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H. R. 2651

To establish an Emergency Commission To End the Trade Deficit.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 1997

Mr. DEFAZIO (for himself, Mr. FILNER, Ms. KAPTUR, Mr. BONIOR, Mr. LIPINSKI, Mr. MILLER of California, Mr. SANDERS, Mr. DELLUMS, Mr. STARK, Mr. PASCRELL, Mr. TIERNEY, Mr. COSTELLO, Mr. HINCHEY, Ms. SLAUGHTER, Mr. BROWN of Ohio, Mr. ABERCROMBIE, Mr. EVANS, Ms. WATERS, Mr. STUPAK, Mr. PALLONE, Mr. BALDACCI, Mr. DELAHUNT, and Ms. DELAURO) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To establish an Emergency Commission To End the Trade Deficit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘End the Trade Deficit Act’’.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The United States has had 21 years of consecutive annual merchandise trade deficits, totaling $1,980,717,000,000.

(2) In 1996, the United States had the largest negative trade balance in its history, amounting to $187,617,000,000. It is the third consecutive year in which the trade deficit has set a new record. Economic forecasts anticipate continued growth in the trade deficit in the next few years.

(3) Private economic forecasts now project that the trade deficit will nearly double within the next 10 to 15 years.

(4) The positive net international asset position that the United States built up over 100 years was eliminated in the 1980s. The United States today has become the world's largest debtor nation, with a net debt of more than $774,000,000,000.

(5) In recent times, the trade deficit has retarded growth in the Nation's gross domestic product, increased the costs of servicing higher net foreign debt, and made the United States more dependent on international financial considerations.

(6) The United States merchandise trade deficit is characterized by large bilateral trade imbalances with a handful of countries. Six countries (Japan,

China, Canada, Mexico, Germany, and Taiwan) accounted for 92 percent of the United States trade deficit in goods in 1996. Japan and China accounted for one-half of the trade deficit.

(7) Today the United States trade deficit primarily consists of high-value manufactured items. Automobiles, office machines, electronic goods, and telecommunications equipment now comprise nearly three-fourths of the trade deficit. The United States imports more cars from Mexico than it exports to the rest of the world. Imports of manufactured goods as a percentage of the United States manufacturing gross domestic product have risen from 11 percent in 1970 to more than 50 percent last year.

(8) While the United States has one of the most open borders and economies in the world, the United States faces significant tariff and nontariff trade barriers with its trading partners. Current overall trade balances do not reflect the actual competitiveness or productivity of the United States economy. Instead, they demonstrate the underlying structural nature of the trade deficits. Full reciprocal market access remains an elusive goal as documented in the annual reports of the United States Trade Representative.

(9) Since the last comprehensive review of national trade and investment policies was conducted by a Presidential commission in 1970, there have been massive worldwide economic and political changes which have profoundly affected world trading relationships. The cold war has ended. It is no longer necessary or prudent for United States trade policy to be a residual of United States foreign policy. Globalization, the increased mobility of capital and technology, the growth of transnational corporations, and the outsourcing of production across national boundaries, are reshaping both the comparative and competitive trade advantages among nations.

(10) The United States is once again at a critical juncture in trade policy development. The structural nature of the United States trade deficit and its persistent growth must be reversed. The causes and consequences of the trade deficit must be documented and a plan must be developed to eliminate the merchandise trade deficit within the next 10 years.

SEC. 3. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Emergency Commission To

End the Trade Deficit (hereafter in this Act referred to as the "Commission").

(b) PURPOSE.—The purpose of the Commission is to develop a trade policy plan to eliminate the United States merchandise trade deficit by the year 2007 and to develop a competitive trade policy for the 21st century. The plan shall include strategies necessary to achieve a balance of trade that fully reflects the competitiveness and productivity of the United States and also improves the standard of living of United States citizens.

(c) MEMBERSHIP OF COMMISSION.—

(1) COMPOSITION.—The Commission shall be composed of 11 members of whom—

(A) 3 shall be appointed by the President, 1 of whom shall be appointed to represent labor interests, 1 of whom shall be appointed to represent small businesses, and 1 of whom shall be appointed to represent consumer protection interests;

(B) 1 Senator and 1 other person shall be appointed by the President pro tempore of the Senate upon the recommendation of the Majority Leader of the Senate;

(C) 1 Senator and 1 other person shall be appointed by the President pro tempore of the

Senate upon the recommendation of the Minority Leader of the Senate;

(D) 1 Member of the House of Representatives and 1 other person shall be appointed by the Speaker of the House of Representatives; and

(E) 1 Member of the House of Representatives and 1 other person shall be appointed by the Minority Leader of the House of Representatives.

(2) QUALIFICATIONS OF MEMBERS.—

(A) PRESIDENTIAL APPOINTMENTS.—Of the persons appointed under paragraph (1)(A), not more than 1 may be an officer, employee, or paid consultant of the executive branch.

(B) OTHER APPOINTMENTS.—Persons who are not Members of Congress, appointed under subparagraph (B), (C), (D), or (E) of paragraph (1), shall be persons who—

(i) have expertise in economics, international trade, manufacturing, labor, environment, business, or have other pertinent qualifications or experience; and

(ii) are not officers or employees of the United States.

(C) OTHER CONSIDERATIONS.—In appointing Commission members, every effort shall be made to ensure that the members—

(i) are representative of a broad cross-section of economic and trade perspectives within the United States; and

(ii) provide fresh insights to achieving a trade deficit reduction plan.

(d) PERIOD OF APPOINTMENT; VACANCIES.—

(1) IN GENERAL.—Members shall be appointed not later than 60 days after the date of enactment of this Act and the appointment shall be for the life of the Commission.

(2) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(e) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(f) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The members of the Commission shall elect a chairperson and vice chairperson from among the members of the Commission.

(h) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(i) VOTING.—Each member of the Commission shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Commission.

SEC. 4. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall be responsible for developing a comprehensive trade policy plan, by examining the economic policies, trade, tax, and investment laws, and other legal incentives and restrictions that are relevant to reducing the United States trade deficit.

(b) RECOMMENDATIONS.—The Commission shall examine and make recommendations to Congress and the President on the following:

(1) The manner in which the Government of the United States establishes and administers the Nation's fundamental trade policies and objectives, including—

(A) the relationship of the merchandise trade balance to the overall well-being of the United States economy and in particular the impact the trade balance has on wages and employment in various sectors of the United States economy;

(B) the relationship of United States foreign policy objectives to trade policy and the extent to which foreign policy considerations receive a priority over trade objectives;

(C) the effects the trade deficits in the areas of manufacturing and technology have on defense production and innovation capabilities of the United States;

(D) the extent to which United States monetary policies and the need for foreign capital to finance the current account deficit influence trade objectives;

(E) the coordination, allocation, and accountability of trade responsibilities among Federal agencies; and

(F) the methods for improving and enhancing systematic congressional review of foreign policy and trade policy as part of a plan to establish a coordinated set of national economic priorities.

(2) The causes and consequences of both the overall trade deficit and specific bilateral trade deficits, including—

(A) identification and quantification of the macroeconomic, sectoral, and bilateral trade factors contributing to the United States trade deficit with various countries;

(B) identification and quantification of the impact of the trade deficit on the domestic economy, industrial base, manufacturing capacity, number and quality of jobs, productivity, wages, health, safety, and environmental standards, and the United States standard of living;

(C) identification and quantification of individual industrial, manufacturing, and production sectors, and intraindustry and intracompany transactions which contribute to or are impacted by United States trade deficits;

(D) a review of the adequacy of the current collection and reporting of trade data, and the identification and development of additional data bases and economic measurements that may be needed to properly quantify the factors described in subparagraphs (A), (B), and (C);

(E) the relationship that tariff and non-tariff barriers have to trade deficits and the extent to which trade deficits have become structural;

(F) the extent to which there is reciprocal market access in each country with which the United States has a persistent and substantial bilateral trade deficit; and

(G) the role of transhipments on bilateral trade, including foreign imports and exports, with special attention to transhipments under the North American Free Trade Agreement.

(3) The relationship of United States trade deficits to both comparative and competitive trade advantages within the global economy, including—

(A) a systematic analysis of the United States trade patterns with different trading partners, to what extent the trade patterns are based on comparative and competitive trade advantages, and how the trade advantages relate to the goods that are exported to and imported from various trading partners;

(B) the extent to which the increased mobility of capital and technology has changed both comparative and competitive trade advantages;

(C) identification and quantification of goods imported into the United States which are produced by child and forced labor, or under social and environmental conditions that do not comply with United States law;

(D) the impact that labor standards (including the ability of labor to organize, bargain collectively, and exercise human rights) have on world trade;

(E) the impact that currency exchange rates and the manipulation of exchange rates have on world trade and trade deficits;

(F) the effect that offset and technology transfer agreements have on the long-term competitiveness of the United States manufacturing sectors; and

(G) the extent to which international agreements impact on United States competitiveness.

(4) The flow of investments both into and out of the United States, including—

(A) the impact such investments have on the United States trade deficit and living standards of United States production workers;

(B) the impact such investments have on United States labor, community, environmental, health, and safety standards;

(C) the extent to which United States tax laws, such as income deferral, contribute to the movement of manufacturing facilities and jobs to foreign locations;

(D) the identification and quantification of domestic plant closures and the movement of such plants to foreign locations for production of goods for the United States market;

(E) the impact of implied or threatened plant closings and movement of jobs to foreign locations on United States wage rates and working conditions;

(F) the effect of investment flows on wages in countries with developed economies and on countries of the former Soviet Union; and

(G) the effect of barriers to United States foreign direct investment in developed and developing nations, particularly nations with which the United States has a trade deficit.

(5) Evaluation of current policies and suggestions for alternative strategies for the United States to systematically reduce the trade deficit and improve the economic well-being of United States citizens, including suggestions for—

(A) the development of bilateral and multilateral trade relationships based on market access reciprocity;

(B) the retention and expansion of United States manufacturing, agricultural, and technology sectors, which are vital to the economy and security of the United States;

(C) the discouragement of the expatriation of United States plants, jobs, and production to nations that have achieved competitive advantages by permitting lower wages or lower health, safety, and environmental standards, or by imposing requirements with respect to investment, performance, or other obligations;

(D) methods by which the United States can effectively compete in a global economy while improving the labor, social, and environmental standards of its trading partners, particularly developing nations;

(E) methods by which the United States can respond to substantial shifts or manipulation of currency exchange rates which distort trade relationships;

(F) methods for overcoming and offsetting trade barriers which are either not subject to or otherwise inadequately addressed by the World Trade Organization or other multilateral arrangements;

(G) specific strategies for achieving improved trade balances with those nations that the United States has significant, persistent sectoral or bilateral trade deficits, including Japan, China, Canada, Mexico, Germany, and Taiwan;

(H) methods for the United States to respond to the particular needs and circumstances of developing and developed nations in a manner that is mutually beneficial; and

(I) changes that may be required to current trade agreements and organizations to allow the United States to pursue and nurture economic growth for its manufacturing, agriculture, and other production sectors in a manner that insures improved compensation and quality of life for United States citizens.

SEC. 5. FINAL REPORT; CONGRESSIONAL HEARINGS.

(a) FINAL REPORT.—

(1) IN GENERAL.—Not later than 16 months after the date of enactment of this Act, the Commis-

sion shall submit to the President and Congress a final report which contains—

(A) the findings and conclusions of the Commission described in section 4;

(B) a detailed plan for reducing both the overall trade deficit and specific bilateral trade deficits; and

(C) any recommendations for administrative and legislative actions necessary to achieve such reductions.

(2) SEPARATE VIEWS.—Any member of the Commission may submit additional findings and recommendations as part of the final report.

(b) CONGRESSIONAL HEARINGS.—Not later than 6 months after the final report described in subsection (a) is submitted, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall hold hearings on the report.

SEC. 6. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission may find advisable to fulfill the requirements of this Act. The Commission shall hold at least 7 public hearings, 1 or more in Washington, D.C. and 4 in different regions of the United States.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this Act. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

SEC. 7. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the execu-

tive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 8. AUTHORIZATION OF APPROPRIATIONS; GAO AUDIT.

(a) IN GENERAL.—There are authorized to be appropriated $2,000,000 to the Commission to carry out the provisions of this Act.

(b) GAO AUDIT.—Not later than 6 months after termination of the Commission, the Comptroller General of the United States shall complete an audit of the financial books and records of the Commission to determine that the limitation on expenses has been met, and shall submit a report on the audit to the President and Congress.

SEC. 9. TERMINATION OF COMMISSION.

The Commission shall cease to exist 30 days after the date on which the Commission submits the final report under section 5.