

EDITORIAL/OPINION

How 'Fast Track' Got Derailed

By STEVE CHARNOVITZ

The Clinton administration has decided to omit "fast track" negotiating authority from its legislation to implement the Uruguay Round. Fast track permits the president to conclude a trade deal with a guarantee that Congress will vote on it without considering amendments.

The president's retreat comes about mainly due to sharp disagreements in Congress and among interest groups as to how to handle environmental and labor issues. Last January, few would have predicted this sad outcome. But the "game" was played badly, leaving free traders disappointed.

Mr. Clinton wanted new negotiating authority for good reasons. Over the next few months he will attend two important economic conferences, one for the Asia-Pacific region and one for Latin America. With negotiating authority in hand, he could have catalyzed both groups to begin serious negotiations on trade, investment and other issues. Without such authority, his exhortations will ring hollow.

Mr. Clinton and U.S. Trade Representative Mickey Kantor are trying to broaden future trade negotiations to consider the environment and labor rights. That is a good idea. The Reagan administration broadened trade negotiations to consider investment and intellectual property. That was a good idea, too. Indeed, less than half of America's commerce and trade agreements over the past century have been single-issue treaties.

Current U.S. law already recognizes the importance of linking trade to labor standards and to environmental protection. The Trade Act of 1988, signed by President Reagan, calls for the General Agreement on Tariffs and Trade to adopt the principle "that the denial of worker rights should not be a means for a country or its industry to gain competitive advantage in international trade."

Similarly, the High Seas Driftnet

Fisheries Act of 1992, signed by President Bush, says that in carrying out trade negotiations the president should seek to modify international trade rules "to take into consideration the national environmental laws of the GATT Contracting Parties and international environmental treaties."

Given such directives in federal statutes, it is unclear what motivated the administration to seek new negotiating language for labor and the environment. Perhaps the administration wanted to put its imprint on U.S. trade policy. Perhaps it simply blundered.

In any event, the fast track proposal put forward by Mr. Kantor, which included labor and environment issues, met strong opposition among congressional Republicans and the business community. Since similar provisions already are enshrined in law, there must be non-policy reasons to explain their vociferous opposition.

One possibility is that Republicans were seeking to get even with the administration for the way that it stuffed the North American Free

Trade Agreement's side deals down their throats. Many Republicans also felt the administration was trying to take too much public credit for both Nafta and the Uruguay Round.

As Mr. Clinton's popularity dropped over the summer, Republicans probably took an unyielding stand to weaken his relations with labor and environmental groups.

The opposition of business groups is harder to explain. If weak environmental regulations and lax labor standards were major factors determining comparative advantage, one could understand why multinational corporations would oppose efforts to raise foreign standards. But multinationals say that both factors are minor in site selection decisions.

Certainly, one worry among business groups was that the administration would use the Nafta side agreements on labor and the environment as models for other countries. Indeed, they would be poor models.

In any event, the administration backed down in the face of strong protests from Republicans and industry. It agreed to delete labor and environmental issues from the nego-

tiating objectives and to refrain from negotiating new trade sanctions without bipartisan congressional support.

But that retreat raised the ire of environmentalists, labor unions and many Democrats in Congress. If there is going to be new negotiating authority, they insisted, it should "put people first." Given these discordant views, the only solution was to drop the fast track issue. Both free traders and environmentalists would have done better by compromising. Instead, both sides lost what they really wanted.

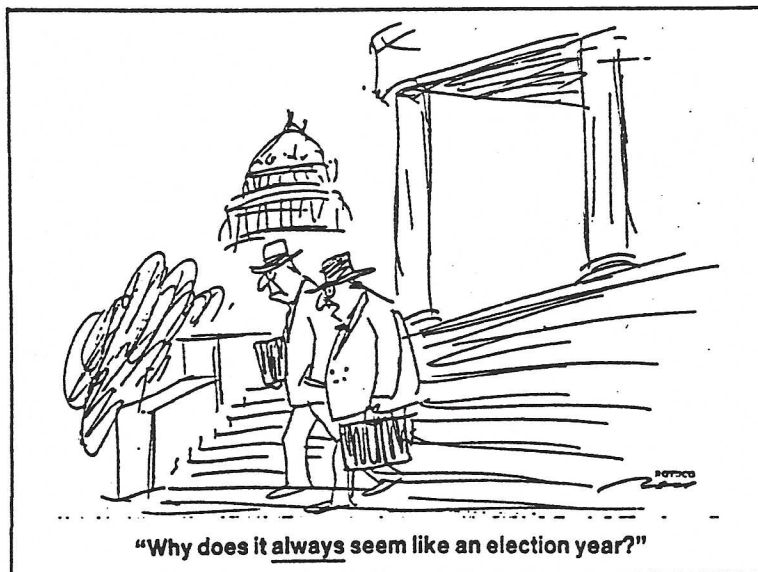
Over the next several months the White House should lay the groundwork for a revival of fast track in the 104th Congress. Several steps might be taken. The administration should propose a way to conduct environmental reviews of trade deals under a fast track process.

It also must distinguish between trade "sanctions" and other trade restrictions. Sen. John Danforth, in particular, seemed concerned about using trade "sanctions" against particular countries, as opposed to applying trade restrictions against environmentally unfriendly products.

On labor standards, the administration should stop talking about enforcing international labor standards through trade restrictions and instead put forward a sensible program to promote higher standards. On several occasions administration officials have characterized low foreign wages as a labor rights issue; such incendiary statements serve no purpose.

Implementing the Uruguay Round agreement and authorizing new trade negotiations can be linked, but they are separable. The absence of new negotiating authority is no reason to block approval of the Uruguay Round. If Mr. Clinton submits implementing legislation this year, Congress should act swiftly to pass it.

Steve Charnovitz writes on trade and competitiveness issues from Washington.



"Why does it always seem like an election year?"