

104TH CONGRESS
2D SESSION

H. R. 3987

To establish an Emergency Commission To End the Trade Deficit.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1996

Ms. KAPTUR introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To establish an Emergency Commission To End the Trade
Deficit.

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

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

8 (1) The United States has had 2 decades of
9 consecutive annual merchandise trade deficits, total-
10 ing \$1,793,100,000,000.

1 (2) In 1995, the United States had the largest
2 negative trade balance in its history. Economic fore-
3 casters estimate that the 1995 trade deficit of
4 \$174,556,000,000 may be topped by new records in
5 the next few years.

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

9 (4) The positive net international asset position
10 that the United States built up over 100 years was
11 eliminated in the 1980s. The United States today
12 has become the world's largest debtor nation, with a
13 net debt of over three-quarters of a trillion dollars.

14 (5) Together with the record trade deficit this
15 past year, the value of the United States dollar fell
16 to its weakest level in history. This devaluation re-
17 flects an erosion of the United States sovereignty
18 and economy.

19 (6) The United States trade deficit is character-
20 ized by large bilateral trade imbalances with a hand-
21 ful of countries. Six countries (Japan, China, Can-
22 ada, Mexico, Germany, and Taiwan) comprise 94
23 percent of the United States trade deficit. Japan
24 and China account for over one-half of the United
25 States trade deficit.

1 (7) Today the United States trade deficit pri-
2 marily consists of high technology and manufactured
3 items. Automobiles, office machines, electronic
4 goods, and telecommunications equipment now com-
5 prise nearly three-fourths of the trade deficit. Im-
6 ports of manufactured goods have increased from 11
7 percent of the United States manufacturing gross
8 domestic product in 1970 to over 50 percent in
9 1995.

10 (8) While the United States has one of the
11 most open borders and economies in the world, the
12 United States faces significant trade barriers with
13 its trading partners. Current overall trade balances
14 do not reflect the actual competitiveness or produc-
15 tivity of the United States economy. Reciprocal mar-
16 ket access remains an elusive goal as documented in
17 the annual reports of the United States Trade Rep-
18 resentative.

19 (9) Since the last comprehensive review of na-
20 tional trade and investment policies was conducted
21 by a Presidential commission in 1970, there have
22 been massive worldwide economic and political
23 changes which have profoundly affected world trad-
24 ing relationships. The cold war has ended. It is no
25 longer necessary or prudent for United States trade

1 policy to be a residual of United States foreign pol-
2 icy. Globalization together with the increased mobil-
3 ity of capital and technology is reshaping both com-
4 parative and competitive trade advantages among
5 nations.

6 (10) The United States is once again at a criti-
7 cal juncture in trade policy development. The per-
8 sistent growth of the United States trade deficit
9 must be reversed. The causes and consequences of
10 the trade deficit must be identified and a plan must
11 be developed to eliminate the trade deficit within the
12 next 10 years.

13 **SEC. 3. ESTABLISHMENT OF COMMISSION.**

14 (a) **ESTABLISHMENT.**—There is established a com-
15 mission to be known as the Emergency Commission To
16 End the Trade Deficit (hereafter in this Act referred to
17 as the “Commission”).

18 (b) **PURPOSE.**—The purpose of the Commission is to
19 develop a trade policy plan to eliminate the United States
20 merchandise trade deficit by the year 2006 and to develop
21 a competitive trade policy for the 21st century. The plan
22 shall include strategies necessary to achieve a balance of
23 trade that fully reflects the competitiveness and productiv-
24 ity of the United States and also improves the standard
25 of living of United States citizens.

1 (c) MEMBERSHIP OF COMMISSION.—

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

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

5 (B) 1 Senator and 1 other person shall be
6 appointed by the President pro tempore of the
7 Senate upon the recommendation of the major-
8 ity leader of the Senate;

9 (C) 1 Senator and 1 other person shall be
10 appointed by the President pro tempore of the
11 Senate upon the recommendation of the minor-
12 ity leader of the Senate;

13 (D) 1 Member of the House of Representa-
14 tives and 1 other person shall be appointed by
15 the Speaker of the House of Representatives;
16 and

17 (E) 1 Member of the House of Representa-
18 tives and 1 other person shall be appointed by
19 the minority leader of the House of Representa-
20 tives.

21 (2) QUALIFICATIONS OF MEMBERS.—

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

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

5 (i) are experts in economics, distin-
6 guished academics, environmentalists, jour-
7 nalist, State or local government officials,
8 or have other pertinent qualifications or
9 experience; and

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

12 (C) OTHER CONSIDERATIONS.—In appoint-
13 ing Commission members, every effort shall be
14 made to ensure that the members—

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

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

20 (d) PERIOD OF APPOINTMENT; VACANCIES.—

21 (1) IN GENERAL.—Members shall be appointed
22 not later than 60 days after the date of the enact-
23 ment of this Act and the appointment shall be for
24 the life of the Commission.

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

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

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

10 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The
11 members of the Commission shall elect a chairperson and
12 vice chairperson from among the members of the Commis-
13 sion.

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

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

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

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

1 (b) RECOMMENDATIONS.—The Commission shall ex-
2 amine and make recommendations to the Congress and
3 the President on the following:

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

8 (A) the relationship of the merchandise
9 trade balance to the overall well-being of the
10 United States economy and in particular the
11 impact the trade balance has on wages and em-
12 ployment in various sectors of the United
13 States economy;

14 (B) the relationship of United States for-
15 eign policy objectives to trade policy and the ex-
16 tent to which foreign policy considerations re-
17 ceive a priority over trade objectives;

18 (C) the extent to which United States
19 monetary policies and the need for foreign cap-
20 ital to finance the current account deficit influ-
21 ence trade objectives;

22 (D) the coordination, allocation, and ac-
23 countability of trade responsibilities among
24 Federal agencies; and

1 (E) the methods for improving and en-
2 hancing systematic congressional review of for-
3 eign policy and trade policy as part of a plan
4 to establish a coordinated set of national eco-
5 nomic priorities.

6 (2) The causes and consequences of both the
7 overall trade deficit and specific bilateral trade defi-
8 cits, including—

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

13 (B) identification and quantification of the
14 impact of the trade deficit on the domestic
15 economy, industrial base, manufacturing capac-
16 ity, number and quality of jobs, productivity,
17 wages, health, safety, and environmental stand-
18 ards, and the United States standard of living;

19 (C) identification and quantification of in-
20 dividual industrial, manufacturing, and produc-
21 tion sectors, and intraindustry and
22 intracompany transactions which contribute to
23 or are impacted by United States trade deficits;

24 (D) a review of the adequacy of the cur-
25 rent collection and reporting of trade data, and

1 the identification and development of additional
2 data bases and economic measurements that
3 may be needed to properly quantify the factors
4 described in subparagraphs (A), (B), and (C);

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

9 (F) the relationship that tariff and non-
10 tariff barriers have to trade deficits and the ex-
11 tent to which trade deficits have become struc-
12 tural;

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

17 (H) the role of transshipments on bilateral
18 trade, including foreign imports and exports,
19 with special attention to transshipments under
20 the North American Free Trade Agreement.

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

24 (A) a systematic analysis of the United
25 States trade patterns with different trading

1 partners, to what extent the trade patterns are
2 based on comparative and competitive trade ad-
3 vantages, and how the trade advantages relate
4 to the goods that are exported to and imported
5 from various trading partners;

6 (B) the extent to which the increased mo-
7 bility of capital and technology has changed
8 both comparative and competitive trade advan-
9 tages;

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

15 (D) the impact that labor standards (in-
16 cluding the ability of labor to organize, bargain
17 collectively, and exercise human rights) have on
18 world trade;

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

22 (F) the effect that offset and technology
23 transfer agreements have on the long-term com-
24 petitiveness of the United States manufacturing
25 sectors; and

1 (G) the extent to which international
2 agreements impact on United States competi-
3 tiveness.

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

6 (A) the impact such investments have on
7 the United States trade deficit and living stand-
8 ards of United States production workers;

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

12 (C) the identification and quantification of
13 domestic plant closures and the movement of
14 such plants to foreign locations for production
15 of goods for the United States market;

16 (D) the effect of investment flows on
17 wages in countries with developed economies
18 and on countries of the former Soviet Union;
19 and

20 (E) the effect of barriers to United States
21 foreign direct investment in developed and de-
22 veloping nations, particularly nations with
23 which the United States has a trade deficit.

24 (5) Evaluation of current policies and sugges-
25 tions for alternative strategies for the United States

1 to systematically reduce the trade deficit and im-
2 prove the economic well-being of United States citi-
3 zens, including suggestions for—

4 (A) the development of bilateral and multi-
5 lateral trade relationships based on market ac-
6 cess reciprocity;

7 (B) the retention of manufacturing, agri-
8 cultural, and production sectors in the United
9 States which are vital to the economy and secu-
10 rity of the United States;

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

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

23 (E) methods by which the United States
24 can respond to substantial shifts or manipula-

1 tion of currency exchange rates which distort
2 trade relationships;

3 (F) methods for overcoming and offsetting
4 trade barriers which are either not subject to or
5 otherwise inadequately addressed by the World
6 Trade Organization or other multilateral ar-
7 rangements;

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

14 (H) methods for the United States to re-
15 spond to the particular needs and cir-
16 cumstances of developing and developed nations
17 in a manner that is mutually beneficial; and

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

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

2 (a) FINAL REPORT.—

3 (1) IN GENERAL.—Not later than 16 months
4 after the date of the enactment of this Act, the
5 Commission shall submit to the President and the
6 Congress a final report which contains—

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

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

12 (C) any recommendations for administra-
13 tive and legislative actions necessary to achieve
14 such reductions.

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

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

23 **SEC. 6. POWERS OF COMMISSION.**

24 (a) HEARINGS.—The Commission may hold such
25 hearings, sit and act at such times and places, take such
26 testimony, and receive such evidence as the Commission

1 may find advisable to fulfill the requirements of this Act.
2 The Commission shall hold at least 7 public hearings, 1
3 or more in Washington, D.C. and 4 in different regions
4 of the United States.

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

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

16 (d) GIFTS.—The Commission may accept, use, and
17 dispose of gifts or donations of services or property.

18 **SEC. 7. COMMISSION PERSONNEL MATTERS.**

19 (a) COMPENSATION OF MEMBERS.—Each member of
20 the Commission who is not an officer or employee of the
21 Federal Government shall be compensated at a rate equal
22 to the daily equivalent of the annual rate of basic pay pre-
23 scribed for level IV of the Executive Schedule under sec-
24 tion 5315 of title 5, United States Code, for each day (in-
25 cluding travel time) during which such member is engaged

1 in the performance of the duties of the Commission. All
2 members of the Commission who are officers or employees
3 of the United States shall serve without compensation in
4 addition to that received for their services as officers or
5 employees of the United States.

6 (b) TRAVEL EXPENSES.—The members of the Com-
7 mission shall be allowed travel expenses, including per
8 diem in lieu of subsistence, at rates authorized for employ-
9 ees of agencies under subchapter I of chapter 57 of title
10 5, United States Code, while away from their homes or
11 regular places of business in the performance of services
12 for the Commission.

13 (c) STAFF.—

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

22 (2) COMPENSATION.—The Chairperson of the
23 Commission may fix the compensation of the execu-
24 tive director and other personnel without regard to
25 the provisions of chapter 51 and subchapter III of

1 chapter 53 of title 5, United States Code, relating
2 to classification of positions and General Schedule
3 pay rates, except that the rate of pay for the execu-
4 tive director and other personnel may not exceed the
5 rate payable for level V of the Executive Schedule
6 under section 5316 of such title.

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

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

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

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

23 (b) **GAO AUDIT.**—Not later than 6 months after ter-
24 mination of the Commission, the Comptroller General of
25 the United States shall complete an audit of the financial

1 books and records of the Commission to determine that
2 the limitation on expenses has been met, and shall submit
3 a report on the audit to the President and the Congress.

4 **SEC. 9. TERMINATION OF COMMISSION.**

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

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