

105TH CONGRESS
1ST SESSION

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

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:

1 (1) The United States has had 21 years of con-
2 secutive annual merchandise trade deficits, totaling
3 \$1,980,717,000,000.

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

10 (3) Private economic forecasts now project that
11 the trade deficit will nearly double within the next
12 10 to 15 years.

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

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

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

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

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

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

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

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

23 **SEC. 3. ESTABLISHMENT OF COMMISSION.**

24 (a) ESTABLISHMENT.—There is established a com-
25 mission to be known as the Emergency Commission To

1 End the Trade Deficit (hereafter in this Act referred to
2 as the “Commission”).

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

11 (c) MEMBERSHIP OF COMMISSION.—

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

14 (A) 3 shall be appointed by the President,
15 1 of whom shall be appointed to represent labor
16 interests, 1 of whom shall be appointed to rep-
17 resent small businesses, and 1 of whom shall be
18 appointed to represent consumer protection in-
19 terests;

20 (B) 1 Senator and 1 other person shall be
21 appointed by the President pro tempore of the
22 Senate upon the recommendation of the Major-
23 ity Leader of the Senate;

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

1 Senate upon the recommendation of the Minor-
2 ity Leader of the Senate;

3 (D) 1 Member of the House of Representa-
4 tives and 1 other person shall be appointed by
5 the Speaker of the House of Representatives;
6 and

7 (E) 1 Member of the House of Representa-
8 tives and 1 other person shall be appointed by
9 the Minority Leader of the House of Represent-
10 atives.

11 (2) QUALIFICATIONS OF MEMBERS.—

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

16 (B) OTHER APPOINTMENTS.—Persons who
17 are not Members of Congress, appointed under
18 subparagraph (B), (C), (D), or (E) of para-
19 graph (1), shall be persons who—

20 (i) have expertise in economics, inter-
21 national trade, manufacturing, labor, envi-
22 ronment, business, or have other pertinent
23 qualifications or experience; and

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

1 (C) OTHER CONSIDERATIONS.—In appoint-
2 ing Commission members, every effort shall be
3 made to ensure that the members—

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

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

9 (d) PERIOD OF APPOINTMENT; VACANCIES.—

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

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

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

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

23 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The
24 members of the Commission shall elect a chairperson and

1 vice chairperson from among the members of the Commis-
2 sion.

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

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

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

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

15 (b) RECOMMENDATIONS.—The Commission shall ex-
16 amine and make recommendations to Congress and the
17 President on the following:

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

22 (A) the relationship of the merchandise
23 trade balance to the overall well-being of the
24 United States economy and in particular the
25 impact the trade balance has on wages and em-

1 employment in various sectors of the United
2 States economy;

3 (B) the relationship of United States for-
4 eign policy objectives to trade policy and the ex-
5 tent to which foreign policy considerations re-
6 ceive a priority over trade objectives;

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

11 (D) the extent to which United States
12 monetary policies and the need for foreign cap-
13 ital to finance the current account deficit influ-
14 ence trade objectives;

15 (E) the coordination, allocation, and ac-
16 countability of trade responsibilities among
17 Federal agencies; and

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

23 (2) The causes and consequences of both the
24 overall trade deficit and specific bilateral trade defi-
25 cits, including—

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

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

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

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

22 (E) the relationship that tariff and non-
23 tariff barriers have to trade deficits and the ex-
24 tent to which trade deficits have become struc-
25 tural;

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

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

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

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

19 (B) the extent to which the increased mo-
20 bility of capital and technology has changed
21 both comparative and competitive trade advan-
22 tages;

23 (C) identification and quantification of
24 goods imported into the United States which
25 are produced by child and forced labor, or

1 under social and environmental conditions that
2 do not comply with United States law;

3 (D) the impact that labor standards (in-
4 cluding the ability of labor to organize, bargain
5 collectively, and exercise human rights) have on
6 world trade;

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

10 (F) the effect that offset and technology
11 transfer agreements have on the long-term com-
12 petitiveness of the United States manufacturing
13 sectors; and

14 (G) the extent to which international
15 agreements impact on United States competi-
16 tiveness.

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

19 (A) the impact such investments have on
20 the United States trade deficit and living stand-
21 ards of United States production workers;

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

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

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

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

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

16 (G) the effect of barriers to United States
17 foreign direct investment in developed and de-
18 veloping nations, particularly nations with
19 which the United States has a trade deficit.

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

1 (A) the development of bilateral and multi-
2 lateral trade relationships based on market ac-
3 cess reciprocity;

4 (B) the retention and expansion of United
5 States manufacturing, agricultural, and tech-
6 nology sectors, which are vital to the economy
7 and security of the United States;

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

15 (D) methods by which the United States
16 can effectively compete in a global economy
17 while improving the labor, social, and environ-
18 mental standards of its trading partners, par-
19 ticularly developing nations;

20 (E) methods by which the United States
21 can respond to substantial shifts or manipula-
22 tion of currency exchange rates which distort
23 trade relationships;

24 (F) methods for overcoming and offsetting
25 trade barriers which are either not subject to or

1 otherwise inadequately addressed by the World
2 Trade Organization or other multilateral ar-
3 rangements;

4 (G) specific strategies for achieving im-
5 proved trade balances with those nations that
6 the United States has significant, persistent
7 sectoral or bilateral trade deficits, including
8 Japan, China, Canada, Mexico, Germany, and
9 Taiwan;

10 (H) methods for the United States to re-
11 spond to the particular needs and cir-
12 cumstances of developing and developed nations
13 in a manner that is mutually beneficial; and

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

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

22 (a) FINAL REPORT.—

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

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

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

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

8 (C) any recommendations for administra-
9 tive and legislative actions necessary to achieve
10 such reductions.

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

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

19 **SEC. 6. POWERS OF COMMISSION.**

20 (a) HEARINGS.—The Commission may hold such
21 hearings, sit and act at such times and places, take such
22 testimony, and receive such evidence as the Commission
23 may find advisable to fulfill the requirements of this Act.
24 The Commission shall hold at least 7 public hearings, 1

1 or more in Washington, D.C. and 4 in different regions
2 of the United States.

3 (b) INFORMATION FROM FEDERAL AGENCIES.—The
4 Commission may secure directly from any Federal depart-
5 ment or agency such information as the Commission con-
6 sidered necessary to carry out the provisions of this Act.
7 Upon request of the Chairperson of the Commission, the
8 head of such department or agency shall furnish such in-
9 formation to the Commission.

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

14 **SEC. 7. COMMISSION PERSONNEL MATTERS.**

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

1 addition to that received for their services as officers or
2 employees of the United States.

3 (b) TRAVEL EXPENSES.—The members of the Com-
4 mission shall be allowed travel expenses, including per
5 diem in lieu of subsistence, at rates authorized for employ-
6 ees of agencies under subchapter I of chapter 57 of title
7 5, United States Code, while away from their homes or
8 regular places of business in the performance of services
9 for the Commission.

10 (c) STAFF.—

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

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

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

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

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

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

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

20 (b) **GAO AUDIT.**—Not later than 6 months after ter-
21 mination of the Commission, the Comptroller General of
22 the United States shall complete an audit of the financial
23 books and records of the Commission to determine that
24 the limitation on expenses has been met, and shall submit
25 a report on the audit to the President and Congress.

1 **SEC. 9. TERMINATION OF COMMISSION.**

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

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