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Fast Track Polling Data

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Peter D. Hart Research Associates, Inc. Washington, D.C. 20009
202-234-6570
202-232-8134 FAX

MEMORANDUM

To: Jay Berman
From: John Podesta

TO: AFL-CIO

FROM: Peter D. Hart Research Associates

DATE: August 1, 1997

SUBJECT: Fast-track Authorization

A survey recently completed by Hart Research for the AFL-CIO reveals very substantial public opposition to congressional approval of new fast-track negotiating authority for trade agreements.

The American public has a somewhat mixed view of trade today. Americans believe that trade has more of a positive (51%) than negative (32%) overall effect on the economy; at the same time, they say by 66% to 19% that free trade agreements have done more to cost jobs in the U.S. than to create jobs (union members have similar views on both questions). A 45% plurality of adults feel that NAFTA has had a negative impact on the United States, with 26% perceiving a positive impact (union members are negative by 57% to 17%). A clear majority voice opposition to further expanding NAFTA this year.

On the question of giving the president new fast-track negotiating authority, however, the American people are of one mind. They oppose fast-track authority by an overwhelming 66% to 28% (and union members by 72% to 23%), with fully 44%

strongly opposed (by way of comparison, 18% strongly oppose NAFTA). Even among people not opposed to NAFTA, fast-track is rejected by a 55% majority (81% of NAFTA opponents also oppose fast-track).

Americans have two main objections to fast-track authority: 1) it speeds up a process that should proceed slowly and carefully, so as to protect workers' and consumers' interests, and 2) it prevents Congress from improving agreements through amendments, while giving too much power to the President.

> Fast-track gives too much priority to making trade deals quickly, when there is really no hurry. Congress should take its time, and review trade agreements carefully to make sure they are in the best interests of American workers and consumers.
> (83% agree, 64% strongly)
>
> Fast-track gives the President too much power. Congress should meet its responsibility to carefully review trade agreements.
> (80% agree, 57% strongly)

Significantly, every pro-fast-track argument tested in the survey is rejected by a majority of Americans, including the notion that other countries will beat us to new markets in the absence of fast-track.

Opposition to fast-track is very broad-based, including all age groups, all regions of the country, and cities, suburbs, and rural areas. Even such traditionally free-trade-oriented groups as college graduates, professionals, and people with annual incomes over $50,000 vote oppose fast-track. Republicans and independents are strongly opposed (76% and 70%, respectively), while a smaller majority (54%) of Democrats reject fast-track. Clearly, labor has an opportunity in this fight to win over many constituencies that are not traditional allies.

The survey was conducted by telephone between July 18 and 22, 1997, among representative samples of 806 adult Americans and 607 members of AFL-CIO-affiliated unions.

Recent NBC/Wall St. Journal Survey Results on Fast-track and NAFTA

Attached are analyses of key groups for two questions asked in the recent NBC/*Wall Street Journal* poll conducted by the polling organizations of Peter D. Hart and Robert M. Teeter from July 26 to 28, 1997. The survey was conducted by telephone among 1,002 adults nationwide.

The survey asked the following two questions:

(Q.26a) As you may know, about four years ago Congress passed NAFTA, the free trade agreement with Mexico and Canada. So far, would you say that NAFTA has made more of a positive impact on the United States or more of a negative impact on the United States?

⇒ 42% of those surveyed say that NAFTA has had a negative impact, 32% say it has had a positive impact.

(Q.26b) As you may know, President Clinton has asked Congress to give him "fast-track" authority to negotiate more free trade agreements. The "fast-track" authority would mean that once the negotiations are completed, Congress would take an up-or-down vote on an agreement as a whole, but could not vote to make any amendments or changes in an agreement.

⇒ 61% of those surveyed oppose granting President Clinton fast-track authority, 32% favor granting fast-track authority.

Impact of NAFTA

Would you say that NAFTA has made more of a positive impact on the United States or more of a negative impact on the United States?

	Positive Impact %	Negative Impact %
All Adults	**32**	**42**
Sex		
Men	35	44
Women	29	40
Region		
Northeast	31	38
Midwest	33	40
South	30	46
West	33	42
Race		
Whites	30	43
Blacks	37	41
Income		
Under $30,000	31	44
$30,000 to $50,000	29	46
Over $50,000	37	38
Area type		
Urban	40	36
Suburbs/towns	30	41
Rural	26	51
Registration		
Registered voters	32	41
Party Identification		
Democrats	40	39
Independents	29	45
Republicans	27	43
Occupation		
Professionals/managers	37	38
White collar workers	28	39
Blue collar workers	28	47

Source: Survey by Hart-Teeter for NBC/*Wall Street Journal* (July 26-28, 1997).

Position on Fast-track

Do you strongly favor, somewhat favor, somewhat oppose, or strongly oppose having Congress grant the President fast-track authority to negotiate new free trade agreements?

	Total Favor %	Total Oppose %	Strongly Oppose %
All Adults	**32**	**61**	**32**
Sex			
Men	34	61	34
Women	31	60	30
Region			
Northeast	38	52	22
Midwest	35	59	33
South	27	68	37
West	32	61	33
Race			
Whites	31	63	33
Blacks	39	55	24
Income			
Under $30,000	33	58	29
$30,000 to $50,000	27	69	35
Over $50,000	37	58	32
Area type			
Urban	36	58	30
Suburbs/towns	34	58	30
Rural	21	72	39
Registration			
Registered voters	33	60	32
Party Identification			
Democrats	44	47	21
Independents	28	66	36
Republicans	22	73	43
Occupation			
Professionals/managers	36	58	30
White collar workers	35	61	29
Blue collar workers	32	62	37

Source: Survey by Hart-Teeter for NBC/*Wall Street Journal* (July 26-28, 1997).

	Total	Dems
143. Do you support free trade?		
1) yes	76	77
2) no	16	12
9) don't know	9	11
144. Do you support fair trade?		
1) yes	86	87
2) no	5	6
9) don't know	9	7
145. Do you favor expanding trade with other countries, so long as it is done on a reciprocal basis, or do you not favor expanding trade?		
1) Favor expanding trade on reciprocal basis	78	82
2) Do not favor expanding trade	14	15
9) Don't know	7	2
146. Do you think that US markets are too open to goods from other countries?		
1) yes	63	64
2) no	32	29
9) Don't know	6	7
147. Do you think that the United States has adequate access to foreign markets or not?		
1) Yes	37	44
2) No	55	47
9) Don't know	9	9
148. Do you think our current trade policy creates growth in the higher paying export areas of our economy or not?		
1) Yes	37	43
2) No	41	32
9) Don't know	22	25
149. Do you think that a better trade policy would limit our trade with other countries and be protectionist or would a better trade policy be more aggressive at opening up markets for our goods and increasing trade among nations?		
1) limit trade	22	30
2) open up markets	67	57
9) don't know	12	14

need to use carefully w/ argument about [illegible]

not good

150. We live in the age of the global economy in which trade and technology are bringing the world closer together. We must lead in the revolution to reduce international trade barriers so that America will have access to all of the Developing Markets because

	Total	Dems

in the long run these nations will increase their buying power and expanding exports to them will be the key to our growth

Do you strongly agree with this statement, somewhat agree with it, somewhat disagree with it or strongly disagree with this statement?

	Total	Dems
1) Strongly agree	32	32
2) Somewhat agree	47	48
3) Somewhat disagree	9	11
4) Strongly disagree	6	3
9) Don't know	6	6

151. We live in the age of the global economy in which trade and technology are bringing the world closer together. Some people say we should encourage this change because as we reduce trade barriers, America will prosper from a booming export economy. Other people say the global economy will only help large corporations that will take American jobs overseas. Which is closer to your view?

	Total	Dems
1) Encourage change	53	52
2) Only help large corporations	41	39
9) Don't know	7	9

need to [illegible] Q#148

152. In your view, is America's continuing integration in the global marketplace a positive or negative trend?

	Total	Dems
1) Positive	67	64
2) Negative	22	26
3) Don't know	11	10

153. Which is closer to your view: America's integration in global markets creates exciting new economic opportunities for both US producers and workers, or America's integration in global markets mainly benefits multinational corporations at the expense of average working families. Look at Q #151

	Total	Dems
1) Creates exciting new economic opportunities	41	41
2) Benefits multinational corporations at the expense of working families	51	49
9) Don't know	8	11

154. Which is closer to your view: America's integration in global markets spurs U.S. companies to develop new technologies and products, hone their competitive edge and create high-wage jobs at home, or it encourages U.S. companies to move overseas to take advantage of low-wage labor in developing countries.

	Total	Dems
1) Spurs U.S. companies to develop new technologies	40	43
2) Encourages U.S. companies to move overseas	50	49
9) Don't know	10	8

155. Which of the following is the best policy for the U.S. government

take to ensure that the U.S. businesses and workers benefit international trade?

	Total	Dems
1) The government should stay out of efforts to ensure that businesses and workers benefit from trade and leave that role to business.	17	12
2) The government should protect American workers, and in some cases American industries, from foreign competition.	37	46
3) The government should not protect businesses or workers, but it should help companies and workers to compete by helping them develop the skills they will need to benefit from international trade.	40	37
9) don't know	6	5

8/4 SAMPLE

156. Presidents since 1974 have had trade negotiating authority known as Fast Track, which means the trade agreements the President negotiated are considered in Congress within 90 days and put to a simple yes or no vote without any additions that could upset the agreement. The authority to do this expired in 1994, and President Clinton no longer has such authority. Do you strongly support renewing President Clinton's fast track trade authority, somewhat support, somewhat oppose, or strongly oppose it?

		Total	Dems
1) Strongly support	53	25	34
2) Somewhat support		28	33
3) Somewhat oppose	39	18	7
4) Strongly oppose		21	20
9) Don't know		9	6

Acc w/ Q 36b

I would like to read you some proposals Democratic Leaders could make their priorities for the next two years.

Please tell me if you would be much more favorable, somewhat more favorable, somewhat less favorable, or much less favorable toward Democratic Leaders if they made these proposals their top priority.

157. Finishing the job of implementing the balanced budget agreement.

	Total	Dems
1) Much more favorable	42	35
2) Somewhat more favorable	43	49
3) Somewhat less	5	6
4) Much less	3	4
9) Don't know	6	6

158. Allowing Americans to open a tax-deductible account for job training that could only be used to pay for job training.

	Total	Dems
1) Much more favorable	45	43
2) Somewhat more favorable	35	40
3) Somewhat less	8	5
4) Much less	5	5
9) Don't know	7	8

	7/97**	6/97
Will be an economic recession	49	66
Will not be an economic recession	38	21
Not sure	13	13
** Asked of one-half the respondents (FORM B).		

26a. As you may know, about four years ago Congress passed NAFTA, the free trade agreement with Mexico and Canada. So far, would you say that NAFTA has made more of a positive impact on the United States or more of a negative impact on the United States?

	7/97	4/97	3/96	7/94
Positive impact	32	28	21	28
Negative impact	42	43	48	35
No impact either way	7	8	7	16
Not sure	19	21	24	21

26b. As you may know, President Clinton has asked Congress to give him "fast-track" authority to negotiate more free trade agreements. The "fast-track" authority would mean that once the negotiations are completed, Congress would take an up-or-down vote on an agreement as a whole, but could not vote to make any amendments or changes in an agreement.

Do you strongly favor, somewhat favor, somewhat oppose, or strongly oppose having Congress grant the President fast-track authority to negotiate new free trade agreements?

Strongly favor	9
Somewhat favor	23 32
Somewhat oppose	29 61
Strongly oppose	32
Not sure	7

27. As you may know, the international value of the American dollar has risen recently. Some people say this is good for the U.S. economy because it makes imported goods less expensive for U.S. consumers. Others say this is bad for the U.S. economy because it decreases exports by making U.S. products more expensive in other countries. What is your view -- is the increasing value of the American dollar good or bad for the U.S. economy?

	7/97	1/97
Good for U.S. economy	59	57
Bad for U.S. economy	27	29
Not sure	14	14
* Asked of one-half the respondents (FORM A).		

28a. The stock market has been setting record highs, with the Dow Jones Industrial Average recently closing above eight thousand points. Do you think this stock market price accurately reflects current economic conditions, or do you think it is too high and does not accurately reflect current economic conditions?*

NBC/WSJ 7/26-28/97

	Total	Dems
143. Do you support free trade?		
1) yes	76	77
2) no	16	12
9) don't know	9	11
144. Do you support fair trade?		
1) yes	86	87
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9) don't know	9	7
145. Do you favor expanding trade with other countries, so long as it is done on a reciprocal basis, or do you not favor expanding trade?		
1) Favor expanding trade on reciprocal basis	78	82
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146. Do you think that US markets are too open to goods from other countries?		
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150. We live in the age of the global economy in which trade and technology are bringing the world closer together. We must lead in the revolution to reduce international trade barriers so that America will have access to all of the Developing Markets because

in the long run these nations will increase their buying power and expanding exports to them will be the key to our growth

Do you strongly agree with this statement, somewhat agree with it, somewhat disagree with it or strongly disagree with this statement?

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	Total	Dems
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152. In your view, is America's continuing integration in the global marketplace a positive or negative trend?

	Total	Dems
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153. Which is closer to your view: America's integration in global markets creates exciting new economic opportunities for both US producers and workers, or America's integration in global markets mainly benefits multinational corporations at the expense of average working families.

	Total	Dems
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2) Benefits multinational corporations at the expense of working families	51	49
9) Don't know	8	11

154. Which is closer to your view: America's integration in global markets spurs U.S. companies to develop new technologies and products, hone their competitive edge and create high-wage jobs at home, or it encourages U.S. companies to move overseas to take advantage of low-wage labor in developing countries.

	Total	Dems
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take to ensure that the U.S. businesses and workers benefit international trade?

	Total	Dems
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2) The government should protect American workers, and in some cases American industries, from foreign competition.	37	46
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8/4 SAMPLE

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	7/97**	6/97
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** Asked of one-half the respondents (FORM B).		

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26b. As you may know, President Clinton has asked Congress to give him "fast-track" authority to negotiate more free trade agreements. The "fast-track" authority would mean that once the negotiations are completed, Congress would take an up-or-down vote on an agreement as a whole, but could not vote to make any amendments or changes in an agreement.

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	7/97	1/97
Good for U.S. economy	59	57
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* Asked of one-half the respondents (FORM A).		

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9) don't know	9	7
145. Do you favor expanding trade with other countries, so long as it is done on a reciprocal basis, or do you not favor expanding trade?		
1) Favor expanding trade on reciprocal basis	78	82
2) Do not favor expanding trade	14	15
9) Don't know	7	2
146. Do you think that US markets are too open to goods from other countries?		
1) yes	63	64
2) no	32	29
9) Don't know	6	7
147. Do you think that the United States has adequate access to foreign markets or not?		
1) Yes	37	44
2) No	55	47
9) Don't know	9	9
148. Do you think our current trade policy creates growth in the higher paying export areas of our economy or not?		
1) Yes	37	43
2) No	41	32
9) Don't know	22	25
149. Do you think that a better trade policy would limit our trade with other countries and be protectionist or would a better trade policy be more aggressive at opening up markets for our goods and increasing trade among nations?		
1) limit trade	22	30
2) open up markets	67	57
9) don't know	12	14

150. We live in the age of the global economy in which trade and technology are bringing the world closer together. We must lead in the revolution to reduce international trade barriers so that America will have access to all of the Developing Markets because

in the long run these nations will increase their buying power and expanding exports to them will be the key to our growth

Do you strongly agree with this statement, somewhat agree with it, somewhat disagree with it or strongly disagree with this statement?

	Total	Dems
1) Strongly agree	32	32
2) Somewhat agree	47	48
3) Somewhat disagree	9	11
4) Strongly disagree	6	3
9) Don't know	6	6

151. We live in the age of the global economy in which trade and technology are bringing the world closer together. Some people say we should encourage this change because as we reduce trade barriers, America will prosper from a booming export economy. Other people say the global economy will only help large corporations that will take American jobs overseas. Which is closer to your view?

	Total	Dems
1) Encourage change	53	52
2) Only help large corporations	41	39
9) Don't know	7	9

152. In your view, is America's continuing integration in the global marketplace a positive or negative trend?

	Total	Dems
1) Positive	67	64
2) Negative	22	26
3) Don't know	11	10

153. Which is closer to your view: America's integration in global markets creates exciting new economic opportunities for both US producers and workers, or America's integration in global markets mainly benefits multinational corporations at the expense of average working families.

	Total	Dems
1) Creates exciting new economic opportunities	41	41
2) Benefits multinational corporations at the expense of working families	51	49
9) Don't know	8	11

154. Which is closer to your view: America's integration in global markets spurs U.S. companies to develop new technologies and products, hone their competitive edge and create high-wage jobs at home, or it encourages U.S. companies to move overseas to take advantage of low-wage labor in developing countries.

	Total	Dems
1) Spurs U.S. companies to develop new technologies	40	43
2) Encourages U.S. companies to move overseas	50	49
9) Don't know	10	8

155. Which of the following is the best policy for the U.S. government

take to ensure that the U.S. businesses and workers benefit international trade?

	Total	Dems
1) The government should stay out of efforts to ensure that businesses and workers benefit from trade and leave that role to business.	17	12
2) The government should protect American workers, and in some cases American industries, from foreign competition.	37	46
3) The government should not protect businesses or workers, but it should help companies and workers to compete by helping them develop the skills they will need to benefit from international trade.	40	37
9) don't know	6	5

8/4 SAMPLE

156. Presidents since 1974 have had trade negotiating authority known as Fast Track, which means the trade agreements the President negotiated are considered in Congress within 90 days and put to a simple yes or no vote without any additions that could upset the agreement. The authority to do this expired in 1994, and President Clinton no longer has such authority. Do you strongly support renewing President Clinton's fast track trade authority, somewhat support, somewhat oppose, or strongly oppose it?

		Total	Dems
1) Strongly support	53	25	34
2) Somewhat support		28	33
3) Somewhat oppose	39	18	7
4) Strongly oppose		21	20
9) Don't know		9	6

~~I would like to read you some proposals Democratic Leaders could make their priorities for the next two years.~~

~~Please tell me if you would be much more favorable, somewhat more favorable, somewhat less favorable, or much less favorable toward Democratic Leaders if they made these proposals their top priority.~~

~~157. Finishing the job of implementing the balanced budget agreement.~~

	Total	Dems
1) Much more favorable	42	35
2) Somewhat more favorable	43	49
3) Somewhat less	5	6
4) Much less	3	4
9) Don't know	6	6

~~158. Allowing Americans to open a tax-deductible account for job training that could only be used to pay for job training.~~

	Total	Dems
1) Much more favorable	45	43
2) Somewhat more favorable	35	40
3) Somewhat less	8	5
4) Much less	5	5
9) Don't know	7	8

	7/97**	6/97
Will be an economic recession	49	66
Will not be an economic recession	38	21
Not sure	13	13
** Asked of one-half the respondents (FORM B).		

26a. As you may know, about four years ago Congress passed NAFTA, the free trade agreement with Mexico and Canada. So far, would you say that NAFTA has made more of a positive impact on the United States or more of a negative impact on the United States?

	7/97	4/97	3/96	7/94
Positive impact	32	28	21	28
Negative impact	42	43	48	35
No impact either way	7	8	7	16
Not sure	19	21	24	21

26b. As you may know, President Clinton has asked Congress to give him "fast-track" authority to negotiate more free trade agreements. The "fast-track" authority would mean that once the negotiations are completed, Congress would take an up-or-down vote on an agreement as a whole, but could not vote to make any amendments or changes in an agreement.

Do you strongly favor, somewhat favor, somewhat oppose, or strongly oppose having Congress grant the President fast-track authority to negotiate new free trade agreements?

Strongly favor	9
Somewhat favor	23 32
Somewhat oppose	29
Strongly oppose	32 61
Not sure	7

27. As you may know, the international value of the American dollar has risen recently. Some people say this is good for the U.S. economy because it makes imported goods less expensive for U.S. consumers. Others say this is bad for the U.S. economy because it decreases exports by making U.S. products more expensive in other countries. What is your view -- is the increasing value of the American dollar good or bad for the U.S. economy?

	7/97	1/97
Good for U.S. economy	59	57
Bad for U.S. economy	27	29
Not sure	14	14
* Asked of one-half the respondents (FORM A).		

28a. The stock market has been setting record highs, with the Dow Jones Industrial Average recently closing above eight thousand points. Do you think this stock market price accurately reflects current economic conditions, or do you think it is too high and does not accurately reflect current economic conditions?*

Fast Track: In the National Interest of the United States

FAST TRACK MEANS: IMPROVING OUR STANDARD OF LIVING

- Keeping the Economy on the Fast Track. By breaking down trade barriers and creating new jobs, the President will use fast track authority to keep America's economic expansion on the global fast track.
- The Economy Is Strong. The President's three-part economic strategy of cutting the deficit, investing in education and training, and opening markets abroad is working. America has enjoyed the longest period of sustained growth in a generation— one-third of which was produced by exports since 1993. The result: 12 million new jobs, unemployment at 5%, inflation the lowest in a generation.
- Our Future Prosperity Depends on Trade. 96% of the world's consumers live outside the United States. The global economy will grow at three times the rate of the US economy. America needs fast track to seize opportunities to negotiate fair new trade agreements that will keep us competitive, expand our exports, create more jobs, and raise our standard of living.

FAST TRACK MEANS: CREATING MORE JOBS

- Breaking Down Barriers. The President will keep breaking down barriers to American products and services because that strategy is producing positive results for companies and workers. America is once again the world's largest total exporter, the largest producer of semiconductors, and the largest producer of automobiles. Exports support 11 million American jobs, including one in five manufacturing jobs and over the last four years have created 1.4 million new jobs.
- Sectoral Agreements. The President needs the flexibility to negotiate agreements in sectors where the United States is most competitive: such as agriculture, medical equipment, telecommunications, and environmental technology.
- Regional Free Trade Agreements. With this authority, the President is determined to continue opening markets in Asia, Latin America, and Africa to US goods and services.
- Free and Fair Trade. The President supports raising labor standards, protecting the environment and expanding worker retraining and educational opportunities to ensure that no American is left out of the global economy.

FAST TRACK MEANS: MAINTANING AMERICA'S GLOBAL LEADERSHIP

- Compete or Retreat. As the American people prepare to meet the challenges of the 21st century, we face a critical choice: Embrace the global economy and continue to shape it to America's advantage, or turn back and fail to compete for new business, new contracts, and new jobs.
- Credibility. Fast track gives the US the credibility to negotiate tough trade deals because our partners know any agreement will not be reopened provision-by-provision by the Congress. Fast track also preserves for the Congress the ultimate decision of whether any potential agreement is good or bad for America. That assurance puts American in the best position to negotiate major trade agreements and maintains a balance that has worked for over 20 years.
- Continued Bipartisanship. Every President since 1974--Republican and Democratic--has had fast track authority. Congress has consistently recognized that the President must have the authority to break down foreign trade barriers, and a bipartisan majority of the United States Congress has consistently supported American leadership in opening markets and creating jobs.

STAYING ON THE FAST TRACK

- Fast track authority is in the overriding national interest of the United States. America's economic strength and standard of living are linked to breaking down trade barriers, exporting our goods and services, and creating more high-skilled jobs.

- This debate is also about American leadership. As the American people prepare for the challenges of the 21st century, we face a critical choice: We can embrace the global economy, write the trade rules, and continue America's economic expansion, or we can turn our back on the world and fail to compete for new markets, new contracts, new business and new job opportunities.

- The President must have the authority to break down foreign trade barriers. Every President since 1974-- Republican and Democratic---has had fast track authority. A bipartisan majority of Congress has consistently supported initiatives to open markets and create jobs. At stake in this debate is both Presidential leadership and a bipartisan consensus on US trade policy.

- Fast track gives the US the credibility to negotiate tough trade deals because our partners know any agreement will not be reopened provision-by-provision by the Congress. Fast track also preserves for the Congress the ultimate decision of whether any potential agreement is good or bad for America. That assurance puts American in the best position to negotiate major trade agreements and maintains a balance that has worked for over 20 years.

- As we increase our trade, the President is committed to raising labor standards and protecting the environment around the world and ensuring through aggressive worker retraining and increased educational opportunities that no American is left out of the global economy

MAINTAINING OUR STANDARD OF LIVING

- Opening markets to US goods and services has been critical to our economic expansion.

- President Clinton's economic strategy of deficit reduction, investing in our people through education and training, and opening markets to our goods and services has created the largest economic expansion in a generation.

- The American people have enjoyed the longest period of sustained growth of all our G-7 partners--seven years as of last March. The US economy has created 12 million new jobs, the unemployment rate is 5%, core inflation is at a 30-year low.

- The United States is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Independent studies have found America to be the most competitive economy in the world for the past five years.

- The United States exports more products and services than any country in the world and trade provided more than one-fourth of our economic growth over the past four years.
- Over the last four years, American manufacturing exports rose by 42%, high technology exports jumped 46%, service exports climbed 26% and farm exports rose 43%.
- No country is better positioned to compete than the United States. We have every reason to have confidence in our economy, in our companies and workers and in our capacity to compete and win. Fast track is a test of that confidence—and a prerequisite for seizing the trade opportunities before us around the world.

CREATING MORE AMERICAN JOBS

- Over the past four years, more than 25% of our economic growth has come from overseas trade and US exports have created 1.4 million new American jobs. Fast track will give us the chance to continue this trend.
- In addition, 11 million total American jobs are supported by exports, including one in five manufacturing jobs--paying an average of 13-16% more for non-management workers than non-trade related jobs.
- Over the next decade, the global economy is expected to grow at triple the rate of the US economy. Growth will be particularly strong in the world's emerging markets, where demand for American goods and services are taking off.
- In a world where over 96% of the world's consumers live outside of the United States, we must export our goods and services to sustain our standard of living at home. To stay on the global fast track, the President needs fast track authority.

BREAKING DOWN TRADE BARRIERS

The expanding global economy presents enormous potential for American companies and workers:

- Sectoral Agreements: The President would use fast track authority to negotiate agreements in sectors where the US is most competitive. From medical equipment and services, environmental technology and services, telecommunications to high tech computers, the President will tear down more barriers to American exports. For example, the recent Information Technology Agreement eliminated tariffs and unshackled $500 billion of trade in semiconductors, computers, telecommunications equipment and software, and according to industry estimates, amounts to a $5 billion tax cut in tariffs on American exports.
- Agriculture: The President would use fast track authority for negotiations to reduce barriers in the $536 billion global agriculture market that will attack such practices as export subsidies.
- Services: The service sector represent a $1.2 trillion global market—where US firms exported more than $220 billion in 1996 with a surplus of $73 billion. We have the opportunity to open

a wide range of service sectors, including health care, education, entertainment, tourism and business consulting and advertising.

<u>Regional Free Trade Agreements</u>

- <u>Asia</u>: Asia has one of the fastest growing economies in the world, with nearly 3 billion consumers. Forecasters expect real growth of 6-7% annually for the next 15 years. With our APEC partners, the President is working to reach agreement in key sectors that could open these dynamic markets to America's goods and services and keep the free trade process going.

- <u>Latin America/Caribbean</u>: The Latin American market including Mexico is the fastest growing area for US exports. If this trend continues, Latin America and the Caribbean will exceed the European Union as a market by 2000 and exceed Japan and the EU combined by 2010. The President is committed to moving forward toward a Free Trade Area of the Americas by 2005. Negotiating a free trade agreement with Chile is the next critical step in this process.

- <u>Africa</u>: Working with Congress, the President recently launched an African trade initiative to foster stronger economic prosperity in Africa and create new markets to American products. Africa's nations are joining the march toward freedom and open markets--Sub-Saharan Africa alone has 700 million potential consumers. Yet the United States currently supplies only 7% of Africa's imports.

AMERICAN LEADERSHIP IN THE WORLD

- Half a century of determined American leadership has led to a 90-fold increase in global trade and helped bring down global barriers to America's products--falling from an average 40% at the end of World War II to about 5% today. Our leadership of the global economy has served America's interest—and the world's.

- As the sole remaining superpower, the United States has a fundamental national interest in contributing to stability and security around the world. A more prosperous world will be a more peaceful world—a world more hospitable to American interests and ideals. By opening markets, fast track authority will contribute to global as well as American prosperity—it will reinforce the common interest that diverse countries and regions share in sustaining that prosperity.

- America's failure to participate in shaping the global trading system will allow our competitors to negotiate preferential trade arrangements, form strategic relationships excluding the United States, and create new exclusive trade alliances. The United States cannot abdicate its global leadership to the detriment of the American economy.

- This debate must not be about the past but about the opportunities for the future. Fast track authority will allow the President to knock down trade barriers and negotiate a broad array of trade agreements--from sectoral agreements on medical equipment and telecommunications to regional agreements in Asia, Africa and Latin American to eliminating global barriers in the

WTO. The debate over fast track is about embracing the opportunities of the global economy to create jobs, expand exports, and maintain America's standard of living.

- Opening foreign markets does not mean retreating from our commitment to labor and the environment. The President is committed to promoting worker rights and ensuring that economic growth does not come at the expense of a clean and healthy environment. Walking away from the world's markets will not improve worker rights or protect the environment—but through dialogue and engagement these issues can be addressed.

THE PRICE OF INACTION

- Other countries are breaking down trade barriers and moving forward in creating competitive trading relationships to the disadvantage of US companies and workers. It is in the national interest of the American people to stay engaged in the global economy.

- Since 1992, in Latin America and Asia alone, our competitors have negotiated 20 free trade agreements that exclude the United States.

- Today every major economy in this hemisphere has a preferential trade deal with Chile except the United States. This gives our competitors an 11% across-the-board tariff advantage for their products, which means American companies must sell to Chile with an immediate 11% cost disadvantage.

- For example, Canada's Northern Telecom recently won a $180 million telecommunications contract in Chile over three US companies in part to avoid paying $20 million worth of tariffs.

- Similarly, US corn producers are at a competitive disadvantage in Chile compared to Argentinean corn producers because of a preferential agreement which gives Argentina a 3.3% tariff preference which will soon increase to 11%.

- MERCOSUR (Argentina, Brazil, Paraguay, Uruguay) wants to expand its agreements to include all of South America a move which would disadvantage American businesses.

- China has targeted Mexico, Argentina, Brazil, Chile and Venezuela as "strategic priorities" to expand bilateral trade in Latin America

- The EU has begun a process to reach a free trade agreement with Brazil, Argentina and other MERCOSUR countries. President Chirac recently declared "Latin America's essential economic interests...lie not with the United States but with Europe."

FAST TRACK Q&A'S

Q: Some say fast track is just about expanding NAFTA to include Chile. Are they correct? What will the President do with fast track?

- Fast track is about giving the United States the ability to open markets, create jobs and improve the standard of living of American companies and workers. The President's fast track authority will be used to negotiate sectoral agreements in key industries where the US is most competitive, like agriculture, medical equipment and services and environmental technologies and services. It will be used to continue opening markets in Latin America and Asia, the fastest growing markets in the world, and it will be used to reach global agreements in the World Trade Organization to reduce barriers in key areas. The Administration is asking for authority simply to negotiate these agreements: Congress would then have the right to approve or disapprove any fast track agreement once it is negotiated.

- These agreements can provide enormous benefits for American companies and workers. For example, last year's Information Technology Agreement eliminated tariffs and unshackled $500 billion of trade in semiconductors, computers, telecommunications equipment and software, amounting to a $5 billion tax cut in tariffs on American exports. With fast track authority, we can tear down more barriers to America's exports and create more high-skilled jobs

- More fundamentally, fast track is about maintaining America's competitive position and global leadership. If America does not break down foreign trade barriers, our competitors will--to their advantage, not ours. Since 1992, in Latin America and Asia alone, other countries reached more than 20 preferential trade agreements excluding the United States. These countries are busy leveling the playing field for their exports. Without fast track, America will lose its global leadership and risk being relegated to the sidelines.

Q: Why is it so important to provide fast track authority? What happens if the United States doesn't have it?

- America's future prosperity is increasingly tied to the expansion of the global economy. In a world where over 96% of the world's consumers live outside the U.S. and the global economy is expected to grow at three times the rate of the U.S. economy, we must continue to export to be able to create more high-skilled American jobs. Without fast track, America's hands will be tied in its ability to negotiate these critical agreements and drastically slow down our job creating potential.

- Over the past four years, one-quarter of our economic growth came from trade. To take advantage of these opportunities, we must continue to open export markets for America's companies and workers. If we don't move forward, US workers and companies from telecommunications firms to agricultural producers will lose out in foreign markets. Fast track authority gives the President the tools to move America ahead to the 21st century.

Q: Some say U.S. workers can't compete against workers from low wage countries. What are the facts?

- The fact is the U.S. economy is the strongest in the world and American workers are the best trained, most highly educated and productive work force in the world—they can certainly compete with workers from low wage countries.

- In the last 10 years, U.S. exports to low-wage countries have risen 240%, while exports to high wage countries are up just 140%. Exports to low-wage countries now account for 42% of total U.S. exports. And these are high-skilled, high paying jobs. Wages for export-related jobs pay 13-16% more for non-management jobs than the national average.

- Competition from low-wage countries does create competitive pressures in industries where skills and productivity are lower, but most such jobs don't compete with imports. In fact, imports from non-oil developing countries account for only 4% of U.S. spending and have grown only 1.5% during the past decade. For those workers who are affected, we need to maintain our commitment to education and worker retraining. That's why the President is committed to making sure no American is left out of the global economy. Trade expansion must be part of a complete strategy to prepare the U.S. for global competition.

Q: What evidence is there that the Administration is concerned abut labor and environment issues?

- We believe labor and environmental issues are an important part of the Administration's agenda and we are committed to progress in these areas. The Administration's record demonstrates that we have negotiated agreements related to labor and the environment at every opportunity. Our strategy maximizes our ability to open markets for US workers and companies and improve international environmental and labor standards. In fact, the Administration has made unprecedented progress in defining and advancing core labor standards—the right to organize and bargain collectively, freedom of association, a prohibition on exploitative child labor, a prohibition on forced labor, and a commitment to non-discrimination in employment—in such international arenas as the World Trade Organization, the International Labor Organization, and in the Organization of Economic Cooperation and Development.

- The recent "sweatshop" initiative is an example of the Administration's efforts to improve working conditions by establishing an industry-wide partnership with labor organizations and consumer interests on wage and workplace conditions for apparel industry manufacturers. The NAFTA side agreements can help address labor and environmental issues, particularly along our 2,000 mile border with Mexico. And, in the Free Trade Area of the Americas, the United States is pushing for a commitment across the Hemisphere to sustainable development practices.

Q: Has NAFTA been a success? What's the record?

- The record is good. NAFTA has provided many benefits, including expanded exports, creation of high-wage jobs and protection of those exports and jobs during Mexico's recession and peso crisis. With the phasing in of NAFTA, U.S. goods exports have risen to historic levels in the last three years (1993 to 1996), up 33% to Canada, up 37% to Mexico. Goods exports to Mexico and Canada supported 2.3 million U.S. jobs last year. Such export related jobs by exports pay 13% to 16% more for non-management jobs than the U.S. national average.

- The best information available indicates that NAFTA has had a positive effect on jobs, creating 90,000 to 160,000 jobs in trade with Mexico alone. A study by DRI estimates that NAFTA boosted real exports to Mexico by $12 billion in 1996, compared to a smaller increase in imports of $5 billion, which contributed to controlling Mexico's financial crisis. The agreement has also leveled our playing field with Mexico. Mexico's tariff cuts have been 5 times greater than our own. The agreement has helped American suppliers in key industries capture additional shares of Mexico's import markets. Since NAFTA went into effect, our share of Mexico's import market has grown from 69.3% to 75.5%.

Q: Did NAFTA cause the peso crisis and the resulting recession?

- No. In fact, the effects of the peso crisis would have been worse for the United States if it were not for NAFTA. When Mexico had its last financial crisis in 1981-82, it imposed 100% duties on American products, U.S. exports fell by half, and it took 7 years for US exports to recover to 1981 levels. This time, Mexico continued to reduce its tariffs as required by NAFTA (even though it raised tariffs on our competitors). U.S. exports recovered to pre-recession levels in 18 months, protecting the 750,000 jobs dependent on those exports. A Federal Reserve of Dallas study concluded U.S. export growth was 7% higher than it would have been absent NAFTA.

Q: What is the record on NAFTA labor and environmental conditions along the U.S.-Mexican border?

- NAFTA has given us better progress and cooperation with Mexico on labor and environmental concerns than we would have had without it. The problems along the border are longstanding and will not be solved overnight. But there are clear signs of improvement:

    - From 1993 to 1996, Mexico's Secretariat of Labor and Social Welfare enforcement budget increased in real terms by nearly 250%.
    - The overall rate of occupational injuries and illnesses fell from 47 per thousand in 1994 to 33 per thousand in 1996.
    - Mexico has seen the number of environmental violations dropping; with a 72% reduction in serious violations in the maquiladora industry from 1993 to 1996; and a 43% increase in the number of maquiladora facilities in complete compliance.
    - The NAFTA institutions financing border cleanup projects have certified 16 projects, including infrastructure projects costing nearly $230 million.

- We need to continue labor and environmental efforts with Mexico. But it's important to remember that the agreements to be reached under new fast track authority will not raise the kind of border concerns presented by Mexico, a country sharing a 2000-mile border with the United States.

Q: Some say U.S. companies use the threat of relocation to Mexico to jawbone down the wages of America's workers - and they fear that will happen over and over again if we reach more free trade agreements. Why aren't they right?

- A: The fact is that NAFTA makes it more attractive to stay in the United States. Before NAFTA, U.S. exports faced an average 10% tariff when sending U.S.-made goods to Mexico. Mexico also had restrictions that basically forced US companies to locate car production in Mexico in order to sell to Mexicans. NAFTA eliminates these barriers on the Mexican side- and will eliminate only a 2% average tariff on products coming here.

- If we let other countries reach trade agreements, while we sit on the sidelines, it will make it even more attractive for companies to locate outside the United States. If other countries eliminate the barriers their exports face, while U.S. exports still face high barriers, there is that much more incentive to produce elsewhere. If we want to keep jobs in the U.S., we should eliminate trade barriers for U.S.-made products. To do that, the President needs fast track authority.

Q: Some say NAFTA has diverted a considerable investment from the U.S. to Mexico. Is that true?

- No. U.S. foreign direct investment in Mexico averaged $3.1 billion in 1994-96, little changed from the average $2.8 billion the three years before NAFTA took effect. The $3.1 billion was less than 0.3% of gross private fixed investment in the U.S. in 1996. The Big Three automobile manufactures invested $39 billion in the U.S. economy in the last three years, only $3 billion in Mexico.