Dear Brian:

During the NAFTA debate last year I wrote you and Susan Swain a long letter to the effect that I felt that C-Span's coverage of trade/NAFTA was the one weak spot in your mostly marvelous coverage of issues.

Now we are coming up to GATT, an even worse deal for the U.S. than NAFTA was/is. And just as complicated, and just as essential that somehow you have a program that step-by-step tells Americans what's in the bill, and provide a truly contrarian opinion.

In planning your guest list for the subject of GATT, and trade in general as part of economics coverage, could you PLEASE try to look at it as you do all other issues -- it is NOT immoral or a no-brainer or preposterous to be AGAINST free trade!!! If it is, that would make free trade the only issue in the whole damned world that doesn't have two sides to it! That cannot be true!

Here's what I am asking C-Span programmers to do:

1. Book Notes - Invite Tim Lang and Colin Hines, authors of The New Protectionism: Protecting the future Against Free Trade (see enclosed article from recent N.Y. Times) for a program in May. Recent article in the Wall St. Journal indicates Clinton wants to push this through by early summer to avoid negatives that affect 1994 election so there's little time for informing the American public. (Lousy truncated copy of WSJ article attached also, but I know you can find it in your library - April 8. 1994).

2. While you have them in your studio ASK Lang and Hines for the names of economists, scholars, think tanks you can call on to provide proper argumentation against those in favor of GATT/NAFTA.

3. Ask Pat Choate in for a program that includes a pro-GATT person so that we can hear a real debate of the issue.

4. Begin scheduling whole programs on the subject in May to orient and educate C-Span listeners on a very complicated subject.

5. I don't think the debate is adequate if you confine yourselves to those in favor of GATT, and those who would favor it with some changes. We need to hear from economists, authors like Lang and Hines WHO CHALLENGE THE WHOLE CONCEPT OF FREE TRADE. You never, ever did this for NAFTA!

Thank you!!

[redacted]

[redacted]
Meredith, NH 03253
[redacted]

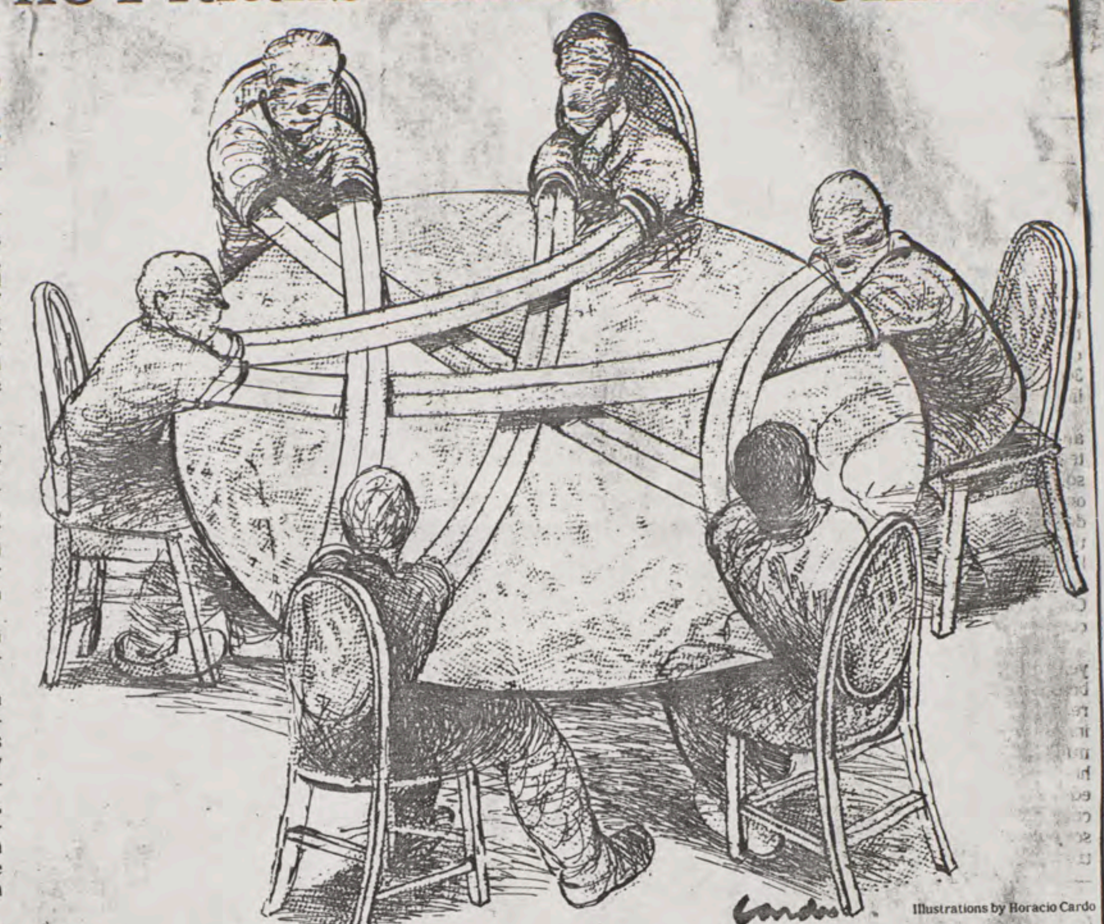
P.S. Long as I'm writing, I'd like to suggest two more books for Book Notes. (1) Certain Trumpets by Garry Wills on leadership styles. (2) The Homeless, by Christopher Jencks, which may sound too limited for Book Notes, but the N.Y. Times review indicates to me that it is relevant to a whole range of social programs and what the government should do about them. (See N.Y. Times Book Review section of April 24)

cc of ltr to: S. Swain

New York Times (Business) 4/17/94

Viewpoints

GATT: The Pitfalls Amid the Promise



Illustrations by Horacio Cardo

For the Jobless, Revise the Pact

By TIM LANG and COLIN HINES

THE world is pinning great hopes on its new trade agreement, reached in December and signed in Marrakesh, Morocco, last week. If the signers hope to solve the growing problem of unemployment in developed nations, though, the results will disappoint them — and prove the need for a radical new approach.

It is not that unemployment is ignored. By holding a jobs conference in Detroit last month, the Group of Seven industrial democracies recognized the issue. And 10 days ago, America put international labor standards on the agenda of the World Trade Organization, the successor group to the General Agreement on Tariffs and Trade.

But recognizing the jobs problem and understanding it are two different things.

As GATT lowers tariffs, workers in developed nations will need to compete harder with low-wage workers elsewhere. What to do? One remedy calls on the former countries to control inflation, lower interest rates, invest in skills and training, and increase productivity. Another solution is to establish, through the new trade group and others, worldwide rules on the right to unionize and the like.

But these prescriptions cannot do the job. In 1993, hourly labor costs in manufacturing were $24.90 in West Germany, $16.90 in Japan, $16.40 in the United States, $16.30 in France and $12.40 in Britain. Compare those sums with $4.90 in South Korea, $1.80 in Hungary and 50 cents in China.

How can the conventional solutions bridge these wide gaps? American workers would need tons of efficient equipment to overcome such low wages. Anyway, such equipment can also be used by lower-paid workers, who are often educated and motivated. And a global right to unionize will hardly narrow these big disparities.

Data on specific jobs highlight the gap's size. In India, computer programmers earn less than $3,000 a year. And in the Philippines, college-educated data punchers are paid $150 a month — one-sixth the European wage.

Employers flock to these labor "bargains." Fila, the Italian sportswear company, avoids most high European costs; 70 percent of its shoes are made in Indonesia and China. In Manhattan, lawyers fax draft letters to a woman in Barbados instead of handing them to a secretary. The pattern is common. A 1993 survey of 10,000 German companies found that one-third will move some facilities to Eastern Europe or Asia by 1996.

Add up all these business decisions, and the result is massive unemployment in the developed world. About 35 million people are out of work in those nations now, with millions to come.

The only answer is a new, protectionist approach. GATT must become GAST — a General Agreement on Sustainable Trade — which will foster not global competition, but self-sustaining local economies in both developed and developing nations.

Such a treaty needs many tools:

• **Control Imports and Exports.** Nations must meet as many needs as they can themselves; anything they cannot provide nationally should be obtained regionally, and long-distance trade should be a last resort. To do this, import and export controls must be imposed on a regional level.

• **Site Here to Sell Here.** To sell goods locally, companies should produce those goods locally. This rule means the benefits of production — jobs — will fall to consumers of the goods produced.

• **Keep Capital Local.** Now, capital flows freely worldwide. If local economies are to be self-sustaining, they must impose controls on this capital to insure its investment locally.

• **Break Up Big Companies.** Under this new trade regime, local companies will be shielded from foreign competition by tariffs. To instill local competition and to assure consumer choice, nations must strongly pursue antitrust policies.

Of course, these ideas amount to undoing GATT. But who has a better answer for the millions of current and future unemployed? Who thinks the conventional remedies can overcome the economic advantages of a China, where manufacturing wages are 3 percent of those in America? ■

Tim Lang and Colin Hines are the authors of "The New Protectionism: Protecting the Future Against Free Trade," which elaborates on the themes of this article (New Press).

Dumping Laws Still Endanger the Deal

By F. AMANDA DeBUSK

AS more than 100 nations gathered to sign the new GATT accord, nearly everyone viewed this successful end to the Uruguay Round as a boon for the global economy. But without vigilance in one key area — antidumping policies — GATT's promise may be undermined.

Antidumping statutes are hardly a fringe issue; they are the most frequently invoked of nations' foreign-trade laws. The United States, the leading target of such laws, had 69 such cases filed against its exporters from January 1989 to June 1993. Chinese companies were second, with 68 cases filed against them, followed by Japanese companies, with 57.

In theory, antidumping laws promote free trade by imposing extra import duties on companies that sell goods abroad below cost or at lower prices than they charge in their protected home markets. But in reality, in the United States and elsewhere, the laws are often used for "protecting domestic industries from foreign competition," the Council of Economic Advisers concluded in its 1994 report to the President.

To be sure, this is partly our own fault. Under the Reagan and Bush Administrations, the Department of Commerce tilted our antidumping laws in favor of complaining domestic companies. Other countries modeled their policies on ours, and many of those policies are now more tilted than our own.

Moreover, these laws are becoming retaliatory clubs. In 1993, for example, American steel producers filed 72 antidumping cases against flat-rolled steel products from various countries. Soon thereafter, two of those countries, Canada and Mexico, filed virtually identical cases against flat-rolled American steel.

Such tit-for-tat cases can easily spread and threaten global free trade — especially as antidumping laws multiply. About two dozen nations had these statutes in 1990; there are about 40 today, and scores more will join them shortly. The reason: the Uruguay Round requires all GATT members to sign the antidumping code, which will lead many countries without these laws to adopt them.

> The statutes can tempt nations to engage in antitrade practices.

Why does antidumping get so much attention? Because it involves very high stakes. Consider the case of Nutrasweet.

In 1991, the European Community imposed high antidumping duties on aspartame, a low-calorie sweetener produced by Nutrasweet in the United States. The duties made it too expensive for Nutrasweet to export the sweetener, so, rather than lose the market, the company opened a plant in France. American jobs thus became French jobs.

The potential American job loss from antidumping activity is huge. In 1992, exports accounted for one in six United States manufacturing jobs.

Or consider antidumping laws from the opposite vantage: the gains. China, for instance, is on the verge of adopting its own antidumping statute. Meanwhile, American companies are rapidly increasing their exports to that nation, from $7.4 billion in 1992 to $8.8 billion in 1993. Imagine the temptation for Chinese officials to use an antidumping law to force the production of those goods in China, with the attendant jump in jobs.

Given these stakes, antidumping laws can act as a powerful brake on international trade — notwithstanding GATT's tariff reductions. According to a 1993 study in the Journal of Political Economy, "nontariff barriers, including antidumping actions, probably reduced U.S. manufactured imports by around a fifth" during the Reagan years.

How can we avoid these pitfalls? First, when nations use antidumping laws to thwart competition, the United States must readily confront them by seeking redress under GATT's dispute resolution processes. In the past, the GATT process has sometimes offered hollow remedies because countries could block unfavorable decisions. Now the rules have been tightened, and the United States must take advantage of this change.

But at the same time, we must be sure our own antidumping policies are not protectionist. Our complaints will carry little weight if we do not apply the rules fairly ourselves. ■

F. Amanda DeBusk, a lawyer, is a partner at O'Melveny & Myers in Washington. She served as a trade policy adviser on the Clinton-Gore transition team.

this whole mess makes Gatt even more unworkable than it inevitably will be.

Unexpected Obstacles Are Threatening to Delay Or Derail Congressional Approval of GATT Pact

Wall St Journal 4/8/94

By Bob Davis
Staff Reporter of The Wall Street Journal

WASHINGTON – The world-trade pact that was expected to sail easily through Congress this spring is now fighting strong head winds and is in danger of capsizing.

The unexpected squall comes at an embarrassing time for the White House. Trade ministers from around the world will jet to Marrakesh, Morocco, to sign the pact next Friday, which was negotiated under the auspices of the General Agreement on Tariffs and Trade. U.S. Trade Representative Mickey Kantor wants the meeting to focus on environmental and labor issues. But he is bound to be put on the defensive by delegates questioning when – or whether – Congress will approve the pact, which cuts tariffs and agricultural subsidies and strengthens patent protection globally.

"The longer [the GATT pact] slips, the greater the risk that something will undo it," says Robert Hormats, a former trade negotiator who is now vice chairman of Goldman Sachs & Co. "That's an unhealthy signal, especially when there are so many uncertainties in the international trading environment."

The administration's GATT problems eased slightly yesterday when GATT delegates agreed to a U.S. proposal to discuss international labor standards at Marrakesh, a minimum goal of unions that fought the North American Free Trade Agreement. Mr. Kantor called the agreement "a modestly dramatic step."

But the White House's biggest GATT headache remains – figuring out how to pay the bill for lost tariff revenue, now estimated at about $13 billion over five years. Democratic lawmakers say they won't take the rap for GATT tax increases or program cuts without Republican support. But Senate Republicans say they won't help the White House until it changes GATT provisions permitting subsidies for high-tech projects, which Republicans contend will increase government meddling in the market and other woes.

Trouble in GATT negotiations on subsidies ended months ago. Now, the longer this impasse continues, the tougher the election-year issue out of GATT.

Instead of Nafta's "giant sucking sound," opponents rail against GATT's "faceless bureaucrats" in Geneva, who will have greater powers under the new accord to challenge U.S. environmental and safety laws. "If Nafta was a jobs debate, this is a democracy debate," says Lori Wallach, the high-voltage trade organizer at the consumer group Public Citizen, who coordinated visits by activists to 84 lawmakers during the Easter recess.

Mr. Kantor says the administration still wants Congress to vote on the trade pact early this summer. Indeed, he already has obtained commitments from GATT delegates to move up the date the accord goes into effect by six months to Jan. 1, 1995 – "or as soon thereafter as practicable" – partly to pressure Congress for an early vote. A long delay, he says, "would cause others to begin to wonder if our policy has changed [concerning] open markets and expanding trade."

But Majority Leader Richard Gephardt says he's ready to put off a GATT vote until next year. "I don't think we should have a deadline or timetable that pushes us," he says.

* First, the White House has to scrounge up enough money to pay for GATT. Some in the administration once hoped to get a waiver from the deficit-reduction law, which requires new revenues or spending cuts to pay for new programs. After all, Mr. Kantor argues, GATT's boost to the economy will produce at least $3 in federal revenues for each $1 of tariff cut.

But that idea flopped. Democrats worried that Mr. Kantor's arguments sounded too much like those used by the Bush White House to justify a capital-gains tax cut. Republicans didn't want to give the Clinton White House, with its big spending plans, a precedent to seek more waivers. Even Federal Reserve Chairman Alan Greenspan weighed in against a waiver.

Next, Mr. Kantor floated a plan on Capitol Hill to sell quota rights to import textiles. But his own legal department shot that one down, finding that the plan violated the new GATT pact.

Then, late last month, Mr. Kantor, used by communications firms. But broadcasters perennially oppose that idea – and lawmakers don't like to annoy broadcasters during an election year.

Clinton officials also talk about taxing liquor or renewing the Superfund tax on chemical companies that is due to expire at the end of next year, and using the revenues to help pay for GATT. But those taxes are in demand to pay for other programs, too, including more Superfund toxic-waste cleanups.

"They tell us they're not sure what to do," says Sen. Max Baucus, the Montana Democrat who chairs a trade subcommittee. He still wants to try for a budget waiver; any new revenue should go to pay for health care, he says.

Business – the big GATT beneficiary – blusters about the accord, but doesn't help much. "Fourteen billion dollars, in the scheme of things, is a spit in the bucket," says Donald Fisher, chief executive officer of Gap Inc., referring to the early calculation of GATT's price tag. But he quickly adds that he doesn't back any tax increase, and he hates import-quota auctions, which could raise the price of Gap clothes.

GATT's woes in Congress are complicated by the surprisingly effective opposition of Sen. John Danforth, a Missouri Republican who is a senior member of the Senate Finance Committee. Mr. Danforth has been rallying all the Senate's Republicans and a few Democrats to attack the GATT provision allowing steep government subsidies of commercial technology projects. Mr. Kantor says the provision protects Sematech, a semiconductor consortium, and other high-tech ventures that get federal funding. But Mr. Danforth fears that GATT will ignite a subsidies race with other countries, which the U.S will lose.

To show his strength, Mr. Danforth recently turned a Senate debate over an obscure technology-funding bill into a referendum on GATT. He held the Senate floor for the good part of a week, defeated a Democratic effort to shut off debate, and forced the administration to compromise with him before he yielded.

broadly hints, he would help line up other Republicans for a GATT funding plan.

But now Mr. Kantor says he has decided against any side deal; "serious concerns" about subsidies can be addressed in the GATT legislation itself. U.S. law, of course, doesn't bind any other nation, so that plan is unlikely to satisfy Sen. Danforth. But the trade rep may have no better alternative. If the U.S. tries to renegotiate one part of GATT, the European Union and others would surely try to renegotiate other parts.

Watching the hubbub from his cramped office near Capitol Hill is Pat Choate, a leader of the Nafta fight and adviser to Ross Perot. He is studying GATT's successor organization, called the World Trade Organization, which gives each country one vote, no matter its size – making Slovakia theoretically equal to the U.S. That makes the WTO "a United Nations of trade, where the U.S. has no veto," he says.

Administration lawyers say that analogy is deeply flawed; on important issues the U.S. can disregard a WTO finding.

They go line-by-line through the stupendously complex accord to prove their point. No matter. Mr. Choate is already bashing GATT on the radio talk-show circuit for threatening U.S. sovereignty. "Outside of Washington," he says, "you find that people are opposed to any trade agreement."

Danforth is against the only attempt to protect U.S. interests in Gatt

How about using Lori Wallach for a contrarian viewpoint.

* You should have one program just on how Gatt is to be paid for!