

**RUSH!**

Number

9/19/97

No. 493

## THE FAST TRACK BILL: KEEP IT CLEAN

Robert P. O'Quinn and John P. Sweeney  
Policy Analysts

President Bill Clinton sent Congress a draft bill on September 16, 1997, requesting renewal of fast track authority to negotiate trade and investment agreements with other countries. The President needs this authority to complete negotiations in the World Trade Organization (WTO) and Organization for Economic Cooperation and Development. Fast track is necessary to negotiate trade agreements with Chile and other countries in Latin America and Asia. It is vital for opening markets and "growing" the U.S. economy while maintaining U.S. leadership throughout the world. The draft bill, however, would not accomplish these objectives. Instead, by seeking open-ended authority to establish linkages between trade agreements and such nontrade issues as labor standards and the environment, the draft fast track legislation would weaken the U.S. economy and undermine the global trading system built up over the past 50 years.

**Clinton's Draft Bill.** The President's draft bill closely tracks the expired Sections 1101, 1102, and 1103 of the Omnibus Trade and Competitiveness Act granting trade negotiating authority to the President in 1988. It also seeks, however, to add new negotiating objectives on labor standards and environmental protection to the act.

The draft adds two new objectives to three overall trade negotiating objectives of the United States in the 1988 act. The new objectives aim to foster economic growth, raise living standards, and promote full employment in the United States while enhancing the global economy. They address aspects of foreign government policies and practices regarding labor and the environment that decrease market opportunities for U.S. exports or distort U.S. trade. The draft legislation also inserts two new environmental goals in the section on principal trade negotiating objectives for the United States. According to the draft, the new negotiating objectives are to promote "sustainable development" and to ensure that trade and environmental protection are "mutually supportive."

Finally, while the draft tracks the exact language of the 1988 act on workers' rights and the WTO, the President is proposing a new labor standards objective. Specifically, the United States will seek to establish in the International Labor Organization (ILO) a mechanism for the systematic examination and accountability of member governments and how they promote and enforce core labor standards like freedom of association, the right to organize and bargain collectively, a prohibition on forced labor and exploitative child labor, and a prohibition on discrimination in employment.

**Getting Fast Track Right.** These new labor and environmental objectives are unacceptable. The linkage of trade agreements to nontrade issues, says Jagdish Bhagwati, a professor of economics at Columbia University in New York, "will weaken the world trading system even as the administration

claims to be strengthening it.” The United States is the world’s leading exporter of goods and services. Its total international trade is equivalent to 23 percent of gross domestic product. One in five U.S. jobs depends on trade. If the world trading system is weakened, the U.S. economy will falter. Fast track negotiating authority is vital for the U.S. economy and for U.S. global leadership. Moreover, fast track authority is essential in order to guarantee that the rules of the 21st century’s global trading system would be written by U.S. trade negotiators and advance U.S. economic interests and national values. President Clinton’s draft bill fails to meet these benchmarks, however. To bring the draft bill back in line with what the United States needs, Congress should:

- **Tighten the language regarding agreements negotiated with fast track authority.** The draft bill duplicates the language of the 1988 act allowing the President, once an agreement is negotiated, to submit implementing legislation to Congress for a single up-or-down vote in each house. The new legislation involves changes in existing statutes that are necessary in order to implement such trade agreements. This language gives the President too much room to put extraneous provisions in future trade agreements. Instead, the fast track procedure should apply to implementing legislation that specifically contains “provisions directly related to the principal trade negotiating objectives and necessary for the operation or implementation of the trade agreements.”
- **Rework the bill’s principal negotiating objectives on the environment.** The draft bill opens the door for misusing fast track authority to negotiate changes in domestic environmental laws and regulations unrelated to trade. Instead, U.S. trade negotiators should be restricted to discussing how to prevent countries from misusing their environmental laws and regulations to protect domestic companies. Thus, any fast track bill that Congress considers should incorporate the following new environmental protection objective: “To prevent countries from misusing their environmental laws and regulations to protect domestic firms or disadvantage foreign goods, services, or investment.” This language confirms existing international practice concerning health, safety, and environmental provisions of trade agreements, which should be narrowly confined to prevent their misuse for protectionism.
- **Eliminate all references to the ILO.** The ILO already investigates allegations against countries that do not adhere to core standards as established in international agreements, and it publishes its findings. The ILO has no enforcement powers, however; compliance with its findings is voluntary. The draft bill would establish, as a principal negotiating objective for the United States, a “mechanism” in the ILO that would ensure the “accountability for the extent to which member governments promote and enforce core labor standards.” This language, if left unchanged, could allow the President to negotiate agreements under fast track authority and at the same time use trade sanctions to enforce labor standards. Using trade and investment sanctions as an enforcement tool is entirely unacceptable, and therefore should be eliminated.
- **Strike the words “sustainable development” from the legislation.** “Sustainable development” is a code phrase for zero-growth policy. Too often, sustainable development means no growth or development at all. Yet history shows that whenever there is no economic growth, the environment is degraded, poverty increases, democracy withers, and economic freedom vanishes.

Fast track negotiating authority is an extraordinary power that Congress should approve for the President, who needs it to promote free trade and open markets around the world. The objective of the fast track debate should not be one of specifying what will be in every trade agreement the United States will negotiate during the next five or ten years. Rather, it should establish only that such nontrade issues as labor standards, the environment, and other social issues are not appropriate for inclusion in trade agreements. The United States needs a “clean” fast track bill that ensures the President’s negotiating authority is strictly related to U.S. trade and investment liberalization objectives. This will prevent many from pressing the Administration to sign trade agreements that would satisfy liberal and protectionist constituencies.