on his concern that it doesn't sufficiently address environmental and labor concerns.

But if the pressure bothers him, Smith does a good job of hiding it.

"I don't sit around going, 'Oh my God, oh my God, oh my God, I'm going to lose my job,'" said Smith, whose deceased father was a baggage handler and member of the machinists union. "If I think that way, I probably deserve to lose my job."

Last year, the AFL-CIO and Sierra Club spent tens of thousands of dollars on a television ad campaign aimed at Tate -- ads that helped Smith win 50 percent of the vote to Tate's 47 percent. This year, in meetings in his district office, union leaders and environmentalists have not been shy about reminding Smith of the role they played.

"This is an important issue, and [the state's congressmen] need to know the consequences of how they vote," said Rick Bender, president of the Washington State Labor Council, who has personally lobbied Smith.

In the end, it may be the number of those workers and their unease with global trading rules that outweigh the evidence by the

* management of Boeing, Weyerhaeuser and other companies that trade has been a great boon to the economy.

They would be people like Frances Fialho, an electronics technician who hasn't lobbied Smith. Last year, the electronics manufacturer he worked for in Smith's district closed and moved its plant to Mexico. He said 150 workers lost their jobs. Workers at his plant were able to apply for an extension in unemployment benefits that Congress approved for people whose job loss could be attributed

to NAFTA.

Fialho said he's using the money to go back to school for computer training. But the upheaval in his life has been very stressful, he said.

"They're always talking about family values in Washington [D.C.]," Fialho said. "Well, next to my family, those people I worked with were like my family."

Hiott relates a similar experience that she also blames on NAFTA. Her unit at Boeing has been gradually downsized as work making insulation blankets has been transferred to Mexico. However, none of the 145 or so workers will lose their jobs with the company. She and others are being trained to do new jobs and will eventually be moved to other departments.

Nevertheless, she said, morale is low and people are worried * that fast track will eventually lead to real job losses. She suspects the only thing that saved their jobs was the prospect of bad public relations for Boeing.

"They very well wouldn't want to lay people off because that would be big-time in the papers," she said.

Boeing spokesman Dick Daulton said he understands the concerns, * but sees fast track as only leading to more jobs. "The world market for commercial airplanes is projected at \$490 billion from 1997 to * 2006. Fast track is what will enable us to compete."

<http://www.washingtonpost.com>

I0607 * End of document.

Labor Fights Against Fast-Track Trade Measure

DOCUMENT 30 OF 69

J9725900038

Politics & Policy

* Labor Fights Against Fast-Track Trade Measure

By Glenn Burkins

Staff Reporter of The Wall Street Journal

1054 Words

7311 Characters

* 09/16/97

The Wall Street Journal

A24

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Like most folks who live in the Smoky Mountains foothills of Waynesville, N.C., Gail Rogers doesn't pay much attention to all the political posturing that goes on in Washington. But she is a foot soldier in one of a growing number of battles that labor faces on several fronts.

As debate is set to begin in Congress over whether President Clinton should get "fast-track" authority to negotiate foreign trade agreements, unions are counting on people like Mrs. Rogers, a laid-off factory worker and a former Steelworkers union member, to try to kill the measure. Earlier this year, she wrote the president as part of a continuing letterwriting campaign by rank-and-file members who fear seeing their jobs exported to low-wage nations with few worker protections.

* The battle over fast-track authority will be a major test of labor's strength at a time when it is under siege in Washington. In the House, Republican Rep. Peter Hoekstra of Michigan has promised hearings to investigate what went wrong in the 1996 Teamsters union election, which was annulled last month because of alleged financial irregularities in President Ron Carey's campaign. In the Senate, Republican Fred Thompson of Tennessee is leading a probe into alleged financial ties between the Teamsters and the Democratic National Committee.

Meanwhile, AFL-CIO leaders face a potentially serious problem from federal prosecutors in New York, who have put them under scrutiny in a continuing probe of the Teamsters. According to people familiar with the inquiry, prosecutors are examining whether top officials of the federation extended improper financial assistance to Mr. Carey in his successful campaign for re-election last year. The AFL-CIO denies that any federation officials contributed illegally to the Carey campaign.

In addition, federal Teamsters overseer Barbara Zack Quindel disclosed last week that she is reviewing new information that may yet

disqualify Mr. Carey from seeking re-election in a second Teamsters race. If Mr. Carey is barred, it would leave rival James P. Hoffa as the odds-on favorite to head the union. Mr. Hoffa, a Detroit labor lawyer, has vowed to put more distance between the Teamsters and the Democratic Party, a move that could prove highly disruptive to the AFL-CIO's efforts to reinvigorate organized labor.

As part of those efforts, labor leaders are pulling out the stops to

- * kill President Clinton's fast-track proposal, which would require
- * Congress to accept or reject new trade agreements without any amendments to change them. And they are putting pressure on pro-labor congressional Democrats to oppose a president of their own party on this issue.

Rep. Calvin Dooley, a California Democrat who says he will vote for

- * fast-track authority despite labor's opposition, says union leaders are having a "significant impact" on a number of his Democratic colleagues.
- * "If this were a secret ballot," he says, "fast track would pass by an overwhelming margin. But labor is playing hardball on this one, and they are being very direct with members."

Rep. Ellen Tauscher, another California Democrat, adds, "Labor is

- * going to leave no one confused about how it feels about fast track."

Peggy Taylor, the AFL-CIO's legislative director, says labor's political problems won't detract at all from its drive to deny Mr.

- * Clinton fast-track authority. "Emotions about this issue go very deep into the labor movement," she says. "When plants close, people associate it with the fight over Nafta," a reference to labor's 1993 bid to kill
- * the North American Free Trade Agreement.

The Clinton administration, normally a strong supporter of labor's

- * causes, disagrees about the impact of foreign trade on the American work
- * force. Administration officials argue that free trade opens up foreign markets to more U.S. goods, creating net gain for American workers.

Mr. Clinton and Vice President Al Gore plan to meet today with

- * members of the House Democratic Caucus to argue for fast-track authority. The president "wants to signal that he's willing to fight for this," says Rahm Emanuel, a senior White House adviser.

But AFL-CIO President John Sweeney has vowed to fight any legislation that "does not require enforceable labor and environmental standards

- * right in the core of any new trade agreements."

Not since the Nafta debate has labor been so geared up to oppose an issue. The United Steelworkers of America, for example, has installed 1,500 fax machines in its 2,000 union halls so that members can receive

- * fast-track updates and send out their opposition letters. And in dozens of congressional districts, union leaders are standing at factory gates with cellular phones so that workers, during shift changes, can call their lawmakers.

Other unions are deploying similar strategies. And at the AFL-CIO, officials today will unveil plans for a radio and television campaign aimed at selected congressional districts. The federation also plans to

target union households with more than a million antifast-track fliers containing toll-free numbers to Capitol Hill.

"Someone from the AFL-CIO and our unions has talked with every Democrat in the House and a large number of Republicans," she says. "We know a lot about where the undecided votes are."

* In the battle to kill fast-track authority, such workers as North Carolina's Mrs. Rogers may be labor's ultimate weapon. According to opinion polls, a majority of Americans share her opposition to the proposal.

Mrs. Rogers, 47 years old, is a prime example of a worker distrustful of America's trade policy. She was just three years from retirement eligibility when word came down last October that her \$13-an-hour job at Dayco Products Corp., a division of Mark IV Industries Inc., was being shipped off to Mexico, along with her husband's job.

In a letter this spring to President Clinton, Mrs. Rogers outlined her frustrations: "I grieve for my co-worker who committed suicide," she wrote, "and I see the ones who are going to counseling because they don't know which way to turn or what to do next."

Today, 30 years after she graduated from high school, Mrs. Rogers is back in the classroom, this time studying to be a \$7-an-hour medical assistant. "We have no hopes of coming back to where we were financially," she says.

* She blames her plight on federal trade policies that she says allow U.S. jobs to be shipped off to developing nations. "Look," she says, "I feel sorry for those other countries. But we have to look out for ourselves."

Glenn R. Simpson contributed to this article.

I0607 * End of document.

The Joy of Competition

DOCUMENT 31 OF 69

WP9725900011

OP-ED

The Joy of Competition

James K. Glassman

908 Words

5807 Characters

* 09/16/97

The Washington Post

FINAL

A17

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Why are we so frightened of competition? We live in the richest nation in history, we're the world's largest exporter, we attract the most investment, we lead in nearly every sector (cars, microchips, agriculture, etc.). Yet millions of Americans are afraid to lower our

* trade barriers.

* That's the issue in the debate over fast-track authority,

* which has allowed presidents since 1974 to negotiate trade agreements

* without having them nitpicked by Congress. Under fast track, there's a

* straight up or down vote on each trade deal as a whole -- a sensible and necessary policy.

* But the opposition to fast track is only a symptom of a broader problem, a paradox really. On the one hand, this country was built on competition, but on the other, each of us would rather have the field to ourselves.

The market provides the answer to this contradiction: Firms are forced to excel as they seek monopoly status, but (unless they get government protection) they can never achieve it. As soon as a company starts making big profits, a competitor arises. In this process, Americans at large reap the rewards of higher-quality, lower-priced goods.

That's why public policy should encourage wide-open competition by lowering tariffs, regulations and restrictions of all sorts. We should do this no matter what other countries do -- not
* because free trade "creates jobs" in some sectors through exports, but
* because it creates a better life for all Americans through imports.

Consider shoes. U.S. shoemakers and their employees would love to keep foreign companies out. But what about the 270 million Americans who wear shoes? They benefit from wider choices and lower prices -- and the domestic shoe industry may ultimately benefit, too. Our automakers, who now sell the most cars in the world, have thrived

N

in recent years from competition with the Japanese.

Hesiod, the Greek poet who may qualify as the world's first economist, understood this phenomenon. He wrote 2,800 years ago: "When someone whose work falls short looks toward another, toward a rich man who hastens to plow and plant and manage his household well, then neighbor vies with neighbor as he hastens to wealth: this Strife is good for mortals."

Where this Strife, this competition, is absent, it's bad for mortals. Look at what doesn't work in this country, and you'll invariably find a lack of competition:

Schools. Public secondary education is a near-monopoly, funded with tax dollars. All the good intentions in the world -- national standards, teacher training -- can't cure the sickness. Competition can.

The truth is that competition finds the way. Right now, for instance, we don't know the best method of improving education, but if the monopoly ends and venturers are unleashed -- as they're unleashed to develop better semiconductors or telephones -- then they'll discover the best path through the process itself.

We can make current schools better by giving new ones the chance to lure their students away -- with vouchers, scholarships or strong charter-school laws, like Arizona's, which let nearly anyone start a school. The bad ones will fail; the good ones will thrive, be copied and surpassed.

Mail. The U.S. Postal Service has two monopoly powers: It's the only institution allowed to carry first-class letters, and it owns the mail slot at your house. Under Marvin Runyon, it's become more efficient, but it lags behind Federal Express and UPS in service, and like all government-protected monopolies (remember long distance before the AT&T breakup?), it charges too much.

The solution is simple: End the monopoly. Let it stand on its own feet or be replaced by private competitors. Delivery to remote addresses? If that's a legitimate policy goal, let Congress appropriate the money, after putting the service out for bids.

The District. One big reason that the District of Columbia is a mess as a city is that it, too, is a near-monopoly. No matter what the local government does, the federal government will stay here. Kodak would certainly move its corporate headquarters if Rochester, N.Y., were run as poorly as Washington.

The way to solve the District's problems is not to give more power to a control board. What the city needs is less control and more freedom. The answer is to force Washington to compete. The city has deteriorated sharply from 1982 to 1997, yet it's still home to the same proportion of the federal work force -- 12 percent, 328,000 employees.

Let's put department headquarters up for bid. In this age, the

N

home of the Interior Department could easily be in Denver, Energy in Dallas, HHS in Minneapolis. Cities would pay good money -- or at least offer good services, as Olympic venues do -- to become a departmental H.Q. Washington could keep Congress and the White House, but if it wants to retain its 19,000 Commerce employees (out of a national total of 34,000), then it will have to fight for them by improving the city -- again by finding its own way.

Critics say open competition is selfish and hurtful. On the contrary. Competitors succeed only if they focus on other people, if they give consumers a better life. "In a free market," writes David Boaz of the Cato Institute, "people achieve their own purposes by finding out what others want and trying to offer it."

- * That system has worked extremely well. In the battle for fast
- * track, it's exactly what's at stake.

The writer is a fellow at the American Enterprise Institute.
<http://www.washingtonpost.com>

I0607 * End of document.

Fast Track on Treaties Leaves Labor in the Dust

DOCUMENT 33 OF 69

NYTF9725700860

Section 4; Editorial Desk

Letters to the Editor

* Fast Track on Treaties Leaves Labor in the Dust

234 Words

1938 Characters

* 09/14/97

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The New York Times

Late Edition - Final

Page 14, Column 4

Letter

c. 1997 New York Times Company

To the Editor:

* "Mr. Clinton Deserves 'Fast Track' " (editorial, Sept. 8)

cavalierly dismisses American workers' concern with competition from foreign low-wage labor on the theoretical ground that the competitive effect of lower wages is canceled out by correspondingly lower productivity. This is typically not true for internationally traded goods.

Labor productivity in the auto, electronics and other Mexican maquiladora plants is close to, and sometimes above, that of American factories. Yet Mexican Government policies keep wages at a small fraction of what United States workers make. The disparity between wages
* and productivity causes expanded trade with the third world to erode living standards in advanced economies. That is why we need strong,
* enforceable labor standards at the core of any trade agreement. Yet our
* recent trade deals have protected the interests of international investors over those of workers.

You concede that we should protect labor and the environment but wrongly argue that Representative Bill Archer's proposed language for
* fast track is "a reasonable compromise." Mr. Archer has said that the proposal is aimed not at strengthening labor and environment laws but at
* weakening them if they inhibit trade.

Those who care about labor and environmental protections are right to
* oppose a renewal of fast-track authority until such protections are as guaranteed as the property rights of investors.

JEFF FAUX

President, Economic Policy Institute

Washington, Sept. 9, 1997

04:28 EDT September 14, 1997

I0607 * End of document.

Trade War on the Home Front

DOCUMENT 34 OF 69

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Section 4; Week in Review Desk

Ideas & Trends

* Trade War on the Home Front

By DAVID E. SANGER

1299 Words

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The New York Times

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c. 1997 New York Times Company

* WASHINGTON -- TRADE talks, the Clinton White House has long insisted, are the arms control face-offs of the 90's. Sure, parking American cars in Osaka showrooms doesn't exactly concentrate the mind the way scrapping nukes aimed at Los Angeles once did. But whether the subject is throw-weights or tariff rates, the talks are really about national security and the uses of national power.

And much as it was during the cold war, Washington is caught up in an ideological debate over how its negotiators should use the huge pile of poker chips before them -- terrifying nuclear might then and the world's strongest economy now.

But why, at a time of such strength, are Democrats threatening to take away the President's authority to negotiate deals abroad? And does the current domestic-centered debate have much to do with the ultimate goal: striking the toughest trade deals possible with other nations?

Ideology vs. Pragmatism

- * As with previous free-trade debates, the struggle again involves the
- * question of whether ideology or pragmatism should govern American trade policy -- with all concerned, of course, declaring that they are the true pragmatists. Oddly enough, this debate was supposed to be over
- * several years ago. After a brief flirtation with trying to use trade deals to accomplish other goals -- getting better treatment of dissidents in China or workers in sweatshops just south of the Mexican border -- President Clinton discovered that the mix could quickly turn volatile.
- * The effort to link trade and social change quickly became immersed in

politics here, and raised so many cries abroad that Americans were once again using their power to remake the world in Washington's image, that they undermined the main objective: to open markets to American goods. So with the notable exceptions of Cuba and Myanmar, formerly Burma, Mr.

- * Clinton has usually kept trade separate from other foreign-policy goals.
- * Now the Administration argues that the 200 trade deals it has cut in the past four years have fueled the huge surge in American exports -- and, slowly but surely, strengthened its influence around the world on
- * non-trade issues.

Perhaps so, but many argue that tallying up all those exports has become an end unto itself -- to the detriment of other national interests. "President Clinton may well be spending more time promoting American sales abroad than doing anything else in foreign affairs," Samuel P. Huntington, the Harvard political scientist, wrote in a critical article in the latest issue of *Foreign Affairs*. "If so, that would be a dramatic sign of the redirection of American foreign policy."

- Now Mr. Clinton finds himself caught in the same debate that dogged
- * him when he was first pushing the North American Free Trade Agreement through Congress in 1993, a bruising battle that alienated the left wing of the Democratic party and infuriated the nation's unions.
- * He needs the renewal of what trade wonks call "fast track" authority, which gives him the right to negotiate deals abroad that Congress can approve or defeat -- but not amend, which would continually reopen negotiations. Other countries in the world will not talk to Washington unless Mr. Clinton has that authority.

- Mr. Clinton is forcing the issue now because he knows that if he doesn't win the authority before serious mid-term election politicking sets in, he can forget about it. And in the next few years, the United States is going to be thrown into a range of negotiations at the new
- * World Trade Organization, on everything from the rules for opening foreign markets to foreign-provided services, to changing the ways governments tilt the bidding on its contracts (a trillion-dollar market in Asia alone in the next decade), to protecting intellectual property. "These negotiations are going ahead anyway, with us or without us,"
- * said Mr. Clinton's tough-talking Trade Representative, Charlene Barshefsky. "Either we're going to be in the game, setting the rules, or they get set for us. And guess who the loser will be in that case."

- The argument focuses on what kind of rules to set. Unions, bolstered by the perceived victory for labor in the recent United Parcel Service strike, say that the only way to truly protect American workers is to make sure laborers in other countries can unionize, and that nations
- * cannot attract investment with lax environmental standards. And if trade agreements can help out industry by bringing in outside issues like protecting copyrights and patents, why not also use them to protect workers?

Nafta's Aftertaste

- * "To replicate failed trade policies of the past that protect intellectual property rights but do nothing to protect ordinary citizens, to write more rules into agreements to advance corporate interests at the expense of everyone else, is simply unacceptable," John J. Sweeney, the president of the A.F.L.-C.I.O., told Congress last week.

Mr. Sweeney and Representative Richard Gephardt, the House minority leader, argue that Nafta never delivered benefits to American workers and that the "side agreements" on labor rights and the environment, thrown to them as a bone, proved useless.

- * It is an appealing argument, because clearly trade has a lot to do with the slow growth of wages in the United States. But as a practical matter, it may not be realistic. "Better education and training programs are likely to do more for helping American workers deal with a global marketplace than anything in a trade accord that describes labor standards," said I. M. Deftler, a professor at the University of Maryland who is a leading historian of trade accords.

* Free Trade, My Way

Naturally everyone involved in this debate swears up and down that they are free traders, and that they have no intention of using these arguments to try to wall off the American economy from global competition. And, naturally, everyone insists that their path is the

- * only way to truly reciprocal trade. Nonetheless, the president of the United Auto Workers told reporters last week that he would oppose any authority to allow Mr. Clinton to negotiate free trade agreements, no matter what the protections. "We can't even enforce labor rights here in this country," said the leader of the 800,000-member union, Stephen P. Yokich.

This is pure agony for Al Gore, the famed defender of Nafta in a televised debate with Ross Perot. Already battered in the campaign finance investigations, the Vice President is desperate not to alienate union supporters. While Mr. Clinton can afford to look presidential, talking about how opening markets is central to American leadership around the world, Mr. Gore and his staff have been looking desperately for political cover, and finding none.

But in typical Washington fashion, the political argument here is entirely focused on what will sell in Congress -- and not on what will sell with America's trading partners. From Latin America (where President Clinton travels next month) to Asia and Europe, there is

growing resentment that America is using its economic power to dictate all kinds of policies within other nations' borders.

Any attempt to force changes in labor and environmental standards in return for access to the American market -- the bottom-line American threat -- would raise charges of violations of sovereignty. Of course, it is Congress that complains of just the same thing when the World

* Trade Organization rules that American gasoline standards or other rules violate international accords.

"The hardest part of this debate is not within the U.S., it's when you actually negotiate an agreement with Asia or Latin America," said Robert Pastor, a professor at Emory University who has worked with Democrats and Republicans to come up with compromise wording that would
* allow the trade talks to begin. "The fact is that the rest of the world has been waiting a long time for the U.S. to get moving."

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I0607 * End of document.

White House Finds 'Fast Track' Too Slippery; ...

DOCUMENT 35 OF 69

WP9725700177

A Section

* White House Finds 'Fast Track' Too Slippery; Clinton Administration

* Attempts to Trade Up on Terms in Drive for Free-Trade Legislation

Peter Baker

Washington Post Staff Writer

1014 Words

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The Washington Post

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A04

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* Attention White House speechwriters: The term "fast track" is no longer in vogue. "NAFTA expansion" is banned. As President Clinton

* opens his drive for free-trade legislation, the phrase of choice is "Renewal of Traditional Trading Authority."

It may not have much of a ring to it. It certainly doesn't float off the tongue. It doesn't even produce a catchy acronym -- can anyone imagine Clinton pitching "RTTA"?

But if they can redefine the lingo, administration officials figure, they may erase some negative imagery associated with Clinton's plan, making it more salable to the public and, by extension, to Congress.

Few are more attuned to the power of words than the denizens of the Clinton White House. Whoever controls the language controls the debate. In an era when voters and politicians are afflicted with information overload, the short-hand description of a policy proposal necessarily colors the popular view of it. A single loaded word or two can cement a public impression that drastically alters the political dynamics.

With that in mind, the wordsmiths of the White House have tried to rewrite the political lexicon this year on such topics as U.S. relations with China, the Whitewater investigation and social policy.

"The Clinton administration is the most linguistically disciplined operation in the history of modern politics," said Frank Luntz, a Republican pollster known for lecturing his clients about the importance of language. "They have no shame. That is why what they say is so effective."

Still, Clinton aides are simply mastering an old art in Washington. This is the town, after all, where "tax increases" are

"revenue enhancements" and Medicare premium increases for wealthier recipients are abbreviated as "means-testing."

And thanks to Luntz and others, conservatives have enjoyed their own successes at this peculiar Pennsylvania Avenue ritual. It was Ronald Reagan who renamed the MX missile the "Peacemaker." Just this year, House Speaker Newt Gingrich (R-Ga.) deftly relabeled the levy on inherited wealth from "estate taxes" to "death taxes."

- * At the White House, the trade issue is the latest target of redefinition. Clinton wants Congress to give him the power to
- * negotiate new free-trade treaties that, like the North American Free
- * Trade Agreement (NAFTA), cannot be amended on Capitol Hill and are subjected to simple up-or-down votes.

But the last thing the administration wants is to tie it to the politically volatile NAFTA because it might outrage voters who believe

- * the trade pact resulted in jobs lost to Mexico. And now even the term
- * "fast track" -- intended to describe how such treaties would speed through Congress -- is seen as unsettling.

"Part of the problem is words tend to have a political kind of meaning inside the Beltway," said Jason Berman, a White House aide

- * coordinating the "fast track" campaign. "It's hard for people outside the Beltway if you haven't been part of the debate. . . . The words
- * don't have a lot of meaning for you. What does 'fast track' mean anyway?"

To critics who have studied the matter, it could mean being railroaded, an image they would like to encourage. "People have connected a phrase that seems sneaky and hurried to what they know

- * about the failures of NAFTA," said Lori Wallach, trade policy director at Ralph Nader's Public Citizen. Added Jeff Faux, president of the liberal Economic Policy Institute, "People are suspicious of the idea that something's going to be rushed through."

Even Howard Paster, a former Clinton White House lobbyist, agrees the opposition has won the war of labels to this point,

- * conceding that fast track "implies something that has a sleight-of-hand feel to it."

In recasting it, White House aides said they looked for language that sounds neutral enough not to be dismissed as politically

- * self-serving. Although "fast track" has not been abandoned entirely, Clinton used it just once to describe his bill at a kickoff ceremony last week, instead saying several times that he wanted "to renew the
- * president's traditional authority to negotiate trade deals." That sounds less threatening, simply a continuation of the status quo, but aides argue it is also more accurate because presidents had this power from 1974 to 1994.

White House officials similarly controlled the language in extending Medicaid to millions of indigent children this year. They did not describe it as expanding welfare. Rather, they used an

apple-pie name, "Kidcare."

And then there was the time Whitewater independent counsel Kenneth W. Starr went to the Supreme Court seeking White House notes involving Hillary Rodham Clinton. Starr wanted to call the case something like, "William Jefferson Clinton, president of the United States v. The United States." The image of a president fighting his own country was too much for the Clintons, so their lawyers persuaded the court to use the far less explosive "Office of the President v. Office of the Independent Counsel."

The subject that routinely generates debate about language is China's trading status. Every year, Clinton fights with Congress over renewing China's "most-favored nation" status, allowing it access to U.S. markets at lower tariff rates.

The name suggests special treatment for the last major Communist power, though in reality all but a half-dozen countries have MFN status. So during this year's debate, the White House consistently * used the term "normal trade relations," or NTR -- a change that would be codified into law under legislation pushed through the Senate Finance Committee last week by Sens. William V. Roth Jr. (R-Del.) and Daniel Patrick Moynihan (D-N.Y.)

At a briefing in June that typified the strategy, White House press secretary Michael McCurry corrected reporters when they referred to MFN, leading one to ask if that was an official change.

"No," McCurry responded with a grin, "I'm just seeing if I can con you guys into using that."

After the laughter died down, McCurry added, "There is a point there, though. I think most Americans, they say, 'What's this business about getting some favored treatment to China?' And that's not what * we're talking about. . . . The device of saying 'normal trade relations' 'til we're blue in the face, maybe it'll stick, maybe it won't."

<http://www.washingtonpost.com>

I0607 * End of document.

Dangerous Delay on Fast Track

DOCUMENT 37 OF 69

WP9725700108

OP-ED

* Dangerous Delay on Fast Track

David S. Broder

775 Words

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The Washington Post

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C07

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For anyone who can remember back four years, last week's big White House event brought an eerie and ominous sense of déjà vu. Once again, President Clinton summoned the television cameras and a host of supportive leaders to launch his big legislative initiative of the autumn. And once again, it turned out, the White House did not have a bill ready to send to Congress.

Last week's ceremony was supposed to launch the drive for
* "fast-track" trade negotiation authority, a centerpiece of Clinton's second-term agenda. Four years ago, it was health care reform that got the September White House send-off. But the bill was still a work in progress and would not be formally introduced in the Senate and House until the final day of the 1993 session.

* Delay was fatal in that case, but the trade bill, a less complicated project, will be ready "in a matter of days," we were told at the White House. But the last-minute finagling reveals just how
* tricky the politics of trade have become for Clinton and his chosen successor, Vice President Gore.

This ought to be a slam-dunk. What Clinton is seeking is no more than what previous Congresses routinely gave presidents of both parties over two decades from 1974 to 1994: the authority to negotiate
* reductions in international trade barriers with advance assurances that whatever deal is struck cannot be amended by Congress but only voted up or down.

It is a sensible grant of authority, which recognizes that other nations will not put their best offers on the table if they think they will have to renegotiate everything later with blocs of
* congressmen out to protect their favored economic constituencies. Fast
* track has been the key to past trade agreements that have secured greater access to foreign markets for U.S. goods and services.

* But after the big 1993 fight over NAFTA -- the free-trade

agreement with Mexico and Canada -- Clinton did not have the heart or
 * the political muscle for another big first-term trade battle. NAFTA passed with mostly Republican votes, over the bitter opposition of organized labor and its many allies among congressional Democrats. Rather than risk another such civil war and a possible challenge to
 * his renomination in 1996, Clinton let his fast-track negotiating authority lapse.

He has good reason to want it back. Negotiations scheduled for the next 18 months offer the potential of enlarging markets for agricultural imports, a variety of services and for sales to other governments. And progress can be made in expanding the Western
 * Hemisphere free-trade zone.

But the political hazards are also clear for Clinton and, even more, for Gore. The unions, which blame NAFTA for an exodus of jobs to
 * Mexico, were holding an anti-fast-track rally across from the White
 * House just as Clinton was extolling the virtues of free trade. And House Minority Leader Dick Gephardt (D-Mo.), a potential Gore rival for the nomination in 2000, has positioned himself to lead the opposition.

On the face of it, the issues do not look unbridgeable. Both the White House and Gephardt know that Chile is the only country likely to join NAFTA in the immediate future. Gephardt welcomes Chile
 * and acknowledges that expanded trade "done right" is very much in U.S. interests. And White House officials say they agree with Gephardt that stronger protections for the environment and workers' rights are worthwhile.

But two things make this issue hard to resolve. At bottom, Clinton and Gore are betting that the political future lies with those
 * Americans who are thriving in the new economy of international trade and competition. And at bottom, Gephardt has cast his lot with those who think they are being victimized by the multinational corporations that shift jobs to low-wage countries. Those fundamental political allegiances -- and the perceptions on which they rest -- are nearly irreconcilable.

The second problem is that the Republicans, who will have to
 * provide most of the votes to pass fast track, are not at all eager to help the opposing wings of the Democratic Party find common ground. Even as the White House seeks to convince environmentalists, labor and Gephardt that a way can be found to satisfy their concerns, Republicans are insisting that the bill be kept "clean" of these complicating issues.

Clinton's delay reflects his characteristic, and usually futile, desire to please everyone. But Rep. Douglas Bereuter (R-Neb.),
 * a GOP trade leader, was right when he warned, "The longer Clinton waits and the closer we get to 2000, the harder it will be for him to rebuff the opponents in his own party and the less willing Republicans

will be to bail him out."

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I0607 * End of document.

The Fast-Track Fight

DOCUMENT 42 OF 69

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Editorial

* The Fast-Track Fight

661 Words

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The Washington Post

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PRESIDENT CLINTON this week kicked off his effort to win more

- * authority to negotiate trade agreements -- what's known as
- * fast-track authority. The administration is expecting one of its biggest political battles of the fall when Congress takes up the matter.

Embarrassingly, the kickoff came without a specific legislative proposal, which Mr. Clinton's team is still refining, even though the campaign had been postponed from last spring on the theory that by now the administration would really be ready to go. The absence of an actual document reflects the political sensitivities: Most legislators of Mr. Clinton's own party oppose fast track. But if he modifies his proposal enough to win a certain number of Democratic votes, his Republican supporters begin to walk away.

- * On its face, it might be hard to understand why fast track would generate so much contention. The idea is to give the president
- * authority to negotiate specific trade agreements (as spelled out, by Congress, ahead of time) that he would then bring back for an up or
- * down vote. Congress isn't committing itself to approve any trade pact, in other words; it's just promising not to amend whatever comes out of international negotiations. Without such assurance, other countries
- * won't bother to hold trade talks with the United States. Congress has granted similar authority to every president since 1974.

But this year's fight isn't really about the intricate

- * mechanics of making trade law. It's about free trade and the increasing globalization of the economy and all the anxieties
- * connected thereto. Opponents of further trade liberalization argue that it is bad for workers in this country, who lose jobs to cheaper labor overseas, and bad for workers overseas, who are exploited by multinational corporations. They want to impose U.S.-style labor standards on foreign workers, but most developing countries won't go
- * for that, at least not yet, so the result would be less trade.

Is that bad? Many overseas workers are exploited, it's true, working in sweatshop conditions for miserly wages. But the larger picture shows something different. Economies that are open to trade and foreign investment grow more quickly and lift their populations out of poverty more quickly than economies that are closed. Trade alone won't do it; education, savings and other factors matter, too. But if House Majority Leader Richard Gephardt really wants to lift the developing world's poor into the middle class, creating new markets for American producers, he should be promoting more trade, not less. Overall, trade is good for U.S. workers, too. One-third of U.S. economic growth in recent years has stemmed from growth in exports, and export-related jobs on average pay better. The United States has few trade barriers, so it has far more to gain than to lose by pushing other nations to lower theirs. Many U.S. industries, like car makers, have already weathered the toughest adjustment to international competition. The current boom, with near-record low unemployment, owes much to trade.

Increasing trade does hurt some American workers -- and it's usually those at the low end of the wage scale, who have benefited least from the current economic expansion. But even if the United States could force other nations to adopt better "labor standards," as fast-track opponents advocate, it wouldn't erase the competitive advantage poor countries enjoy in labor costs. U.S. workers are more apt to be helped by education, training and policies that promote productivity growth and higher savings rates.

It's absolutely true that as capital becomes more mobile across borders, governments competing for investment are finding themselves less able to set their own rules -- not only in labor but also in taxation, environmental policy and more. In the long run, nations will see that some coordination of standards -- now resisted as a ceding of sovereignty -- may in fact help bolster sovereignty.

The fastest road to that goal is to help more and more countries reach a basic level of prosperity. That requires more trade and more openness, not less.

<http://www.washingtonpost.com>

I0607 * End of document.

Clinton Seeks to Make Trade Deals Congress Can't ...

DOCUMENT 44 OF 69

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Section A; Foreign Desk

* Clinton Seeks to Make Trade Deals Congress Can't Amend

By DAVID E. SANGER

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* 09/11/97

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The New York Times

Late Edition - Final

Page 10, Column 1

c. 1997 New York Times Company

WASHINGTON, Sept. 10 -- President Clinton began a tough struggle today with the nation's labor unions and much of his own party in Congress

* over his authority to negotiate new trade deals that he declared are "absolutely critical for our world leadership."

* Arguing for authority to make trade deals that Congress can accept or reject but not amend, Mr. Clinton portrayed the stakes as far more
* than a dispute about job losses or the effect of trade on the environment. He said that without the ability to negotiate such accords, he would be crippled in conducting foreign policy.

"This is about more than economics," Mr. Clinton told a gathering of 100 executives of small and large businesses who are heavily dependent on export markets, and were invited to the East Room today to cheer on the President's efforts. "It's about whether other countries will continue to look to the United States to lead to a future of peace and freedom and prosperity."

Asserting economic links now form the core of relations with most nations, he argued that renewal of his negotiating authority was "about whether our economic ties will lead to cultural ties and ties of partnership, or whether we will be viewed as somehow withdrawn from the world, not interested in leading it, and therefore not nearly as influential as we might otherwise be for the causes in which we so deeply believe."

But even as he argued that far more than economic pragmatism is at
* stake, Mr. Clinton's advisers struggled over how to word trade legislation to assure majority votes in both Houses.

The drafting process is bogged down because it must navigate the huge divisions among unions and environmentalists, Democrats suspicious that
* free-trade accords cost jobs at home, and Republicans whose votes Mr. Clinton desperately needs. So the President found himself today in the

embarrassing position of advocating passage of a bill that does not yet exist, and whose main provisions are still cloaked in secrecy.

- "We wait for language," Representative Philip Crane, chairman of
- * the trade subcommittee of the House Ways and Means Committee. "We've been waiting two years for language," he said, a reference to the
 - * Administration's decision to drop the effort to get new trade authority during last year's Presidential election.
 - * The debate over granting Mr. Clinton what is called fast-track
 - * authority -- the authority to negotiate trade deals that Congress must approve or reject as is -- mirrors the arguments four years ago over the
 - * North American Free Trade Agreement.

Labor unions, which staged protests in front of the White House today, are insisting that accords include provisions that would for example set minimum wages in foreign countries or force those nations to cut industrial emissions. Such restrictions, they argue, are the only way to assure that American jobs are not threatened by countries that pay their workers less or attract American investment because they have looser environmental rules.

- * Mr. Clinton knows what he wants: A "fast track" bill that appears to recognize environmental and labor goals but does not require their inclusion in specific accords.

- But Republicans have already said they will not go along with any wording that sets labor and environment restrictions that are not
- * directly "trade related," a phrase the Administration adopted several years ago but declines to define. The Republicans fear that once
 - * negotiations start down that road, trade agreements will necessarily include changes in American labor and environmental regulations, as well.

One of the oddities of the debate is that it comes at a time of extraordinary prosperity, much of it based on growing American exports. That means the United States is in an unusually advantageous position to negotiate new accords.

- * And today Charlene Barshefsky, the United States trade representative, listed the global talks that will begin soon under the
- * auspices of the World Trade Organization. They range from the rules that govern procurements by governments, a \$1 trillion market over the next decade in Asia alone, to the regulations surrounding financial services and telecommunications.

- But the accord that has attracted the most concern in Congress is the extension of Nafta to include Chile, probably the most advanced economy in Latin America. While Chile's inclusion is not itself controversial, it sets a precedent for allowing other nations into the accord. The Administration, however, is insisting that the new talks have little in
- * common with the free-trade agreement -- an accord tinged with drug and immigration problems with Mexico -- and today Mr. Clinton very deliberately never even mentioned it.

- But in Congress, the agreement is being argued about constantly, and
- * the "fast track" debate has become something of a review of the
 - * free-trade pact's successes and failures. Mr. Clinton's political problem is that it is far easier to identify jobs lost because of changes in the global economy -- a textile factory that closes in South Carolina, for example, and moves to Mexico -- than it is to identify jobs created by the growth in exports.
 - * Politically, though, the fast-track legislation is a bigger problem for Vice President Al Gore, who also spoke quite forcefully today in favor of granting Mr. Clinton the authority he seeks. One reason the White House has failed to release a draft of the legislation is that Mr. Gore's aides are arguing for language that would address many of the concerns of the unions, whose support Mr. Gore needs for his run for President in 2000. One of his likely opponents for the Democratic nomination, Representative Richard Gephardt, the House minority leader,
 - * has joined with the unions in opposing the fast-track concept, and will spend the week campaigning against the measure even though, like others, he does not know exactly what it says.

Mr. Clinton's aides, in contrast, would rather adopt something closer to the Republican language and offer labor vague promises, including pressing for better labor conditions through international organizations like the International Monetary Fund or the International Labor Organization.

"The problem with this is that we guarantee nothing other than to talk about these issues," an Administration official said recently.

- Some union leaders made clear that they hope to replay the
- * free-trade-pact debate of four years ago. Stephen P. Yokich, president of the 800,000 United Automobile Workers, strongly criticized President
 - * Clinton today for even suggesting that the free-trade pact might be expanded.

"We don't want Nafta," he said. "It has been a failure."

- * He said his union would not even endorse trade accords that included stringent protections for workers' rights and the environment. "I even oppose that because we can't even enforce labor rights here in this country," he said.

As a matter of international diplomacy, it is extraordinarily difficult to mandate how other nations treat their workers or regulate industry. Latin American and Asian nations say it is the height of arrogance for Washington to dictate their economic and social policies, noting that the United States would not allow a similar infringement of its policies.

"It's amazing what your Congress debates," an ambassador from Southeast Asia said today. "Supposing Thailand wanted to mandate the minimum wage in the United States. What do you think Americans would say?"

04:12 EDT September 11, 1997

Clinton Searches for Middle on 'Fast Track'

DOCUMENT 46 OF 69

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A Section

* Clinton Searches for Middle on 'Fast Track'

Peter Baker and Paul Blustein

Washington Post Staff Writers

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After months of delay and dissension, President Clinton

* yesterday launched his long-promised campaign for free-trade legislation that once again puts him at odds with many in his own party and promises to develop into the hardest-fought issue on Capitol Hill this fall.

Joined by scores of business executives, members of Congress and even an Iowa farmer, Clinton cast his battle for authority to

* negotiate new trade treaties as a crucible of American leadership in the international arena, a choice between keeping the country "at the pinnacle of its influence" or becoming "withdrawn from the world."

"It is about more than economics," Clinton said at a White House ceremony. "It's about whether other countries will continue to look to the United States to lead to a future of peace and freedom and prosperity, about whether the world will be growing together instead of coming apart, about whether our economic ties will lead to cultural ties and ties of partnership."

Yet for all the fanfare attached to what Clinton considers his highest legislative priority for the rest of the year, the White House failed to produce an actual bill yesterday, exposing just how problematic the matter is for a Democratic president. Walking a legislative tightrope, aides are still struggling to draft middle-of-the-road language that will mollify liberal critics concerned about the labor and environmental consequences of lowering

* trade barriers, without alienating Republicans who are expected to provide the bulk of his votes.

If Clinton needed evidence of the difficult task awaiting him, he needed only to look around him yesterday. In front of him in the East Room were nine empty seats, as Republicans boycotted the event to protest the absence of formal legislation. Outside the White House

were demonstrators from labor, environmental and consumer groups, some of which poured considerable money and manpower into his reelection campaign.

"The Clinton administration is moving in the wrong direction," House Minority Whip David E. Bonior (D-Mich.) said later at a news conference. "With a lot of talk about building bridges to the 21st century, they are dragging us backwards toward the 19th century and toward 19th century conditions -- low wages, exploited workers."

House Minority Leader Richard A. Gephardt (D-Mo.), the leading liberal opponent of the trade legislation, said he was heartened by the delay in introducing the bill, seeing it as a sign that Clinton hears his concerns.

The president suggested as much in his remarks. "I know there are heartfelt concerns that expanding jobs and exports and trade could wind up hurting some Americans," he said. "That's why we're moving to shape the changes we face -- change is certain, progress is not. But walking away from this opportunity will not create a single job . . . [and] it won't clean up a single toxic waste site."

Under the "fast-track" legislation he is seeking, presidents can broker trade agreements and submit them to Congress for an up-or-down vote, without being subject to amendments. Such a procedure is considered critical because foreign leaders would be unwilling to sign treaties only to have their provisions rewritten in detail on Capitol Hill. Every president since 1974 has had such authority, but it lapsed in 1994 and Clinton has been unable to renew it.

The White House wants Congress to approve its plan before recessing in November and would like at least a House vote by mid-October when Clinton travels to South America, where he will promote the proposed Free Trade Area of the Americas that would break down barriers throughout the Western Hemisphere. The administration also hopes to negotiate global agreements to further open markets for agricultural products and services.

To make its case, the White House summoned prominent columnists and television commentators yesterday for private briefings, while Cabinet secretaries are being dispatched to Kansas City, Minneapolis and elsewhere to drum up public support.

Commerce Secretary William Daley, who orchestrated Clinton's successful effort to pass NAFTA, said the administration is in a stronger position this time because the economy is booming and because the political climate is healthier than in 1993 when Congress was just recovering from its brutal battle over Clinton's first budget plan.

Yet the response from many Republicans yesterday was prickly. "I'm frustrated, I'm dismayed that we've spent eight months talking about this and we still do not have a proposal from them," said Rep.

Jim Kolbe (R-Ariz.), a key player on trade issues. "It's obvious they've got a conflict going on between the White House policy people

and the [Vice President] Gore campaign people . . . [who] don't want to upset the Democratic base."

Jason Berman, the initiative's White House coordinator, said the administration would submit its proposal Tuesday, with additional details to follow the next day when the Senate Finance Committee holds a hearing on the issue.

- * To assuage GOP lawmakers who insist that trade deals should focus on opening markets, the administration has broadly agreed to language drafted by House Ways and Means Committee Chairman Bill Archer (R-Tex.) that would limit labor and environmental provisions in

- * any new treaties to those that are "directly related to trade."

That wording is unacceptable to Gephardt and others who want

- * developing countries entering free-trade deals with Washington to make enforceable pledges binding themselves to improvements in their treatment of workers and environmental regulations.

But moderate Democrats are generally willing to go along with the Archer language, lawmakers and staff said, provided it is accompanied by some sort of commitment from Clinton that he will separately reach agreements on labor and the environment with

- * countries joining free-trade accords. Such agreements were struck with Mexico as "side agreements" to NAFTA, though criticized by liberals as woefully inadequate.

"They can put labor and environmental language in the preface of the bill, promising to make labor [rights] and the environment a

- * purpose of all trade agreements," said Rep. James P. Moran Jr. (Va.), a Democratic moderate. "That's why all this is going on; they're going to strengthen that."

Republicans are suspicious of the administration's efforts to appease Democrats. One House GOP aide warned that even if the White House adopts the Archer language, it might include other provisions in

- * the fast-track bill that would give the U.S. trade representative's office broad latitude to bundle labor and environmental measures into

- * future legislation implementing trade agreements. "It could be the mother of all loopholes," the aide said. "So we need to see in writing

- * how the four corners of the fast-track bill fit together."

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Fast Track: Not So Fast

DOCUMENT 48 OF 69

J9725300120

* Fast Track: Not So Fast

By Jagdish Bhagwati

1070 Words

7341 Characters

* 09/10/97

The Wall Street Journal

A22

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Today President Clinton plans to ask Congress to renew the lapsed

- * "fast-track" legislation. Fast-track gives authorizes the president to
- * negotiate future international trade agreements on which Congress would then vote either up or down, without the prospect of the deal unraveling as its details are strenuously contested.

- * Fast-track is a brilliant political invention that was instrumental
- * in the 1993 passage of the Uruguay Round of major international trade
- * liberalization and the 1993 North American Free Trade Agreement. One can
- * therefore only applaud Mr. Clinton's decision to seek fast-track now.

Yet as the debate in Congress will soon reveal, the critical issue in

- * fast-track renewal will not be the conventional tussle between free
- * traders and protectionists. Rather, it will be over whether fast-track
- * authority should contain a mandate that all future trade treaties
- * submitted with fast-track status must include environmental and labor standards. In June 1994, the administration proposed such requirements.
- * Yet in the face of Congress's strong preference for "clean" fast-track
- * free from such preconditions, the administration abandoned fast-track altogether later in the year.

The administration has not really changed its mind on the "linkage"

- * of environmental and labor issues to trade treaties. Whether the White House will succeed in outmaneuvering opponents in Congress to win
- * "loaded" fast-track authority this time around is anybody's guess. But if it does, it will weaken the world trading system even as the administration claims to be strengthening it. For the arguments for linkage are weak, and many are wrong outright. In fact, if linkage is
- * the price to be paid for fast-track, thoughtful free traders will want to side with protectionists against it.

Consider these five fallacious arguments in favor of loaded

- * fast-track authority, which its proponents have found quite potent in public debate:
- * -- Trade is "unfair" if trading nations have different pollution and labor standards. The truth, however, is that a diversity of standards is

perfectly legitimate. The reason is simple: Different nations have different conditions and preferences. Thus, if Chile already has cleaner air and worse water than the U.S. does, it would only be sensible for it to have stiffer penalties for polluting water than the U.S., and smaller penalties for polluting air. Different regulatory burdens for an industry in different countries are therefore to be expected. Thus, when House Minority Leader Richard Gephardt (D., Mo.) talks of "equalizing burdens" on each industry across borders, he is advocating placing unjustifiable costs on producers abroad.

-- In competing to attract multinationals, countries will lower their standards. This "race to the bottom" argument says the U.S. must seek harmonized international regulations in order to safeguard our own standards. The empirical evidence for this claim, however, is negligible. In fact, the economist Arik Levinson has shown that multinationals mostly use the most environmentally friendly technology. There are excellent economic reasons, including harm to their reputations, for companies not to exploit weaker standards. In addition, most poor countries are now democratic and have elements of an articulate civil society. It is hard to imagine their elected leaders trying to attract multinationals by inviting them to pollute their nations.

-- Products made with lower labor standards are morally unacceptable. At first blush, it seems reasonable that we should want to exclude products made, for instance, in sweatshops. Shouldn't we then be able to

- * say we will not trade with countries that fail to conform to our labor standards?

Such "values"-based denials of access to the U.S. market can surely

- * open a Pandora's box, seriously disrupting trade. Because we think only of our values being imposed on others, we fail to see that the single worst aspect of some of our industries would be cited in efforts to
- * curtail their international trade. For instance, many Americans strenuously object to the use of purse seine nets in tuna fishing because they kill dolphins. But what about the crowded U.S. hog farms? Or what if other nations want to suspend U.S. agricultural imports because of abuses against migrant workers in this country? Protectionist interests in other countries would quickly seize on such arguments, causing ever more economic damage.

- * -- Trade with poor countries is driving down U.S. workers' wages. By now it has become commonplace to assert that up to 20% of the decline in
- * real U.S. wages since the 1970s is due to international trade. Yet
- * nearly all trade economists who have examined the issue conclude the adverse impact is negligible.

The conventional view is that U.S. wages must move in tandem with the prices of labor-intensive goods, which are increasingly produced in low-wage countries. Yet my latest research shows that real U.S. wages rose in the 1970s even though the prices of labor-intensive goods

produced abroad fell, and U.S. wages fell in the 1980s while these
 * prices rose. Indeed, I conclude that trade with poor countries has
 likely benefited U.S. workers.

-- We've done it before. True, since the 1980s the U.S. has included
 * environmental and labor regulations in bilateral and regional trade
 preferences. But we can correct a mistake, can we not? If we have grown
 a Frankenstein, must we live with him simply because our own misguided
 efforts created him?

* The case for linkage is specious. Trade treaties should reduce trade
 * barriers, not raise new ones. But the question remains: If our trade
 treaties do not include safeguards against inhumane treatment of
 workers, for instance, how should the administration strive to improve
 other countries' labor and human rights standards? The answer: by
 proactive policies at institutions such as the International Labor
 Organization, the United Nations Environmental Protection Agency and
 Unicef, which already review, monitor and advance labor, environmental
 * and child-welfare objectives. Trade negotiators and the World Trade
 Organization have no expertise in these complex areas.

* The efforts at using trade sanctions to eradicate child labor --
 which the ILO estimates involved nearly 250 million children last year
 -- clearly illustrate the intellectual bankruptcy of quick fixes devised
 * in a context like international trade, which is dominated by special
 * interests. Linking liberalized international trade to a host of other
 goals is the lazy man's answer, unworthy of a great nation known for
 * leadership on both trade and moral issues.

Mr. Bhagwati, a professor of economics at Columbia University, was
 formerly economic policy adviser to the director general of the General
 * Agreement on Tariffs and Trade. He is co-editor, with Robert Hudec, of
 * "Fair Trade and Harmonization: Prerequisites for Free Trade?" (MIT
 Press, 1996).

I0607 * End of document.

Clinton's Push for Fast-Track Authority May Be ...

DOCUMENT 51 OF 69

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* Clinton's Push for Fast-Track Authority
May Be Slowed by an Undefined Agenda
By Bob Davis
Staff Reporter of The Wall Street Journal
472 Words

3575 Characters

* 09/10/97

The Wall Street Journal

A10

(Copyright (c) 1997, Dow Jones & Company, Inc.)

WASHINGTON -- President Clinton is beginning his push to expand free

* trade today without having decided what it is he wants to push.

Mr. Clinton had scheduled a White House speech to announce a drive to

* win approval in Congress of authority to negotiate new trade pacts,

* known as fast track. The speech is still on -- it will be an East Room

* paean to free trade -- but the legislative proposal has been delayed,

probably by a week or so. "This is a tough issue," says Commerce
Secretary William Daley. "The goal is to get the votes, which aren't
there yet."

* Under fast-track authority, Congress can approve or reject trade
deals by up or down votes but can't amend them. Without that authority,
other nations won't negotiate seriously with the U.S., knowing that

* Congress can rewrite any trade deals.

* Deep divisions over trade within the White House and between the
administration's allies in business and organized labor have made the
White House hesitant to act. House Minority Leader Richard Gephardt

* wants a fast-track bill that would commit the president to negotiate

* labor and environmental provisions in any coming trade pact, including a

* deal to make Chile part of the North American Free Trade Agreement.

But the White House realizes the Republican-controlled Congress

wouldn't pass such a bill. So the White House's dilemma is this: how to

* make a fast-track bill appear to recognize labor and environmental

goals, even if it really doesn't. The solution: have President Clinton

make speeches extolling his commitment to labor and environmental causes

* -- even though those causes won't be part of future trade agreements.

Instead, any labor or environmental deals will be negotiated as side

agreements, which either don't require congressional approval or can be

taken up under conventional legislative rules.

As part of the negotiations over Nafta, the U.S., Canada and Mexico

set up boards to examine environmental and labor issues. Setting up

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those boards didn't require congressional approval; neither would expanding them to include Chile.

- House Republicans and their allies in business, suspicious that Mr. Clinton wants to include environmental and labor issues in any trade talks, are insisting that any trade-pact provisions must be "directly related to trade." That would presumably rule out such topics as enforcement of minimum-wage standards or cross-border pollution controls. Republican aides say that lobbyists for the chemical and paper industries are especially vehement in insisting that labor and environmental topics are frozen out of trade pacts.
- Top administration trade aides say they are using the extra time to try to persuade Democrats reluctant to buck organized labor to back the president. But the White House has decided one issue, at least. Mr. Clinton will push for fast-track authority that lasts well beyond 2000, when Vice President Al Gore may well meet Mr. Gephardt in a presidential primary battle.

I0607 * End of document.

Mr. Clinton Deserves 'Fast Track'

DOCUMENT 54 OF 69

NYTF9725100130

Section A; Editorial Desk

* Mr. Clinton Deserves 'Fast Track'

511 Words

3922 Characters

* 09/08/97

03:56

The New York Times

Late Edition - Final

Page 18, Column 1

Editorial

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President Clinton begins an important battle with Congress this week

* for renewal of "fast track" authority, the right to submit trade agreements to Congress for a speedy vote without amendments. Without
* fast-track protection, countries will not negotiate trade accords with Washington for fear of endless revision. Not surprisingly, protectionist forces within both parties would be happy to block the no-amendment rule, even though every President over the past 20 years has used the rule to open up foreign markets and also bring down prices for American consumers.

* The Administration needs fast track to complete negotiations within
* the World Trade Organization on opening markets to foreign-provided services, tightening copyright protections and prying open government
* contracts to bids by foreign companies. Fast track is also needed to
* negotiate trade agreements with Chile and other South American countries. They are already negotiating deals with Europe, Mexico and Canada that would give exports from those countries favored access.

Opponents ranging from isolationists to pro-union liberals indict
* trade pacts with environmentally lax and low-wage countries. The claim is that these countries steal American jobs and drive down living
* standards of American workers. But trade itself does not create or destroy jobs. The American economy will operate near full employment as
* long as Federal Reserve and budgetary policies remain sensible. Trade does shift jobs from apparel and other low-paying industries into high-paying export industries. The transition can be rough, but the long-term benefits are substantial.

Nor are low foreign wages the scourge that the forces led by the House majority leader, Richard Gephardt, proclaim. Low wages largely reflect low productivity, providing no net benefit to foreign manufacturers. Nor would higher foreign wages help American companies.

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Rising production costs would be offset by a falling exchange rate, leaving the net cost of imports to American buyers largely unchanged.

* That said, the Administration goes too far in claiming that trade helps everyone. The influx into the United States of clothing and other goods produced with low-skilled labor has modestly pushed the wages of unskilled workers further behind the wages of skilled workers. But rising inequality should not be confused with falling living standards. After taking account of lower prices for imported goods and the availability of jobs in a fully employed economy, very few Americans actually lose.

Though labor and environmental conditions are rarely related directly
* to trade, the United States should condition trade pacts on a country's willingness to adopt agreements that provide basic international protections, like prohibitions on child labor and rights for union
* organizers. As in the trade accord with Mexico, Washington ought to insist that countries, like Chile, strictly enforce their own environmental laws.

Bill Archer, chairman of the House Ways and Means Committee, proposes a reasonable compromise that would allow the Administration to
* incorporate into the text of a fast-track accord labor and environmental
* conditions that directly affect trade in specific products. The details remain to be worked out, but the Archer plan offers an opportunity to
* fashion a sensible fast-track plan that can be made acceptable to Democrats.

03:56 EDT September 8, 1997

I0607 * End of document.

Assessment of the FTA Bill: Labor and the Environment

This memo outlines, briefly, my impressions of the treatment that labor and environmental concerns play in the FTA bill as submitted.

- The language regarding L&E is minimal.
- The ***principal*** objectives regarding L&E are through the WTO.
- Addressing L&E is expressly an issue only in matters that are “directly related to trade”.
- Core labor standards are to be addressed through the International Labor Organization.

The bottom line is that Jagdish Bhagwati has little to complain about. The ties between bilateral agreements, or multilateral agreements not under the WTO, are minimal. For example, there is no language in the document that would mandate Labor and Environmental standards as a constraining factor in any agreement reached with Chile.

Note that there is also nothing in the agreement saying that L&E considerations will ***NOT*** be linked to further agreements.

The following pages (2) contain snippets of the agreement that have anything, even marginally, to do with labor and the environment.

From the press release:

Key provisions of the proposal are as follows:

- The proposal sets out "overall" and "principal" trade negotiating objectives for the President. The objectives call on U.S. negotiators to seek, for example:

[provisions deleted]

-- To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

From the text of the agreement:

Section 2 excerpts:

(a) **OVERALL TRADE NEGOTIATING OBJECTIVES.** - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and decrease market opportunities for United States exports or distort United States trade;

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) **PRINCIPAL TRADE NEGOTIATING OBJECTIVES.** -

(7) **WORKER RIGHTS AND ENVIRONMENTAL PROTECTION.** - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of internationally recognized worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

(C) to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, reporting on, and accountability for the extent to which member governments promote and enforce core labor standards.

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) **DEFINITIONS.** - For purposes of this Act:

(1) The term “core labor standards” means -

(A) freedom of association;

(B) the right to organize and bargain collectively;

© a prohibition on forced labor;

(D) a prohibition on exploitative child labor; and

(E) a prohibition on discrimination in employment.

(4) The term “internationally recognized worker rights” has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

'Fast Track' Issue Deserves Fast Action

By Bob Dole
and Lloyd Bentsen

DURING more than two decades of divided government, Democrats and Republicans have often set aside their differences to take collective action on matters promoting our nation's interests beyond its borders. The next issue that calls for bipartisan leadership is the passage of legislation granting the President "fast-track" authority — a contract between the executive and legislative branches in which the President can negotiate trade deals knowing that the results will receive an up or down vote, without amendments, in return for a commitment that the Administration will consult Congress in the negotiations.

As Senate colleagues from different political parties, we joined in voting to

Bob Dole, the 1996 Republican Presidential nominee, is the former Senate majority leader. Lloyd Bentsen, the former Treasury Secretary, is a former Democratic Senator from Texas.

give fast-track authority to every President from Gerald Ford to George Bush. Today, as law firm colleagues, we agree that Congress and the Administration must set aside partisan differences to grant President Clinton this same authority. The United States must act now to take advantage of our status as the most competitive economy in the world to insure our future prosperity. To do that, Congress must decide to compete, not retreat.

The United States is, once again, the world's largest exporter. Our current seven-year period of sustained growth, with extraordinarily low unemployment, has been fueled in large part by international trade. More than a quarter of our economic growth and more than 10 million jobs are the direct result of trade.

Without passage of fast-track legislation, however, our success in selling American products to the world will be at risk. Inaction carries a very high price. Although we are currently well positioned to compete, other countries have recently been negotiating trade agreements that will allow them to move ahead of us into developing markets — even in our own backyard in Latin America.

Since 1992, 20 free trade pacts have

Give the President the power to make trade deals.

been negotiated in Latin America and Asia that exclude the United States. China, for example, has aimed at Argentina, Brazil, Chile, Mexico and Venezuela as "strategic priorities" to develop bilateral trade.

Fast-track authority will allow President Clinton to negotiate agreements to break down trade barriers in areas where the United States is most competitive, like agriculture, telecommunications, financial services and medical equipment. It will allow us to retain our leadership in exports by focusing on developing economies, where the bulk of international growth will occur in coming years.

The coalition that passed the North American Free Trade Agreement and the General Agreement on Tariffs and Trade must come together again to pass a fast-track bill this fall. If legislation does not pass in short

order, next year's contentious elections may delay passage until the 106th Congress — and 1999 may be too late. If we don't act quickly to shore up trade relationships in Latin America and Asia, other countries will.

Passage of fast-track legislation is critical to insure that our economy continues to grow at its present rate. In fact, the success of this year's budget agreement depends on maintaining steady growth. As much as any other issue, the fate of the fast-track bill in 1997 will determine whether our budget balances in 2002.

While we are the world's largest exporter, we also continue to import more than we export. The best way to shrink the resulting trade deficit is to persuade other countries to eliminate their trade barriers, enabling us to export even more goods, services and agricultural products. That, in turn, will create more and better-paying American jobs.

Given the public's general ambivalence about trade matters, it would be easy for either party to try to score political points by criticizing responsible proponents of free and fair trade. Criticism is easy. Leadership requires hard work. Our leaders must step forward, now, to do what is right for America's future. □

A Pandora's Box of Drug Legislation

By Frank Clemente

THE recent debacle in which two diet drugs were taken off the market because they may cause heart valve damage shows clearly how the passage of legislation being debated in the Senate this week would make similar problems even more likely.

The legislation would let drug companies promote medications for

Fenfluramine, one of the diet drugs withdrawn this week, is an example of the dangers of expanding off-label use of drugs: the F.D.A. approved it to be used by obese patients for only a few weeks at a time, but some doctors have been prescribing the drug for long-term use to patients who were only slightly overweight. The F.D.A. estimates that as many as 30 percent of the millions of people who took fenfluramine or dextfenfluramine, the other diet drug withdrawn, may suffer heart valve abnormalities. Just imagine how many more people would be affected if the drug companies had been allowed to promote

who had had the device implanted. Some people died because they were unaware of the symptoms that indicated a malfunctioning valve.

Another part of the bill would let private companies replace the F.D.A. in reviewing the safety and effectiveness of medical devices. But these for-profit companies can't judge the products objectively. Review firms may already have valuable contracts to test products for the companies making medical devices. These review companies might be tempted to approve a device rather than jeopardize their relationship with a manufacturer.

Keep the F.D.A.'s standards high.

na documents and studies from drug and medical-device companies. That makes it difficult to determine what role, if any, the manufacturers may have played in improperly promoting fenfluramine and dextfenfluramine to doctors and weight-loss clinics.

There's a simple solution to this

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'Fast Track' Issue Deserves Fast Action

By Bob Dole
and Lloyd Bentsen

WASHINGTON During more than two decades of divided government, Democrats and Republicans have often set aside their differences to take collective action on matters promoting our nation's interests beyond its borders. The next issue that calls for bipartisan leadership is the passage of legislation granting the President "fast track" authority — a contract between the executive and legislative branches in which the President can negotiate trade deals knowing that the results will receive an up or down vote, without amendments. In return for a commitment that the Administration will consult Congress in the negotiations.

As Senate colleagues from different political parties, we joined in voting to

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give fast-track authority to every President from Gerald Ford to George Bush. Today, as law firm colleagues, we agree that Congress and the Administration must set aside partisan differences to grant President Clinton this same authority. The United States must act now to take advantage of our status as the most competitive economy in the world to insure our future prosperity. To do that, Congress must decide to compete, not retreat.

The United States is, once again, the world's largest exporter. Our current seven-year period of sustained growth, with extraordinarily low unemployment, has been fueled in large part by international trade. More than a quarter of our economic growth and more than 10 million jobs are the direct result of trade.

Without passage of fast-track legislation, however, our success in selling American products to the world will be at risk. Inaction carries a very high price. Although we are currently well positioned to compete, other countries have recently been negotiating trade agreements that will allow them to move ahead of us into developing markets — even in our own backyard in Latin America.

Since 1992, 20 free trade pacts have

Give the President the power to make trade deals.

been negotiated in Latin America and Asia that exclude the United States. China, for example, has aimed at Argentina, Brazil, Chile, Mexico and Venezuela as "strategic priorities" to develop bilateral trade.

Fast-track authority will allow President Clinton to negotiate agreements to break down trade barriers in areas where the United States is most competitive, like agriculture, telecommunications, financial services and medical equipment. It will allow us to retain our leadership in exports by focusing on developing economies, where the bulk of international growth will occur in coming years.

The coalition that passed the North American Free Trade Agreement and the General Agreement on Tariffs and Trade must come together again to pass a fast-track bill this fall. If legislation does not pass in short

order, next year's contentious elections may delay passage until the 106th Congress — and 1999 may be too late. If we don't act quickly to shore up trade relationships in Latin America and Asia, other countries will.

Passage of fast-track legislation is critical to insure that our economy continues to grow at its present rate. In fact, the success of this year's budget agreement depends on maintaining steady growth. As much as any other issue, the fate of the fast-track bill in 1997 will determine whether our budget balances in 2002.

While we are the world's largest exporter, we also continue to import more than we export. The best way to shrink the resulting trade deficit is to persuade other countries to eliminate their trade barriers, enabling us to export even more goods, services and agricultural products. That, in turn, will create more and better-paying American jobs.

Given the public's general ambivalence about trade matters, it would be easy for either party to try to score political points by criticizing responsible proponents of free and fair trade. Criticism is easy. Leadership requires hard work. Our leaders must step forward, now, to do what is right for America's future. □

A Pandora's Box of Drug Legislation

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

The Export Expansion and Reciprocal Trade Agreements Act of 1997

Today, President Clinton transmitted to the Congress the "Export Expansion and Reciprocal Trade Agreements Act of 1997." This proposal is designed to renew "fast track" procedures for trade agreements requiring Congressional approval and implementation as well as to renew the President's authority to proclaim tariff reductions pursuant to reciprocal commitments by U.S. trading partners.

The proposal reactivates a partnership between the President and the Congress that dates back over six decades. Recognizing that the high protective U.S. tariff walls it established in 1930 had only served to deepen the Depression, Congress four years later enacted the first reciprocal trade agreements act. In that act, Congress gave the President authority to negotiate mutual tariff reductions with our trading partners. Congress renewed that authority repeatedly over the years, and successive Presidents used the authority to dramatically reduce tariff barriers around the world.

"Fast track," first put in place under the Ford Administration, is further expression of partnership between the President and the Congress in bringing down barriers to U.S. exports. Fast track is a procedure under which the Congress and the President work together to ensure that the United States can effectively negotiate away non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- that foreign governments have increasingly substituted for tariffs to exclude U.S. products.

Fast track has been used to negotiate five major trade agreements, beginning with the Tokyo Round of GATT negotiations, signed in 1979. Fast track lapsed along with most of the President's tariff reduction authority three years ago.

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal, ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and

decision-making for each trade negotiation subject to fast track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that they can trust the United States not to reopen trade deals after they are struck.

The proposal also renews the President's long-standing tariff authority. The proposal adds provisions specifically directed at eliminating tariffs in sectors of greatest economic interest to U.S. exporters. It also provides the President authority to carry out reciprocal tariff elimination agreements on a regional basis as a first step towards a regional free-trade arrangement.

The proposal calls for the President's renewed tariff authority and for the new fast track procedures to remain in effect until October 1, 2001. The President may request an extension of the proclamation authority and "fast track" procedures through September 30, 2005. The extension will take effect unless disapproved by either House of the Congress.

Key provisions of the proposal are as follows:

- The proposal sets out "overall" and "principal" trade negotiating objectives for the President. The objectives call on U.S. negotiators to seek, for example:
 - to reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on services providers.
 - to obtain adequate and effective protection for U.S. intellectual property rights and increased access to foreign markets for U.S. businesses that rely on intellectual property.
 - To secure fairer and more open conditions of trade for U.S. food products.
 - To make the proceedings of international trade bodies more open to public view.
 - To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

- To reduce specific foreign trade barriers that reduce market opportunities for U.S. exports or that distort U.S. trade.
- The President may negotiate and bring back to the Congress for fast track Congressional approval and implementation trade agreements addressing non-tariff barriers or both tariff and non-tariff barriers.
 - Thus, fast track could be used to carry out agreements concluded as part of the trade negotiating agenda set out in the Congressionally-approved agreements administered by the World Trade Organization -- for example, further reductions in tariff and non-tariff barriers to agricultural trade.
 - The President could use the renewed "proclamation authority" to carry out an agreement like the recent "Information Technology Agreement," which is reducing tariffs that foreign governments impose on billions of dollars of U.S. computer, electronic, and semiconductor products sold around the world.
 - Finally, fast track could be used for bilateral or regional free-trade arrangements.
- In order for an implementing bill to qualify for fast-track procedures, the President must comply with numerous notice and consultation provisions designed to ensure that the Congress is a full partner with the President in critical trade negotiations. These provisions enable the Congress to set priorities, provide advice, and exercise oversight at all stages of the negotiations, and after the agreement is concluded. That means Congressional views will be fully reflected both in the final agreement and in the manner in which the agreement is to be carried out. Moreover, if the Congress concludes that the President has not adequately consulted the Congress regarding a proposed agreement, the proposal creates an expedited procedure for the Congress to refuse to apply fast-track procedures.
- The proposal adds to existing law in ensuring that the public is fully informed of the negotiations and that the President receives advice from both the private sector and the public concerning the negotiations.
- Among the requirements that the President must carry out in connection with fast-track negotiations are the following:

- The President must provide written notice to the Congress before initiating negotiations and must spell out in writing his principal objectives for the negotiations.
- The President must solicit views from the public, and the United States International Trade Commission, before making an offer in a trade negotiation to reduce U.S. tariffs. Under the proposal, the President must in addition issue a public notice of any agreement in advance of signing it.
- The President must consult with the Congress as negotiations progress and again before an agreement is concluded. The proposal calls on U.S. negotiators to keep official Congressional advisors fully informed regarding the negotiations.
- Before signing an agreement, the President must inform the Congress of any other agreements he intends to conclude with the countries concerned. He must also state his plans for implementing the trade agreement and whether the agreement will require additional legislation beyond that subject to fast-track procedures.
- Any fast-track agreement that the President concludes must make progress towards one or more of the principal trade negotiating objectives set out in the proposal.
- The proposal adds to the existing requirement that the President must seek the views of Congressionally-authorized private sector advisory committees during the course of the negotiations. These groups include advisory committees on goods, services, agriculture, intellectual property, labor, intergovernmental affairs, and the environment, among others. The proposal ensures that these committees also examine and provide their views to the Congress and the President on any proposed agreement -- before it is signed.
- The proposal requires the President to describe at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement. He must also explain in writing how the agreement meets

Congressionally-mandated negotiating objectives and serves U.S. economic interests.

- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all Congressional committees of jurisdiction before its introduction.
- Agreements for which the President has observed each of the proposal's notice, consultation, and other procedures are subject to fast-track consideration in the Congress. Fast track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period in excess of several months.
- Under the President's proposal, new statutory provisions or other changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both: (1) necessary or appropriate to implement the agreement; and (2) related to trade. This requirement prevents fast-track bills from being used to enact non-trade provisions.
- Under the renewed "proclamation authority" the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President could eliminate duties of 5 percent or less. The proposal also allows the President to eliminate tariffs in connection with new multilateral reciprocal tariff agreements in particular sectors, as well as to carry out reciprocal tariff elimination agreements as a step towards regional free-trade areas.

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Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974. These objectives address, among other subjects, trade barriers and distortions, including these aspects of foreign government policies and practices directly related to trade; trade in services; U.S. foreign investment; intellectual property; transparency; agriculture; and the protection of worker rights and the environment through specified multilateral institutions.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast-track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws. In addition to the other Congressional consultation requirements set out in the proposal, section 2(c) instructs U.S. negotiators to ensure that designated congressional advisors are kept fully informed during the course of trade negotiations.

Section 3. Proclamation Authority and Fast-Track Implementing Proposals.

Section 3(a) provides the President with authority to reduce U.S. tariff rates under specified circumstances -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement reciprocal, tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

Section 3(b) provides that the President may negotiate and bring back to the Congress for approval and implementation under the fast-track procedures set out in section 151 of the Trade Act of 1974 certain trade agreements addressing tariff barriers, non-tariff barriers, or both. Those procedures call for the Congress

to vote on agreements and their implementing legislation without amendment and within a fixed time period. Changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both necessary or appropriate to implement the agreement and are related to trade. For an implementing bill to be subject to fast-track Congressional review, the President must adhere to numerous notice and consultation requirements included in the proposal.

Under the proposal, the President's tariff proclamation authority, as well as fast-track procedures for implementing legislation, will be in effect until October 1, 2001. On request from the President, proclamation authority and fast-track procedures may be extended through September 30, 2005, subject to disapproval by either House of Congress.

Sections 4 and 5. Notice, Consultations, and Implementation.

Sections 4 and 5 contain a number of provisions requiring the President to notify and consult with the Congress before and during trade negotiations. These provisions ensure that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation. Section 5 establishes an expedited procedure for Congress to withdraw fast track if it finds that the Administration is not adequately consulting the Congress on trade negotiations.

Certain of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement.

In addition, the proposal provides for Congress and the President to receive advice from the relevant private sector advisory committees concerning any agreement that the President has negotiated -- before it is signed. The advisory committees cover a broad range of sectors and policy matters, including manufactured goods, agricultural commodities, services, intellectual property, foreign investment, labor, and the environment. Under existing law, the President must also consult with these committees regarding his objectives and bargaining

positions in the negotiations. In addition, the President must solicit advice from the United States International Trade Commission, as well as views from the public, in connection with an agreement that would change U.S. tariff levels.

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process for fast-track trade agreements. For example, the President must spell out for the Congress before negotiations begin his specific negotiating objectives and is required to consult with the Congress over the course of the negotiations. The President also must inform the Congress of any other agreements -- in addition to the trade agreement -- he intends to conclude. The President must also state whether the trade agreement will need to be implemented in part by legislation that is not subject to fast-track procedures.

Section 6. On-going Negotiations.

The proposal waives the requirement for the President to provide advance notification to the Congress of certain negotiations initiated prior to enactment of the proposal. These include negotiations commenced in 1995 with the Government of Chile on a comprehensive trade agreement and certain negotiations under the World Trade Organization that are currently underway or that may be initiated before the President's proposal is enacted. The requirement for the President to provide notice to, and consult with, the Congress over the course of the negotiations will continue to apply to these negotiations.

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that earlier provisions of law applicable to fast-track trade agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.