

105TH CONGRESS  
1ST SESSION

# S. 465

To establish an Emergency Commission To End the Trade Deficit.

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IN THE SENATE OF THE UNITED STATES

MARCH 18, 1997

Mr. DORGAN (for himself, Mr. BYRD, and Mr. SARBANES) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To establish an Emergency Commission To End the Trade Deficit.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “End the Trade Deficit  
5       Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress makes the following findings:

8               (1) The United States has had 21 years of con-  
9       secutive annual merchandise trade deficits, totaling  
10       \$1,980,717,000,000.

1           (2) In 1996, the United States had the largest  
2       negative trade balance in its history, amounting to  
3       \$187,617,000,000. It is the third consecutive year in  
4       which the trade deficit has set a new record. Eco-  
5       nomic forecasts anticipate continued growth in the  
6       trade deficit in the next few years.

7           (3) Private economic forecasts now project that  
8       the trade deficit will nearly double within the next  
9       10 to 15 years.

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

15          (5) In recent times, the trade deficit has re-  
16       tarded growth in the Nation's gross domestic prod-  
17       uct, increased the costs of servicing higher net for-  
18       eign debt, and made the United States more depend-  
19       ent on international financial considerations.

20          (6) The United States merchandise trade deficit  
21       is characterized by large bilateral trade imbalances  
22       with a handful of countries. Six countries (Japan,  
23       China, Canada, Mexico, Germany, and Taiwan) ac-  
24       counted for 92 percent of the United States trade

1 deficit in goods in 1996. Japan and China accounted  
2 for one-half of the trade deficit.

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

13 (8) While the United States has one of the  
14 most open borders and economies in the world, the  
15 United States faces significant tariff and nontariff  
16 trade barriers with its trading partners. Current  
17 overall trade balances do not reflect the actual com-  
18 petitiveness or productivity of the United States  
19 economy. Instead, they demonstrate the underlying  
20 structural nature of the trade deficits. Full recip-  
21 rocal market access remains an elusive goal as docu-  
22 mented in the annual reports of the United States  
23 Trade Representative.

24 (9) Since the last comprehensive review of na-  
25 tional trade and investment policies was conducted

1 by a Presidential commission in 1970, there have  
 2 been massive worldwide economic and political  
 3 changes which have profoundly affected world trad-  
 4 ing relationships. The cold war has ended. It is no  
 5 longer necessary or prudent for United States trade  
 6 policy to be a residual of United States foreign pol-  
 7 icy. Globalization, the increased mobility of capital  
 8 and technology, the growth of transnational corpora-  
 9 tions, and the outsourcing of production across na-  
 10 tional boundaries, are reshaping both the compara-  
 11 tive and competitive trade advantages among na-  
 12 tions.

13 (10) The United States is once again at a criti-  
 14 cal juncture in trade policy development. The struc-  
 15 tural nature of the United States trade deficit and  
 16 its persistent growth must be reversed. The causes  
 17 and consequences of the trade deficit must be docu-  
 18 mented and a plan must be developed to eliminate  
 19 the merchandise trade deficit within the next 10  
 20 years.

21 **SEC. 3. ESTABLISHMENT OF COMMISSION.**

22 (a) ESTABLISHMENT.—There is established a com-  
 23 mission to be known as the Emergency Commission To  
 24 End the Trade Deficit (hereafter in this Act referred to  
 25 as the “Commission”).

1       (b) PURPOSE.—The purpose of the Commission is to  
2   develop a trade policy plan to eliminate the United States  
3   merchandise trade deficit by the year 2007 and to develop  
4   a competitive trade policy for the 21st century. The plan  
5   shall include strategies necessary to achieve a balance of  
6   trade that fully reflects the competitiveness and productiv-  
7   ity of the United States and also improves the standard  
8   of living of United States citizens.

9       (c) MEMBERSHIP OF COMMISSION.—

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

12               (A) 3 shall be appointed by the President;

13               (B) 1 Senator and 1 other person shall be  
14   appointed by the President pro tempore of the  
15   Senate upon the recommendation of the Major-  
16   ity Leader of the Senate;

17               (C) 1 Senator and 1 other person shall be  
18   appointed by the President pro tempore of the  
19   Senate upon the recommendation of the Minor-  
20   ity Leader of the Senate;

21               (D) 1 Member of the House of Representa-  
22   tives and 1 other person shall be appointed by  
23   the Speaker of the House of Representatives;  
24   and

1 (E) 1 Member of the House of Representa-  
 2 tives and 1 other person shall be appointed by  
 3 the Minority Leader of the House of Represent-  
 4 atives.

5 (2) QUALIFICATIONS OF MEMBERS.—

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

10 (B) OTHER APPOINTMENTS.—Persons who  
 11 are not Members of Congress, appointed under  
 12 subparagraph (B), (C), (D), or (E) of para-  
 13 graph (1), shall be persons who—

14 (i) have expertise in economics, inter-  
 15 national trade, manufacturing, labor, envi-  
 16 ronment, business, or have other pertinent  
 17 qualifications or experience; and

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

20 (C) OTHER CONSIDERATIONS.—In appoint-  
 21 ing Commission members, every effort shall be  
 22 made to ensure that the members—

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

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

3 (d) PERIOD OF APPOINTMENT; VACANCIES.—

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

8 (2) VACANCIES.—Any vacancy in the Commis-  
9 sion shall not affect its powers, but shall be filled in  
10 the same manner as the original appointment.

11 (e) INITIAL MEETING.—Not later than 30 days after  
12 the date on which all members of the Commission have  
13 been appointed, the Commission shall hold its first meet-  
14 ing.

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

17 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The  
18 members of the Commission shall elect a chairperson and  
19 vice chairperson from among the members of the Commis-  
20 sion.

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

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

4 **SEC. 4. DUTIES OF THE COMMISSION.**

5 (a) IN GENERAL.—The Commission shall be respon-  
6 sible for developing a comprehensive trade policy plan, by  
7 examining the economic policies, trade, tax, and invest-  
8 ment laws, and other legal incentives and restrictions that  
9 are relevant to reducing the United States trade deficit.

10 (b) RECOMMENDATIONS.—The Commission shall ex-  
11 amine and make recommendations to Congress and the  
12 President on the following:

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

17 (A) the relationship of the merchandise  
18 trade balance to the overall well-being of the  
19 United States economy and in particular the  
20 impact the trade balance has on wages and em-  
21 ployment in various sectors of the United  
22 States economy;

23 (B) the relationship of United States for-  
24 eign policy objectives to trade policy and the ex-



1           tent to which foreign policy considerations re-  
2           ceive a priority over trade objectives;

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

7           (D) the extent to which United States  
8           monetary policies and the need for foreign cap-  
9           ital to finance the current account deficit influ-  
10          ence trade objectives;

11          (E) the coordination, allocation, and ac-  
12          countability of trade responsibilities among  
13          Federal agencies; and

14          (F) the methods for improving and en-  
15          hancing systematic congressional review of for-  
16          eign policy and trade policy as part of a plan  
17          to establish a coordinated set of national eco-  
18          nomic priorities.

19          (2) The causes and consequences of both the  
20          overall trade deficit and specific bilateral trade defi-  
21          cits, including—

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

1 (B) identification and quantification of the  
2 impact of the trade deficit on the domestic  
3 economy, industrial base, manufacturing capac-  
4 ity, number and quality of jobs, productivity,  
5 wages, health, safety, and environmental stand-  
6 ards, and the United States standard of living;

7 (C) identification and quantification of in-  
8 dividual industrial, manufacturing, and produc-  
9 tion sectors, and intraindustry and  
10 intracompany transactions which contribute to  
11 or are impacted by United States trade deficits;

12 (D) a review of the adequacy of the cur-  
13 rent collection and reporting of trade data, and  
14 the identification and development of additional  
15 data bases and economic measurements that  
16 may be needed to properly quantify the factors  
17 described in subparagraphs (A), (B), and (C);

18 (E) the relationship that tariff and non-  
19 tariff barriers have to trade deficits and the ex-  
20 tent to which trade deficits have become struc-  
21 tural;

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

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

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

8 (A) a systematic analysis of the United  
9 States trade patterns with different trading  
10 partners, to what extent the trade patterns are  
11 based on comparative and competitive trade ad-  
12 vantages, and how the trade advantages relate  
13 to the goods that are exported to and imported  
14 from various trading partners;

15 (B) the extent to which the increased mo-  
16 bility of capital and technology has changed  
17 both comparative and competitive trade advan-  
18 tages;

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

24 (D) the impact that labor standards (in-  
25 cluding the ability of labor to organize, bargain

1 collectively, and exercise human rights) have on  
2 world trade;

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

6 (F) the effect that offset and technology  
7 transfer agreements have on the long-term com-  
8 petitiveness of the United States manufacturing  
9 sectors; and

10 (G) the extent to which international  
11 agreements impact on United States competi-  
12 tiveness.

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

15 (A) the impact such investments have on  
16 the United States trade deficit and living stand-  
17 ards of United States production workers;

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

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

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

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

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

12 (G) the effect of barriers to United States  
 13 foreign direct investment in developed and de-  
 14 veloping nations, particularly nations with  
 15 which the United States has a trade deficit.

16 (5) Evaluation of current policies and sugges-  
 17 tions for alternative strategies for the United States  
 18 to systematically reduce the trade deficit and im-  
 19 prove the economic well-being of United States citi-  
 20 zens, including suggestions for—

21 (A) the development of bilateral and multi-  
 22 lateral trade relationships based on market ac-  
 23 cess reciprocity;

24 (B) the retention and expansion of United  
 25 States manufacturing, agricultural, and tech-

1 nology sectors, which are vital to the economy  
2 and security of the United States;

3 (C) the discouragement of the expatriation  
4 of United States plants, jobs, and production to  
5 nations that have achieved competitive advan-  
6 tages by permitting lower wages or lower  
7 health, safety, and environmental standards, or  
8 by imposing requirements with respect to in-  
9 vestment, performance, or other obligations;

10 (D) methods by which the United States  
11 can effectively compete in a global economy  
12 while improving the labor, social, and environ-  
13 mental standards of its trading partners, par-  
14 ticularly developing nations;

15 (E) methods by which the United States  
16 can respond to substantial shifts or manipula-  
17 tion of currency exchange rates which distort  
18 trade relationships;

19 (F) methods for overcoming and offsetting  
20 trade barriers which are either not subject to or  
21 otherwise inadequately addressed by the World  
22 Trade Organization or other multilateral ar-  
23 rangements;

24 (G) specific strategies for achieving im-  
25 proved trade balances with those nations that

1 the United States has significant, persistent  
2 sectoral or bilateral trade deficits, including  
3 Japan, China, Canada, Mexico, Germany, and  
4 Taiwan;

5 (H) methods for the United States to re-  
6 spond to the particular needs and cir-  
7 cumstances of developing and developed nations  
8 in a manner that is mutually beneficial; and

9 (I) changes that may be required to cur-  
10 rent trade agreements and organizations to  
11 allow the United States to pursue and nurture  
12 economic growth for its manufacturing, agri-  
13 culture, and other production sectors in a man-  
14 ner that insures improved compensation and  
15 quality of life for United States citizens.

16 **SEC. 5. FINAL REPORT; CONGRESSIONAL HEARINGS.**

17 (a) FINAL REPORT.—

18 (1) IN GENERAL.—Not later than 16 months  
19 after the date of enactment of this Act, the Commis-  
20 sion shall submit to the President and Congress a  
21 final report which contains—

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

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

4 (C) any recommendations for administra-  
5 tive and legislative actions necessary to achieve  
6 such reductions.

7 (2) SEPARATE VIEWS.—Any member of the  
8 Commission may submit additional findings and rec-  
9 ommendations as part of the final report.

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

15 **SEC. 6. POWERS OF COMMISSION.**

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

23 (b) INFORMATION FROM FEDERAL AGENCIES.—The  
24 Commission may secure directly from any Federal depart-  
25 ment or agency such information as the Commission con-



1   siders necessary to carry out the provisions of this Act.  
2   Upon request of the Chairperson of the Commission, the  
3   head of such department or agency shall furnish such in-  
4   formation to the Commission.

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

9   **SEC. 7. COMMISSION PERSONNEL MATTERS.**

10       (a) COMPENSATION OF MEMBERS.—Each member of  
11   the Commission who is not an officer or employee of the  
12   Federal Government shall be compensated at a rate equal  
13   to the daily equivalent of the annual rate of basic pay pre-  
14   scribed for level IV of the Executive Schedule under sec-  
15   tion 5315 of title 5, United States Code, for each day (in-  
16   cluding travel time) during which such member is engaged  
17   in the performance of the duties of the Commission. All  
18   members of the Commission who are officers or employees  
19   of the United States shall serve without compensation in  
20   addition to that received for their services as officers or  
21   employees of the United States.

22       (b) TRAVEL EXPENSES.—The members of the Com-  
23   mission shall be allowed travel expenses, including per  
24   diem in lieu of subsistence, at rates authorized for employ-  
25   ees of agencies under subchapter I of chapter 57 of title

1 5, United States Code, while away from their homes or  
2 regular places of business in the performance of services  
3 for the Commission.

4 (c) STAFF.—

5 (1) IN GENERAL.—The Chairperson of the  
6 Commission may, without regard to the civil service  
7 laws and regulations, appoint and terminate an execu-  
8 tive director and such other additional personnel as  
9 may be necessary to enable the Commission to per-  
10 form its duties. The employment of an executive di-  
11 rector shall be subject to confirmation by the Com-  
12 mission.

13 (2) COMPENSATION.—The Chairperson of the  
14 Commission may fix the compensation of the execu-  
15 tive director and other personnel without regard to  
16 the provisions of chapter 51 and subchapter III of  
17 chapter 53 of title 5, United States Code, relating  
18 to classification of positions and General Schedule  
19 pay rates, except that the rate of pay for the execu-  
20 tive director and other personnel may not exceed the  
21 rate payable for level V of the Executive Schedule  
22 under section 5316 of such title.

23 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any  
24 Federal Government employee may be detailed to the  
25 Commission without reimbursement, and such detail shall

1 be without interruption or loss of civil service status or  
2 privilege.

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

10 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS; GAO AUDIT.**

11 (a) IN GENERAL.—There are authorized to be appro-  
12 priated \$2,000,000 to the Commission to carry out the  
13 provisions of this Act.

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

20 **SEC. 9. TERMINATION OF COMMISSION.**

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

