

1 EXECUTIVE COMMITTEE MEETING ON U.S.-CANADA FREE TRADE  
2 AGREEMENT

3 TUESDAY, APRIL 22, 1986

4 U.S. Senate

5 Committee on Finance

6 Washington, D.C.

7 The committee met, pursuant to notice, at 9:34 a.m. in  
8 Room SD-215, Dirksen Senate Office Building, the Honorable  
9 Bob Packwood (chairman) presiding.

10 Present: Senators Packwood, Dole, Roth, Danforth, Chafee,  
11 Heinz, Wallop, Durenberger, Armstrong, Symms, Grassley, Long,  
12 Bentsen, Matsunaga, Moynihan, Baucus, Boren, Bradley,  
13 Mitchell, and Pryor.

14 Also present: Len Santos, Trade Counsel, Majority;  
15 Bill Wilkins, Minority Staff Director; Jeff Lang, Trade  
16 Counsel, Minority.

17 (The prepared written statements of Senators Grassley and  
18 Mitchell follow:)

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1 The Chairman. The Committee will come to order, please.

2 I don't think it is any surprise what it is we are going  
3 to consider today, and that is the issue of whether or not  
4 the Senate Finance Committee should give permission to the  
5 Administration to go ahead with the so-called fast-track  
6 negotiations with Canada, moving toward a free trade  
7 agreement.

8 I am going to support the fast track. If there is any  
9 country in this world that we ought to be able to conclude  
10 a fair, free trade agreement with, it is Canada. Similar  
11 backgrounds, similar history, similar language, similar wage  
12 rates, similar capitalistic endeavors.

13 And with all of that, if America is afraid to compete on  
14 the basis of the free exchange of goods and the free exchange  
15 of investment, if we cannot do that with Canada, then there  
16 is no country in this world with which we can do it.

17 So I would hope that as we debate and finally vote today  
18 that the Committee would vote to give the Administration the  
19 authority -- and that is all it is -- to go ahead with  
20 negotiations to create a free trade area between the United  
21 States and Canada, an agreement that will have to come back  
22 here for approval, an agreement based on past experience that  
23 they will come back and talk to this Committee about while  
24 they are negotiating it.

25 It would be my fervent desire, therefore, that the

1 Committee vote to support the Administration on this position.

2 Senator Long.

3 Senator Long. Mr. Chairman, I am not going to vote for  
4 it. We have only given away the right to amend a trade  
5 agreement on two situations. One was in 1974, and that was  
6 a negotiation with a great number of nations. And we were  
7 asked at that time to adopt a so-called veto arrangement  
8 where one house or two houses could veto the legislation in  
9 the event that Congress didn't agree with it.

10 And in order to arrive at an arrangement there, to have  
11 credibility that we could ratify an agreement, we did agree  
12 that we would not have the right to amend it. And we were  
13 promised that we would be consulted every step of the way;  
14 nothing would be agreed to without us being told about it  
15 in advance, and we would have the opportunity to participate  
16 and offer our advice as those negotiations went along.

17 The other case was with regard to Israel where some of  
18 us -- I know I felt that Israel is such a small nation  
19 compared to us and it is so far away from us, so limited in  
20 resources, that I really didn't see how this nation's  
21 interest could be very much injured by a so-called free  
22 trade arrangement with Israel.

23 And I am very pleased about the way that worked out.

24 In this case, however, I think before we yield the rights  
25 of the Congress under the Constitution, we ought to know a lot

1 more about it before we deny both ourselves and other  
2 senators, as well as those in the House, the opportunity to  
3 amend the trade agreement.

4 Now you can call it free trade if you want to. Those  
5 labels and names can be misleading.

6 This will be an agreement that will produce tariff  
7 barriers, if it is agreed. It is unrealistic to say that this  
8 is going to move us toward making a complete common market.  
9 We will still have a basis for further agreements after this  
10 is all over with.

11 I just think we ought to know a lot more about it before  
12 we separate ourselves from the right to amend an agreement.  
13 And I just don't think we would be wise to agree to it at  
14 this point.

15 Now I am aware that threats have been made in regard to  
16 this, that the Canadians would decline to negotiate with us  
17 if we don't vote this through. My thought is that we have  
18 never done this with regard to Canada in 200 years or in the  
19 history of the nation. We have implemented trade agreements,  
20 made them and implemented them before.

21 It was my privilege to help manage the one, for example,  
22 where we ratified the Canadian auto parts agreement. And I  
23 am concerned about what happens when the legislative body  
24 separates itself from so much of its constitutional  
25 responsibility. I would just like to know a lot more about it

1 before we take from the Senate and the House their right to  
2 amend a trade agreement.

3 The Chairman. Senator Roth, what I am going to do,  
4 because everybody came in in almost a bunch, is I think I will  
5 just go Republican, Democrat; Republican, Democrat down the  
6 aisle.

7 Senator Roth. Mr. Chairman, I am happy to support you.  
8 I think it is critically important that we do grant the  
9 Administration fast-track authority. I personally believe  
10 this is a historic opportunity.

11 We have no greater friend than Canada, economically,  
12 militarily and otherwise. And as you and I were just  
13 saying, she recently strongly supported us in Libya.

14 And I think it would be a serious mistake to back away  
15 from an opportunity that may not come again in the near  
16 future.

17 I would just like to point out that prior to this current  
18 administration in Canada there was an administration that  
19 didn't agree so strongly on economic cooperation. Mulroney  
20 was given a mandate to move ahead. And I think it is  
21 important that we give him and our own President this  
22 opportunity.

23 I might point out that back in the Carter days when Bob  
24 Strauss negotiated the Tokyo round for us, I was a ranking  
25 member on trade. And at that time, I was happy to give the

1 authority to that distinguished gentleman to move ahead.

2 I think the present U.S. trade representative is equally  
3 well able to represent our interest and will work closely,  
4 like Bob Strauss did, with members of this Committee and  
5 members of Congress.

6 I just would like to point out that since the current  
7 administration has taken over in Canada, a number of steps  
8 have been taken that are in our interest. The president has,  
9 as I mentioned, turned away from short-sighted economic  
10 nationalism, which did characterize the Canadian policies in  
11 the late 70s and early 80s. He has basically dismantled the  
12 foreign investment review agency; substantially liberalized  
13 Canada's national energy policy. He has established market  
14 pricing of energy prices. And I think he is preparing to  
15 move together to deregulate the Canadian economy.

16 That is good for Canada, and I think it is good for the  
17 United States. I would just point out that she is our  
18 largest trading partner, and 80 percent, as I understand, of  
19 what she buys from us is in the area of manufactured goods.

20 Well, Mr. Chairman, I do hope that we move ahead with  
21 this. I think it is important that we give a favorable  
22 signal, and I am glad to support you in your effort.

23 The Chairman. Senator Moynihan.

24 Senator Moynihan. Mr. Chairman, I am going to support  
25 you, as you have known all along.

1 I would like to make two points which I think the record  
2 will show, and that is that neither the Canadians nor the  
3 United States Government has proposed entering an agreement  
4 to establish a free trade area. This is to be a trade  
5 agreement that will reduce the trade barriers in manufacturers  
6 and services and all that.

7 A free trade zone is not contemplated, and we should not  
8 either suspect that or fear that.

9 The second thing to say is that this is an opportunity  
10 that doesn't come every day. It last came in 1911. There  
11 was a Canadian prime minister named Wilbur Florie, and he  
12 proposed that we enter a large trade agreement. And the  
13 matter came down here to the Congress, and over on the House  
14 side, Champ Clark got carried away and said we really should  
15 get this agreement because that is the first step to  
16 annexation of Canada.

17 (Laughter)

18 Senator Moynihan. And nine months later Mr. Florie lost  
19 his position as prime minister. And 75 years later the  
20 proposition has returned.

21 I think it is one of the things that has concerned us.  
22 And if we were to miss this opportunity today, it would be  
23 a very long time before it came again.

24 So I congratulate you, Mr. Chairman, and thank you.

25 The Chairman. Senator Danforth and then Senator Bentsen.

1           Senator Danforth. Mr. Chairman, first let me say that  
2 regardless of the outcome today it is my hope and my belief  
3 that our Administration will enter into negotiations with  
4 Canada relating to a trade agreement. It is my hope and my  
5 belief that the Administration, if we turn them down today,  
6 will forthwith resubmit a request for us to approve a trade  
7 agreement with Canada on a fast track.

8           I believe we are going to have some kind of an agreement  
9 with Canada. I think that it will be negotiated under the  
10 fast-track format. The issue is not our relationship with  
11 Canada. The issue is not whether or not we are going to have  
12 a trade agreement with Canada. Let us put that to rest.  
13 Nobody is picking on Canada. Nobody is questioning the  
14 possibility, the desirability of a negotiated trade agreement  
15 with Canada. That is not the issue before us.

16           The issue before us, Mr. Chairman, is very simple. And  
17 it has to do with the role Congress plays and this Committee  
18 plays with respect to international trade. That is what we  
19 are going to be voting on.

20           We are going to be voting on whether our Committee can  
21 take some step to recapture some role that we have  
22 constitutionally with respect to international trade.

23           Now all of us yesterday got a letter from the President.  
24 And the President said in the first paragraph: "I hope we  
25 can continue to work together in seeking free trade through

1 fair treatment of American businesses."

2 Mr. Chairman, the fact of the matter is that while the  
3 President hopes we can continue to work together, we are  
4 not working together now.

5 The Congress has no remaining role as far as the  
6 Administration is concerned. Time and time again we have  
7 asked the Administration to work with us with respect to  
8 fashioning a trade policy for our country.

9 The telecommunications bill, which has been before  
10 Congress now, for I think, a couple of years -- repeatedly,  
11 we asked the Administration to send up a witness to testify.  
12 The Administration refused even to send up a witness.

13 With respect to a bill that was reported out of this  
14 Committee relating to unfair trade practices by Japan, again,  
15 the Administration was asked to send a witness to us. No  
16 witness was sent.

17 With respect to trade adjustment assistance, no position  
18 was taken by the Administration until trade adjustment  
19 assistance was included in the reconciliation bill, and then  
20 they said it should not be in reconciliation.

21 With respect to a bill that Senator Moynihan and I and  
22 32 other Senators introduced last winter, I have discussed  
23 this with Clayton Yeutter; told him that our door is open,  
24 and that we want to conduct negotiations with the  
25 Administration to see if we can work together toward passing

1 meaningful legislation. The Administration has refused to  
2 do that. They have refused to negotiate.

3 And the President in his letter yesterday says: "That,  
4 in effect, he is opposed to any trade legislation that has not  
5 been initiated by the Administration himself." And he says  
6 that the trade laws are fundamentally sound and sufficient  
7 to counter unfair trade practices.

8 Now that is the state that we are in with the Administra-  
9 tion.

10 Now, Mr. Chairman, fast-track authority which is being  
11 asked for today is basically in the nature of a bargain  
12 between any administration and the Congress of the United  
13 States. The Congress agrees to a further delegation of  
14 responsibility. The Congress agrees to a waiving of its  
15 rights to pursue the normal legislative process in reviewing  
16 legislation.

17 And in consideration for that forbearance, that  
18 waiver on the part of the Congress, the Administration agrees  
19 to something as well. The Administration agrees to a  
20 relationship with Congress by which we work together to  
21 fashion a trade policy. The Administration agrees to counsel  
22 patience with Congress. The Administration agrees to work  
23 with Congress toward fashioning a trade policy and to working  
24 together with legislation.

25 That is something that we don't have now. We basically

1 have a position, as Senator Bentsen said last week, where  
2 the Congress of the United States has been stiffed. Now the  
3 Constitution gives us the authority under international trade,  
4 Article 1, Section 8 of the Constitution. It is not the  
5 Executive Branch. It is not the President of the United  
6 States. It is the Congress that has that responsibility.  
7 Nobody else.

8 Everything the President has has been delegated by the  
9 Congress. And now the position of this Administration is  
10 that Congress really has no role.

11 It is my understanding that what the Administration has  
12 said is that we should have no trade bill; that it hopes we  
13 won't even have hearings with respect to trade legislation  
14 in the Senate Finance Committee.

15 Stiffing, as Senator Bentsen says.

16 Now I want to say one thing about this Canadian  
17 agreement. Because what they have asked is for a delegation  
18 so that they can come back after negotiation; they have  
19 asked for a delegation of our responsibility so that they  
20 can come back after the negotiations are over and present us  
21 with a fate accompli.

22 Who knows what is going to be in the agreement with  
23 Canada? Who in this Committee has any idea what the  
24 Administration would agree with? And if we think that the  
25 pressure is on us now with calls from the President and the

1 Like to give them this carte blanche authority at this  
2 point, what kind of pressure is going to be on the Finance  
3 Committee after the Administration has completed its  
4 negotiations and comes back to us?

5 If they take the view that even a 30-day or a 60-day  
6 hiatus at this point in granting fast-track authority has  
7 such a momentous effect on relations with Canada, then what  
8 kind of effect would it have if we refused two years from now  
9 to go along with their negotiation?

10 And if we are so hypersensitive about what we are doing  
11 with respect to Canada that we can't even have a 30 or 60-day  
12 delay now in granting authority, then what kind of bargain  
13 do we seriously believe the Administration is going to drive?

14 Do we think the Administration is going to be driving a  
15 hard bargain with Canada? Do we think that it is going to  
16 be doing tough negotiations in representing the interests of  
17 the United States if they are concerned about even a 30-day  
18 or 60-day delay?

19 Now, Mr. Chairman, I believe what the resolution is going  
20 to say is that if we vote for the resolution today denying  
21 fast-track authority, it will be without prejudice to the  
22 Administration to resubmit its fast-track request; that it can  
23 come back this afternoon, for that matter; that the Congress  
24 will seriously consider it; that our door is open to  
25 discussions with the Administration; that this does not

1 terminate the possibility for fast-track negotiations.

2 So it is, I think, extremely important that the Congress  
3 now reassert its Constitutional responsibility with respect  
4 to international trade. And I can't think of any way of doing  
5 that unless we vote for this resolution.

6 The Chairman. Senator Bentsen.

7 Senator Bentsen. Mr. Chairman, my dilemma is that, as  
8 I stated earlier, I am very much for total free trade with  
9 Canada. I would prefer that we didn't have a Customs'  
10 official on either side of that border. And that we really  
11 had free trade. And I think it would be of great benefit  
12 to both nations.

13 If we can't have free trade with a country as close to  
14 our culture and our wage scales and common objectives as  
15 Canada, I don't know who we have it with.

16 But I signed that letter, and I voted as I did before  
17 because I am fed up to here with the Administration stiffing  
18 this Committee and not being responsive and not having a  
19 partnership with it.

20 I look at what happened with the Young Commission, and  
21 it is gathering dust on a shelf someplace and talking about  
22 questions of productivity and our competition. I just don't  
23 think the Administration has a trade policy. You have got  
24 everybody in charge of trade, and you have nobody in charge  
25 of trade.

1 And insofar as the fast track, I look at the automobile  
2 agreement with Canada, and I know that that was fast under  
3 the regulation neogtiations mode. It was not a fast-track  
4 procedure at all.

5 That is the concern that I have. I would like to find  
6 some way to make this Committee a partnership to the  
7 negotiations. And yet the last thing I want to see with one  
8 of the most friendly prime ministers we have seen in a long  
9 time in Canada to see us lose the opportunity of free trade.

10 I think it is a serious mistake for the media, for the  
11 people of Canada, to in any way interpret what we have done  
12 thus far as any kind of a slap at Canada. It is not that.

13 There is a great feeling, store of good will toward  
14 the Canadian people and the Canadian government, and we have  
15 many common objectives to share to the benefit of both of us.

16 The Chairman. Senator Chafee.

17 Senator Chafee. Thank you, Mr. Chairman.

18 Mr. Chairman, it seems to me that every so often in the  
19 Senate we vote on an issue that really is of mega importance.  
20 In other words, it is an issue which has ramifications far  
21 beyond what appears to be the immediate subject.

22 And I was just looking up history this morning. Sixty-  
23 six years ago practically today -- actually, it was last  
24 month, March 19th, 1920 -- the U.S. Senate stood up to a  
25 President. They showed President Wilson who was boss. And

1 we voted against the treaty of Versailles, rejecting our  
2 participation in the League of Nations. And, thus, we went  
3 into isolationism.

4 Now I am not necessarily equating this vote to that. But  
5 I think this vote here is of major significance that we  
6 shouldn't overlook.

7 Now Canada is a marvelous ally of ours. Think back of  
8 who helped us out when we had hostages in Iran. And all  
9 kinds of instances like that where Canada has been a true  
10 friend.

11 And as for a trading partner, one-fifth, 20 percent, of  
12 all U.S. exports from the United States go to Canada. And  
13 what is more, 80 percent of those are manufactured goods.  
14 Now we don't have many markets for manufactured goods, and  
15 this is an extremely important one.

16 Now there are those who suggest that we can pick up the  
17 pieces after today; that Canada isn't going to resent this  
18 vote at all; that the prime minister, although he is way  
19 out on the end of a limb, somehow he will be able to survive  
20 that all right.

21 I don't think that is true. I don't think -- I am not  
22 suggesting he is going to be out of office because of this,  
23 but his tendency to try and deal with the United States on  
24 these matters, if we should reject this fast-track  
25 legislation, I think that he will not renew those efforts.

1 And I can hardly blame him.

2 And it seems to me we would be making a terrible mistake,  
3 Mr. Chairman, if we held our relationship with Canada, a  
4 trading relationship, a hostage because of some quarrel this  
5 Administration -- this Committee has with the Administration  
6 over trading matters.

7 Now we have got a legitimate quarrel. Now I must say  
8 that I am not a part and parcel of those who suggest we are  
9 not going to get a good deal out of these negotiations. I  
10 have just as much confidence in Mr. Yeutter as we had in  
11 Bob Strauss. And the suggestion that somehow we are going  
12 to be had, if we get into a deal, I think, is inaccurate.

13 I remember when we had another trading treaty with  
14 Canada before us. Actually, it dealt with the fishery  
15 grounds. And we negotiated those, and the fisheries people  
16 came in and said don't accept the deal; that is a bad deal.

17 And I dutifully went along with that few. And so we  
18 rejected that treaty with Canada over the fishing grounds.  
19 And Canada said, okay, we will go to the International  
20 Court. The International Court found we were way off base,  
21 drew a line that was far inferior to what we would have received  
22 under the treaty, and then voices came back from the fishing  
23 industry that said, well, let us now go back to Canada and  
24 try again, let's renegotiate.

25 Well, Canada quite logically said no. You had your

1 chance. We went to the world court. The decision came out,  
2 and, no, we are not going to negotiate again.

3 And somehow the suggestion around here is that Canada is  
4 just going to dance to any tune we call. We reject this,  
5 they will be waiting as supplicants out there to pick up the  
6 pieces and renegotiate or start over.

7 And I just don't think that is true. As I say, we have  
8 got quarrels with the Administration, but why involve  
9 Canada with those?

10 And, Mr. Chairman, I strongly hope that we will  
11 disapprove of this resolution, and that we will go ahead with  
12 the fast-track procedure.

13 The Chairman. Senator Baucus.

14 Senator Baucus. Thank you, Mr. Chairman.

15 Let me first explain what this debate is not about. This  
16 debate is not about whether Canada is a good ally or a  
17 valuable trading partner. We all know that Canada is a good  
18 ally and a very good trading partner. Over \$120 billion in  
19 trade with Canada.

20 This debate is also not about whether in the abstract a  
21 free trade agreement is good. Of course, a free trade  
22 agreement is good. It is a great idea. We should pursue it.  
23 I am sure every member of this Committee agrees that a  
24 properly drawn agreement can advance the economic interest of  
25 both our countries.

1           And, finally, it is not a debate about whether the  
2 United States should enter into free trade negotiations with  
3 Canada. Of course, we should.

4           Instead, it is a debate about whether we should enter  
5 into negotiations at this time.

6           The Constitution, Article 1, Section 3, gives Congress,  
7 not the President, the power to regulate commerce with  
8 foreign nations. And over the years, we have delegated  
9 substantial authority to the President because this country  
10 needs one single strong voice at the bargaining table.

11          But in the end, under the Constitution, it is Congress  
12 and this Committee that must establish our trade policy  
13 objectives and see that the Administration carries them out.

14          Over a year ago, I asked a U.S. trade negotiator  
15 what the United States would gain from a free trade agreement  
16 with Canada. He gave me a vague, abstract non-answer.

17          And last week, I asked another U.S. negotiator what our  
18 strategy was. Again, I got a vague, abstract non-answer. He  
19 said we don't have a strategy yet, but we will have one soon.

20          That is not enough. We need negotiate objectives and  
21 a strategy much more clear than that. And it is no wonder  
22 we are ill prepared.

23          The Canadians have over 30 people working on these  
24 negotiations. We have only two or three. Canada has an  
25 aggressive trade policy. They know what they want --

1 guaranteed access to our huge market.

2 We, in contrast, have no trade policy. We are confused,  
3 divided. Our Administration has not even committed to  
4 eliminating Canadian unfair trade barriers, such as  
5 provincial subsidies.

6 And let's face it. If the fast track had been handled  
7 right, this vote would be a non-controversial one in favor of  
8 granting it because we would know whether these negotiations  
9 are a good idea or not.

10 But at this late date, we are forced with two options.  
11 We can approve the negotiations and hope that things work out  
12 or we can disapprove at this time so that we can later  
13 approve the fast-track procedure when our side has more  
14 clearly thought through its strategy and objectives.

15 I believe it would be irresponsible of this Committee to  
16 delegate negotiating authority of agreement that covers  
17 over \$120 billion when we are not prepared. If we grant  
18 negotiating authority, it also does not bode well for larger  
19 trade issues.

20 Soon, we will determine whether the Administration should  
21 be given fast-track authority to pursue new GATT negotiations.  
22 And this vote today is a precedent that we will have to  
23 consider when we face GATT fast-track authority.

24 And if Congress abdicates its responsibility to direct  
25 trade policy today, it will have a far worse consequence down

1 the line.

2 The Administration has also evidently convinced some  
3 Senators to support these negotiations by making big  
4 promises of future actions on certain sectorial concerns. I  
5 have watched this Administration conduct trade policy over  
6 five years now. And I can tell those Senators that this  
7 Administration will not act forcefully on trade unless this  
8 Congress pushes it to do so.

9 And I can tell you from experience vague promises of  
10 future action won't do it.

11 Later this year when your sectorial concerns have not been  
12 met and your constituents are asking why the Administration is  
13 taking no action, remember that you had a chance on April 22  
14 to move the Administration and you squandered it.

15 Let me close by returning to my first point. The issue  
16 here is whether Congress will play a leading role in  
17 directing trade policy as stated in the Constitution or  
18 whether it will be a bit player, consulted as an after-  
19 thought.

20 I believe we should play a leading role. In fact, I  
21 believe our founding fathers wisely so provided. In a very  
22 pragmatic way, they realized that Congress is the funnel  
23 through which a national consensus is best expressed. If  
24 Congress is not on board, you could be pretty sure the  
25 country is not on board.

1 And the purpose of the fast track was to ensure that  
2 everyone would be on board and we would begin negotiations.  
3 We are not on board, and we know we are not prepared.

4 And if we do not disapprove these negotiations,  
5 particularly at this time, what negotiations would we  
6 disapprove? And if we would not disapprove any negotiations,  
7 then our purported authority over U.S. trade policy is a  
8 sham.

9 Today we have the opportunity, in fact the responsibility,  
10 to reinvigorate the fast-track process and to reassert  
11 Congress' constitutional authority over trade policy so that  
12 in the end we have a wiser policy that has broader national  
13 consensus.

14 I urge my colleagues at this time to vote for  
15 disapproval.

16 The Chairman. Senator Heinz.

17 Senator Heinz. Mr. Chairman, thank you very much.

18 The distinction has been made, but it should be made again  
19 that what the President has asked us for is fast-track  
20 authority for the negotiation of a free trade agreement with  
21 Canada. And it needs to be, therefore, reiterated that were  
22 this Committee not to agree to such fast-track authority that  
23 we would not be precluding the President from any way in  
24 going ahead through normal channels to negotiate a free trade  
25 agreement with Canada.

1 I mention that because this is one Senator that favors a  
2 free trade agreement with Canada. The constituents in my  
3 state of Pennsylvania, which is very near to Canada,  
4 substantially favor a free trade agreement with Canada.

5 A free trade agreement with Canada would be good for both  
6 the United States and Canada. We do not have enough free  
7 trade in the world. And to enter into such an arrangement  
8 with a strong friend, a strong ally, would be of tremendous  
9 benefit to the people of both countries.

10 There are two sets of issues before us. There is -- and  
11 I think it is the less important issue -- as to whether our  
12 negotiators are prepared to begin these fast-track authorized  
13 negotiations.

14 Senator Baucus has referred to the differences in the  
15 size and preparations of the negotiating team. Many of us  
16 have asked what our goals would be in such negotiations of  
17 our special trade representatives, Mr. Yeutter, Ambassador  
18 Yeutter. And we have been disappointed with the lack of  
19 a clearly defined set of goals.

20 One in particular that I have raised is: What is our  
21 goal with respect to the authority of the provinces who under  
22 Canadian law are fundamentally free and have a tremendous  
23 amount of power and authority to establish virtually any kind  
24 of non-tariff barrier or subsidy that they may wish to do?

25 Our Ambassador's answer was: Well, we will get the

1 premiers of the provinces to initial the ultimate free trade  
2 agreement with the United States and approve its provisions,  
3 whatever they may be.

4 Now free trade agreements, by their nature, tend to  
5 deal with tariffs. They don't deal very well with non-tariff  
6 barriers, which are much more complex, much more hidden.

7 And as a result, many of us felt that that approach, as  
8 a matter of technical and professional approach, was  
9 insufficient to the seriousness of the task and its purpose.

10 But I want to emphasize that to my mind that is somewhat  
11 secondary to the issue that concerns this Senator. But it is  
12 central to the issue of why I don't believe we should  
13 consider this agreement, this question, at this time.

14 And I have urged the Administration to temporarily  
15 withdraw this request for fast-track authority, and I  
16 emphasize the word "temporarily, so that these and the issue  
17 to which I will refer in a minute could be resolved.

18 The key issue, it seems to me, is whether the  
19 Administration is interested in trade policy. It is  
20 questionable as to whether the Administration really wants the  
21 involvement of the Congress in addressing the way we need to  
22 go about improving discipline in the GATT so that the  
23 international trading rules are enforced in the interest of a  
24 market system.

25 It is questionable to me whether the Administration is

1 interested in the improvement of our dumping and subsidy  
2 laws so that they work, and the goods are, in fact, fairly  
3 traded in practice, not just nominally; whether the  
4 Administration is as interested as we are in making a  
5 stronger effort to attack foreign market barriers so that  
6 our products and services can compete on equal terms; whether  
7 they are interested in the effort to attack counterfeiting  
8 and the piracy of patents and other forms of intellectual  
9 property.

10 These are all serious trade problems. They are addressed  
11 in a variety of ways in a number of bills that are before this  
12 Committee.

13 The Administration's basic answer to the questions  
14 raised by those bills and any of the solutions proposed has  
15 been we are not interested in being a part of a congressional  
16 initiative; it needs to be an Administration initiative or  
17 there will be none at all.

18 Mr. Chairman, I really regret that the Administration has  
19 decided to insist on consideration of the fast-track authority  
20 now. I regret that they have said: We are not concerned about  
21 the Senate Finance Committee's concerns or objections, either  
22 as to the technical aspects of how we proceed with our  
23 negotiations or with our substantive concern about the lack of  
24 an Administration trade policy.

25 The Administration very well knows the depth of our concern

1 on trade policy. They aren't deaf, but they aren't listening  
2 either. And, in effect, the Administration has sought a  
3 confrontation with this Committee at this time on this issue.

4 I think it is unwise and unfortunate that they should put  
5 us in the position of having to say that we either are going  
6 to give them fast-track authority, notwithstanding our  
7 disagreement with their willingness to work with us, and put  
8 us in a crunch as to the foreign policy aspects of this  
9 issue. There is no doubt that the Canadians have been  
10 commendably farsighted in seeking a free trade agreement with  
11 the United States.

12 Prime Minister Mulroney is to be congratulated on that  
13 initiative. And that initiative, I want it to be known, is  
14 welcomed by this Senator, and, I think, Mr. Chairman, by  
15 most members of this Committee.

16 It is an unfortunate fact that the Administration has  
17 utterly failed to do its homework with this Committee on the  
18 free trade agreement with Canada and the fast-track authority  
19 it requests, and that it has allowed its relationship on  
20 multilateral trade issues, generally, to so deteriorate that  
21 it will neither seriously entertain the reasonable request  
22 that many of us have made to delay consideration of this  
23 issue or to enter into serious discussions with the members  
24 of this Committee -- some 14 of them, for example, being  
25 co-sponsors of Senator Danforth's and Senator Moynihan's trade

1 bill -- on issues that we know are quite critical to the  
2 future of this country and Canada's future in international  
3 trade.

4 So it is with some reluctance but nonetheless some  
5 great conviction that I will be forced to vote for the  
6 resolution of disapproval.

7 The Chairman. Senator Bradley.

8 Senator Bradley. Thank you, Mr. Chairman.

9 The question that our vote will pose is should we grant  
10 fast-track treatment for bilateral trade agreement to be  
11 negotiated with Canada. The answer to that from my  
12 perspective is, yes, we should grant fast-track treatment to  
13 Canada.

14 And, Mr. Chairman, I am very pleased that those Senators  
15 who will vote against granting fast-track approval have  
16 prefaced their comments by saying very clearly that they hope  
17 to get a trade agreement with Canada, and that Canada is our  
18 best friend, and that they recognize that even as they vote  
19 against giving fast-track approval.

20 To close that point, I would say not only that Canada is  
21 our best friend, but that, in fact, Canada is our North  
22 American brother, and that fast-track authority is a  
23 recognition of our history and that fact.

24 The second point is the point that Senator Danforth and  
25 Senator Chafee and Senator Bentsen and, in fact, I think the

1 issue was raised by most of those who will vote against this  
2 disapproval.

3 And that is there is now a dispute between Congress and  
4 the Administration as to whether Congress will be adequately  
5 consulted in making trade policy.

6 And my response there is we shouldn't make Canada the  
7 victim of a dispute between Congress and the Administration  
8 on trade issues that don't substantially relate to Canada,  
9 but rather to the interaction of institutional prerogative,  
10 domestic politics and sectorial desires.

11 The third point I would make is there are a lot of  
12 problems in the world trading and financial system. We have  
13 a third world debt that still hangs over our economy like  
14 an avalanche. We have a volatile exchange rate system that  
15 makes any kind of long-term planning difficult. We have a  
16 trading system that is froth with problems -- subsidies,  
17 a dispute settlement system that is in trouble, some sectors  
18 that are granted special treatment; other sectors that are not  
19 even covered, a growing frustration as people have to go it  
20 alone.

21 And the only way to deal with those trading issues, in  
22 my view, is through a multilateral trade negotiation. How  
23 do we get to a multilateral trade negotiation? The Japanese,  
24 the Europeans, other countries don't dislike the present  
25 circumstance.

1           It seems to me the only -- one way we can begin to  
 2 exert some pressure to get some multilateral trade negotiation  
 3 is if we move on a bilateral basis with a like-minded  
 4 country and conclude an agreement that demonstrates to the  
 5 other countries that are dragging their feet that we are  
 6 prepared to move ahead with like-minded countries, if they  
 7 do drag their feet.

8           And so I view this fast-track vote as on the one hand  
 9 leverage to be used on other countries that are at this time  
 10 unwilling to come ahead on a multilateral trade negotiation,  
 11 and in the second hand as a model of what can be achieved  
 12 by countries who have as their foremost concern the long-term  
 13 economic growth of our world economy.

14           And I would hope that an agreement that would be  
 15 negotiated by Canada and the United States could develop a  
 16 model code on things like services and investments, things  
 17 that will have to be a part of a new multilateral trade  
 18 round.

19           So, Mr. Chairman, I will vote yes for this. I will vote  
 20 yes because Canada is our North American brother; that we  
 21 shouldn't involve Canada in a dispute between Congress and the  
 22 Administration; and, third, that it provides leverage for a new  
 23 multilateral round and also a model.

24           And so I hope and I expect, as I have looked at the votes,  
 25 that we will give Canada fast-track approval. Yes, under Dole.

1 That is what I meant.

2 The Chairman. Senator Wallop.

3 Senator Wallop. Mr. Chairman, I view this proceeding with  
4 a sense of amusement. I listen to us take our dispute with  
5 the Administration out on a little process that suddenly  
6 arrives in front of us.

7 I am reminded of the timid lad who runs out and bops the  
8 big guy in the school ground and then runs and stands beside  
9 the teacher.

10 We have got a nice little opportunity here. We can  
11 zap the Administration and look brave without really having  
12 accomplished anything necessary to the ailment which people  
13 have identified that is troubling them.

14 This Committee has had plenty of time if it wishes to  
15 to have withdrawn any authority for fast-track legislation.  
16 You don't do it in the middle of a procedure that is  
17 perfectly legitimate under it. If you don't like that, if  
18 you don't like what we have seeded in the way of power that  
19 we constitutionally possessed to the Administration, take it  
20 back, but not in the middle of a game.

21 That is the problem that I have most with where we are.  
22 And we carefully couch everything we have said in here by  
23 saying, well, I am for free trade with Canada, knowing full  
24 well that an action in the opposite direction here is very  
25 likely to sidetrack that during our tenure on this Committee.

1           And I think that any amount of protestation to the other-  
2 wise is disingenuous. I don't think that anybody really  
3 believes that this is a harmless act that would be taken by  
4 disapproving the fast-track legislation.

5           We listen to some of our members suggest to us that we  
6 don't know what the treaty is going to say. Neither does  
7 Canada know what the treaty is going to say nor does anyone  
8 else. If we think that we can sit in here and come to an  
9 agreement with the Administration's negotiators, and then go  
10 tell Canada what we have decided, that is not a negotiation.  
11 That is a little petty dictation, which I don't think is  
12 quite what I think the spirit of negotiation is supposed to  
13 achieve.

14           There will be some things that surprise everybody, but  
15 most of what we see that troubles us now in the relationship  
16 of the United States and Canada over trade is in the vacuum  
17 of negotiations. The problems that we have is because we  
18 don't have agreements.

19           And, presumably, what Clayton Yeutter is going to go do  
20 is to try to address some of those problems while easing up the  
21 relationships between us in general.

22           And I don't know -- I mean I have got to say that if  
23 somebody thinks we might get had with Clayton Yeutter as our  
24 negotiator, if that is the case, then I must say that I  
25 think we are going to be had under any set of circumstances.

1 He knows more of the business world, he knows more of that  
2 than do any of us who have very little experience in  
3 negotiation.

4 We pick out one or two little phrases in responses that  
5 we have had from the Administration, and like chickens with  
6 a green, we all run and fight over that one little phrase  
7 as though that makes us knowledgeable on the whole process.

8 And, clearly, we are not. So I would say to my colleagues  
9 on the Committee if we do not like the power that we have  
10 seeded to the Administration, let us retrieve it, but let us  
11 not retrieve it by slapping a good friend and good neighbor  
12 to the north with whom this country belongs doing more trade.

13 The Chairman. Senator Mitchell.

14 Senator Mitchell. Thank you, Mr. Chairman.

15 I think it is important that we all remember and bear in  
16 mind that the President does not need this Committee's  
17 approval or anyone else's approval to negotiate a free trade  
18 agreement with Canada. He already has that authority.

19 So the authority to negotiate a free trade agreement with  
20 Canada is not at issue here. What is at issue is the process  
21 by which such negotiations will take place.

22 We are being asked to grant to the President in advance  
23 authority to negotiate an agreement with Canada under a  
24 special procedure in which Congress in advance surrenders its  
25 right to amend or in any way change the agreement that is a

1 product of those negotiations.

2 This is an extraordinary procedure. And, therefore, I  
3 believe we should grant it only when we have received  
4 specific and careful assurances as to what our nation's  
5 objectives are and what the policies and practices we will  
6 follow during the negotiations to achieve those objectives.

7 Not only does this Committee not have clear and careful  
8 assurances, we have, in fact, no assurance whatsoever. We  
9 have been told over and over again that we can't tell what  
10 the outcome will be because, of course, the negotiation has  
11 not occurred.

12 And so we are being asked to grant this authority on  
13 faith, sheer, blind faith, and the willingness and the  
14 ability of the Administration to bargain effectively in  
15 behalf of American interest in such negotiation.

16 Before we act on faith, we ought to look at the record of  
17 this Administration on trade, because the most reliable  
18 predictor of future human behavior is past human behavior.  
19 Or as Casey Stengel once said, less eloquently but as  
20 accurately, when he was asked why he didn't use a certain  
21 player as a pinch-hitter -- he said, look what he done before.

22 And I think as far as this Administration is concerned  
23 on trade, the Committee ought to pause and look what they have  
24 done before on trade. First, of course, as we all know, as  
25 a consequence to the trade policies of this Administration

1 encouraging imports, imports across all sectors of our  
2 economy have reached record levels in each of the past five  
3 years. Exports have declined relatively. And our trade  
4 balance has produced a record-high deficit in every one of  
5 the past five years, now nearly \$150 billion, the largest  
6 trade deficit ever amassed by any nation in any year in the  
7 entire history of the world.

8 Secondly, at precisely the time when vigorous enforcement  
9 of our domestic trade laws is required because of that  
10 massive deficit, the Administration has resolutely refused  
11 to enforce existing American trade laws even in those  
12 circumstances when relief was justified for industries  
13 qualifying under those laws as a result of import surges,  
14 unfair practices, foreign subsidies and a whole host of other  
15 actions.

16 And, third, in case after case the Administration has  
17 demonstrated far more concern for foreign concern and foreign  
18 reaction than it has for American interest.

19 Let me cite briefly the example I mentioned at the  
20 hearing last week because I am familiar with it.

21 Last year, under the leadership of the majority leader,  
22 the Congress passed the farm bill -- \$49 billion, as I recall.

23 Senator Dole. Fifty-two billion.

24 Senator Mitchell. Fifty-two billion. Thank you. Not one cent goes  
25 to potato farmers, not one cent. The potato industry isn't in a recession.

1 It's in absolute total depression. In the eastern United States,  
2 potato producers now receive on the market for their product  
3 a price which is the equivalent of 10 percent of their cost  
4 of production.

5 Senator Cohen and I requested of the Administration a  
6 very modest diversion program to divide a miniscule amount of  
7 relief to people in desperate circumstances. The secretary of  
8 Agriculture told us that he could not grant such relief. And  
9 one of the reasons he gave to us was that the Administration  
10 was concerned about what the reactions of the Canadian  
11 government would be if we granted a diversion program to  
12 benefit our farmers, because, of course, they have a large  
13 potato export into this country.

14 The very next day, 24 hours later, the Canadian govern-  
15 ment announced a major diversion program for their potato  
16 producers, the fourth such program announced in Canada -- two  
17 federal and two provincial -- within the last few weeks.

18 And try as I might, I cannot find a single official in  
19 the United States Government who was asked in advance what  
20 the American reaction would be to the Canadian's granting  
21 such diversion programs.

22 And as I said last week and I say now, I commend the  
23 Canadians. They understand their interests. They pursue  
24 them vigorously. And when their people need help, they get  
25 it.

1           And this example is admittedly small in relation to  
2 our nation's economy, but it is everything to the people  
3 involved. And, most importantly, it illuminates clearly  
4 the attitude of this Administration on trade matters.

5           I repeat what several other members have said: My  
6 opposition to approval of this fast-track authority is not  
7 based on hostility to Canada. As I said, I commend them.  
8 And it is the vigor with which they pursue their interest and  
9 the total lack of vigor with which the Administration  
10 pursues American interest which most concerns me.

11           My concern, my opposition, to this fast-track approval is  
12 based on a total lack of confidence in the Administration's  
13 willingness to negotiate with the clear objective, with a  
14 game plan and with vigor, to achieve that objective.

15           And I believe that lack of confidence is amply justified  
16 by the Administration's record on trade. If anyone can look  
17 at the Administration's record on trade in the last five years  
18 and approach these negotiations with confidence, I say they  
19 ought to borrow my glasses.

20           I cannot in good conscience surrender the only  
21 opportunity, the only opportunity, for this Committee and  
22 the Congress to play its legal, appropriate and constitutional  
23 role in this and other trade matters.

24           Now much has been said about our relationship with  
25 Canada. Well, let me say that no member of this Committee is

1 more aware of or more committed to that relationship. Maine  
2 has a longer border with Canada than we do with any other  
3 state or, indeed, with all states combined.

4 Each year, we welcome tens of thousands of Canadian  
5 visitors to our states, and every day Maine citizens cross  
6 into Canada to visit relatives and friends, to shop, to  
7 vacation and to reaffirm that relationship.

8 Our countries are good friends and good neighbors, as  
9 good, in fact, as any two sovereign, independent nations  
10 have ever been or likely will be.

11 But we are independent, and we are sovereign. And it is  
12 anticipated understandably that the Canadians will enter  
13 these negotiations with the objective of advancing Canadian  
14 economic interest. And that is what they should be doing.

15 My concern is that this Administration will be entering  
16 these negotiations with the objective of advancing  
17 Canadian economic interest, as opposed to American interest  
18 and maintaining the relationship as a sovereign, independent  
19 one.

20 I don't think we ought to give this kind of blank check.  
21 There is nothing in the record that justifies giving this  
22 kind of authority in advance. If there were, perhaps we  
23 should reconsider.

24 I believe that this can be withdrawn, can be resubmitted.  
25 I do not accept the fact that if we don't vote this way the

1 Canadians are going to walk away. They derive enormous  
2 benefits from their trading relationship with the United  
3 States. They have no alternative to turn to. The fact of  
4 the matter is that they intend to continue to receive and  
5 to expand upon that benefit. And it is nonsense in my  
6 judgment to suggest that if we disapprove this this morning  
7 the Canadians are going to walk away.

8 We are bound by geography and history and economic  
9 circumstances to this relationship, and it will continue.  
10 I say let us continue it on terms that benefit both nations.

11 Thank you, Mr. Leader.

12 Senator Dole. Senator Durenberger.

13 Senator Durenberger. Thank you, Mr. Chairman.

14 I would ask that my full statement be made part of the  
15 record.

16 Mr. Chairman, I am wondering what somebody who just  
17 tuned into C-span at the beginning of that last remark would  
18 think we were doing here. I mean having looked at the  
19 front pages of the paper and seen us about to go to war with  
20 Libya, I presume there is an assumption we are about to do  
21 the same thing to Canada.

22 (Laughter)

23 Senator Durenberger. The interesting thing about this  
24 discussion is that all 20 members of this Committee are here,  
25 and I think that is a compliment to the leadership of the

1 Chairman of the Subcommittee with responsibility who has  
2 brought us together in some kind of a crisis situation.

3 I don't recall the last time we had 20 members here on  
4 something other than tax reform, which is a much more  
5 popular subject.

6 (Laughter)

7 Senator Durenberger. But Jack has accomplished it.

8 Now I have this picture in my mind, thanks to Malcolm  
9 Wallop, of little Jacky Danforth in the school yard with his  
10 arm around his teacher's legs.

11 (Laughter)

12 Senator Durenberger. And going buuuu to somebody out  
13 there, and I can't quite figure out who it is.

14 But lining up behind little Jacky are Russell Long and  
15 Lloyd Bentsen and Max Baucus and John Heinz and George  
16 Mitchell, and I suppose there are some other people. But I  
17 guess I won't be one of them, not that I don't have sympathy  
18 for all of the arguments.

19 But I also have a great deal of sympathy for our  
20 constituents. There are probably 2,000 people in the world  
21 that understand the issue that brings us together. There  
22 are a heck of a lot more than that United States citizens  
23 and constituents of ours who have serious problems with  
24 regard to our trade relations with Canada.

25 And you take a poll of those constituents, and you ask

1 them do you think the Congress or the President can best  
2 resolve the problems of trade discrimination, not a one of  
3 them is going to vote for the Congress.

4 So if the issue here, I say to my colleagues who are  
5 the trade experts, is congressional prerogatives versus the  
6 inability of the Administration to cut a fair deal, I  
7 suspect that about 99 percent of our constituents, even  
8 though they may be suffering substantially from this  
9 discrimination, are not going to vote for the folks around  
10 this table to solve their problems.

11 So I can't come out any other way in my decision other  
12 than what is best for the United States of America.

13 Our constituents are discriminated against if they are  
14 in the beer, wine and distilled spirits business by  
15 Canadian provincial liquor boards that refuse to list their  
16 products. If you are in agriculture and natural resources,  
17 you have non-tariff barriers coming out your ears. Federal  
18 quarantine requirements in Canada make U.S. live hog exports  
19 uneconomical. The failure of the Canadian Standards  
20 Association to recognize U.S. standards for construction and  
21 industrial products make it functionally impossible for U.S.  
22 residential plywood products to be sold in Canada. Boschwitz  
23 told me to say that.

24 (Laughter)

25 Senator Durenberger. We have a variety of problems in

1 service areas. We have problems alluded to already in  
2 intellectual property -- patents, copyrights, especially  
3 chemical processes who end use are aimed at food or medicine.

4 You all know about the broadcast. The problems go on and  
5 on.

6 And they are not going to get resolved, in my opinion,  
7 by the argument over prerogatives.

8 There is a big congressional involvement in trade going  
9 on right now. It is over in the Ways and Means Committee.  
10 And if the public is watching that process at work, and they  
11 are having the problems that I have just elaborated, and  
12 they have got their choice as to whether or not to follow a  
13 process that these two Irishmen decided they were going to  
14 put together when they got together here a few weeks ago,  
15 the fast-track process, or they are going to go the  
16 congressional route, I just have to vote today not in behalf  
17 of Administration trade policy, not against congressional  
18 prerogatives. Because I mean if anybody has worked hard to  
19 bring some sense to trade policy, it is Jack Danforth, Lloyd  
20 Bentsen and Max and a lot of other people.

21 I just have to vote on behalf of my constituents, and  
22 the hope that we will together be able to improve a lot of  
23 those constituents and of our relations with our neighbors  
24 to the north.

25 The Chairman. Senator Pryor.

1 Senator Pryor. Thank you, Mr. Chairman.

2 I hope that when Prime Minister Mulroney is watching  
3 the news tonight on television and sees this gathering, I  
4 hope that one thing will come out very clear to him and to  
5 our friends in Canada -- and, one, is that they have a lot  
6 of friends here, and that we love the Canadians.

7 And I truly, I truly, must say that those who say we  
8 are here to zap the Canadians or whatever, I really take  
9 exception with. And I don't think any of us on the Republican  
10 or Democratic end of this table are interested in that because  
11 they are our good friends.

12 But I take specific exception with a comment that my  
13 friend from Wyoming -- who is my friend -- Senator Wallop  
14 who said this gives us or some people on this Committee  
15 an opportunity to zap the Administration.

16 I don't think that is what this issue is about. And I  
17 say that respectfully.

18 I think the people that have been zapped in this whole  
19 thing have already been zapped. And I think they are still  
20 getting zapped. And that is the unemployed people out there  
21 in our state and across our great country who have been zapped  
22 because of an unfair trading practice.

23 Senator Wallop. David, would you yield to me for just  
24 one comment?

25 Senator Pryor. All right.

1           Senator Wallop. I was merely making an observation that  
2 that was the terms in which Senator Danforth framed it.  
3 That it wasn't an argument between us and Canada, but between  
4 ourselves and the Administration.

5           Senator Pryor. I am sorry I was not here when Senator  
6 Danforth made that statement. I was a little late for the  
7 meeting.

8           But I don't think we are zapping anyone. And I think  
9 what we are doing here is trying to prevent our workers and  
10 our people and our industries from being zapped in the future.  
11 And I think that is what it is.

12           And, very honestly, and although we love the Canadians,  
13 I think they are coming to this table with unclean hands in  
14 the area of pork, in the area of timber. And now they say,  
15 well, we have got a strong statement from President Reagan  
16 that he is going to take care of this problem, and we are  
17 going to do this in a different way; we are going to do this  
18 at a different time; we are going to solve those issues  
19 independently of this proposal.

20           I just don't know whether that is going to be done or not.  
21 And this is my doubt, and this is my frustration because for  
22 years we have been trying to find a point of leverage in order  
23 to get the attention of the Canadians and to get the  
24 attention of the Administration so that we could properly  
25 deal with those people that we represent in our states.

1 Now my friend, Senator Durenberger, over there, I want  
2 him to pay attention. I don't want to misquote him. He  
3 says only 2,000 people out in the country understand what  
4 this hearing is about and understand what this issue is.

5 Well, I promise you there are a lot more out there. There  
6 are 2,600 unemployed people today in Arkansas just because  
7 of what the Canadians have done in the timber. And every one  
8 of those people understand. And they know what this meeting  
9 is about.

10 And, very honestly, I just think we ought to put this in  
11 the right perspective. I support this agreement. I do not  
12 support it at this time. The Canadians should be willing to  
13 postpone this agreement, fast tracking it, until we see some  
14 very constructive, meaningful negotiations in those issues  
15 that, in my opinion, actually put up a very severe obstacle  
16 to our moving forward.

17 Thank you, Mr. Chairman.

18 The Chairman. Senator Armstrong.

19 Senator Armstrong. Mr. Chairman, I was not seeking  
20 recognition.

21 The Chairman. No, that is fine. You are the only one.

22 (Laughter)

23 The Chairman. Senator Boren.

24 Senator Boren. Mr. Chairman, I have done a lot of  
25 thinking about this matter, and it has been a very, very

1 difficult decision to reach because I do have very strong  
2 feelings about our close relationship with Canada. We don't  
3 have a better friend in the world than Canada. That has been  
4 demonstrated time and time again.

5 I have also tried whenever possible to support our  
6 Administration time and time again. I have done so on a  
7 bipartisan basis on matters of foreign policy and matters of  
8 economic policy in the budget as well.

9 If I could bring myself to believe that the Administration  
10 was making any progress toward developing a coherent trade  
11 policy that would enable them to negotiate with any nation  
12 within a frame work of basic values and decisions that had  
13 been made, a blueprint that would chart the course for a  
14 series of negotiations, then I would vote for this particular  
15 proposition. And I would want to do so because it does  
16 involve our friend and neighbor -- Canada.

17 But, unfortunately, time and time again I think we have  
18 seen the Administration not represent American interest  
19 strenuously enough. We have even seen the departure of  
20 those from the Administration who have had a role in making  
21 trade policy to go over and represent foreign nations with  
22 whom we have been bargaining even a short time before.

23 We have seen a total lack of coherence in terms of  
24 deciding what basic industrial strength we need in this  
25 country from the point of view of national security. Certainly

1 we should make a decision as a nation in every strategic  
2 area as to what level of production is needed for the sake  
3 of our national security before we launch out into massive  
4 trade negotiations.

5 We have seen in the last few weeks complete nonchalance,  
6 for example, about our ability to continue domestic energy  
7 production at minimum required levels in this country and not  
8 to suffer irreparable conservationist damage during a  
9 period of disruption of international energy policy that I  
10 have yet to see one positive action on the part of the  
11 Administration in that area.

12 In short, we have not seen a frame work. We have no  
13 trade policy. Not only have we not developed a list of  
14 national security concerns, a bottom line from which we must  
15 launch ourselves in any trade negotiations in this country,  
16 we have not done anything in terms of economic policy that  
17 would enable our own domestic sector free of any other trade  
18 rules or considerations to compete more effectively.

19 I have not seen the Administration really undertake a  
20 comprehensive comparative cost of capital study, for example,  
21 in the United States, comparing the cost of capital for  
22 American businesses with those with which we must compete.

23 I have not seen them come to the Congress and ask us to  
24 make changes in the tax code, for example, that would enhance  
25 our ability to compete and lower the cost of capital.

1           If I had seen even a shred of evidence -- and I am not  
2 talking about our individual negotiator in this case. I have  
3 high confidence in him as an individual. I am talking about  
4 those higher up in the Administration to whom our negotiator  
5 must answer.

6           If I had seen any shred of evidence that we had  
7 determined minimum national security needs from which we  
8 enter into trade negotiations, if I had seen any evidence  
9 that we had an overall frame work from which to operate, if  
10 I had seen any evidence that we have a positive program for  
11 rebuilding our competitive position, including lowering the  
12 cost of capital in this country so that we can compete with  
13 other nations, if I had seen any progress on the kind of  
14 proposals that Senator Bentsen and others have made in terms  
15 of -- regarding reciprocity as the bottom line in terms of  
16 our relationship and using our access to our own markets as  
17 a bargaining mechanism to assure reciprocity, I would vote  
18 for this agreement in a minute.

19           I didn't decide until this morning how I was going to  
20 vote because of my strong feeling of wanting to make sure  
21 that we take no action that would damage the very positive  
22 relationship with our neighboring country.

23           But I am sorry to say I have to answer in the negative.  
24 I cannot express that kind of confidence. I can only vote a  
25 loud vote of no confidence in the failure of the Administration

1 to develop any kind of coherent trade policy.

2 And I think until they do it would be absolutely  
3 irresponsible on my part to vote to give them this kind of  
4 latitude in negotiation.

5 The Chairman. Senator Symms.

6 Senator Symms. Thank you, Mr. Chairman.

7 And I have had the opportunity to sit here through this  
8 meeting this morning. And I think there have been a lot of  
9 things said on both sides of the argument that I find  
10 myself in agreement with.

11 And I do think that those Senators who have expressed  
12 concern for response from the Administration certainly have  
13 made a very favorable or a very good case.--Senator Danforth  
14 and Senator Baucus, and we just heard from Senator Boren.

15 I appreciate what it is they are saying. And last week  
16 when we had that hearing, I was at that time prepared to  
17 vote for a motion of disapproval if we couldn't get some  
18 action and some response and some commitment from the  
19 Administration.

20 But in my view, the question that we have to answer,  
21 each one of us -- we each represent one state on this  
22 Committee. And if you go back and look at the intention of  
23 what the founding fathers intended for this republic, as a  
24 Senator you try to do the things that are in the best  
25 interest of the constituents you represent.

1 Now in my state we produce timber, livestock and  
2 potatoes, which are all issues that have been discussed here  
3 this morning. And we have been under severe pressure.

4 Senator Pryor talked about 2,600 unemployed timber workers  
5 in Arkansas. We have got a case that is even worse than that  
6 in Idaho and in the Pacific Northwest in general in the  
7 numbers of people who have suffered from subsidized Canadian  
8 timber.

9 But having said that, I have to say that I believe we  
10 have gotten favorable response from the Administration. Just  
11 since the hearing last week, I have had conversations with  
12 the Commerce Department officials, with the Ambassador for  
13 Trade, with the Secretary of Treasury, with President Reagan  
14 himself about what their commitment is and what they are  
15 going to do.

16 And I have to say that looking at it from a point of  
17 view of my constituents, which way are they going to be the  
18 best off, I have to come down on the side of saying that  
19 they will be better off if we disapprove the Danforth  
20 motion this morning and let the Administration move forward.

21 In other words, I think we have to go forward with the  
22 fast-track legislation. Otherwise, we are not going to have  
23 achieved anything in this process but continued chaos.

24 There have been some things happen in my view that are  
25 going to be very -- that provide an opportunity for the

1 workers in the forest products industry to get some relief  
2 in the future. And I am referring specifically to the  
3 carbon black case, and the decision of this Administration.

4 And I just have to say, Mr. Chairman, that just looking  
5 at it from a parochial point of view from the people who live  
6 and work in my state who are involved in this -- we are a  
7 border state with Canada -- I believe in the long run and  
8 in the short run that we will be better served to give the  
9 President, Ambassador Yeutter and Secretary Baldrige the  
10 opportunity to move forward and negotiate some of these  
11 problems out with the Canadians.

12 And I am convinced that they are operating in good faith,  
13 and that they are going to give it the best effort. And that  
14 it is the right and the responsible thing for me to do. And so  
15 I will join with Chairman Packwood this morning in supporting  
16 the Administration's position.

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1 The Chairman. Senator Grassley?

2 Senator Grassley. Mr. Chairman, I am going to put my  
3 statement in the record.

4 The Chairman. Senator Dole?

5 Senator Dole. Mr. Chairman, I have listened to all the  
6 statements, and I think we ought to have a couple of  
7 preliminary votes.

8 Let's vote first if we all love Canada. That would be  
9 unanimous.

10 (Laughter)

11 Senator Dole. And then, let's vote we all hate the  
12 Administration; and that might be really unanimous.

13 (Laughter)

14 Senator Dole. Then, let's focus on the issue. And I  
15 signed a letter last week. Senator Danforth suggested that  
16 it would be a good idea if I did that. I didn't know he  
17 was going to mail it.

18 (Laughter)

19 Senator Dole. But in any event, I am going to vote with  
20 the chairman and with the President to indicate that I believe  
21 that there is some recognition within the Administration of  
22 the need to address many of the trade problems that members  
23 on both sides have expressed.

24 There is a frustration, and I am certain that we could  
25 lay it at the feet of any Administration. There is always a

1 frustration. There are always people out of work.

2 And we have problems in our State, as everybody here  
3 has problems in their States. In a perfect world, I guess  
4 we wouldn't have any problems of that kind; and I would guess  
5 that some of them could be laid at the doorstep of the  
6 Canadians.

7 I don't expect this agreement to be completed in 60  
8 days or 90 days, and I would note that Senator Danforth and  
9 Senator Bentsen have dedicated their lives on this committee  
10 to a better trade policy.

11 And it would seem to me that one way for the  
12 Administration to improve hits image with this committee and  
13 with Congress on both sides would be to really focus--and  
14 I know Ambassador Yeutter has tried, but again, I wonder  
15 how many above the Ambassador--and there are not too many  
16 above the Ambassador, but there are a few--have given him  
17 the authority to do what he might want to do.

18 They are in the process of marking up the trade bill on  
19 the House side. I would hope that it would be bipartisan.

20 It seems to me that we have always dealt with trade  
21 matters in this committee in a bipartisan way, as we are  
22 today. I think it is going to be slightly bipartisan.

23 In any event, I think it is fair to say that we plan to  
24 bring a trade bill to the floor. We don't have a House bill,  
25 but Senator Danforth has made it very clear that, as soon as

1 we dispose of the budget, one of the first bills we will  
2 bring up after that will be some trade legislation--again,  
3 not to race the House, but to indicate what I believe is a  
4 strong bipartisan view on this issue.

5 I think we either have to say we appreciate our  
6 relationship with Canada. As recently as last week, when  
7 only three countries supported us in our actions in Libya,  
8 one of those was Canada.

9 Prime Minister Mulroney is going to Tokyo. I assume he  
10 is leaving about the same time the President is, where they  
11 are going to be discussing international terrorism, trade,  
12 and many other issues that affect the world.

13 I really don't believe that, if we have any confidence  
14 in our leadership--sometimes it is less than other times--and  
15 if we really want to continue this friendship with Canada at  
16 a very critical time, then I think we ought to reject, or  
17 vote "no," on the Danforth motion.

18 Senator Danforth. Mr. Chairman?

19 The Chairman. Senator Danforth?

20 Senator Danforth. I was wondering what procedurally  
21 the chairman had in mind now. I do have a draft.

22 The Chairman. Let me put a resolution before the  
23 committee, and then you can offer yours as a substitute.  
24 The staff will pass out the resolution I have, but it is a  
25 straight-out legal resolution of disapproval. I will vote

1 "no" on it, but I will lay it before the committee so when  
2 we vote on this what we will be voting on.

3 "Whereas, on December 10, 1985, the President notified  
4 the Committee on Finance of its desire to enter trade  
5 negotiations with Canada, with the purpose of reaching a  
6 bilateral trade agreement;

7 "Whereas if the Committee on Finance or the Committee on  
8 Ways and Means of the House of Representatives fails to  
9 disapprove of the negotiations of such agreement before the  
10 close of sixty days after the above-mentioned notification,  
11 the Senate would be required to approve or disapprove of any  
12 final negotiated agreement under the expedited procedures  
13 of Section 151 of the Trade Act of 1974, which limit debate  
14 and amendment; and

15 "Whereas disapproval of the negotiation of an agreement  
16 eligible for the expedited legislative procedures of Section  
17 151 of the Trade Act of 1974 does not preclude the President  
18 from conducting a bilateral trade negotiation with Canada on  
19 his own authority or for resubmitting a request for  
20 negotiating authority pursuant to the procedures of Section  
21 102 of the Trade Act of 1974;

22 "Therefore, be it resolved that the committee disapproves  
23 the negotiation of a bilateral agreement with Canada, the  
24 implementation of which is accomplished pursuant to the  
25 expedited legislation procedures of the Trade Act of 1974."

1 And as I say, I would recommend that the committee vote  
2 "no" on that resolution.

3 Senator Danforth?

4 Senator Danforth. Mr. Chairman, I would offer a  
5 substitute, which incorporates some of the same language that  
6 you had just read, but which makes it clear that the committee  
7 believes that the President should initiate negotiations with  
8 Canada toward a trade agreement and that the committee  
9 recommends that the President immediately resubmit a renewed  
10 request for negotiating authority, and further that the  
11 committee would commit itself to considering the  
12 Administration's request within 30 days, which would halve  
13 the time under the 1974 Trade Act.

14 A copy of this resolution is being passed out. I would  
15 just like to read a few paragraphs of the whereas clauses  
16 and then the resolving clauses:

17 "Whereas the Committee on Finance has a responsibility to  
18 the full Senate not to forestall this authority," that is  
19 relating to international trade, "but instead should play a  
20 central role in guiding the course of any bilateral trade  
21 negotiations with Canada;

22 "Whereas disapproval of the negotiation of an agreement  
23 eligible for the expedited legislative procedures of Section  
24 151 of the Trade Act of 1974 does not preclude the President  
25 from conducting a bilateral trade negotiation with Canada by

1 his own authority, or from resubmitting a request for  
2 negotiating authority pursuant to the procedures of Section  
3 102 of the Trade Act of 1974;

4 "Whereas the Committee does not yet have a sufficient  
5 basis to conclude that the Administration has generated  
6 adequate Congressional private sector support and private  
7 sector support for trade negotiations with Canada, or that  
8 several outstanding trade problems with Canada will be  
9 resolved; and

10 "Whereas the Administration's relationship with Congress  
11 on trade matters has brought into question the relative roles  
12 of the Congress and the Executive and the conduct of U.S.  
13 trade policies; but

14 "Whereas the Committee attaches great importance to the  
15 value of negotiations of a free trade agreement;

16 "Therefore, it is resolved that the committee disapproves  
17 at this time the negotiation of a bilateral agreement with  
18 Canada, the implementation of which is accomplished pursuant  
19 to expedited legislative procedures of the Trade Act of 1974,  
20 that the committee believes that the President should initiate  
21 negotiations with Canada toward a trade agreement pending  
22 intensive consultations between the Executive and the  
23 Legislature to address outstanding concerns expressed by  
24 members.

25 "Thus, the Committee recommends that the President

1 immediately resubmit a renewed request for negotiating  
2 authority pursuant to the procedure of Section 102 of the  
3 Trade Act of 1974, except that such request shall be  
4 considered by the Committee within a 30 day period instead  
5 of the 60 day period which the statute provides."

6 The Chairman. Discussion?

7 Senator Dole. Mr. Chairman?

8 The Chairman. Senator Dole?

9 Senator Dole. Mr. Chairman, I would hope that we would  
10 reject the Danforth proposal.

11 I had indicated earlier that if that were done, that I  
12 would offer a resolution that I hope we could all vote for,  
13 expressing our frustration primarily with some of the  
14 problems in Canada, but also expressing the sense of the  
15 Senate that we will proceed to the negotiations.

16 It is a resolution that I think would have agreement.  
17 I wonder if I might ask, if it is all right with the chairman,  
18 if Mr. Santos could read the resolution?

19 The Chairman. By all means.

20 Mr. Santos. Do you want me to read it verbatim?

21 Senator Dole. Yes.

22 Mr. Santos. Or just describe it?

23 The Chairman. Read it verbatim.

24 Mr. Santos. It is a resolution to express the sense of  
25 the Senate relating to the negotiation of a trade agreement

1 with Canada.

2 "Whereas the Senate wishes to fully exercise its  
3 constitutional role in the formulation and implementation  
4 of United States trade policy;

5 "Whereas the Committee on Finance has authorized the  
6 President to initiate negotiation fo a trade agreement with  
7 Canada, which is eligible for the expedited legislative  
8 procedures of Section 151 of the Trade Act of 1974; and

9 "Whereas the Senate wishes to ensure that any trade  
10 agreement which may be negotiated with Canada advances the  
11 trading interests of the United States and satisfactorily  
12 resolves the outstanding trade disputes with Canada;

13 "Now, therefore, it is resolved that it is the sense  
14 of the Senate that no trade agreement with Canada should be  
15 submitted to the Congress for review pursuant to the  
16 expedited legislative procedures of the Trade Act of 1974  
17 until such agreement:

18 "(a) eliminates or reduces to the maximum extent  
19 possible Canadian tariffs on United States exports and  
20 ensures that such Canadian tariffs are, on a trade-weighted  
21 basis, no higher than United States tariffs on Canadian  
22 exports;

23 "(b) reduces substantially Canadian government subsidies  
24 and support to Canadian industries which are engaged in  
25 trade with the United States or compete with United States

1 industries in Canada;

2 "(c) provides enhanced access for United States service  
3 exports to Canada and advances nondiscriminatory treatment  
4 by Canada of United States suppliers of such services;

5 "(d) provides full and effective protection for  
6 intellectual property rights in Canada comparable to the  
7 protection afforded such rights in the United States;

8 "(e) provides substantially increased access to Canadian  
9 procurement, both federal and provincial, for United States  
10 suppliers;

11 "(f) ensures that United States persons retain full  
12 access to United States trade remedies affecting imports  
13 from Canada;

14 "(g) provides effective protection against the problems  
15 of transshipment of third country goods;

16 "(h) reflects a commitment of the Canadian Provincial  
17 Governments to implement the relevant terms of the agreement;

18 "(i) provides for the treatment of United States  
19 investment in Canada which is no less favorable than is  
20 afforded to Canadian investment in the United States."

21 Part 2 of the resolution concludes:

22 "The President should cooperate with the Congress in  
23 development trade legislation which addresses the need to  
24 obtain greater access to foreign markets, combat unfair  
25 trade practices, and provide industries injured by imports

an effective means of adjusting to foreign competition."

2 Senator Dole. Mr. Chairman?

3 Senator Danforth. Mr. Chairman?

4 The Chairman. Senator Dole?

5 Senator Dole. Mr. Chairman, would my resolution be in  
6 order as a substitute for the Danforth resolution?

7 The Chairman. It would be under the Senate rules.  
8 There can be one more amendment, and it would be a substitute  
9 for the Danforth resolution.

10 Senator Dole. Mr. Chairman, I will then offer it as  
11 a substitute to the Danforth resolution.

12 As I have listened to many of the real frustrations  
13 --and they are real--and as I have also listened to the  
14 expressions of confidence and friendship with Canada--and  
15 they are real--it would seem to me that what we need to find  
16 is some way to avoid what I think could be very serious  
17 fallout if we reject this procedure.

18 And I would hope that we might have some opportunity  
19 to give members at least until after lunch to take a look  
20 at this resolution to see if we can't find some common ground  
21 to reach an agreement before voting.

22 Senator Danforth. Mr. Chairman, I regret that the  
23 Leader has offered this substitute. I tried to reach him on  
24 the phone yesterday afternoon; he had left town. I tried  
25 to reach him this morning, and I wasn't able to.

1 I did hope that, at the very least, I could get a vote  
2 on the resolution of disapproval, rather than to have it  
3 obfuscated like this.

4 This substitute that the Leader has proposed is frankly  
5 waste paper. It is worthless. It is oratory language.  
6 It is meaningless. It would be ignored by the Administration.

7 The question again is our relationship with the  
8 Administration.

9 Now, what I have offered says 30 days--30 days. Now,  
10 Senator Dole has stated that there would be serious fallout  
11 effect of a 30-day delay in approving a fast-track authority.

12 That is his argument. If the members of the Finance  
13 Committee believe that there is going to be a serious fallout  
14 effect in our relationship with Canada and a 30-day delay,  
15 then what is going to be the result of hard negotiations  
16 at the bargaining table?

17 If we are to be reduced to walking on eggs with Canada,  
18 then what kind of negotiations are we going to have?

19 I listened with interest to Senator Symms' comment about  
20 how the Administration was somehow going to produce something  
21 for products of Idaho including lumber.

22 I would ask Senator Symms to consider what the  
23 Administration is going to produce, what the agreement is  
24 going to be.

25 We are buying a pig in a poke.

1 Senator Symms. Would you yield on that point?

2 Senator Danforth. I will.

3 Senator Symms. I think, Senator, that you are getting  
4 right to the point of what the discussion is about. How am  
5 I going to be here in the Senate negotiating with the  
6 Canadians when that is not the role of the Congress?

7 We are either going to approve or disapprove what they  
8 do. I am convinced that there is a mechanism now in place,  
9 due to the Carbon Black decision, that probably long before  
10 this comes about, we will have already passed a countervailing  
11 duty on Canadian timber.

12 That is our best shot, and that is what the people in  
13 my State believe is our best shot. And the lawyers think  
14 that is the best shot.

15 Senator Danforth. I would like to address that point.

16 Senator Symms. But if I could finish, if you get the  
17 commitment from the President of the United States, from  
18 the Secretary of Commerce, from the Trade Ambassador, what  
19 more can a member of the Congress get?

20 Senator Danforth. I would like to know exactly what  
21 assurance has been provided.

22 Senator Symms. You will see the treaty when it comes  
23 back.

24 Senator Danforth. Because I don't believe any assurance  
25 has been provided by the Administration. The question is:

1 Is the Administration going to impose some sort of  
2 restrictions on Canadian lumber?

3 I doubt that they have made that or given that  
4 assurance. I doubt that they have said anything at all about  
5 it.

6 If the Carbon Black decision--the new position of the  
7 Administration with respect to carbon black and with respect  
8 to subsidies--if that is applicable to lumber, then it is  
9 applicable as a matter of law.

10 And I wonder if the Administration is now taking the  
11 position that it isn't applicable as a matter of law, that  
12 it is a matter of discretion, because it is my understanding  
13 of the trade legislation that we passed in 1979 that if there  
14 is a subsidy and if there is an injury, then it is  
15 countervailable and countervailing duties will be imposed.

16 It is not a reward for the Administration to hold out  
17 to Senators who come along to their point of view. It is  
18 a matter of law.

19 And if the Administration is now saying as a matter of  
20 law, it is going to give or take countervailing duties,  
21 depending on some negotiations, then it has a much more  
22 hollow view of the law of countervailing duties than it is  
23 my understanding exists.

24 Senator Roth. Mr. Chairman?

25 Senator Mitchell. Mr. Chairman?

1 The Chairman. Senator Roth? And then Senator Mitchell.

2 Senator Roth. Mr. Chairman, I am gravely concerned  
3 about the nature of the debate.

4 I do not think that one can overlook or underestimate  
5 the importance that this vote will have on our relationship  
6 with a country that is our largest trader, a country with  
7 which we have the friendliest relations.

8 Now, we have gone through a long period of many years  
9 where the government in power in Canada was not so warmly  
10 disposed toward trying to build a sound trade relationship  
11 with this country.

12 One cannot say that this is not going to have an impact  
13 on that relationship. I think it will. At best, it cannot  
14 be favorable. At best, it could have a very, very serious  
15 impact, not only with the government but with the Canadian  
16 people.

17 Now, the excuse for rejecting the fast track is that  
18 we are unhappy with the Administration. So, I would say to  
19 my colleagues on the committee: If that is the case, the  
20 way to solve it is not to hold in hostage a friendly nation.

21 Certainly, we as a group can go down to the White House,  
22 if necessary, and discuss with them the nature of the problem.

23 I have to say, for one, that I have found the U.S.T.R.,  
24 Mr. Yeutter, very cooperative; and just as I was willing to  
25 give this authority to Bob Strauss, I am willing to give this

1 authority to our current U.S.T.R.

2 He is a capable fighter. I think he will listen. I  
3 think he will consult with each of the people involved.

4 But to try to argue that this is not important in the  
5 relationship is just not fact. And I think there is a very,  
6 very serious difference between rejecting the fast track and  
7 negotiating hard.

8 I think the Canadians expect us to negotiate hard. I  
9 think they have shown, by the statements of the Prime  
10 Minister and others, that they want to make real progress in  
11 bringing about a free trade or a freer trade zone.

12 I would finally point out that the businesses that are  
13 going to be impacted the most--NAM, for example, has  
14 strongly endorsed these negotiations--we are not abdicating  
15 our authority.

16 We are not in a position to negotiate. We can consult  
17 during this interim period, and we have the right to reject  
18 if the basic agreement isn't to our liking.

19 And Mr. Chairman, I would hope that this committee would  
20 not make the serious error of rejecting the fast track.

21 The Chairman. Senator Mitchell? Then, Senators  
22 Moynihan, Baucus, Boren, Chafee.

23 Senator Mitchell. Mr. Chairman, I would like to ask the  
24 Leader, the author of this resolution, first whether or not  
25 he agrees that this has no legal binding effect on the

1 Administration. Is that correct?

2 Senator Dole. That is correct, but let me indicate that  
3 I have discussed the resolution; and the resolution has been  
4 discussed at the highest levels of the Administration.

5 And they initiatlly indicated they would not resist it.  
6 This morning they indicated they would support it.

7 Senator Mitchell. Then, Mr. Leader, may I ask if you  
8 are prepared now to commit yourself publicly to opposing any  
9 treaty presented to the Senate which does not meet the  
10 specific elements of this resolution which you have authored?

11 Senator Dole. Let me look at it one more time.

12 (Laughter)

13 Senator Mitchell. It seems to me that would give us a  
14 pretty good test of whether or not this is a serious  
15 resolution.

16 Senator Dole. If I am prepared to do that, are you  
17 prepared to vote for it?

18 Senator Mitchell. I am going to vote for the Danforth  
19 resolution.

20 Senator Dole. Oh. I think I had better study it a  
21 little longer then.

22 (Laughter)

23 Senator Mitchell. Yes. Meaning no disrespect, Mr.  
24 Leader, I think that makes the point, that you are not  
25 prepared to say-- I mean, you are offering this as a

1 substitute, but you are not prepared to say you will oppose  
2 a treaty that doesn't have these elements in it.

3 Senator Dole. I am prepared to say that, and I will  
4 do that.

5 Senator Mitchell. All right.

6 Senator Dole. You know, I am convinced there are a lot  
7 of real frustrations expressed around this table, but I am  
8 also convinced we shouldn't be doing a lot of damage here  
9 without trying to find some resolution.

10 And there ought to be a way to resolve this. This is  
11 not an impossible thing.

12 Senator Mitchell. Mr. Leader, I am not finished yet,  
13 and I would like to address that point.

14 Senator Dole. The answer is yes.

15 Senator Mitchell. All right. Thank you. I think that  
16 is a very important point.

17 I would like to say something about this, Mr. Leader.  
18 I have listened with a great deal of interest about the  
19 expressions of our relationship with Canada; and I find them  
20 interesting and somewhat ironic.

21 For six years, I have been very deeply involved in an  
22 issue which repeatedly has been indicated to be the principal  
23 concern of the Canadians with respect to American relations.

24 And I must say I have not heard any sentiment about  
25 how we have to do something about that--I am talking about

1 acid rain--to further our relationship with Canada. I  
2 haven't heard a word about that for six years.

3 Of course, this isn't the committee; but nonetheless,  
4 it has been an important issue.

5 The recent welling up here for the Canadian relationship  
6 comes as somewhat of a surprise to me.

7 Secondly, I would like to say that there is a strong  
8 undercurrent of condenscension toward the Canadians that  
9 is being demonstrated in this discussion.

10 They are our friends. They are our neighbors. They are  
11 our brothers. But they are a separate, sovereign, independent  
12 country very capable of establishing their own interests and  
13 aggressively pursuing their own interests.

14 And it is demeaning to the Canadians, as well as to us,  
15 for us to sit here and talk in these syrupy terms about how  
16 if we don't do this, this is going to end the relationship.

17 And it is not going to end the relationship. It has  
18 endured far greater strains than this. And we would do  
19 better to respect the Canadians for the independent, tough  
20 minded people that they are who pursue their own interests  
21 vigorously and who expect us to do the same.

22 And I think we ought to base our vote here on what  
23 American interests are. What is the best thing for this  
24 country?

25 The Canadians understand that. They act on the basis of

1 what is best for Canada.

2 And I hope very much that the committee will approve--  
3 will vote for Senator Danforth's resolution because I think  
4 he has been right on target in this discussion.

5 The Chairman. Senator Moynihan?

6 Senator Moynihan. Mr. Chairman, I said very little at  
7 the outset, and I won't say more now except to agree with  
8 Senator Chafee's remarks.

9 This is a fateful decision we are about to make. I  
10 pointed out at the beginning that the last such initiative  
11 came from a Canadian prime minister in 1911, Laureatte.  
12 And when it aborted and he was defeated, it was 75 years  
13 before another such moment came.

14 That moment is here today. If we should reject this  
15 measure, I would think it will be a half-century before  
16 another such opportunity comes.

17 I want to add that the largest interests in the United  
18 States are involved. There is not one of us who doesn't  
19 have a necessary local interest; but the largest political  
20 and military and ideological interests of the democracies  
21 and of these two nations is at issue in this vote.

22 And if we fail our country in this, I don't know how  
23 we will serve it to make up for what we have failed it.  
24 Otherwise, we will undo the damage that would have been  
25 done by this unthinking act.

1 The Chairman. Senator Baucus?

2 Senator Baucus. Mr. Chairman, in the democratic process,  
3 a successful resolution usually is a compromise. It is not  
4 all or nothing.

5 And we here this morning essentially have heard two  
6 basic arguments. One is Canada is a friend, and we must  
7 honor and respect that friendship. Canada is an ally; we  
8 must work with Canada. They are brothers, good brothers,  
9 brothers of the North, etcetera.

10 We all know that, and we all believe in that.

11 We also have heard this morning from virtually every  
12 Senator that we don't fully have full faith in the  
13 Administration's willingness and commitment to negotiate  
14 the kind of agreement we think is right for Americans.

15 I think Senator Mitchell is exactly right. There is  
16 condensation in the argument we make that we have to take  
17 care of the Canadians.

18 The Canadians, since 1911, have become stronger, more  
19 aggressive. They are tougher. Canada can very well protect  
20 itself.

21 It seems that in any democratic process that there is  
22 give and take; and the give and take here is the compromise  
23 resolution offered by the Senator from Missouri.

24 The resolution says, yes, we will disapprove at this  
25 time, but we urge the Administration to initiate negotiations

1 immediately. We urge the Administration to again immediately  
2 resubmit and also we cut the fast track down to 30 days.

3 That is a compromise. It just seems to me that if we  
4 are true to our word and we want to help Canada, we want to  
5 respect Canada, if we also want to help protect and respect  
6 our American interests--which, after all, Mr. Chairman, is  
7 why we ran for office--that we adopt the compromise that is  
8 a clear signal to Canada that, yes, we will negotiate in  
9 good faith.

10 It is a clear signal to the Administration that we want  
11 to work more as co-equal partners.

12 I can't, for the life of me, understand why we don't  
13 compromise: adopt the mid-point solution offered by the  
14 Senator from Missouri, because that is what it is. It is a  
15 compromise.

16 And that is why we are here--to work out agreement, to  
17 work ahead, to forge forward. And I strongly urge the  
18 committee--those who have heretofore adamantly opposed any  
19 change at all--to look at the Danforth resolution because it  
20 is a true, good faith compromise.

21 I think by and large--not perfectly--but by and large,  
22 it accomplishes all the goals we are trying to pursue.

23 The Chairman. Senator Boren? And then, Senators  
24 Chafee, Symms, and Bradley.

25 Senator Boren. Mr. Chairman, I have expressed my

1 frustrations a little while ago with the failure of the  
2 Administration to develop an overall trade policy, to make  
3 an inventory of those levels of production of key commodities  
4 and key products that are necessary to national security,  
5 to come with an affirmative policy on competitiveness, to  
6 get our cost of capital down, and to do the other things  
7 that we need to have a coherent and comprehensive trade  
8 policy.

9 I have also listened to the discussion around this table;  
10 and as I said at the outset of my remarks, having discussed  
11 this matter with several people yesterday, I found this  
12 decision to be a very, very difficult one.

13 And at the inception of this meeting, I had felt  
14 strongly inclined to vote, as I announced--strongly inclined  
15 to vote--against this request simply out of frustration with  
16 the Administration's failure to develop a comprehensive  
17 trade policy.

18 But I do think, listening to the comments that have just  
19 been made and to others, that we are dealing with a highly  
20 important matter in terms of our relationship with our nearest  
21 neighbor and one of our closest friends.

22 And in light of the compromise that has been offered by  
23 Senator Danforth--the alternatives that are before us--I  
24 think it might be wise that we wait a little longer before  
25 reaching this final decision.

1           And I would like to move that we postpone the vote on  
2 this matter to either this afternoon or tomorrow morning,  
3 on the call of the chairman of the committee, before making  
4 a final decision.

5           The Chairman. The motion is in order. Discussion?

6           Senator Danforth. Mr. Chairman, I hope we don't  
7 postpone it. I hope we vote now.

8           I agree with Senator Baucus. I think that we are not  
9 interested in terminating negotiations with Canada.

10          All we are interested in doing is having a 30-day period  
11 for the purpose of the Senate Finance Committee reasserting  
12 its responsibilities relating to international trade.

13          I think the issue is clear, and I think we should vote  
14 on it now.

15          The Chairman. Discussion on the motion to postpone?

16          Senator Dole. I second the motion.

17          The Chairman. If there is no further discussion, the  
18 clerk will call the roll.

19          Senator Symms. Mr. Chairman?

20          The Chairman. Senator Symms?

21          Senator Symms. Mr. Chairman, I just want to say one  
22 thing before my colleagues vote here.

23          As I said earlier, I believe that these Senators--and I  
24 was part of that group--have made their point. The shot has  
25 been fired across the bow, and this Administration has

1 responded.

2 And if the chairman doesn't think he has the votes right  
3 now and wants to postpone it, I certainly will vote that way  
4 with the Boren resolution.

5 But in my view, Senator Danforth and others who have  
6 been in the forefront of this fight, have made a very clear,  
7 positive contribution to this discussion.

8 And in my view, the Administration has responded. Now,  
9 I don't know where you are going to find--when you get the  
10 word of the President of the United States, of the Secretary  
11 of the Treasury, of Ambassador Yeutter, and others--are we  
12 just simply saying we don't think those people are men of  
13 good conscience and good honor?

14 I happen to think they are all very honorable people.  
15 They are of good conscience. They are men that are going to  
16 try to fulfill that commitment; and we are not the trade  
17 negotiators.

18 Our job is to advise and consent. We have made our  
19 point, and I think this committee is making a terrible mistake,  
20 and I share with what Senator Moynihan said.

21 If we deny the opportunity to move forward on this, over  
22 some kind of institutional prerogative, do we want to exert  
23 more clout for the Senate?

24 I can tell you one thing: the people in my State  
25 want response from the Government on the problems. They want

1 the help; they could care less about a turf battle from  
2 within the Senate and within the Administration.

3 What they want is an opportunity to work and make a  
4 living. These people have already gone under a lot of  
5 pressure. They have taken pay cuts because of Canadian  
6 timber.

7 Now, we are right on the verge of getting some solid  
8 support. We have had bipartisan support on some of these  
9 specific problems. We have had a turnaround on the part of  
10 the Commerce Department, in my view.

11 We have a Trade Ambassador who is in place who  
12 understands the problem. I have been talking to him about  
13 it since before he was even confirmed.

14 The President has now taken a personal interest in  
15 some of these problems.

16 I just don't see what more this committee wants, and I  
17 think it would be a terrible mistake if we deny the  
18 Administration the opportunity to go ahead and work out an  
19 agreement with the Canadians at this point.

20 The Chairman. Senator Chafee? And then Senator Bradley.

21 Senator Chafee. This is a discussion on the Boren  
22 motion. I don't have any discussion on that, Mr. Chairman.

23 The Chairman. Senator Bradley?

24 Senator Bradley. Mr. Chairman, I wanted to make another  
25 point not directly related to the Boren postponement motion.

1 I would certainly, if we need to postpone, vote to postpone.

2 But I think that we need to understand is that the  
3 reason you want to enter negotiations with Canada is because  
4 you think you can get something out of it for the United  
5 States.

6 We are not protecting Canada here. I mean, the fact  
7 of the matter is that we have a telecommunications industry  
8 that wants access to Canadian government accounts.

9 We have got a pharmaceutical industry that wants some  
10 kind of patent protection.

11 We have got uranium enrichment people that want access  
12 to uranium.

13 I mean, right down the list. I think Senator Dole's  
14 resolution ticks off a lot of our concerns. I hope that  
15 we are going to keep that in the forefront here.

16 The Chairman. I have been a member of this committee  
17 since January 1973 along with Senators Dole, Roth, Long, and  
18 Bentsen, and I think those are the only ones that go back  
19 that far.

20 We have gone through Bill Everley as a Special Trade  
21 Representative, Bob Strauss, Bill Brock. I have never found  
22 a one that had any interest in selling this country out for  
23 the benefit of some foreign country, and I don't think  
24 anyone is accusing any of them or Clayton Yeutter of doing  
25 that.

1 I have never found one that, when we had to enter into  
2 negotiations, even before we had the fast track, that didn't  
3 come here and meet with this committee and meet with this  
4 committee and meet with this committee to find out our  
5 concerns and attempt to alleviate them before they gave an  
6 agreement to us to approve.

7 And we went through it last year with the Israeli Free  
8 Trade Agreement. And I remember my good friend from Missouri  
9 even raising an issue at the very last that had simply come  
10 to him at the very last involving some chemical we had  
11 never heard of; and I think we may have partially taken  
12 care of it.

13 And I don't expect Clayton Yeutter or his successor,  
14 if he were to leave that job, is going to be so foolish as  
15 to negotiate an agreement over the objections of this  
16 committee, the objections of this Congress, and expect it  
17 to get through this Congress.

18 On the other hand, I don't know how you are going to  
19 negotiate any agreement that protects uranium or lumber or  
20 potatoes or whatever else it may be that concerns each one  
21 of us without giving to the Special Trade Representative and  
22 the President the power to enter into these negotiations in  
23 the hope that when they are over, there will be some  
24 expeditious consideration.

25 So, I would encourage, for the moment, voting for the

1 Boren amendment to postpone; and if it passes, we will meet  
2 this afternoon, if there is no objection to meeting--there  
3 may be an objection, and if there is an objection we can't  
4 vote--we can meet but we can't vote--in which case, we would  
5 meet in the morning.

6 Senator Dole. Mr. Chairman?

7 The Chairman. Senator Dole?

8 Senator Dole. Mr. Chairman, it seems to me that what  
9 we want to avoid if we can--however the vote may turn out--  
10 is that any impression that we simply walked in here and  
11 in two hours we had the vote.

12 I mean, it seems to me that whether the Danforth  
13 resolution wins or loses may not be as important as how it  
14 is perceived by our friends in Canada and even by the  
15 Administration.

16 And I don't believe that another two or three hours, or  
17 even until tomorrow morning, will cause any real change as  
18 far as votes are concerned, but it might indicate we are  
19 serious about this.

20 It seems to me that if the chairman would like to put  
21 off the vote, we don't need to have a roll call on that.

22 The Chairman. Senator Mitchell? Then Senator Baucus  
23 and Moynihan. Did you have your hand up again? All right.

24 Senator Mitchell. Mr. Chairman, I just wanted to respond  
25 to Senator Symms who said: What can the members of this

1 committee do?

2 If there is a delay, I recommend that you go see  
3 Senator Thurmond, and you ask him about the commitment that  
4 the textile industry received on what would happen.

5 No one questions the good faith of the actions of  
6 commitments that are being made, but you have gotten for the  
7 lumber industry a very vaguely worded, virtually meaningless  
8 commitment that can be overtaken by events.

9 And in the textile industry, the commitment that was  
10 made to Senator Thurmond in writing, not once, but twice,  
11 and it made a specific commitment which was never kept and,  
12 in fact, the opposite has occurred over time.

13 And everybody involved in the textile industry is aware  
14 of it.

15 So, I strongly urge those members who are concerned about  
16 lumber, as I am, to go back and do a little checking on the  
17 history of a comparable--not comparable--but a circumstance  
18 in which commitments were made far more explicit and far  
19 more detailed in writing, and the opposite occurred.

20 And that doesn't challenge anybody's good faith; it  
21 just suggests that events sometimes can overtake this kind  
22 of assurance.

23 Senator Symms. Would the Senator yield just for a  
24 comment on that?

25 Senator Mitchell. Yes.

1 Senator Symms. The Senator makes a point. I am aware  
2 of those letters, but you are comparing apples with oranges.

3 This is a totally different issue--timber and textiles.  
4 It is a totally different issue.

5 And I just think that it is not the same kind of an  
6 issue. There is not the same kind of a subsidy involved in  
7 textiles as there is in timber and a natural resource subsidy  
8 that we think is there. It is a different issue.

9 Senator Mitchell. Well, I won't delay it any more, Mr.  
10 Chairman.

11 The Chairman. Senator Baucus? And then Senator  
12 Danforth?

13 Senator Baucus. Mr. Chairman, I think frankly when the  
14 vote should be taken should be basically your prerogative;  
15 but I might gently remind you, Mr. Chairman, that last week  
16 when this issue arose, you gave very firm assurance that  
17 we were going to meet at 9:30 and then have a vote up or  
18 down, and that would be it.

19 That was the understanding all of us had, as we convened  
20 here at 9:30; and I would hope that we honor that and that  
21 we do vote up or down on it.

22 The Chairman. Senator Danforth?

23 Senator Danforth. Mr. Chairman, I would hope that we  
24 do not delay; but if we do delay, I see Mr. Yeutter is in  
25 the audience today. And I think that in fairness to the

1 lumber people who believe that they have some understanding  
2 with the Administration, there be an expressed statement of  
3 the Administration's position with respect to lumber.

4 Specifically, the Administration should answer the  
5 following question: Will it commit itself to either  
6 restrictions on the importation of Canadian lumber or  
7 countervailing duties on lumber?

8 Will it commit itself--yes or no--either to restrictions  
9 on lumber or to countervailing duties?

10 And I think that, in fairness to Senator Symms and others,  
11 they deserve to be able to tell their constituents a clear,  
12 definitive answer, not an answer by Mr. Yeutter alone, but  
13 an answer from the Administration on that question.

14 The Chairman. Further discussion?

15 Senator Durenberger. Mr. Chairman?

16 The Chairman. Senator Durenberger?

17 Senator Durenberger. Can the rest of us then trot out  
18 our favorite subjects at this point?

19 (Laughter)

20 Senator Durenberger. You know, I am getting the very  
21 uncomfortable feeling here that we are now in the process of  
22 negotiating a trade agreement, and I have some interest in  
23 timber.

24 And I don't know what the next step is going to be. I  
25 can drag out the rest of my interests; but I guess the signal

1 is that, between now and 2:00, we have got to cut our deals  
2 with the Administration.

3 If that is where it is at, I am left very uncomfortable.  
4 Maybe we ought to just decide this right now; and if they  
5 are going to lose, they are going to lose.

6 This issue is being decided on the basis of some  
7 animosity here towards the way the President and the  
8 Administration use this committee.

9 It has nothing to do with my timber dealers or my hog  
10 farmers or anything else; and I am bothered by that. I just  
11 say to all of you here: To the degree that you are not  
12 voting constituent interest, but you are voting your feelings  
13 about this Administration, I just don't think that is fair to  
14 my constituents.

15 So, I hope we all think about that between now and 2:00  
16 this afternoon because, otherwise, I have got to go and cut  
17 my own deals here before I, in effect, sell my vote.

18 The Chairman. Let the record show that that was Senator  
19 Danforth who made that request.

20 Since we started this debate 10 days ago, we have had  
21 the Carbon Black decision come down, which the Ambassador is  
22 well familiar with. It is an upstream subsidy case in which  
23 countervailing duties are going to be imposed, or at least  
24 asked for, if I am not incorrect.

25 And there has been a whirl of a change of circumstances

1 involving not just Carbon Black but any kind of an upstream  
2 subsidy issue--whether it be natural gas from Mexico or  
3 someplace else.

4 For those who will say: How do you know what you have  
5 got? Nobody knows what you have got. The one thing I have  
6 discovered with this President--sometimes to my detriment--is  
7 he sticks with his word.

8 I have had ample disagreements with him, and I have found  
9 that he hasn't changed.

10 I think he is going to negotiate this agreement in good  
11 faith for the benefit of the United States, and I hope that  
12 Oregon will be a beneficiary of what is good for the United  
13 States.

14 And I think we will, and I am willing to leave it at  
15 that, with no further explicit promises.

16 Senator Symms. Mr. Chairman, since my name keeps being  
17 drug up and I appreciate that-- I appreciate my colleague  
18 from Missouri being concerned about whether or not the jobs  
19 of the lumber workers in Idaho are going to be well enough  
20 protected because I am concerned about that, too.

21 But I am convinced, on the word of the President and what  
22 he has said to me both in writing and in a verbal conversation,  
23 and what the people who are involved in the industry in Idaho  
24 --and I speak for all of them--they have been unanimous in  
25 their position on this--that they believe that this

1 Administration has listened to them.

2 And I just think that it is a tragic mistake for us to  
3 get in a turf battle in Washington that goes against--I  
4 couldn't say it as well as Senator Durenberger did--that will  
5 possibly make it worse for those constituents that we  
6 represent.

7 And I think we should not allow this. These Senators  
8 have made their point, and they have made headway.

9 Now, they are intending to go to Canada and negotiate  
10 the treaty; and maybe we are going to have make some changes  
11 on who our Ambassador is; but I just think we have done well  
12 as a committee and that we shouldn't sell ourselves short on  
13 what we have done.

14 And we have extracted, I think, a commitment from the  
15 Administration, and my sawmill workers and lumberjacks and  
16 the leadership of the industry in Idaho are satisfied with  
17 where we stand right now.

18 The Chairman. Let me tell what the situation is. The  
19 committee is scheduled to come back at 2:00 for a discussion  
20 on a variety of matters in the tax bill--a discussion, not  
21 votes.

22 If the Boren motion passes, we will come back to this  
23 issue and vote this afternoon, unless there is objection;  
24 in which case, we will vote tomorrow.

25 Senator Danforth. Mr. Chairman, shouldn't unanimous

1 consent be requested on the floor before we vote?

2 The Chairman. Oh, it will be requested.

3 Senator Danforth. Before we vote so that we know whether  
4 we will be coming back this afternoon to vote on this issue,  
5 or is this another matter that we are going to be left in  
6 the dark on?

7 The Chairman. I have no objection if you want to ask  
8 the floor for unanimous consent. You will have to put it  
9 out on the hot line, I assume, for somebody if they want  
10 to object.

11 Senator Long. Might we just not vote on the Boren  
12 motion?

13 The Chairman. We have got the Boren motion before us.  
14 I think we just ought to vote on it. The clerk will call  
15 the roll.

16 Senator Danforth. Do we know whether we are going to  
17 be allowed to meet this afternoon?

18 The Chairman. At the moment --

19 Senator Danforth. It would be an easy matter for --

20 Senator Dole. It is not easy; believe me.

21 Senator Danforth. It would be a very easy matter for  
22 anybody who doesn't think that this committee should act.  
23 They just lodge an objection.

24 The Chairman. We had a number of objections, to be  
25 frank with you, lodged last week to voting in the afternoon;

1 and it had nothing to do with this issue.

2 Senator Dole. By noncommittee members.

3 The Chairman. Yes, by noncommittee members. In fact,  
4 the ones that the Majority Leader mentioned to me were all  
5 noncommittee members, but it was unrelated to this issue.

6 So, I just can't tell you what may happen.

7 Senator Boren. Mr. Chairman, if I could modify my  
8 motion to say that at the latest we would vote by the close  
9 of the morning session in the morning, at the latest.

10 The Chairman. You have the right to modify your own  
11 motion. The clerk will call the roll.

12 The Clerk. Mr. Dole?

13 Senator Dole. Aye.

14 The Clerk. Mr. Roth?

15 Senator Roth. Aye.

16 The Clerk. Mr. Danforth?

17 Senator Danforth. No.

18 The Clerk. Mr. Chafee?

19 Senator Chafee. Aye.

20 The Clerk. Mr. Heinz?

21 Senator Heinz. No.

22 The Clerk. Mr. Wallop?

23 Senator Wallop. Aye.

24 The Clerk. Mr. Durenberger?

25 Senator Durenberger. Aye.

1 The Clerk. Mr. Armstrong?  
2 Senator Armstrong. No.  
3 The Clerk. Mr. Symms?  
4 Senator Symms. Aye.  
5 The Clerk. Mr. Grassley?  
6 Senator Grassley. No.  
7 The Clerk. Mr. Long?  
8 Senator Long. No.  
9 The Clerk. Mr. Bentsen?  
10 Senator Bentsen. No.  
11 The Clerk. Mr. Matsunaga?  
12 Senator Matsunaga. No.  
13 The Clerk. Mr. Moynihan?  
14 Senator Moynihan. Aye.  
15 The Clerk. Mr. Baucus?  
16 Senator Baucus. No.  
17 The Clerk. Mr. Boren?  
18 Senator Boren. Aye.  
19 The Clerk. Mr. Bradley?  
20 Senator Bradley. Aye.  
21 The Clerk. Mr. Mitchell?  
22 Senator Mitchell. No.  
23 The Clerk. Mr. Pryor?  
24 Senator Pryor. No.  
25 The Clerk. Mr. Chairman?

1 The Chairman. Aye.

2 The Clerk. 10 yeas; 10 nays.

3 (Laughter)

4 The Chairman. The motion is defeated. The committee  
5 will stand in recess until 2:00 this afternoon.

6 (Whereupon, at 11:44 a.m., the meeting was recessed,  
7 to reconvene at 2:00 p.m., this same day, Tuesday, April 22,  
8 1986.)

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1 The Chairman. The Committee will come to order, please.

2 As I expected, and not because of the Canadian agreement,  
3 we have objection to meeting this afternoon. The objection  
4 was actually lodged yesterday when we started the budget bill  
5 and it comes from a member, not of this Committee, but who  
6 wants as many people on the floor as possible when we are  
7 voting the budget. Other members of this Committee indicated  
8 that had that objection not been raised, they would have, and  
9 so there will be no votes this afternoon, and there will be  
10 no votes any afternoon this week and probably any afternoon  
11 next week unless that objection is lifted, and I only expect  
12 it might be lifted if we were done with the budget quicker  
13 than we usually get done with the budget.

14 Senator Danforth. Mr. Chairman?

15 The Chairman. Senator Danforth.

16 Senator Danforth. Mr. Chairman, this morning it was  
17 close, but no cigar. I think I believed this morning that  
18 by a vote of 11 to 9 I had the votes. I know that the  
19 President is going to do everything he can to try to defeat  
20 my resolution, but it is my understanding that we will be  
21 back tomorrow and that we will vote on the resolution  
22 tomorrow.

23 The Chairman. I will exercise, as I indicated last  
24 week, the Chairman's prerogative to call for a vote, and I  
25 will, when we -- my hunch is we do not need much more

1 discussion.

2 Senator Danforth. Right.

3 The Chairman. I don't think we have to have another  
4 round of opening statements.

5 Senator Danforth. I wouldn't think so.

6 I would just like to say one word, Mr. Chairman. I  
7 know I am repeating myself, but I do not want any  
8 misunderstanding to exist on the part of anybody. I am not  
9 opposed to a trade agreement with Canada. I am not opposed  
10 to granting Canada and our government fast track negotiating  
11 authority.

12 I have offered a substitute resolution which we will  
13 vote on, I hope, tomorrow, and, among other things, that  
14 resolution calls for the President to negotiate with Canada  
15 and calls for the President to resubmit his request for fast  
16 track authority.

17 The resolution further says that the Senate Finance  
18 Committee would agree to vote on that request within 30 days  
19 of it being submitted to us, thereby cutting the time in half.

20 In other words, Mr. Chairman, I have attempted to do  
21 everything I can to meet the Administration halfway in the  
22 field of trade, and I have done that repeatedly, attempted  
23 to build some kind of bridge between the Congress and the  
24 Administration on trade matters, only to see the Administration  
25 constantly blow up the bridge when we think we got it built.

1           It is almost pitiful, I think, that we on the Finance  
2 Committee, representing the committee of the Senate which has  
3 trade jurisdiction, in the branch of government which has  
4 trade responsibility under our Constitution, it is almost  
5 pitiful for us now to be in the position of pleading with  
6 the Administration to talk to us, of saying to the  
7 Administration, "Will you please talk to us for 30 days?  
8 Will you please talk to us and tell us, first, what you have  
9 in mind with respect to an agreement with Canada, so that  
10 we know in advance of granting you this carte blanche what  
11 you have in mind?" And then saying, "Will you please  
12 negotiate with us in good faith about the relative roles of  
13 the Administration and the Congress on the creation of trade  
14 policy?" It is almost pitiful for us to say, "Talk to us."

15           But what we have had so far is an unwillingness to  
16 negotiate, an unwillingness to talk seriously, an  
17 unwillingness for them to say what they have in mind with  
18 respect to the Canadian deal; but beyond that, an opposition  
19 on the part of the Administration to Congress doing anything.

20           The basic position of the Administration is that what  
21 they want in international trade, they should get, no  
22 questions asked, and that our role should be as a rubber  
23 stamp. And for all those groups, whether they are lumber or  
24 pharmaceuticals or anybody else who have an interest in the  
25 Canadian agreement, who periodically come to those of us on

1 the Finance Committee and say, "Take care of our problem," or  
2 "Help us," I say to them, why bother to come to us, why waste  
3 your time if we are dealt out of this game? Why waste your  
4 time if we do not have anything to do? Why waste your time  
5 if we are little more than dirt under the feet of the  
6 Administration in international trade? And that is what we  
7 are. From the Administration standpoint, we have no role to  
8 play.

9 Now, here is what is going to happen if the  
10 Administration insists on stonewalling us. This is not going  
11 to be the end of it. Here is what is going to happen: The  
12 House is going to pass the trade bill. They have the  
13 initiative. They have been working on it; I think they are  
14 marking it up today, as a matter of fact. Is that right?

15 Mr. Santos. They are, sir.

16 Senator Danforth. Marking up a trade bill today. They  
17 are going to pass it. Administration will not like it a bit.  
18 And then when a tax bill, if any, and I think there will be  
19 one, comes before the Senate, there is going to be a  
20 bipartisan effort to offer a trade amendment to that tax bill.  
21 And the Administration will not be playing any part in it.  
22 They might veto the whole tax bill; they might do that,  
23 anyhow.

24 But the effort is going to be made to put together a  
25 veto-proof trade bill. I don't want to do that. All I have

1 been saying to the Administration is just deal with Congress  
2 as though we have a role to play in international trade. We  
3 have the only constitutional role. Just deal with us.

4 Now, we wrote a letter last week to the President and I  
5 think 12 of us, I believe, on the Finance Committee signed  
6 the letter, and we said, "We think that you should withdraw  
7 this request. Don't force the issue now. Don't force the  
8 issue. Withdraw it for the time being and then resubmit it."  
9 Was that too much to ask for? Was it too much to ask for the  
10 Administration to give us 60 days, now we say 30 days, just  
11 to deal with us? Just withdraw it and resubmit it. We will  
12 take care of it, we will take care of Canada, we will grant  
13 you fast track authority eventually, but just withdraw it  
14 for the time being.

15 But their view is, no, the Congress does not have a role  
16 to play. And they take offense, offense, at the Congress  
17 trying to assert some constitutional responsibility.

18 And, Mr. Chairman, I just cannot go along with that. I  
19 just cannot go along with this position where we are no more  
20 than dirt under their feet, where we have no role to play.  
21 I cannot go along with that.

22 Now, one other thing I want to make clear. This is not  
23 a matter of holding the Canada thing hostage. It is not  
24 holding it hostage. It is not a matter of pique. Because  
25 what has happened is the Administration has come to us and

1 said, "Delegate to us yet more authority." That is what  
2 fast track authority is. It is a further delegation of  
3 congressional power. It is the delegation of congressional  
4 power to run the full legislative gambit in dealing with  
5 future legislation. It is the delegation of our  
6 responsibility. And my view is, before we delegate yet more  
7 authority to the President in international trade, we should  
8 have some clearer idea of where we stand and what is left for  
9 Congress to do. There should be some modus vivendi between  
10 the Congress and the President in international trade. I do  
11 not think that is much to ask for. I think it is a  
12 compromise position, and I would hope, Mr. Chairman, that  
13 some of those who indicated this morning that they would vote  
14 against me tomorrow would instead go back to the  
15 Administration between now and 9 or 9:30 tomorrow morning  
16 and ask the Administration if they couldn't be a little more  
17 forthcoming in fashioning a role for the Congress.

18 The Chairman. Let me announce again to those who came  
19 in late. There has been an objection lodged to our voting  
20 this afternoon, or any other afternoon while the Budget  
21 Committee -- while the budget is on the floor. The  
22 objection did not come from a member of this Committee, but  
23 I think it would have come from a member of this Committee  
24 who wants to be on the floor for the budget proceedings.

25 So it is not aimed at Canada. In fact, the objection

1 was lodged yesterday. I have ambivalent feelings. I would  
2 like to vote in the afternoon, but we haven't been able to  
3 and we can't. I am perfectly willing to let the Committee  
4 go through another round of statements now on this issue one  
5 way or the other, although we have three sections of the tax  
6 bill I would like to talk through, if we can.

7 Senator Baucus. Mr. Chairman?

8 The Chairman. Senator Baucus.

9 Senator Baucus. Mr. Chairman, we are now on the  
10 proposed fast track procedure at the arm-twisting stage.  
11 It is the back-room, closed-door, arm-twisting stage by,  
12 I suppose, the Administration. We are at the stage where  
13 politics really are at its most foul. We are at the foul  
14 stench period. It is a period where, for reasons unknown to  
15 the public, out of the public eye, out of the public domain,  
16 potentially the Administration is going to try to strike a  
17 deal which, if the public knew about it, would not sit very  
18 well.

19 And I hope that everyone realizes that is the stage that  
20 we are in right now. It is the back-room, closed-door stage.  
21 And I hope that the Senators live up to their honor, live  
22 up to the charge that is placed with them when they ran for  
23 office and got elected, and uphold the integrity of the  
24 constitutional process in this Committee, and, more important,  
25 explain to the public in an open forum, in full sunlight and

1 sunshine, as to exactly what they are and what they are not  
2 doing.

3 I don't know that that is going to happen. We will find  
4 out tomorrow. But that is where we are right now and I  
5 strongly hope that all of us know that and keep that in mind  
6 so we approach this thing very forthrightly.

7 Second, at many times during this process, many of us  
8 have attempted to deal with the Administration and with  
9 Canada in perfect good faith. We are all good neighbors of  
10 Canada. We all want to get a good trade agreement with  
11 Canada. We want a free trade agreement. And many, many  
12 times I suggested, both to the Administration and to Canada,  
13 particularly the Canadian Ambassador to the United States,  
14 that there is a way to work this out and save face with  
15 everyone so that we can all work toward accomplishing the  
16 goal that we want; namely, a free trade agreement that makes  
17 sense. I suggested, both to the Administration and to the  
18 country Canada, some time ago--not this last moment, but a  
19 week or two ago--that the Administration can withdraw its  
20 notice of intent; at the same time, we in the Committee can  
21 issue a very strongly-worded resolution that we urge the  
22 Government of the United States to proceed to want to find  
23 an agreement with Canada; at the same time urge the  
24 Administration to refile. Also suggested something along  
25 the line that Senator Danforth has proposed; namely, to

1 shorten the 60-day period.

2 There is always a way to skin a cat; there is always a  
3 way to work this out. At no time have we stonewalled this;  
4 at no time have we said, "It's all or nothing." At no time  
5 have we said, "Under no circumstances will we agree to  
6 proceed along the fast track."

7 On the other hand, the Administration has totally  
8 stonewalled this. There is no scintilla of evidence, any  
9 evidence at all, that they want to deal in good faith. And  
10 I must say I have found the same with the government of  
11 Canada. Canada, too, has said, "No deal, no compromise, no  
12 meeting midway. It is all or nothing." Of course, that is  
13 what Canada would say. It is bluster. They are taking the  
14 strongest bargaining posture they can take. They want to  
15 see who is going to blink or not blink.

16 But throughout the process, we have tried to negotiate  
17 in good faith. And I, therefore, think that the best  
18 approach is one that is in good faith and would again urge  
19 us to adopt a course taken or suggested by the Senator  
20 from Missouri which is a good-faith, mid-point position to  
21 try to resolve this.

22 The Chairman. John Chafee.

23 Senator Chafee. Mr. Chairman, I am getting very  
24 nervous here. If every time we move out of the public's eye  
25 and away from the sunshine, it is considered a stench, then

1 we are going to have an awful problem negotiating this tax  
2 bill, because I think everybody on this Committee has said,  
3 "Now, the way we will really get a tax bill is when we go  
4 into that closed room, no doors, no windows" --

5 The Chairman. I believe that was uniformly seconded  
6 by everybody on the Committee.

7 Senator Chafee. I think everybody on the Committee  
8 said that. And now suddenly that has turned into something  
9 horrible.

10 Senator Symms. Would the Senator yield? I have never  
11 noticed the smell of pine logs having any stench at all.

12 Senator Chafee. So I must demur from the opprobrium  
13 that has been heaped on those type of negotiations.

14 Now, Mr. Chairman, I am a little confused what the  
15 Senator from Missouri is proposing here. Everyone knows the  
16 high regard I have for him, and for him not to make perfect  
17 sense would be an aberration. But I have a little trouble  
18 here. What he is saying is that we kill this proposal here,  
19 that the President immediately submit another one, that  
20 there be 30 days, and something extraordinary is to take  
21 place in those 30 days. I don't know what, but we have --  
22 we had 60 days, and apparently, whatever was required, the  
23 alchemy that was meant to take place, did not occur to  
24 satisfy him or satisfy the others on the Committee, those  
25 who are opposed to this fast track procedure, and why it is

1 suddenly going to happen in 30 days, I don't know.

2 Now, Mr. Chairman, we all sit around here and protest  
3 our undying love for Canada, and in the attack against the  
4 whole proposal, rarely has Canada been assailed. We love  
5 Canada, Canada is marvelous. But for some peculiar reason,  
6 even though it is not pique, as the Senator from Missouri  
7 said, nor is it holding this agreement hostage, the agreement  
8 from Canada is going to go down the drain.

9 Now, maybe it will be resuscitated, maybe it will come  
10 back in some fashion that the Senator from Missouri knows  
11 about that I don't know about. But to take this 30-day  
12 relapse or lay period, if you would, confuses me.

13 Now, what we have here is a proposal for fast track  
14 negotiation. It does not say that we have to approve what  
15 comes up, and I don't know how in the world you are going to  
16 negotiate an agreement with Canada, or with any other  
17 country, except through this provision. The only group that  
18 is less able to negotiate an agreement with anybody than  
19 the Finance Committee is the full Senate. Every interest  
20 that anyone has, whether it is fish or lumber or uranium, or  
21 whatever it is, somebody is going to try and negotiate that  
22 into a deal, and that is no way to negotiate. Canada has  
23 to negotiate with somebody.

24 I cannot understand how Mr. Yeutter rates around here.  
25 As far as I am concerned, I think he is an excellent

1 negotiator. But some people have the feeling he is going to  
2 give away the store. Now, I do not know what that is based  
3 upon.

4 Senator Baucus. Would the Senator yield at that point?  
5 I think that is a good point. I --

6 Senator Chafee. I would be glad to yield and understand  
7 what is the objection to Mr. Yeutter?

8 The Chairman. I want to interrupt just a second.

9 I do not mind if the members want to go on with this  
10 for the next couple of hours. I would just as soon get it  
11 out of our system now.

12 Senator Chafee. Well, I thought I would get it out  
13 today, just reserve a little possibly for tomorrow.

14 (Laughter)

15 The Chairman. You know, what I discovered is, no matter  
16 how much you get out today, it takes the same time tomorrow.

17 Senator Chafee. You are talking of the Committee  
18 generally, not anybody specifically.

19 Well, Mr. Chairman, I do hope that after the  
20 consideration of this afternoon and early tomorrow, that we  
21 will realize that we are really waving matches over gasoline  
22 around here with the objections that have been raised. And  
23 to say it is not pique and to say it is not holding this  
24 agreement hostage I think is just avoiding what seems to me  
25 to be the facts. So thank you, Mr. Chairman.

1           The Chairman. Senator Mitchell, I don't suppose you  
2 want to say something about the corporate and general  
3 business tax section.

4           (Laughter)

5           Senator Mitchell. I have about a two-hour speech on  
6 that later, Mr. Chairman.

7           I would just like to make one comment on this and to  
8 commend you, Mr. Chairman, for this process.

9           It may be hard for anyone to discern that this Committee  
10 has made progress on this subject, but I would now like to  
11 make that case. This morning, just before noon, the majority  
12 leader came before this Committee and presented a proposed  
13 Senate resolution that listed in writing a number of specific  
14 objectives to be sought in the course of these prospective  
15 free trade negotiations. For the first time the American  
16 side wrote down and presented to this Committee a specific,  
17 tangible list of objectives, and that is a direct product of  
18 the debate, discussion, that has gone on in this Committee  
19 over this resolution. And I say, Mr. Chairman, that is a  
20 very significant step forward.

21           Now, it was a proposed Senate resolution offered by the  
22 majority leader. We do not yet have the Administration's  
23 commitment to those objectives. We do not yet have the  
24 Administration's assurance as to how they are going to  
25 achieve it. But merely stating in writing a clear, legible,

1 easily understandable set of objectives represents a major  
2 step forward and is precisely why this debate has occurred.  
3 Had we had that -- Senator Chafee said we have had 60 days  
4 and the alchemy has not occurred. It has not occurred  
5 because there has been nothing forthcoming from the  
6 Administration in that regard and it required this kind of  
7 debate, the prospect of possible defeat, to produce that  
8 kind of result.

9 If that had occurred 10, 30, 60 days ago, perhaps all  
10 of this might have been avoided, but it really represents a  
11 democratic process working and producing a result.

12 So I say, Mr. Chairman, we ought to have the delay  
13 sought by Senator Danforth. We ought to be able now to get  
14 from the Administration some indication of its level of  
15 commitment to those objectives, its assurance as to how  
16 strongly it will hold firm to those, its demonstration of a  
17 plan as to how it proposes to achieve those, its report to  
18 this Committee on what the reaction of the Canadians is.  
19 We have had here before us several indications of what the  
20 Canadians intend to ask for. We have already been told that  
21 they are going to ask that we somehow exempt them from the  
22 normal workings of our trade laws, and our trade  
23 representative, commendably, said we are not going to give  
24 that away. Well, the only way we knew that we were not going  
25 to give it away is we knew the Canadians were going to ask

1 for it. And so they are organized enough to have a specific,  
2 clear agenda, an objective to be sought. And what my concern  
3 has been, and the concern of Senator Danforth and  
4 Senator Baucus and others, is that that has been lacking on  
5 our side, and now we are starting to get it and we are  
6 starting to get it because of this debate, and I say to my  
7 good friend from Rhode Island, the alchemy has just begun.

8 The Chairman. I would like to give as much forethought  
9 and adroitness to the Canadians as you do. All you have to  
10 do is read the debate in Parliament that day when  
11 Prime Minister Mulroney said something about, "We're going  
12 to get even more of the timber," and then attempt to answer  
13 in the same section of Parliament how he was going to force  
14 this on the provinces, which the federal government in  
15 Canada does not have any control over. They do not have the  
16 equivalent of a foreign interstate commerce clause.

17 I do not think they are as preordained to the  
18 conclusion that is going to come out of these as we think.  
19 This is not like negotiating with the Russians where they  
20 have five things to negotiate and five things they won't  
21 and the five things are all ours.

22 But I say once more, having been through the Israeli  
23 free trade agreement, which was an itsy-bitsy in comparison  
24 to Canada -- we took care of something, as I recall, for  
25 the Senator from Arkansas, and it was a problem he raised

1 rather late and we took care of it. There was ample change  
2 made in that agreement on relatively comparatively speaking  
3 miniscule things, comparatively speaking, to what will be  
4 the issues with Canada, and the Administration took care of  
5 them, because they wanted to make sure that Congress was  
6 accommodated. And I have no reason to think they will do  
7 any differently on Canada.

8 But tomorrow we are going to vote and, as I say, I hope  
9 we don't have a third round of opening statements. We might  
10 as well do them now, vote relatively soon, and let your  
11 conscience be your guide. I think if we turn it down, it  
12 is going to be bad for the country. Others think it is going  
13 to be a temporary delay and we are going to go on and there  
14 is not going to be any change and Canada will be willing to  
15 continue to negotiate and we will, too, and there is no way  
16 of knowing who is right and who is wrong. All we can do is vote  
17 and go.

18 Senator Bradley, then Senator Pryor.

19 Senator Mitchell. Well, Mr. Chairman, if I may just  
20 respond. You have raised a sensitive point with me in citing  
21 the example of the Israel free trade agreement, because one  
22 of my concerns is that I, and a number of other Senators,  
23 particularly Senator Thurmond, joined in getting some  
24 assurances from the Administration prior to that negotiation  
25 which were later, as so often happens with these textile

1 commitments, were somehow explained away and never achieved.

2 And so, in fact, that experience has led me to seek  
3 ever more specific assurances, indications, and not to rely  
4 on the kind of vague, general language that has been offered  
5 here in the case of lumber and others.

6 So I do not think that is a reason to proceed rapidly.  
7 I think just the opposite, a reason to proceed with caution.

8 As far as voting is concerned, of course, as you know,  
9 Mr. Chairman, many of us were prepared this morning. So we  
10 are ready to go whenever you are.

11 The Chairman. Senator Bradley, Senator Pryor,  
12 Senator Symms.

13 Senator Bradley. Mr. Chairman, I was sorry to miss the  
14 earlier part of Senator Mitchell's statement that concluded  
15 with something about alchemy or something that I missed. I  
16 think that he meant that the Administration was beginning  
17 to hear his point so he hoped that his interest would be  
18 met in this manner.

19 I think that if you look at the proposition that  
20 somehow or another we are not ready for these negotiations  
21 and the Canadians are ready for these negotiations, and  
22 they have their 32 issues that they are not only going to  
23 bring, but they are going to be able to defeat us in those  
24 negotiations, I think that it kind of ignores a number of  
25 things. I think, first of all, it ignores that our USTR, or

1 the business community in this country, that has a whole lot  
2 to gain from these negotiations given the fact that the  
3 average tariff on U.S. goods into Canada is 8 percent, the  
4 average tariff coming into this country is 4 percent, we have  
5 an awful lot to gain. And given the public mood in Canada --  
6 you know, we are all politicians and we respond to our  
7 electorate.

8 In Canada, recent Gallup polls showed that 59 percent  
9 of the people said that, to pursue this agreement, meant the  
10 Canadians were going to be taken to the cleaners, and 17  
11 percent said, "We think we'll get the best deal out of this."

12 Now, no politician, Canadian or American, facing those  
13 numbers steps up to the batter's box and says, "Look, I'm  
14 going to hit this ball out of the park, and even though  
15 59 percent of the people don't want to negotiate, I'm going  
16 to go ahead and say we're going to negotiate with the  
17 United States," without having some reservation given those  
18 numbers. And, in fact, the Canadian government, against  
19 that kind of popular tide, has decided that this is good  
20 not only for Canada, but for the region and for the multi-  
21 lateral trading system. And I think that is right and  
22 important.

23 Each of us has our own particular concerns. I think  
24 that this very process will make an Administration which has  
25 been insensitive to some of those concerns more sensitive.

1 And this is being negotiated, and certainly this was the  
2 case with the Tokyo round -- I mean, I first came to the  
3 Senate in '79 and it seemed like Strauss was here constantly  
4 talking to members of the Committee about this and that,  
5 and I imagine that Mr. Yeutter is going to be here constantly  
6 talking about this or that, particularly after this  
7 experience. Because if he manages to get this bill through  
8 with the intervention -- this fast track through with the  
9 intervention of the President, the Secretary of State,  
10 former Secretaries of State, assorted business people, labor  
11 people around the country, it is going to be by a hair, and  
12 it will be with the recognition that the big battle is on  
13 the horizon. And that means that he will have to consult  
14 members of this Committee much more extensively, and my  
15 guess is -- I don't know if all of Senator Mitchell's  
16 concerns will be taken care of, but I am sure some of them  
17 will be taken care of. Otherwise, each member of this  
18 Committee will say ultimately it is not in our interest to  
19 approve the negotiated treaty; not the right to begin a  
20 negotiation.

21 So, Mr. Chairman, I will have a lengthier statement on  
22 this matter at another time, but, for the sake of brevity, I  
23 will simply --

24 The Chairman. Well, I hate to tell you this, but  
25 another time is tomorrow morning.

1 Senator Bradley. I know, I know, I know.

2 The Chairman. That's the last another time.

3 Senator Bradley. I know. Hopefully, we will have a  
4 longer time and other occasions.

5 The Chairman. Senator Pryor, then Senator Symms.

6 Senator Pryor. Mr. Chairman, you mentioned my name a  
7 while ago and I was not going to participate in that, but  
8 you also mentioned the Israeli free trade agreement and you  
9 implied, I think, or I inferred from your statement, that it  
10 was a simple matter to get something excluded or included  
11 into that agreement.

12 I would just like to state, and it has been about three  
13 years now, two and a half years, that was the hardest thing  
14 that I have ever had to do, was to take out something called  
15 bromines out of that agreement and try to treat it some  
16 differently. One, in order to do it, I had to get the  
17 cooperation of an awful lot of people sitting here in this  
18 room; and, two, -- and in addition to that, I had to hold up  
19 the Senate one night for about two hours in order to extract  
20 from Bill Brock a letter written in blood that he was going  
21 to try to help me all he could, and Senator Danforth was  
22 very patient. But that agreement, it was just held up for  
23 hours and hours on the Senate floor one night.

24 And finally, it seems like it was an eternity going  
25 through all that experience. I would just like to say that

1 it is not easy when you have something and you try to work  
2 it out of one of those agreements. It is very similar to  
3 trying to hop a fast freight train going about a hundred miles  
4 an hour, knowing that if you miss, you're going to flip and  
5 go under those wheels.

6 So it is not very easy, and I think any time we do one  
7 of these things, it ought to be done with that in mind.

8 That was my only statement, Mr. Chairman.

9 The Chairman. Senator Symms.

10 Senator Symms. Well, Mr. Chairman, I don't suppose  
11 that anything that I say here is going to change anybody's  
12 mind, but I am going to say it, anyway, just in making one  
13 last appeal to some of our colleagues who have the concerns  
14 that I have and share the same concerns that the Chairman  
15 does on some of the same commodities, timber being one that  
16 many of us are interested in.

17 But I just want to quote what the President said to me  
18 yesterday. He says, "I am committed to finding a rapid and  
19 effective solution to the Canadian soft wood lumber problem  
20 which restores for the American lumber industry a fair  
21 opportunity to compete. To this end, I intend to press for  
22 an expedited resolution to this problem independent of the  
23 comprehensive negotiations."

24 I would just say to my colleagues there is a little  
25 more to the statement, but essentially that covers the lumber.

1 I don't know how much further a president representing  
2 the trade -- the top person in the trade negotiations for a  
3 trade treaty is supposed to go to satisfy the independence  
4 of this institution. If we are not happy with it when it  
5 comes back, we can do what Senator Packwood suggests, keeps  
6 on working with the Administration and with the Canadians.

7 I fully expect this timber question to not be on the  
8 table, to have already been solved before the negotiations  
9 are settled.

10 Now, I know Senator Danforth said this morning that  
11 if it is the law on (inaudible), it is the law, but he must  
12 remember that it is a discretionary decision that the  
13 Commerce Department has made to not appeal the Carbon Black  
14 case. I don't know how much more you expect out of the  
15 Commerce Department, I would say to my colleagues.

16 My concern are the jobs of the men and women in my  
17 state and other surrounding states where they have suffered  
18 from subsidized Canadian timber. And we are close to a  
19 solution to it, and for us just to stop it and fractionalize  
20 our opportunity to solve this, I think is just a mistake.  
21 I just hope my colleagues will really think this through  
22 very carefully, and those that have specific issues, and I  
23 would appeal to my friend from Arkansas because I know he is  
24 equally concerned, he is just as concerned about unemployed  
25 sawmill workers in Arkansas as I am in Idaho, but I really

1 do believe that this is the best course of action for those  
2 people who have been injured by some of these unfair trade  
3 practices, and that is to move forward with this now. And  
4 I think --

5 Senator Baucus. Would the Senator yield?

6 Senator Symms. -- it is in their interest that I do  
7 that.

8 Certainly. I yield the floor.

9 Senator Baucus. I might say to the Senator, and I saw  
10 that letter, too. I looked at the language to see what it  
11 meant and I was heartened to see that there in fact is a  
12 letter from the President indicating his concern over the  
13 lumber issue. When I looked at the language, I saw words  
14 like "solution," "work to get a solution," like "resolve"  
15 or "resolution of the issue." And I asked myself, well,  
16 what does that mean? Does that mean there has to be an  
17 agreement with Canada? Is that what "resolution" means?  
18 Or does it mean that the Administration will take sufficient  
19 unilateral actions?

20 So I asked that question of the STR's office a few days  
21 ago and I must say to the Senator that I got no answer. I  
22 asked them, "Well, does that include unilateral action if  
23 Canada doesn't agree to this resolution or the solution?"  
24 I got no answer, none at all. I could not get a commitment  
25 that "resolution" and "solution" also means unilateral action

1 in the event Canada doesn't agree to what we want.

2 So I must say to the Senator that I don't find that  
3 very heartening, that language. I wish the language were  
4 more definite, were more precise, did contemplate, certainly  
5 expressly, unilateral action if we have to go that far. But  
6 I must say to the Senator that I couldn't get that commitment  
7 out of the Administration; and so, therefore, I am left with  
8 no alternative but to say it is not appropriate to proceed  
9 at this time.

10 Senator Symms. Well, I thank my colleague, but let me  
11 just read this one sentence again: "To this end, I intend  
12 to press for an expedited resolution to this problem  
13 independent of the comprehensive negotiations." You got the  
14 Carbon Black case on the track. The Commerce Department  
15 has made a discretionary decision not to appeal it. It  
16 appears to me that we really got what we set out to get, and  
17 I think this Senate has had a big role in this, and that is  
18 the point I think you press until you achieve what it is  
19 you are after.

20 What I am after is a solution to the problem; not an  
21 issue, not an institutional fight between the Senate and the  
22 Administration. And I just think that this tells us what  
23 we want to hear, unless I can't read what he said, and I  
24 wrote it down and then checked it to see that this is  
25 exactly what he said on the telephone. I clarified it with

1 him, and when he talked about other trade irritants, I  
2 brought up cattle, hogs and potatoes, and he said yes.

3 I think we have made a tremendous step foward, and I  
4 hate to see us now at this point reject an opportunity to go  
5 ahead and solve the problem.

6 Senator Mitchell. Would the Senator yield on that?

7 Senator Symms. Certainly.

8 Senator Mitchell. I know the Senator doesn't agree  
9 that the situations are comparable, but I urge him to review  
10 the commitments made on the textile situation on the Israel  
11 free trade agreement. There he will find that commitments  
12 were made far more explicit, far stronger, far more detailed,  
13 than the language that he has just read; and in both  
14 instances, there was a total failure of compliance.

15 To take that language, which is as vague, general,  
16 nonbinding, as I think can be drafted, and to suggest that  
17 that somehow represents a resolution of the lumber problem,  
18 I think it is to completely misread that situation.

19 You are right, you said they told us what we wanted to  
20 hear, and it is obvious that what this represents is the  
21 absolute minimum that could be drafted to get the vote to  
22 pass this agreement. And I say, in the context of the  
23 prior commitments, which I believe were comparable -- and I  
24 know you do not agree that they were comparable -- in the  
25 context of the lack of commitment on this, suddenly to have

1 that language be read as some kind of major victory, I  
2 personally must, with all due respect, strongly disagree.

3 Senator Pryor. Would the Senator yield?

4 Senator Mitchell. I would be happy to yield.

5 Senator Pryor. When is this statement dated? I would  
6 like to ask my friend from Idaho: The President's statement  
7 you read, was this as of today?

8 Senator Symms. Well, he said it yesterday.

9 Senator Pryor. Well, I saw a statement very similar  
10 to this and I think it actually came out of the White House  
11 maybe Friday. I am not sure. Let's say Friday.

12 Senator Symms. Could be, but I went back over it with  
13 the President yesterday, repeated it, and I am convinced  
14 that this is what he was saying.

15 And I said, "Is it all right if I say this publicly,"  
16 and he said, "Certainly."

17 Senator Pryor. Well, I appreciate him giving any  
18 statement. I appreciate him for the first time even  
19 recognizing a problem with our lumber industry. And I think  
20 at least he has recognized a problem, or seemingly so. But  
21 I think this statement was given truly out of reluctance by  
22 the President, and if it was given out of reluctance, then  
23 my next question to my friend from Idaho, will it be with  
24 that same degree of reluctance that he will attempt to carry  
25 through with trying to help the timber industry?

1           Senator Symms. Well, I guess I would put it this way to  
2 my colleagues: Without moving forward, I think we have no  
3 assurances that the industry and the workers are going to get  
4 anything out of this situation.

5           Now, I first met President Reagan when he was  
6 Governor Reagan in 1974 and have had an ongoing relationship  
7 with him ever since that time; supported him for President  
8 in 1976; and as far as people in high office and political  
9 offices like we hold go, I think his record of trying to keep  
10 his word stands up about as well as anybody you are going to  
11 find, and I think most people in the United States agree  
12 with that.

13           Secondly, we are sitting here saying, well, the  
14 Administration isn't going to come through with this.  
15 Clayton Yeutter was in charge of foreign ag sales of the  
16 U.S. Department of Agriculture, working with Dr. Butts, back  
17 in the seventies. When I first went on the House Ag Committee  
18 I think the Senator from Arkansas had just gone and run for  
19 governor. I think I met you once at that time. We are going  
20 back 14 years that I have had personal contact with  
21 Dr. Yeutter, and I just don't see how we are going to --  
22 you know, if you cannot believe him, who can you believe in  
23 this town? That is my opinion.

24           When I was out in Chicago and told Clayton Yeutter, when  
25 he had been named to this position, that one of the issues

1 we had to take care of was timber -- and we talked about  
2 timber before he was concerned. He has been constantly  
3 working on this problem and we have made a steady progression.  
4 And the Senator from Montana has been instrumental in this,  
5 the Senator from Missouri and the Senator from Arkansas,  
6 myself and others, working towards achieving a final  
7 opportunity to get something done that will provide some  
8 relief to these injured parties who have been suffering from  
9 subsidized timber.

10 But we are not going to make any headway, in my view, if  
11 we just turn our back on this whole thing and it is us that  
12 terminates the process when they -- I am talking about  
13 Secretary Baldrich who has turned around on the issue.  
14 Ambassador Yeutter has been with us all the way, in my  
15 opinion, to try to solve the problem since he first took  
16 office. And I think what is happening here is that, in the  
17 name of some kind of institutional pride, we are selling out  
18 our constituents if we don't move forward with this with  
19 the Administration.

20 I just simply don't want an issue with this Administration  
21 or any other administration just for the sake of the issue.  
22 What I want to see is a protection of these constituents'  
23 opportunity to work.

24 I would just appeal to my colleagues: What are we going  
25 to do if this whole thing does blow sky-high and we don't

1 get anything solved? And then the President says, "Well, I  
2 tried to deal with them in good faith, but I guess they  
3 really didn't want to negotiate it." Then where are we?  
4 And where are those people that are desperately fighting?  
5 We have had pay cuts in a lot of the sawmills in Idaho. I  
6 mean, these people have had a 15 and 20 percent pay cut in  
7 actual dollars.

8 Now, I know in Washington we can't even pass things  
9 like pay freezes, but in the private sector they have  
10 actually suffered pay cuts to maintain competitiveness.

11 I think we are making a terrible mistake, and I would  
12 hope my colleagues would really think this through over the  
13 night and would reconsider, in the name of trying to solve  
14 this problem, to vote to move forward with the fast track  
15 legislation.

16 I thank you, Mr. Chairman.

17 The Chairman. Can we start?

18 Senator Danforth. Mr. Chairman?

19 The Chairman. Senator Danforth.

20 Senator Danforth. No more than one minute.

21 I would point out that to negotiate any kind of an  
22 agreement with Canada will take perhaps a year and a half to  
23 two years. I would suggest that to put off for 30 days the  
24 initiation of the fast track authority does not prevent a  
25 deal with Canada. It puts off for 30 days the commencement

1 of something. It doesn't even -- they can commence it,  
2 they can begin negotiations now, for all I care.

3 All it says is that we want to begin doing business with  
4 the Administration. The negotiations will take a year and a  
5 half to two years.

6 The Chairman. Well, then, I would conclude and hope  
7 we can move on. In that case, you are home free. The fast  
8 track authority runs out in January of 1988. It will be gone  
9 and over. Probably not extended by the Congress with the  
10 present temper that we are in, so that you don't need to  
11 worry about the fast track.

12 Okay, let's start. Let's start on insurance.

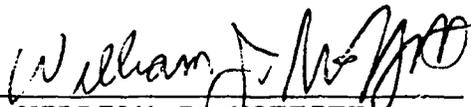
13 John, are you ready?

14 Mr. Colvin. Yes, Mr. Chairman.

15 (Whereupon, at 2:45 p.m., the meeting was adjourned.)  
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## C E R T I F I C A T E

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2 This is to certify that the foregoing proceedings  
3 of an Executive Committee Meeting on U.S.-Canada Free Trade  
4 Agreement, held on Tuesday, April 22, 1986, were transcribed  
5 as herein appears and that this is the original transcript  
6 thereof.

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9   
10 WILLIAM J. MOFFITT  
11 Official Court Reporter

12 My Commission expires April 14, 1989.  
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