"FREE" OR "FAIR" TRADE?

The Battle for the Rules of American Trade Policy from NAFTA to CAFTA (1991-2005)

by

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A dissertation
submitted in partial fulfillment of the requirements for the degree of
Doctor of Philosophy

To the Graduate Faculty in Political Science
The City University of New York

&

To the Graduate Faculty in American Studies
Sorbonne Nouvelle University of Paris

2009

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This manuscript has been read and accepted for the
Graduate Faculty in Political Science in satisfaction of the
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Abstract

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by Jean-Baptiste VELUT

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The 1990s marked the emergence of the "new politics of American trade." A large coalition of labor, environmental and consumer organizations fought to broaden the narrow economic scope of American trade policy and change the rules of globalization. More than fifteen years after their first legislative battle against the North American Free Trade Agreement, what is the legacy of their political mobilization? What factors constrained their progress? Drawing from interviews with political actors, lobbying materials from labor, environmental and business organizations, and congressional records, this dissertation analyzes the clash between "fair" and "free" traders in five major legislative battles from 1991 to 2005. It reveals that the "special relationship" between the business community and the executive branch was the key obstacle to the achievements of the "blue (collar)-green" alliance from the beginning to the end of the policy process. Not only did the private sector enjoy privileged access to the negotiations phase, but the president also assisted free trade coalitions in their lobbying efforts, allowing them to win most legislative battles.

ACKNOWLEDGEMENTS

I have had the immense fortune to work under the supervision of not only one, but two exceptional research advisers: Dr. Martine Azuelos (Sorbonne Nouvelle University) and Dr. Frances Fox Piven (City University of New York Graduate Center). Despite their different academic traditions and fields of expertise, both share two qualities from which my research project has greatly benefited: a boundless passion for understanding the world that surrounds us and an endless devotion to their students' progress. Often demanding but always supportive, they have infused me with the will to strive for academic excellence.

I am grateful to Dr. Andrew Polsky for the constructive and diligent feedback that he has systematically given me. I would also like to thank all other committee members for accepting to be part of my dissertation committee: Drs John R. Bowman, Christine Zumello, and Vincent Michelot.

This dissertation began in the Department of North American Studies of the Sorbonne Nouvelle University (Paris 3) in 2004-2005. Yet, my experience at the City University of New York (CUNY) Graduate Center transformed my research project. My specialization in American politics and International Relations, my access to library resources and my interactions with academic experts and political actors have considerably enriched my dissertation. I am, therefore, greatly indebted to all of those who have made possible this bilateral agreement between the Sorbonne Nouvelle University of Paris and the CUNY Graduate Center: President Bill Kelly and Sheila Berman at the Provost Office, Dr. Ruth O'Brien, Dr. Jack Jacobs and Dr. Charles Tien in the Department of Political Science. I

am also grateful to the Sorbonne Nouvelle *Service des Doctorats*, and particularly Alexandre Leccas for his assistance, as well as Dr. Martine Azuelos for encouraging me and guiding me through this complex administrative process.

My research project has greatly benefited from the financial assistance that I received from a variety of institutions. I am, once again, indebted to the CUNY Graduate Center for its constant support through special funding for the bilateral agreement, tuition fellowships, dissertation fellowship, doctoral research grant and travel funds. This financial aid has not only enabled me to make diligent progress in my research investigations; it has also encouraged me to promote and enrich my work at various academic conferences in the United States. In addition, I would like to thank the French *Ministère de l'Enseignement Supérieur et de la Recherche* (Ministry of Higher Education and Research) and the *Ministère des Affaires Etrangères* (Ministry of Foreign Affairs) for helping finance this bilateral research project. Finally, my gratitude goes to the George Lurcy Foundation, the Fullbright Commission and the *Association française d'études américaines* (French Association of American Studies) for their generosity and their interest in my research activities.

At the CUNY Graduate Center and the Sorbonne Nouvelle University, I have benefited from the invaluable advice from a large pool of researchers (both faculty members and fellow graduate students). In Paris, my integration within the *Centre d'études et de recherches sur la vie des pays anglo-saxons* (CERVEPAS – Research Center on Anglo-Saxon Economies) has been a very stimulating experience that continues to nurture my development as a scholar. In this regard, I am grateful to Dr. Martine Azuelos and Dr. Christine Zumello for their dedication to the activities of this

vibrant research institution. In New York, my research project has greatly benefited from the constructive advice of Dr. Lenny Markowitz, Dr. Thomas Weiss and Dr. Susan Woodward. I am also very grateful for the rich discussions that I had with fellow doctoral students Rich Meagher, Miriam Jimenez, Penny Lewis, Victoria Allen and Arielle Goldberg during the convivial dissertation workshops that Dr. Frances Fox Piven had the kindness to host.

Beyond the borders of my home universities, my conservations with a number of trade and labor experts have also considerably enriched my analysis. I especially thank Dr. Frederick Mayer (Duke University), Dr. Lance Compa (Cornell University), Jeremy Brecher at *Global Labor Strategies*, David Brooks at *La Jornada* and Bruce Stokes and Richard Cohen at the *National Journal*.

Finally, I am particularly grateful to all the trade policy actors that accepted to be interviewed, whether in Washington DC, or on the phone. My interactions with a great variety of stakeholders gave me the opportunity to witness first hand the conflicts inherent to the formation of trade policy. First of all, I am indebted to the officials of the Office of the U.S. Trade Representative, including former Assistant U.S. Trade Representative (USTR) on Labor William Clatanoff, Assistant USTR for the Americas Everett Eissenstat for their advice, as well as Robert Sumner, Lois Stith, Patrick Kilbride and Christina Sevilla for providing access to archives. On Capitol Hill, I am grateful to Timothy Reif, trade adviser for Representative Sander Levin (D-MI) and Kim Glas, Legislative Director for Michael Michaud (D-ME) for their insights into congressional politics. I would also like to thank Lee Swepston at the International Labor Organization for his precious advice.

I would especially like to thank former and current officials of the AFL-CIO Mark Anderson and Thea Lee for sharing their views with me. My gratitude also goes to Lisa Robbins for helping me access the AFL-CIO's internal documents. Likewise, I am greatly indebted to Lori Wallach, Director of Public Citizen's Global Trade Watch for her invaluable insights into the trade policy process, and to her assistant Kate Pollard for assisting me in my archival work. My discussions with Mark Levinson at UNITE-HERE, Jeff Faux at the Economic Policy Institute, Gary Hubbard at United Steelworkers, David Foster at the Blue-Green Alliance, Margrete Strand at the Sierra Club, Daniel Magraw at the Center for International Environmental Law, Ari Hershowitz at the Natural Resources Defense Council, Elizabeth Reilly and Christopher Wenk at the U.S. Chamber of Commerce, Douglas Goudie at the National Association of Manufacturers and Linda Menghetti at the Emergency Committee for American Trade considerably helped me to understand American trade politics. I am grateful to all of them for allowing me to benefit from their political experience. Finally, I would like to thank Susan Szkotnicki for providing access to the archives of *Inside U.S. Trade.*

Excellent academic advisers, solid administrative and financial support, and collaborative research "subjects" are all invaluable assets for the completion of doctoral research. However, writing a dissertation is also about passion and perseverance, sacrifices and compromises, all of which rest upon the support of family and friends. I would, therefore, like to express all my gratitude to my wife Emily Sindelar, my parents Bernard and Janine Velut, the rest of my family and all my friends for the energizing support, trust and understanding they have shown throughout my graduate studies.

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LIST OF ACRONYMS

ACTPN: Advisory Committee for Trade Policy and Negotiations

AFL-CIO: American Federation of Labor – Congress of Industrial Organizations

ALOT: Americans Lead on Trade

APEC: Asia-Pacific Economic Forum

ART: Alliance for Responsible Trade

BRT: Business Roundtable

CTC: Citizens Trade Campaign

DLC: Democratic Leadership Council

DOC: Department of Commerce

DOL: Department of Labor

DR-CAFTA: Dominican Republic – Central American Free Trade Agreement

ECAT: Emergency Committee for American Trade

EPA: Environmental Protection Agency

EU: European Union

FTAs: Free Trade Agreements

FTAA: Free Trade Agreement of the Americas

GAO: Government Accountability Office

GATT: General Agreement on Tariffs and Trade

GOP: Grand Old Party

HSI: Humane Society International

ILO: International Labor Organization

IMAW: International Association of Machinist and Aerospace Workers

ISAC: Industry Sector Advisory Committee

LAC: Labor Advisory Committee

MAI: Multilateral Agreement on Investment

MFN: Most Favored Nation

NACEC: North American Commission on Environmental Cooperation

NACLC: North American Commission on Labor Cooperation

NAFTA: North American Free Trade Agreement

NAM: National Association of Manufacturers

NGO: Non-governmental organization

NLRB: National Labor Relations Board

NWF: National Wildlife Federation

OECD: Organization for Economic Cooperation and Development

PAC: Political Action Committee

PNTR: Permanent Normalization of Trade Relations (between the United States and China)

PRC: People's Republic of China

SEIU: Service Employees International Union

TAA: Trade Adjustment Assistance

TAC: Trade Advisory Committee

TEPAC: Trade and Environment Policy Advisory Committee

TPA: Trade Promotion Authority

UAW: United Auto Workers

UN: United Nations

UNITE: Union of Needletrades, Industrial and Textile Employees

USAID: United States Agency for International Development

USCC: United States Chamber of Commerce

USTR: United States Trade Representative

USW: United States Steelworkers

WTO: World Trade Organization

WWF: World Worldlife Fund

CHAPTER 1: Free trade or fair trade?

> The experience with NAFTA and its side agreements represents a significant milestone, with potentially important global implications, in the emergence of new societal actors into the traditionally closed arena of international economic policy-making – an arena long dominated by a limited set of state agencies and economic interests (Hinojosa-Ojeda, 2002, 228).
>
> Seattle has managed to reignite the debates about the relationship between markets and states as few events have. Rather than reaffirm the marriage of capitalism and democracy, the post-communist era is now poised for a reconsideration of their perilous relationship. In the words of William Daley, US Secretary of Commerce, after Seattle, 'things will never be the same' (Robin, 200, 2).

I) BACKGROUND AND SUBSTANTIVE FOCUS

A new cause is born

In January 1991, Stewart Hudson of the National Wildlife Federation (NWF) and Pharis Harvey of the International Labor Rights Education and Research Fund (ILRERF) organized a forum on Capitol Hill to share their concerns about President George H. W. Bush's intention to negotiate the North American Free Trade Agreement (NAFTA), a project designed to liberalize trade and investment flows between the Mexican, American and Canadian economies.[1] They shared the conviction that decision-makers could no longer push trade liberalization without paying attention to the environmental and social conditions in which soon-to-be-exported foreign goods were produced – Mexico's infamous *maquiladoras*[2] being the archetype of a flawed trade model. This

[1] The flyer is reproduced in appendix 1.

[2] Created in 1965 by the Mexican executive branch, the *maquiladora* (or *maquila*) program allowed foreign, and particularly American businesses to transplant their production facilities to the Southern side of the US-Mexican border where they would import components duty-free from outside on a temporary basis. These goods would then be assembled or repaired before being exported either to the country of

unconventional meeting between labor advocates and environmentalists – two groups often at odds in American politics[3] – aimed to discuss the creation of panels on the impact of trade on labor, environmental and agriculture issues with delegates from Canada, Mexico and the United States (see Magraw, 1995, 644-5). This event was a first step in coalition-building efforts at both cross-movement and cross-border levels.

Only a month later, 62 groups representing environmental, labor, religious and consumer interests formed the Mobilization on Development, Trade, Labor, and the Environment (MODTLE).[4] This was the official birth of an alliance that would become a central actor in globalization debates in the United States over the next decade. Its primary motive was to oppose the renewal of fast track authority that would allow President Bush to launch the NAFTA negotiations. Shortly after its creation, American activists agreed to divide the coalition between two entities with two different mandates: the Alliance for Responsible Trade (ART) focused on cross-border cooperation with Canadian and Mexican activists; and the Citizens Trade Campaign (CTC), composed of interest groups endowed with greater resources, led the lobbying campaign against trade liberalization (Mayer, 1998, 75-7).

What caused such a sudden political awakening? Starting with the Tokyo Round (1973-1979), international trade negotiations had begun to focus on "non-tariff barriers" (NTBs), a new set of issue-areas that ranged from product standards to systems of taxation. By the end of the 20th century, free trade agreements like NAFTA went far

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origin (often the United States) or to a third country (Mayer, 1998, 36; for more details, read Morales, Aguilera & Amstrong (1994).

[3] For a discussion, see chapter 2.

[4] This acronym was an allusion to a *Wall Street Journal* article that had referred to the coalition as a "motley crew of special-interest groups." (Cavanagh, Anderson and Hansen-Kuhn, 2002, 188).

beyond trade matters to include complex provisions regulating investment, procurement, food safety, regulatory standards etc. This raised sensitive questions about national sovereignty, finally sparking the mobilization of new stakeholders like environmentalists, consumer organizations and human rights advocates. These groups joined labor's prolonged efforts to reform U.S. foreign economic policy and cushion the effects of international import competition and offshoring since the 1970s.

Of course, one could also interpret the mobilization of environmental and consumer actors in the trade policy sphere as a consequence of the increased specialization of interest groups. Following Lowery (2007), one could argue that "fair trade" could be another "issue niche" that organizations created under a logic of survival, i.e. to maintain the interests of their membership in their lobbying activities. If one cannot completely disclaim opportunism in the mobilization of public interests groups against NAFTA, one should not, however, reduce fair trade advocacy to a mere product of interest groups' competition for resources. Doing so would, indeed, underestimate the far-reaching ramifications of globalization over the past few decades.

The joint mobilization of these eclectic interests marked the emergence of the "new politics of American trade" (Destler & Balint, 1999). Never before the NAFTA debates had such a variety of civil society groups attempted to participate in the arcane decisions of American trade policy (Hinojosa-Ojeda, 2002; Mayer, 1998; Vogel, 1997; Destler & Balint, 1999; Esty, 1998). The activists' list of political grievances – from the strict enforcement of workers' rights to consumer protection and environmental sustainability – represented an alternative to the economic logic that had long characterized Washington's commercial policy. Starting with the NAFTA debates, "fair trade" –

broadly defined as a socially and environmentally responsible policy[5] – became the *leitmotiv* of the new blue (for industrial labor) and green (for environmentalists) alliance that took shape in the course of the decade.

Labor and its allies were also assisted by right-wing politicians like Patrick Buchanan[6] and third-party presidential candidate Ross Perot,[7] who played an important role in demonizing the agreement. In the long run, however, these conservative figures did not sustain their involvement in trade debates, unlike the more deeply committed actors from environmental and labor movements.[8]

Fair trade advocates soon found allies in the Democratic Congress, who conditioned their support for NAFTA on the adoption of environmental and social amendments. Their vigorous lobbying efforts would prompt both President George H. W. Bush and his Democratic successor to design policy concessions that, despite their limited scope, legitimated the linkage between trade, labor and the environment. Although these side payments divided the environmental movement between NAFTA supporters and opponents, they did little to appease labor unions and consumer advocates like Public Citizen. As a result, it was only after a fierce legislative battle that the Clinton administration and NAFTA supporters in the business community managed to force through Congress an agreement that most economists considered of minor importance for the $6+ trillion U.S. economy (BEA, 2008).

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[5] The meaning of fair trade is discussed in the next section.
[6] Patrick Buchanan is a right-wing conservative or "paleoconservative" who sought the Republican presidential nomination in 1992 and 1996.
[7] For more details on Ross Perot, see chapter 3.
[8] For this reason, conservative actors are excluded from the scope of this analysis. For a discussion of their role in the NAFTA debates, read Mayer (1998) and Rupert (2000).

After NAFTA's ratification, supporters of trade liberalization would have to contend with new political forces. The fast track authority debates of 1997 illustrated the contentious nature of the trade policy process. Hoping to consolidate his free trade legacy via regional and multilateral negotiations, President Clinton requested the renewal of his trade negotiating powers from Congress. The compromise reached by the Republican congressional leadership and the White House, however, failed to address the concerns of the new blue-green coalition. The decision-makers' indifference to the new reality of fair trade politics would derail the administration's foreign economic agenda. This time, a re-united blue and green alliance rallied against the White House's ambitions to expand NAFTA to the rest of the Hemisphere – under the Free Trade Area of the Americas – eventually defeating not only the 1997 House bill, but also the Republicans' efforts to force through a sister proposal before the Congressional elections of 1998.

Amidst the fast track controversies of 1997-1998, the fair trade coalition gained further credibility thanks to its aggressive campaign against the Multilateral Agreement on Investment. This accord had been negotiated under the auspices of the Organization for Economic Cooperation and Development (OECD)[9] since 1995 and aimed to establish a framework of global rules on investment based on the NAFTA model. After two years of negotiations behind closed doors, international delegates were suddenly taken aback by Public Citizen's release of the secret draft of the MAI in February 1997. Conjuring up visions of a government-business conspiracy, Ralph Nader's umbrella organization called civil society groups to mobilize against this "slow motion *coup d'état* against democratic governance" (Public Citizen, undated).

[9] The United States favored the choice of the OECD as the heart of negotiations, partly on the misguided premise that this would be a low profile and uncontroversial venue for such talks (Walter, 2001).

In addition to the secretive nature of the negotiations, the MAI came under severe criticisms for its lack of concerns for non-economic issues. What was particularly controversial with this so-called "NAFTA on steroids" was the strict limits it imposed on performance requirements, which would have allegedly deprived governments of their regulatory power. Consequently, a coalition of heterogeneous interests (including environmentalists, consumer organizations and labor unions[10]) demanded that the American government include language not only to protect investors' rights but also to address other issues such as environmental protection, food safety, workers' and human rights etc. (Graham, 2000, 8, 35-48; Kobrin, 1998, 105, Walter, 2001, Varney and Martin, 2000).

What distinguished the anti-MAI campaign from previous mobilizing efforts was the emergence of an international, technology-driven coalition of non-governmental organizations. The MAI became the target of an Internet-linked network of 600 groups from 70 countries that, according to Council of Canadians chairwoman and NAFTA-battle veteran Maude Barlow, revolutionized the *modus operandi* of transnational activism (Kobrin, 1998, 106; Drohan, 1998).[11]

In addition to these avant-garde tactics, more traditional methods such as letter-writing campaigns, petition signings, and public protests also put political elites under serious political pressure (Ayres, 2002, 201-2; Kobrin, 1998, 99-106). President Clinton,

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[10] Unlike environmentalists, American labor initially abstained from the fight against the MAI. At the outset, labor aimed to further its cause through its official representation as a "social partner" at the OECD in the Trade Union Advisory Committee (Walter, 2001). In fact, MAI negotiators did recognize the need to address workers' rights in the agreement, but in the end set forth no clear labor standards, created no binding obligations on investors and governments, and established no mechanism to scrutinize, let alone, enforce the protection of workers' rights. The lessons from NAFTA's disappointing institutional provisions and labor's interaction with environmentalists finally convinced the AFL-CIO to reject the MAI (Moberg, 2000, 18). For a comprehensive analysis of the labor language of the MAI, read Compa (1998, 685-6).

[11] For more details on the technology-driven tactics used by activists, read Varney & Martin (2000).

who was gathering support for his fast track legislation, assured Congress that his bill would not cover the MAI. In France, the Socialist government of Lionel Jospin pulled out of the negotiations, before the whole project was finally dropped at the end of 1998 (Graham, 2000, 10-2; Destler & Balint, 1999, 32).

Although dissension among negotiators also contributed to the collapse of the agreement, the transnational coalition of civil society groups "[could] take credit for stopping the MAI" (Graham, 1998, 613).[12] Like the fast track fiasco, the rejection of the MAI was laden with symbolism. The accord could easily be portrayed as a battle against an iniquitous, corporate-driven global agenda that was negotiated behind closed doors to be imposed on powerless citizens.

Both the symbolism of the anti-MAI campaign and the empowering virtues of new technologies galvanized the expanding coalition of NGOs committed to fairer trade and investment policies. Their mobilization against the MAI was only the "prologue" to the vigorous activism that would characterize the Seattle protests (Graham, 2000, 8; Ayres 2002, 202; Varney & Martin, 2000).

After the collapse of the MAI negotiations in 1998, many civil society organizations believed that Western governments would transfer the investment rules agenda from the OECD to the WTO. Hence, building upon almost a decade of coalition-building efforts, fair traders rallied *en masse* to protest the new round of WTO trade negotiations in Seattle in November 1999 (Walter, 2001). Their display of grassroots power and the response of the Clinton administration once again raised the prominence of the blue-

[12] Graham's assessment is all the more credible since he is a critic of the "anti-globalization" movement and is, therefore, less likely to exaggerate the movement's achievements.

green coalition, which claimed – rightly or wrongly – another political victory in the trade policy sphere.

What happened in the streets of Seattle went beyond the imagination of all international trade delegates. An estimated 40,000 activists – representing, according to Public Citizen, no fewer than 1,448 civil society groups from 89 countries, and nearly 20,000 union members (Public Citizen, 2000, 3-4) – protested against the WTO's econo-centric "norm" of trade liberalization and its disregard for the social and environmental implications of globalization (Destler, 2005, 272; Navarro, 2000, 41; Smythe, 2001, 159).

For a time, the "Teamsters and Turtles"[13] and their allies managed to block access to the meeting hall, keeping U.S. Trade Representative Charlene Barshefsky captive in her hotel (Hawken, 2000, 17; Summers, 2001, 61). When a few radical protesters shattered shop windows and burned trashcans, the police forcefully reacted and local authorities called out the National Guard.[14] Amidst this explosive atmosphere, international delegates failed to launch the "Millennium Round."

If the protesters often claimed victory for the unforeseen collapse of the Seattle talks, other factors, particularly North-South divisions over the multilateral trade agenda, contributed to the WTO's misfortunes (Gantz, 2000, 352; Butigan, 2000, 49-51).[15] Yet, beyond the differences among meeting participants, it is clear that the massive protests

[13] In Seattle, many environmentalists wore turtle costumes to protest against a recent WTO ruling against a U.S. legislation protecting turtles. For more details on the case, read Shahin (2002, 57-61) and Vogel (2000).

[14] Conway notes that, among the coalition, more confrontational forms of political protests were on the rise in Canada before the events of Seattle (Conway, 2004, 5).

[15] With historical hindsight, it became clear that there was much more at stake in the negotiations than fair trade issues, as illustrated by the slow pace of negotiations in the subsequent rounds of negotiations (Doha in 2001, Cancun in 2003, Hong Kong in 2005, Potsdam in 2007 and Geneva in 2008).

added pressure on the American delegation and complicated the efforts of the WTO negotiators (Schott, 2000, 5-6; Cohen, Blecker & Whitney, 2003, 327).

What proved controversial among international delegates was Clinton's ostensible support for the enforcement of international labor standards[16] and, particularly, his reference to "a system in which sanctions would come for violating [such provisions]."[17] This last point outraged representatives from developing countries who feared that any labor-related initiative would only be a step down a "slippery slope" threatening the competitive advantage they drew from their country's cheap labor (Sanger, 1999; Gantz, 2000, 354; Summers, 2001, 65). Undeniably, President Clinton's controversial proposal contributed to the collapse of the WTO negotiations (Destler, 2005, 272-3; Charnovitz, 2002; see also Elliott, 2000, 189; French, 2002, 303).

The fact that the "social clause" – the consideration of labor standards as a condition for trade – became a bone of contention in international trade negotiations was a sign that fair trade had become a major element of American trade politics. This shift was not confined to workers' rights. By signing Executive Order No. 13,141 a month before the WTO ministerial, the Clinton administration committed the U.S. government to conduct environmental reviews for major free trade agreements and signaled to other WTO

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[16] I believe the WTO must make sure that open trade does indeed lift living standards -- respects core labor standards that are essential not only to worker rights, but to human rights. That's why this year the United States has proposed that the WTO create a working group on trade and labor. To deny the importance of these issues in a global economy is to deny the dignity of work -- the belief that honest labor fairly compensated gives meaning and structure to our lives. I hope we can affirm these values at this meeting (Clinton, 1999).

For a discussion of Clinton's proposals, see Elliott (2000, 194) and Summers (2001, 65-66).

[17] Cited in Schott (2000, 6).

members that Washington was increasingly sensitive to the linkage between trade and the environment (Seelye, 1999).[18]

The Seattle battle was a historical landmark in trade liberalization debates. As Destler writes, "in its outcome and theatrics, [it was] a significantly greater triumph for the antiglobalist coalition than the MAI or fast track had been" (Destler, 2005, 273). With historical hindsight, Seattle was, indeed, a symbol of the rising power that free trade opponents had managed to acquire since the NAFTA debates (Robin, 2000).

The massive protests revealed the potential of coalition-building efforts. At the national level, the alliance between environmental groups and trade unions – epitomized by the Alliance for Sustainable Jobs and the Environment (ASJE)[19] – captured the media's attention. While the ties between the blue and the green movements should not be exaggerated, their joined mobilization had a symbolic dimension: the idea that American trade policy could no longer be the fief of business groups and trade bureaucrats.

Beyond domestic politics, the Seattle protests were also unprecedented for their international dimension. The battle of Seattle was the culmination of years of transnational outreach during which anti-NAFTA and anti-MAI opponents had broadened their network. For both activists and scholars, it marked the advent of a larger

[18] For more details on environmental reviews, see Saltzman (2001) and American Journal of International Law (2001).

[19] This alliance regrouped, among others, the Sierra Club, Friends of the Earth and the Earth Island Institute on the environmental side, and United Steelworkers, Teamsters along with teachers and postal service unions on the labor side (Obach 2004, 67-8). It should not be confused with the Unions for Jobs and the Environment, a corporate-sponsored organization that questions the reality of global warming (Moberg, 2000, 7).

"global justice" or "antiglobalization" movement that inspired many activists in the developed world.[20]

Finally, like the controversies surrounding the North American agreement, the Seattle protests considerably raised public awareness on trade issues and reignited U.S. debates on globalization to an extent that the MAI and the fast track battles had not (Esty, 2000a, 1501; Robin, 2000). As Medea Benjamin (2000, 66) writes, "[T]he protests turned the WTO from an obscure acronym into a household name for millions."

In sum, at the end of the century, fair trade seemed to have become an unavoidable plank of American trade policy. After the fast track fiasco, the collapse of the MAI negotiations and the Seattle debacle, it seemed that American decision-makers could no longer ignore the environmental and social grievances of fair trade advocates.

Research question

More than a decade and a half after the seminal NAFTA debates, have these political changes lived up to the hopes they elicited among labor, consumer and environmental advocates? What influence has the blue-green alliance actually exerted on the trade policy process? What factors have facilitated or constrained its political progress in the trade policy sphere?

This dissertation seeks to assess the impact of the mobilizing efforts of the blue-green alliance from 1991 to 2005. To do so, it analyzes the clash between fair and free traders in five major legislative battles from the NAFTA debates (1991-1993) to the ratification

[20] The term "*altermondialiste*," more positive than anti-globalization or anti-trade is also used to describe the movement. For a discussion on these terminologies, read Chesters (2003, 228).

of the Central American Free Trade Agreement (CAFTA) in 2005. I seek to identify the factors that have hitherto promoted or impeded the progress of the fair trade coalition.

This analysis reveals that the "special relationship" between the internationally-oriented business community and the White House has been a key obstacle to the achievements of the blue-green alliance from the beginning to the end of the policy process. First, the private sector[21] has enjoyed privileged access to the negotiations phase under the aegis of the executive branch. Through both institutional conduits and informal channels with administration officials, corporate actors have managed to control the terms of the debates and exclude enforceable blue and green provisions from the scope of free trade agreements.

Second, the Oval Office also proved to be a key ally of business coalitions during the final lobbying phase of the legislative debates – preceding the ratification of trade agreements or the renewal of fast track authority. Regardless of party affiliation, the president's involvement in free trade campaigns has been instrumental in rallying support for trade legislation in Congress and countering the offensive of fair trade advocates. The joint lobbying efforts of the White House and the private sector – a process here defined as "countermobilization" – is a distinctive product of the contentious nature of contemporary trade politics.

From a theoretical perspective, understanding the outcomes of these trade battles is crucial, because they shed light on the special relationship between the president and interest groups (in this case, business organizations) and the idiosyncratic dynamics of

[21] In this analysis, the expressions "business community", "private sector" and "corporate interests" are used interchangeably. Each of these terms refers to the *internationally oriented* businesses involved in trade politics, individually or through cross-sectoral business associations. For clarity purposes, questions of definition and debates on the nature of interest groups are discussed in chapter two.

countermobilization. From a political perspective, the fair trade debates have much broader implications than the narrow scope of American politics. The rising prominence of labor and environmental issues in the commercial sphere has the potential of redefining the normative framework upon which globalization rests. Since the institutionalization of these norms at the international level might arguably depend on the success of the blue- green coalition in the United States, it seems all the more crucial to understand the mechanisms that have hitherto hampered the political progress of the fair trade cause.

The rest of this introductory chapter is structured as follows. The next section situates this analysis within the prolific scholarship on American trade policy. It points to the lacunae of the field and draws insights from two bodies of literature – focusing respectively on political institutions and the relationship between the American presidency and interest groups – to lay out the theoretical framework underpinning this dissertation. The third section summarizes the main findings of this analysis in the form of two claims. The fourth part describes the methodology and research design upon which these findings are based. The final section outlines the chapter-by-chapter structure of this dissertation.

II) UNDERSTANDING AMERICAN TRADE POLITICS

Three approaches to American trade policy

The study of American trade policy has been the subject of considerable interest among economists and political scientists, whether at the system-, state-, or society-level (Ikenberry, Lake & Mastanduno, 1988; Odell, 1990; Milner, 1999). At the systemic level, hegemonic stability theory focuses on the international distribution of economic power as a determinant of commercial openness (Kindleberger, 1973; Gilpin, 1975; Krasner, 1976; Keohane, 1980).[22] Alternatively, Marxian frameworks like theories of imperialism, world-system and *dependencia* view trade policy as embedded in the exploitative logic of capitalism, serving the interests of the ruling class of the developed or "core" countries to the detriment of the "periphery" (Lenin, 1939; Luxemburg, 1968; Wallerstein, 1979; Frank, 1967 & 1969; Dos Santos, 1970; Etherington, 1982; Chilcote, 1974).

A second genre of analysis focuses on the state level and more specifically on the ability of the government – generally reduced to a unitary actor – to use trade policy to promote the national interest: from Hamilton's "infant-industry" case for protection (Hamilton, 1791)[23] to strategic trade theory (Krugman, 1986) and other state-centered affiliates (Gilpin, 2001).[24]

The third, and most common approach to trade theory directly focuses on domestic politics, and thus seems better equipped to understand fair trade battles. Conventional society-centered accounts of trade theory fall under two standard economic

[22] For a critique, read Eichengreen (2000), Snidal (1984), Stein (1984), McKeown (1983), Milner (1998).
[23] For a rich historical analysis of "infant-industry" arguments, read Irwin (1996).
[24] For more details see Oatley (2006, 91-110).

paradigms: the factor model and the sector model. Based on the Stolper-Samuelson theorem, the first claims that trade will reward abundant factors (e.g. capital in the United States or labor in China), but punish or reduce the income of scarce factors (American workers or Chinese capital-owners), leading eventually to "factor-price equalization" or the convergence of factor costs (Oatley, 2006, 70-4). Under this assumption (also referred to as the Hecksher-Ohlin model), trade policy is driven by the competition between mobile factors of production. From these principles of neo-classical economic theory, Rogowski (1989) has derived political implications: scarce factors are likely to lobby for protectionism, while abundant factors will pressure the state for increased openness. "Losers" from trade liberalization will experience declining political leverage, while the economic winners will become increasingly powerful (Rogowski, 1989, 318-9).

The second and dominant society-centered paradigm rejects the mobility of production factors and the monolithic vision of class interests upon which the factor model is based, pointing not only to the problematic conversion of low-skilled workers into high-skilled technicians, but also to the lack of fungibility of capital from one sector (e.g. mining industry) to another (e.g. biotechnology). Instead, the Ricardo-Viner model holds factors as "specific" to industries and focuses on the conflict of interests between sectors, and more precisely on the competition between import-competing industries and export-oriented companies (Schattschneider, 1935; Bauer, de Sola Pool, & Dexter, 1972; Baldwin, 1985; Magee & Young 1987; Alt & Gilligan 1994; for a review, read Alt et al, 1996).

While the sector model provides crucial insights into the interest groups dynamics of trade policy making, three caveats must be raised. First, its emphasis on sector

preferences tends to ignore the class conflicts that have become increasingly prominent in contemporary trade debates. Hiscox (2001, 2002) is a notable exception to this trend. Seeking to bridge the gap between factor and sector models, Hiscox argues that coalition patterns depend on inter-industry factor mobility. Thus, broad class-based coalitions are more likely where factor mobility is high, while narrow industry-based coalitions are more common where mobility is low.

Although Hiscox's fluid conception of interindustry factor mobility is a welcome departure from the dichotomous sector and factor approaches, what is missing from his analysis and most societal trade models is the importance of the growing *geographic* mobility of capital over the past three decades. The second half of the twentieth century has seen a rapid integration of world markets through the expansion of trade and investment, and the internationalization of the production process. Both technological innovations and political decisions have accelerated the mobility of capital. Since the 1970s, overseas production by multinational corporations has increasingly become part of international value chains, leading to an acceleration of intrafirm trade flows on a global scale (Held et al. 1999, 246-7).[25] The U.S. economy has not been exempt from these trends. While the share of international trade (exports plus imports) in the U.S. economy has grown from 7.5% of GDP in 1947 to more than 27% in 2005 (Business Roundtable, 2007, 4), intrafirm trade now represents approximately 40% of America's total trade with the rest of the world (Chase 2003, 142).

The rapid liberalization of international trade and investment flows contrasts with the enduring immobility of labor. This asymmetry generates intra-sectoral class conflicts that

[25] At the end of the century, intrafirm trade represented between one fourth and one third of the world's total trade (Held et al. 1999, 175).

conventional sector-specific models can hardly explain. On the one hand, large business owners, especially in labor-intensive industries, can benefit from the cost reductions associated with outsourcing and are, therefore, prone to support laws that liberalize trade and investment flows.[26] On the other hand, domestic workers are the first victims of offshoring and will logically oppose the very same legislative proposals – as witnessed by organized labor's protectionist retrenchment since the 1970s (Helleiner, 1977; Moody, 1997; Dreiling and Darves, 2002).

The growing class cleavages of American trade politics have been particularly visible during recent debates on NAFTA, which, for instance, pitted autoworkers against their employers (Chase, 2003; Cox, 2000). These class conflicts, however, are not endemic to regional trade agreements. In an increasingly interconnected world economy, value chains are not confined to the regional scale but have become truly global. This means that intercontinental trade agreements like the Permanent Normalization of U.S. Trade Relations with China (PNTR) are as prone to class conflict as NAFTA was. In sum, societal approaches to American trade policy need to recognize the effects of increased capital mobility on business preferences and the intra-industry class conflicts that have become integral parts of contemporary trade politics

A second lacuna of both factor- and sector-based models is related to another feature of contemporary trade politics that cannot be captured by class-based analyses: the political mobilization of non-commercial actors such as environmentalists or consumer advocates. By reducing trade policy outcomes to either free trade or protectionism – or a

[26] Admittedly, offshoring is not a viable option for all corporations. In effect, small domestic subcontractors are at a clear disadvantage vis-à-vis large multinational corporations. Similarly, not all jobs are conducive to offshoring. See chapter two for a discussion of the relationship between labor, business and trade.

combination of the two[27] – trade economists foreclose the study of fair trade advocacy, a defining characteristic of American trade politics since the early 1990s.

Finally, society-centered analyses have often been criticized for their disregard of the role of decision-makers and institutions. In fact, trade economists do not generally distinguish between the executive and congressional branches (Baldwin, 1998). Making matters worse, they often reduce the role of undefined policymakers to "disinterested referees" (Ikenberry, Lake and Mastanduno, 1988, 8). Yet, to fully comprehend the trade policy process, one needs to open the "black box" and focus not only on the demand for policy, but also on the *supply*, i.e. the role played by state institutions (ibid, 9). This is particularly important to the extent that in the United States, the legislature and the executive play two very different roles. Understanding the active role played by the executive and its relation with free trade advocates is crucial to decode the political dynamics of contemporary trade politics.

The rise of fair trade politics

Before examining the peculiar role that the executive branch plays in the trade policy process, it is important to discuss the meaning of "fair trade." This broad concept has been used to defend a variety of causes: from equitable pricing with developing countries (e.g. for coffee, fruit, soccer balls etc.) to protection against subsidized competitors – or opposition to the so-called "unfair trade" practices of Japanese firms in the 1980s, also referred to as the "new protectionism".[28] The definition of fair trade adopted here will

[27] See the discussion of Milner and Yoffie (1989) in chapter 2.
[28] This expression more specifically refers to the proliferation of new trade-restrictive measures – e.g. orderly marketing agreements, "voluntary" export restraints, product standards etc. – that started after the

broadly refer to a trade policy model that seeks to address the social and environmental "externalities" that are corollary to the exchange of goods, services and capital, i.e. to solve the problems related to intra-industry class conflicts (workers' dislocation) and relax the tensions between national regulation (e.g. environmental and consumer protection, the enforcement of labor standards etc.) and international economic liberalization.

Admittedly, tariff protection such as import surge mechanisms can be interpreted as fulfilling objectives of social justice. In addition, the unions' ostensibly selfless demand for the enforcement of workers' rights in Central America or elsewhere can obscure the protectionist proclivities of the labor movement. However, the unions' recent advocacy efforts in favor of international labor standards cannot simply be equated with the old politics of trade. To reduce fair trade advocacy to a new form of protectionism is to misread the growing complexity of the global economy and its far-reaching ramifications (Destler & Balint, 1999, 2; Stokes, 1999-2000, 89; Stokes, 2008*). Without disclaiming the protectionist undercurrents of unions' claims, fair trade will be seen as an alternative to both free trade and protectionism, a policy that falls under the radar of most trade economists.

If one acknowledges the ambiguities of fair trade, one should also evoke the inconsistencies surrounding the notion of "free trade." Despite its ostensible support for liberal trade policies in the postwar era, Washington has repeatedly granted protection to sectors threatened by international competition (e.g. steel, textiles). More recently, "free"

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conclusion of the Tokyo Round in 1979 and were designed to cope with the rising competition from the Japanese and European economies. For more details, read Nivola (1986) and Goldstein (1986).
* References to interviews are marked with an asterisk.

trade agreements have exempted many sectors from trade liberalization, whether through rules of origin or farm subsidies.[29]

To be sure, not all accounts of contemporary trade politics have ignored the new character of the post-NAFTA context. Several studies have focused on the mobilization of labor advocates (Shoch, 2001; Ross, 2000; Turner, 2001; Stillerman, 2003; French, 2002; McDonald, 2005; Compa, 2001; Moody, 1997), while a few reviewed the participation of ecological organizations (Esty, 1998; Audley, 1997, 2004; Vogel, 1997, 2000). However, few analyses have captured the new dynamics of coalition-building in post-NAFTA politics or examined the role of fair trade networks such as Citizens Trade Campaign or the Alliance for Responsible Trade, with the exception of Dreiling (2001) and Mayer (1998) who both focus on NAFTA.

To this day, Destler and Balint's pioneering work (1999) provides the only *tour d'horizon* of the "new politics of American trade." Yet, even this analysis suffers from two shortcomings. First, the fact that it was published in 1999 – presciently, two months before Seattle – means that it cannot fully account for the challenges that the blue-green alliance has faced after its apogee on the trade policy stage. Second, however insightful, Destler and Balint's condensed analysis cannot fully explore the internal and external dynamics of fair trade advocacy. This dissertation will seek to provide a more thorough picture of fair trade politics, an analysis embedded in the theoretical literature on American political institutions.

[29] The terms of NAFTA and CAFTA illustrate his point. See chapters 3 and 7.

Why institutions matter

Understanding the institutional context in which fair trade organizations mobilized is crucial to fathom the challenges that they have faced over the past decade. The literature on American trade institutions provides invaluable insights into the idiosyncratic nature of inter-branch relations, and more specifically, the ways through which the institutional reforms of the twentieth century affected the course of American trade policy. This dissertation will take this scholarship one step further on the institutionalist path by analyzing more thoroughly the impact of these structural changes on the distribution of power among interest groups. It will also draw from the literature on the American presidency to unpack the relationship between the executive branch and the private sector so as to shed light on the role that these two sets of actors played to thwart the efforts of the fair trade coalition.

The trade reforms of 1934 and 1974 changed the dynamics of trade policy making. Designed by the visionary Secretary of State Cordell Hull, the Reciprocal Trade Agreements Act (RTAA) of 1934 transferred tariff-making authority from the legislature – constitutionally mandated to "regulate commerce with foreign nations" (U.S. Constitution, Art. I, sect. 8) – to the executive branch. This reform put an end to a long era of protectionism, during which congressional deal-making protected sectional interests with high tariffs,[30] the Smoot-Hawley Act of 1930 being only the most notorious example of political "back scratching".[31] By authorizing the executive branch to lead the negotiations of reciprocal trade agreements, the RTAA geared American trade policy

[30] Eckes (1995) remains the authoritative historical analysis of American trade policy. See also Stanwood (1903). For a more synthetic view, read Eckes (1999).
[31] For a close analysis of the domestic politics of the Smoot-Hawley Act, see Schattschneider's pioneering analysis (1935).

toward more liberal policies (Haggard, 1988; Goldstein, 1994; Hody, 1996; Bailey, Goldstein and Weingast, 1997, 309).

Forty years later, the Trade Act of 1974 once again redefined inter-branch relations. Originally, this reform was intended to rebalance power between the two governing branches by granting Congress more consultation and oversight over an executive branch that was deemed slightly too internationalist (Dryden, 1995, 184-5; Aaronson, 2001, 80).[32] It also required the president to establish a system for obtaining advice from the private sector so as to limit the executive's independence to select where tariff cuts should be made (Baldwin, 1985, 116).

Yet, paradoxically, the Trade Act of 1974 also empowered the executive branch in two regards. First, it expanded the scope of agreements that the Chief Executive could negotiate by granting him and his empowered U.S. Trade Representative[33] the authority to negotiate non-tariff barriers (NTBs) such as product standards, regulations and subsidies (Stokes & Choate, 2001, 15-18). Second, the delegation of negotiating power from Congress to the Executive under the RTAA was expanded by the creation of "fast track authority," a procedure that gives the executive the authority to conduct international commercial negotiations while restricting congressional votes on trade bills to a yes-or-no vote within 90 days (Goldstein, 1994, 170; Destler, 2005, 71-2, 346).

If most trade scholars recognize that Congress still retains control over the trade policy process, they generally agree that these institutional reforms were at least partly

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[32] The Trade Expansion Act of 1962 had already reduced the role of the State Department in the trade policy sphere by creating the Special Representative for Trade Negotiations (precursor of the U.S. Trade Representative).

[33] The Trade Act of 1974 increased the degree of consultation between the USTR and congressional committees and put the USTR in charge of evaluating demands from business for protection from imports.

designed to insulate congressional members from the pressures of protectionist interest groups. As a result, the RTAA and the 1974 Trade Act not only led Washington to embrace trade liberalization, but also sustained support for free trade policies in an increasingly competitive era (Destler, 1986a; Pastor, 1980; Goldstein, 1994; Bailey, Goldstein & Weingast, 1997).

Underpinning this rationale is the common idea that the legislative and executive branches of government have different relations with constituent interests. More specifically, from the Founding Fathers to modern scholars, political analysts have long argued that the president's "national constituency" makes him less subject to pressure from local interest groups. As such, the Chief Executive is said to rise above factional politics in the pursuit of the "public interest" (see e.g. Hamilton, 1788; Wilson, 1908, 65-9; Tulis, 1995, 96-100; Sundquist, 1981, 440-59).

Along these lines, students of American trade policy typically contrast Congress's vulnerability to protectionist pressures – particularly in the more parochial House of Representatives – with the president's inclination toward free trade, which is assumed to increase the country's welfare as a whole (Destler, 1986a; Pastor, 1980; Baldwin, 1985; Dobson, 1903; Baldwin, 1998; for a critique, see Karol, 2007). The president's liberal trade proclivities not only stem from questions of representation under the Constitution, but are also linked the president's foreign policy mandate. In this view, the Chief Executive favors free trade over protectionism because it serves America's foreign policy objectives including national economic prosperity and international political stability (Baldwin, 1985, 120-1; Cohen, Joel & Blecker, 1996, 136; see also O'Halloran, 1994; Baldwin, 1998).

The problem with the president-as-national-voice perspective is that it seems to ignore a century and a half of American history, when presidents (and particularly Whigs or Republicans after them) often took a more protectionist stand than Congress (especially under Democratic majorities). For instance, between 1849 and 1853, a Democratic Congress thwarted the efforts of Whig Presidents Zachary Taylor and Millard Fillmore to raise tariffs. In the next century, Republican Presidents Taft and Hoover both vetoed liberalizing bills passed by Democratic congresses.[34]

The second lacuna of this postulate is that it downplays an important aspect of the Trade Act of 1974. This law not only delegated trade-negotiating authority to the executive, but also set the terms of this transfer of power, by requiring that the president establish a system of private-sector advisory committees. Understanding the logic of the system of trade advisory committees (TAC) is crucial to fathom the dynamics of U.S. trade policy making. The purpose of TACs is to provide information and advice to the President with regard to: A) "negotiating objectives and bargaining positions before entering into a trade agreement;" B) "the operation of any trade agreement once entered into;" C) "other matters arising in connection with the development, implementation, and administration of the trade policy of the United States" (Trade Act of 1974, subchapter I, part 3, §2155).

Revised under four subsequent trade-related acts, this system has grown into a complex three-tier system. The President's Advisory Committee for Trade Policy and Negotiations (ACTPN) is the most influential organ of this pyramid. Its forty-five members are appointed by the president for two-year terms (renewable indefinitely). Not

[34] For more details, see Karol (2007, 486).

only does the ACTPN define the main negotiating objectives of free trade agreements but its members often play a role in rallying business support for lobbying Congress. The second tier of advisers consists of policy advisory committees whose members are appointed by the USTR either alone or in conjunction with other Cabinet officers. Its structure has changed under the Trade Act of 2002 and now includes only four committees: the Intergovernmental Policy Advisory Committee (IGPAC), the Agricultural Policy Advisory Committee (APAC), the Labor Advisory Committee (LAC) and the more recent Trade and Environment Policy Advisory Committee (TEPAC).[35] The third tier regroups twenty-two technical advisory committees organized in two areas: industry and agriculture. Their members are appointed jointly by the USTR, and the Secretaries of Commerce and Agriculture, respectively. Today, the whole trade advisory committee (TAC) system consists of 26 committees regrouping a total membership of more than 700 advisors.[36]

Under the 1972 Federal Advisory Committee Act (FACA), these committees are required to be "fairly balanced in terms of point of view represented and the functions to be performed by the committee."[37] However, when the 1974 Trade Act was passed, the U.S. economy was only beginning to experience the economic and political implications of globalization. At the time, capital mobility had only started to split industries along class lines, and neither public interest groups nor decision-makers had fully fathomed the implications of opening "non-tariff barriers" to international trade negotiations. In this

[35] The TEPAC was created in the aftermath of the NAFTA debates. The Trade Act of 2002 abolished the Trade Advisory Committee on Africa and the Defense Policy Advisory Committee, whose interests are now represented in the third sectoral tier.

[36] These three paragraphs borrow from Stokes & Choate (2001, pp. 54-6) and the USTR's website: http://www.ustr.gov/Who_We_Are/Mission_of_the_USTR.html

[37] Congress enacted the FACA to prevent industries from exerting undue influence on government policymaking (Hilliard, 1991, 8-9).

context, it seemed perhaps uncontroversial that the ACPTN, the top advisory committee would primarily represent business interests, with a "balance among sectors, product lines, between small and large firms, among geographical areas and among demographic groups" (DOC & USTR, undated, cited in Hilliard, 1991, 9). Admittedly, one section of the Trade Act of 1974 did ask that the committee "include representatives of non-Federal governments, labor, industry, agriculture, small business, service, industries, retailers, nongovernmental, environmental and conservation organizations, and consumer interests" (19 U.S.C. § 2155(f); IUST 12/20/02). Yet, at that time, non-business interests were deemed to have little interest in U.S. trade policy. As one congressional staff member recalls, when the Trade Act of 1974 was established, "trade was about trade" (Reif, 2008*). Thus, the trade advisory committee was, and remains to this day, overwhelmingly dominated by private interests. These interests continue to be the essential voice providing information and advice on trade policy matters.

This picture of the trade policy process contrasts with the idea that the president stands somehow above domestic politics in his pursuit of free trade. In fact, through the trade policy process, the executive branch is in constant dialogue with certain segments of the business community from the onset of trade negotiations to the final hours preceding a trade vote. To determine the political implications of these institutional arrangements, this analysis will draw from the "new institutionalist" scholarship with the prospect of shedding light on the stalled progress of the fair trade coalition.

The "new institutionalism" scholarship has shown that domestic structures can determine "who gets what," i.e. the extent to which they can privilege particular sets of interests or "policy clienteles" while excluding other stakeholders from decision-making

(Orren & Skowronek, 2002; March & Olsen, 1984; Immergut, 1998). Through a self-reinforcing process of access and exclusion, inequalities of power can become embedded in institutions and political discourse (Pierson & Skocpol, 2002; March and Olsen, 1998). Thus, institutionalists speak of "path dependence," a process defined as "the causal relevance of preceding stages in a temporal sequence" (Pierson, 2000, 252).

This dissertation will draw upon institutionalist scholarship to analyze the impact of institutional reforms on the distribution of power among interest groups. It will aim to show that the delegation of trade negotiating authority to the executive branch cannot be simply viewed as reducing the influence of protectionist forces. Instead, it should be seen as remapping the political access of the constellation of pressure groups gravitating around the trade policy process, by opening doors to some interests, while closing doors to others.

Along those lines, two recent works have offered a more sophisticated picture of the relations between institutions of American trade policy and interest groups, seeking to assess the relevancy of the decision-making process in the global era. Although more inspired by policy prescriptions than theoretical concerns, both Stokes & Choate (2001) and Aaronson (2001b) have examined the extent to which "process shapes substance" (Stokes & Choate, 2001). Pointing to the increasing conflicts between domestic interests and international trade policies, they both recommend that the decision-making process represent the interests of a broader range of stakeholders. However insightful, these analyses lack both empirical evidence (e.g. case studies) to support their assertions and theoretical foundations to fully understand the causes and consequences of the skewed design of the trade policy process.

This dissertation will build upon these recent works and (re)connect the trade policy scholarship with the "new institutionalist" literature to show the extent to which structural obstacles might have impeded the progress of the blue-green coalition.

Countermobilization

As explained earlier, society-centered approaches to American trade policy provide little insight into the peculiar relation between the presidency and pressure groups to the extent that they generally do not differentiate state institutions. The problem with this bottom-up approach to the policy process – modeled primarily with congressional politics in mind – is that, in the trade sphere, the executive branch plays a central role, not only in the negotiating phase, but also during the legislative battles, when the president pressures congressmen to defend his liberal agenda (Baldwin, 1998).

In contrast, analyses of presidential politics have painted president-interest groups relations as truly interactive. On the one hand, they recognize that pressure groups can exert a large influence on the executive (Pika, 1983; Scholzman & Tierney, 1986). This political power stems from two types of resources that presidents need from interest groups. First, candidates to the White House rely on electoral resources – whether in the form of financial contributions or votes – that are often exchanged for policy concessions. Second, presidents need to build coalitions in order to pursue their political agendas. Here, interest groups commonly provide policy proposals, information and broader political support that can help decision-makers become successful leaders (Tichenor 2003, 330; Kumar & Grossman, 1984).

On the other hand, the president retains considerable autonomy over the decision-making process. Although all presidents need allies to support their political agendas, they remain free to favor one interest group over another. To a broader extent, presidents have the capacity to "alter the prevailing interest group system they encounter" i.e. to encourage the mobilization of certain interest groups, discourage the mobilization of others, create or split coalitions etc. (Tichenor 2003, 330-1; Peterson, 1986; Polsky, 2000; Kumar and Grossman, 1984, 289; Cupitt, 2000).

In her insightful case study of U.S. corporate tax policy, Martin (1989) examines the side-by-side mobilization of corporate interests and the president on behalf of tax bills. Her "coalition model" portrays business influence and state power as truly interactive processes and captures dynamics that are very similar to those at play in recent trade debates. This dissertation will build upon this framework to shed light on the dynamics of "countermobilization," a process defined as the counteractive lobbying efforts jointly undertaken by the White House and the business community in response to the mobilization of fair trade organizations (labor unions, environmentalists, consumer advocates and human rights organizations).

In sum, this dissertation will contribute to the discipline of political science in several respects. At the very least, it will go beyond the free trade/protectionism dichotomy and enrich the study of contemporary trade politics with an empirical analysis of the internal and external dynamics of fair trade advocacy: from the challenges and rewards of coalition-building to the response of political elites and, most importantly, the obstacles to political success. From a theoretical standpoint, this dissertation will call on American

trade policy scholars to reconsider the president's putative insulation from interest groups politics. In particular, this analysis will borrow from the new institutionalism literature to shed light on the power implications of structural reforms and the ways in which they have favored so-called "free" traders over "fair" traders. In addition, this study will contribute to the literature on the American presidency and interest groups by decoding the process of presidential-corporate "countermobilization." It will provide empirical evidence of the formal and informal channels that connect the executive branch and pressure groups. Last but not least, it will examine the tactics that the White House and its allies can use to exert pressure on the legislature and counter the lobbying efforts of their political opponents.

III) THE ARGUMENT

This dissertation seeks to examine the political impact of environmental and labor activism in trade politics from NAFTA to CAFTA. It will examine five major legislative battles between fair traders and free traders to shed light on the factors that impeded the progress of the blue-green coalition. The main argument of this dissertation is that the "special relationship" between the executive branch and the business community has been a key obstacle to the success of organized labor and its non-governmental allies in the trade policy sphere. This argument rests upon two claims:

> ***Claim 1*: The institutional design of American trade policy has favored the voice of the business community over those of environmental, labor and consumer interests.**

During the phase of trade negotiations, the private sector has used its privileged access to the policy process to oppose the inclusion of enforceable labor and environmental provisions in trade agreements. Instead, it has managed to secure strong clauses on investment and intellectual property rights, as illustrated by the design of NAFTA, the terms of China's accession to the WTO, and the scope of the Central American Free Trade Agreement.

To achieve their political objectives, corporate interests have made ample use of the opportunities created under the 1974 Trade Act. First, they have capitalized on their privileged access to the system of trade advisory committees to push their political priorities – whether they be protectionist clauses or market openings. Second, they have indirectly benefited from the procedure of fast track authority, which restrains congressional intervention in the design of trade agreements, thereby limiting the influence of fair trade advocates on lawmakers.

The current trade policy process was designed at a time when the full social and environmental ramifications of globalization were only starting to emerge. As mentioned earlier, it was not until the second half of the 1970s that international trade negotiations began to intrude into new sensitive issue-areas such as tax, regulatory standards, or procurement policies. The architects of the Trade Act of 1974, which gave the president the power to launch negotiations in these new political spheres, may not have anticipated the conflicts that would later emerge over such matters as environmental standards. The act favored trade associations and other politically active business interests, creating "policy clienteles" that would dominate the policy process. This meant that other stakeholders such as consumer and environmental advocates, who only became involved

in trade politics in the early 1990s, would be at a clear disadvantage to influence the negotiation of trade agreements.

In addition, the system of trade advisory committees was designed under the premise that workers and employers within a given industry share common interests as far as international trade is concerned. As a result, both groups were represented on a sectoral basis, with business owners or trade association leaders commonly speaking on behalf of their industry.[38] However, the decline of American manufacturing industries and the transfer of production operations overseas[39] led to an obvious divergence of interests: while large capital owners benefit from the cost-savings resulting from outsourcing, workers can be displaced by the trade and investment agreements that facilitate the global integration of production processes.

As a result, the domestic politics of American trade have acquired a class-conflict dimension, as illustrated by the stark contrast between the fierce opposition to free trade agreements from the labor leadership and the strong support of most major business organizations (Business Roundtable, U.S. Chamber of Commerce, National Association of Manufacturers etc.) for trade liberalization (Faux, 2006; Moody, 1997).[40] In this new global era, business members of trade advisory committees no longer represent the interests of their industrial workers, as illustrated by their repeated clash over recent trade

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[38] In the Trade Act of 1974, Congress prescribed that the trade advisory committee system be "broadly representative of the key sectors and groups of the economy, particularly with respect to those sectors and groups which are affected by trade." See Trade Act 1974 (§ 2155§).

[39] Mexico became a prime destination for outsourcing in the 1980s under the *maquiladoras* program (see chapter 3). By the end of the century, however, it suffered increasingly from import competition from China, which would become the world's first recipient of foreign direct investment. For a discussion, read Greider (1997) and Friedman (2005).

[40] Of course, this does not mean that all workers lose in the globalization game, or that all businesses win. The class dimension of American trade politics is discussed in chapter 2. See also, Destler & Balint (1999, 18).

initiatives including NAFTA or Washington's bilateral trade agreement with China. Absent a reform of the trade advisory committee system, workers lack a voice in trade negotiations.

Finally, the marginalization of labor, environmental and other interests stemming from institutional arrangements are exacerbated by the procedure of "fast track" authority, which restricts Congress's intervention in the policy process to a yes-or-no vote within 90 days. Thus, institutional arrangements have not only denied fair traders access to trade negotiations, but also constrained their ability to press Congress for amendments. The skewed design of the trade policy process explains why the language of American trade agreements since NAFTA has largely reflected the preferences of the business community, despite the strong mobilization of fair trade organizations.

In other words, the long-term consequences of the 1974 trade reforms are not so much that they have insulated decision-makers from protectionist pressures. Instead, they have embedded inequalities of power in both institutions and political discourse, a case of "path dependence" whereby the voices of the private sector prevail under the guise of the "free trade" cause while workers, environmental and consumer advocates remain underrepresented.

As the next chapters will show, these structural constraints, however, do not operate uniformly for each legislative battle. While the trade advisory committees play an instrumental role in designing trade agreements (e.g. NAFTA, PNTR), fast track authority bills are primarily designed in congressional committees. This does not mean that the executive branch cannot exert any influence on the trade policy process, nor that the interests of the private sector are not taken into account. Yet, the pattern of path

dependence does not directly apply in the elaboration of these bills. However, as mentioned earlier, the renewal of fast track authority is a key aspect of the special relationship to the extent that it allows the executive branch to dominate the policy process in the design of trade agreements.

In addition, the special relationship between the executive branch and the private sector, is not the mere product of the institutional legacies of another era. As my case studies will illustrate, the president retains a certain degree of independence in his conduct of trade policy. Depending on his ideological convictions or his political calculations, the chief executive can reduce or exacerbate the corporate bias of the trade institutional apparatus.

***Claim 2*: The countermobilization of business coalitions and the president offset the lobbying efforts of fair trade advocates and allowed "free traders" to win most trade legislative battles.**

During the lobbying phase preceding congressional ratification, the special relationship between the White House and the private sector has also operated against the interests of the blue-green alliance. Through the process of countermobilization, the president – regardless of his party – has repeatedly joined corporate interests to rally congressional support for "free trade" legislation.

The intense grassroots pressures of labor and environmental advocates on Congress members meant that both presidential leadership and vigorous business mobilization would be required to sway decisive votes. In the era of post-NAFTA trade politics, complacency could mean defeat, as the rejection of fast track authority renewal in 1997 showed. From the NAFTA debates to the political conflicts surrounding CAFTA, the

respective lobbying efforts of the Chief Executive and the business community often proved complementary to win legislative victories.

To maximize its chances of winning controversial trade votes, the White House tightly coordinated its communication and lobbying efforts with the private sector. To do so, it relied on weekly briefings on Capitol Hill and constant information exchange between the U.S. Trade Representative (USTR), cabinet officials and representatives from major business organizations. In addition, free trade advocates emulated the tactics of their opponents – e.g. by launching decentralized lobbying campaigns to counter the grassroots efforts of fair traders – thereby demonstrating the mimetic virtues of countermobilization. Finally, the "free-trader-in-chief" also used a combination of high-profile political endorsements, targeted policy concessions and last-minute pork barrel deals to sway the votes of cross-pressured congressmen.

As mentioned earlier, the fact that the chief executive is generally more inclined toward free trade policies does not insulate him from domestic politics. In certain contexts, the president, like Congress, can be under strong pressure to make trade concessions to powerful interests with vast financial or electoral resources, including labor unions (Baldwin, 1985, 122). To use Destler's expression, the White House often has to act like an "executive broker" to negotiate agreements that will liberalize trade in a number of sectors without alienating potential protectionists in Congress (Destler, 2005, 111).

Similarly, both Democratic and Republican presidents have at times designed labor- and environment-friendly clauses to appease free trade opponents. These blue and green provisions, however, are more often than not designed to divide fair traders and/or

provide political cover for members of Congress. The provisions typically provide few solutions to the complex social and environmental problems linked with trade liberalization.

What is important for the purpose of this study is that these tactics are an integral part of the lobbying arsenal that the chief executive can rely on behalf of the free trade cause. And on most occasions, the countermobilization of free trade advocates proved decisive to the ratification of free trade agreements, despite growing skepticism about the benefits of trade among Democratic representatives.[41] The White House's involvement in free trade lobbying campaigns conferred upon corporate interests a great advantage over their fair trade rivals. Despite vigorous lobbying campaigns both inside and outside Washington, labor and its allies failed to defeat most major trade bills.

IV) RESEARCH DESIGN

This dissertation presents five detailed case studies of the major legislative battles that took place between 1991 and 2005: the NAFTA debates of 1991-1993; the battle for the renewal of the fast track authority in 1997; the Permanent Normalization of Trade Relations with China (PNTR - 2000); the Trade Promotion Authority (fast track) in 2001; and the ratification of CAFTA (2005). It focuses on the debates in the House of Representatives, where trade votes are traditionally more contested than in the Senate. The fact that representatives are more vulnerable to the pressures of local constituencies

[41] From NAFTA to CAFTA, the share of House Democrats voting in favor of major trade-liberalizing bills declined from 40% in 1993 to 7% in 2005.

makes legislative outcomes more uncertain.[42] This means that mobilization and countermobilization processes, though not absent from Senate politics, are typically more vigorous in the House.

This research combines primary and secondary sources to test the dissertation's two claims. To test the first claim, this dissertation analyzes the extent to which the voice of the private sector prevailed in the design of the three trade agreements under consideration – NAFTA, PNTR and CAFTA. Here, it relies on discourse analysis (Phillips & Hardy, 2002) to compare and contrast the perspectives of business organizations and fair trade advocates on labor and environmental provisions. To do so, it draws from a variety of primary sources including lobbying materials, statements, reports, press releases and congressional testimonies. It also borrows from the reports from the USTR's trade advisory committees, drawing attention to their membership, recommendations and dissenting opinions.

After clarifying the positions of fair traders and free traders, this analysis compares them to the final language of each trade bill under consideration. Since analyzing trade laws is both technical and time-consuming, this dissertation complements the study of legislative proposals with secondary sources, drawing from trade legal experts such as Compa (2001), Elliott (2004) or Alston (2006) on the labor side, Esty (1998), Audley (2002) and Gallagher (2005) on the environmental one and Alston (2005) and Aaronson and Zimmerman (2008) for issues pertaining to human rights. These scholarly studies should provide an objective basis to assess the degree to which policy outcomes correspond to the priorities of free traders and fair traders. Of course, political influence

[42] For a critical discussion, read Karol (2007).

is always an elusive process to capture, as interest groups scholars have long appreciated. Bearing in mind the preferences of decision-makers and the "win-set"[43] of America's negotiating partners, I will closely trace the process of negotiations by relying on both secondary sources and original interviews with political actors involved in and excluded from trade negotiations: representatives from labor, environmental and business groups, as well as USTR staff members. These semi-structured interviews will inquire about: 1) the dynamics of inter-branch relations; 2) the importance of access and exclusion during the negotiations phase; and 3) the role of alternative factors (e.g. electoral prospects, international pressures) in the design of free trade agreements.[44]

To test the second claim, this analysis seeks to establish the causal link between mobilization/counter-mobilization and congressional trade votes. To do so, it relies on the flourishing literature of quantitative analyses of congressional trade votes. Often influenced by economic theory, this corpus of data lends itself to analyses of congressional votes. Using regression analysis, political scientists have sought to test a large array of factors, among them constituency factors, economic conditions in members' districts, ideological orientation and party affiliation (see e.g. Baldwin & Magee, 2000; Steagall and Jennings, 1996; Conley, 1999). This literature provides insights into the impact – or lack thereof – of mobilization of labor and business groups e.g. via campaign contributions. Equally important are recent attempts to establish the link between "presidential support" and legislators' backing of trade-liberalizing initiatives (Uslaner, 1998; Biglaiser, Jackson & Peake, 2004; Magee, 2007).

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[43] Putnam defines a "win-set" as the set of all possible international agreements that would obtain the necessary majority among domestic constituencies (1988, 437).
[44] See appendix 2 for sample questions.

The problem with analyses of congressional votes is that they cannot capture the complexity of mobilization tactics (e.g. communications campaigns, grassroots efforts etc.) or the interactions between political actors and institutions. To avoid oversimplifying the complex confluence of vote determinants, one needs to situate the findings of quantitative studies in political context, and enrich them with a closer analysis of congressional action (e.g. roll call votes) on the one hand, and the president's lobbying efforts on behalf of legislation on the other.[45] Shoch's rich work on partisan trade politics under the Clinton administration demonstrates the benefits of this approach (2001).

Accordingly, this dissertation complements congressional analyses with a thorough analysis of the mobilization of fair trade advocates on the one hand, and of the counter-mobilization of the free trade coalition on the other. To do so, it relies on lobbying materials from the archives of central organizations like the AFL-CIO, Public Citizen, and business organizations (e.g. Business Roundtable, ECAT). Furthermore, it draws from reports from main U.S. newspapers (*New York Times, Washington Post* etc.) and the specialized press (*Inside U.S. Trade, National Journal, CongressDaily*).

Last but not least, it draws on more than 20 original interviews conducted with political actors from various sides of the debates: labor, environmental and consumer advocates from various organizations; representatives from business trade associations; congressional staff members of leading lawmakers on trade policy; delegates from the U.S. Trade Representative etc. The interviews can help answer key questions: What impact did the mobilization of fair traders / free traders have on congressional votes? Did their influence transcend party politics? To what extent did the White House and business

[45] For a discussion, read Peterson (1995).

coalitions coordinate their efforts on behalf of free trade? What role did presidential lobbying play in the passage of trade laws under the presidency of Bill Clinton and George W. Bush? These interviews will help shed light on the process of countermobilization and assess its impact on congressional votes.

V) STRUCTURE OF THE DISSERTATION

This dissertation is divided into eight chapters. This introductory chapter has established the context for the "new politics of trade," examined the theoretical framework underpinning this dissertation and presented the two claims guiding this analysis. The next chapter provides further ground for understanding the participation of interest groups in the trade policy process. It examines the nature and structure of the groups of political actors under consideration in this dissertation, situates them in the context of American politics, and puts their mobilizing efforts in historical perspective.

Each of the five subsequent chapters contains a detailed case study of a major trade battle. Chapter 3 analyzes the involvement of interest groups in the design of NAFTA, the formation and mobilization of the fair trade coalition against the free trade agreement and the successful efforts of the Clinton administration and its business allies to save the trade bill. Chapter 4 examines the failure of the "free" trade coalition to counter the lobbying offensive of the blue-green alliance against fast track renewal in 1997. Chapter 5 illustrates the significance of the special relationship between the executive branch and the business community by unveiling the latter's ability to control the terms of the U.S-Chinese trade agreement (in the context of PNTR) and reveals the powerful impact of countermobilization on congressional votes. Chapter 6 and 7 test the two claims of this

dissertation under the presidency of George W. Bush: first, in the context of fast track or "trade promotion authority" renewal in 2001; second, in relation to the ratification of CAFTA in 2005. Chapter 8 summarizes the findings of this dissertation before reflecting on recent developments in the politics of fair trade and suggesting the likely future of American trade policy.

CHAPTER 2: Interest groups in the trade policy arena

The previous chapter introduced the new political context in which the politics of fair trade emerged and focused on the institutional framework in which mobilization and countermobilization occur. For the sake of clarity and conciseness, it took for granted a number of ideas related to the definition of interest groups like "labor," "environmentalists," or "business" and underspecified these groups' relationship with trade policy. This chapter seeks to provide context to the study of fair trade politics with a focus on two axes: first, the structure and political role of the network of interest groups under consideration; second, the nature of their participation in trade politics. These two sets of questions are discussed in relation to both "fair traders" – labor, environmentalists, human rights and consumer advocates – and business interests (both free traders and protectionists).

The analysis of the former set of interest groups provides background on the different civil society groups involved in contemporary trade debates, with a sharper focus on labor and environmental groups. To demystify the concept of fair trade alliance,[46] it analyzes the different political cultures and histories of the civil society networks under consideration. It examines the respective role that they play as political (and economic) actors and their relationship with American political institutions, before focusing on their

[46] Some neo-gramscian and neo-marxist scholars have interpreted the recent rise of social protests against globalization as "counterhegemonic" or "antisystemic" challenges to global capitalism (Robinson, 2004; Hardt & Negri, 2000 & 2004; Wallerstein, 2003). Their analyses, however, tend to downplay the political divisions of these heterogeneous networks, along with the fact that most NGOs are not inherently hostile to capitalism.

involvement – recent or not – in trade politics. Most importantly, the first sections of this chapter discuss the two main factors that have contributed to the recent mobilization of labor and their allies in the trade policy sphere: the rising class conflicts related to increased capital mobility; and the far-reaching scope of international trade agreements over the past few decades.

The analysis of corporate interests begins with a historical analysis of the political participation of business in American politics. This brief study of corporate power highlights the politicization of the private sector over the past few decades. It also brings into perspective the growing consensus of corporate interests regarding investment and trade agreements in an economy increasingly interconnected with international markets.

I) ORGANIZED LABOR

Labor's political travails

The historical development of U.S. labor market institutions sheds considerable light on the role of unions in today's political arena. The labor movement in the second half of the nineteenth century faced a particular hostile political context, in which powerful business interests enjoyed the support of all levels of government, in addition to the assent of anti-union courts (Goldstein, 1978; Forbath, 1989; Yates, 1998). It took American workers decades of conflicts and the Great Depression to be able to break these seemingly insurmountable obstacles, making America's experience the "bloodiest and most violent labor history of any industrial nation in the world" (Taft & Ross, 1969, cited in Goldstein, 1978, 3). In the insurgent climate of the 1930s, Franklin D. Roosevelt and

his Democratic allies finally recognized workers' right to unionize under the 1935 National Labor Relations Act.

However, labor's honeymoon with the New Deal Democrats did not make for a happy marriage. Admittedly, economic prosperity and growing union membership in the postwar era allowed workers to win substantial wage and benefit concessions at the bargaining table. Yet, even under the "Fordist compromise" of postwar industrialism,[47] the American working class suffered two major political blows: the failure of President Truman's universal healthcare program and the passage of the anti-union Taft-Hartley Act (1947).[48] The combined pressures of sectional and business interests were largely responsible for these setbacks, which weakened the New Deal coalition in its infancy, ultimately preventing its emergence as a labor party (Piven, 1992, 263).

And if organized labor's political leverage was never huge during the prosperous postwar era, the 1970s presented unions with new political and economic challenges that would gradually erode their hard-won achievements. First, the sectional pressures within the Democratic Party, exacerbated by President Nixon's "Southern strategy," led the New Deal coalition to collapse under its own weight. As Piven notes, this paved the way for the resurgence of the Republican Party backed by an increasingly politicized corporate class (Piven, 1992, 261). Second, and in conjunction, the economic decline of the 1970s – fanned by stagflation and increased international competition – vindicated advocates of

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[47] For a critical discussion, read Lichtenstein (2002, 98-140).

[48] The Taft-Hartley Act of 1947 was vetoed by President Truman before being overridden by Congress with the support of Southern Democrats (Piven, 1992, 250-1). The legislation gave the president the power to break strikes, banned the use of solidary tactics such as sympathy strikes or secondary boycotts and gave states the right to ban "closed shops," i.e. mandatory union membership by passing "right to work" laws. It was followed, a decade later, by the Landrum-Griffin Act of 1959, which imposed further administrative and financial constraints on unions (Asher et al, 2001, 11).

"regulatory relief" and privatization.[49] In this context, Ronald Reagan was elected with a business-friendly mandate that aimed to roll back labor's political gains: from his heavy-handed suppression of the Professional Air Traffic Controllers Organization (PATCO) strike in 1981, to the roll-back of trade adjustment assistance, budget cuts in unemployment insurance and, last but not least, his hostile appointments to the National Labor Relations Board (NLRB) (Vogel, 1989; Piven, 1992; Piven & Cloward, 1982).

The NLRB never fully recovered its mandate to protect workers' rights and has since become increasingly passive, despite the common use of union-busting tactics among employers. This precarious institutional context means that unions have often been on the defensive, as witnessed by the declining number of strikes and the institutionalization of "concession bargaining" or "collective begging" (Aronowitz, 2005) whereby unions discuss employers' claims instead of workers' rights (Frayssé, 2004, 267; Ness, 2002). In the electoral arena, labor's misfortunes are not only due to the Republicans' firm grasp on the government in the last quarter of the century, but also to the Democrats' own misgivings about defending pro-labor policies lest they might alienate an increasingly powerful business community (Ness, 2002, 55-6; Yates, 1998).[50] And if the Clinton administration seemed ambivalent about defending labor interests against a hostile Republican Congress, its Republican successor had few misgivings about further weakening labor institutions.[51]

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[49] These policies began during the presidency of Jimmy Carter (Harrison and Bluestone, 1981, 94-96; Frayssé, 2004, 266).
[50] For more details on the relationship between unions and the Democrats, read Dark (1999).
[51] Chapter 3 and 6 respectively discuss labor's relationship with President Clinton and President W. Bush.

Structural changes in the U.S. labor movement

Labor's declining influence in the political sphere is closely intertwined with its shrinking membership, a decades-long process that has yet to be reversed. The absolute number of unionized workers peaked in the mid-1970s with slightly more than 22 million members before beginning a long decline. The apex of union density, however, came earlier, reaching almost 35 percent of the workforce in the mid-1950s. Since then, union membership has plunged back to its 1935-36 level, before the Wagner Act took effect (Asher et al, 2001). Today, it hovers at around 12% of the workforce,[52] with only 7.5 % of private sector workers being unionized, as opposed to 35.9% in the public sector (Bureau of Labor Statistics, 2008).

In addition to the political factors described earlier, labor's long-term decline can be traced to economic and internal factors. On the economic side, de-industrialization has taken a heavy toll on unionized sectors. The decline of the industrial sector has recently accelerated, with the U.S. economy losing more than 3 million manufacturing jobs between 2000 and 2007 (Lee, 2007). If economic analysts continue to debate the exact impact of trade and technology on manufacturing job losses and union decline (see e.g. Kletzer, 2002; Baldwin, 2003; Bivens, 2006; The Economist, 2006), both factors are at least partly related to the intensification of domestic and international competition (Stokes, 2008). Among the usual suspects, offshoring has also contributed to the shrinking of union ranks both directly, by sending American manufacturing jobs

[52] In 2007, union density rose by 0.1% to 12.1% from its 2006 level (BLS 2008). It is, however, too early to interpret this small rise as a sign of reversal.

overseas, and indirectly, by discouraging organizing efforts in vulnerable sectors (see e.g. Bronfenbrenner, 1997 & 2000).

Compounding the effects of these external factors, the labor leadership's lethargic response to contemporary political and economic challenges has also contributed to unions' misfortunes. The roots of union leadership conservatism can be traced to the Cold War era, during which labor leaders collaborated with government officials to purge the movement of its left-wing (communists and non-communists) elements. As a result, the activist, "social movement unionism" of the 1930s came to be replaced by "business unionism" – a bureaucratizing process that led unions to concentrate on collective bargaining instead of looking beyond members' interests to organize the growing sectors of the U.S. economy. These conservative tendencies were exacerbated by the strongly hierarchical structure of the AFL-CIO and its top-down approach to labor politics whereby decisions would trickle down from the national leadership through the state and the local unions.[53]

Labor's "business unionism" – at least in the private sector[54] – prevented it from riding the social movement wave of the 1960s and 1970s. As a result, unions failed to harness rising forces within the U.S. workforce – women and minorities (Turner and Hurd, 2001). Not until John Sweeney took over the leadership did labor decide to broaden its political horizons and boost its organizing efforts. If the spirit of the new administration seems to have departed from the conservative policies of the Meany-

[53] For more details on the organizational structure of the AFL-CIO, read Asher et al (2001, 8-9) and Yates (1998, 41-5).
[54] The public sector was more prone to "social movement unionism." For a discussion, read Johnston (1995).

Kirkland (1955-1995) era, the jury is still out about its achievements (Aronowitz, 2005). While organizing efforts have been successful in the public and services sector,[55] the continuing decline of industrial unions means that the American labor movement still faces a daunting task to reverse three decades of decline.

These contrasting tendencies point to a structural change in labor's historical development. Although the AFL-CIO continues to represent workers' interests at a national level, organized labor was in effect divided into two distinct movements: one comprising manufacturing unions, which have been severely hit by the economic changes mentioned above; and another one, made up of unions in the expanding service sector (Greenhouse, 2006; Ness, 2002, 55). These internal pressures finally led to a formal split of the movement in 2005. Disillusioned by the slow pace of internal reforms under the Sweeney administration, a group of labor unions – the SEIU, UNITE, the Hotel Employees and Restaurant Employees Union (HERE), the United Brotherhood of Carpenters (UBC) and the Laborers' International Union of North America (LIUNA), the Teamsters and the United Food and Commercial Workers – decided to leave the AFL-CIO to form the Change to Win coalition, a new alliance holding organizing as its top priority.[56]

[55] The Service Employees International Union's (SEIU) Justice for Janitors campaign in Los Angeles was among the notable successes of these organizing efforts. See La Luz & Finn (1998); see also Fine (1998).
[56] For a discussion of the potential implications of this split, read Milkman (2006).

A brief history of labor-trade debates

Before analyzing the effects that the changing nature of the labor movement might have on its contemporary role in trade debates, one must step back to examine its historical role in American trade debates. The history of labor's tariff policy brings considerable perspective to contemporary trade politics. First, it demonstrates that trade-labor debates long antedated the current controversies surrounding the impact of globalization and must be situated in a broader historical context. Second, it traces the roots of fair trade advocacy to two recent phenomena: first, the intensification of class conflicts over trade policy since the 1970s; second, the broader activist context in which this mobilization occurred, and particularly the gradual emergence of new patterns of coalition-building between unions and new trade actors like environmentalists and/or human rights advocates.

During the protectionist era of American trade history, employment-related arguments for tariff protection were invoked on a sectoral basis. In fact, trade-labor debates antedated the emergence of organized labor as a unified political actor. From the adoption of the constitution, sectional interests and friendly lawmakers commonly associated the protection of the manufacturer with the fate of the wage earner (Vear, 1955, 10). To push the Tariff Acts of 1828[57] and 1842, protectionists stressed the dislocating effects of trading with nations with inferior labor costs.[58] According to the

[57] The 1828 Trade Act or "tariff of abominations" implemented the highest tariff rates in American history. For more details, see Stanwood (1903, 243-4) and Eckes (1995, 23).

[58] Taussig notes that free traders initially invoked the wage differential between American and European workers to oppose the "infant industry" argument, according to which tariffs were needed to protect young manufactures. Free traders regarded high salaries as an obstacle to the establishment of new industries in

"pauper labor argument," the tariff would act as a "poor man's law" to protect American wages and employment against the pauper labor of its European competitors (Eckes, 1995, 25; Mangold, 1971, 70).[59]

After the Civil War, trade policy became the subject of bitter sectional and partisan conflicts, with Whig-Republican politicians praising the tariff as a shield for American wages and national industries while free trade Democrats defended export-oriented farm interests (for more details, read Foner, 1970, 18-21; Bensel, 2000, chapter 7). For all the support that import protection enjoyed in the post-bellum period, the position adopted by the emerging labor leadership on the tariff was surprisingly ambivalent. After adopting a protectionist plank at its founding convention in 1881, the Federation of Organized Trades and Labor Unions (FOTLU) revoked its policy in the face of internal divisions (Foner 1977, 263-4, 371; Fine, 1961, 131). Subsequently, the labor leadership decided to adopt a neutrality policy on the tariff in order to bridge sectional divisions within the movement and honor the Federation's commitment to non-partisanship. Of course, despite its official line, the AFL never had the power to restrain its constituent unions

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the United States. Protectionists soon appropriated the wage differential argument to justify the need to protect American workers (Taussig, 1910, 40-1).

[59] The arguments of Samuel Whitcomb, speaking before an early society of workers in 1831, are eerily reminiscent of the recent globalization debates in the United States:

> We import from other regions where the work is still performed by serfs and slaves and thus bring the hardy yeomanry of our own land, as well as our skillful manufacturers and mechanics, into a ruinous competition with those unfortunate fellow beings of other lands and countries. If one portion of them is oppressed and forced to toil for naught the produce of their labor is employed as a means of depressing the prices of their brethren in other lands. These products are sent here or elsewhere to be offered in competition with similar products of the labor of other men. No wonder then that when all the workingmen of Europe, Asia, and Africa are in a state of comparative slavery, that we of America should find it necessary to interpose the strong arm of Government to protect and cherish our own industries (cited in Mangold, 1971, 86).

from exerting protectionist pressures on Congress. Yet, despite repeated protectionist calls from individual unions, the AFL managed to maintain its neutrality policy until 1928 (Vear, 1955, 2-40).

In 1928, the creation of a high tariff lobbying organization, America's Wage Earners' Protective Conference (AWPEC), within the Federation itself signaled a policy shift on trade matters. With the rise of protectionist voices, the AFL leadership began to lend support to protective tariffs on a sectoral basis (Vear, 1955, 39, 58-89). This departure from the neutrality policy coincided with the intense lobbying efforts of American trade associations at the end of the 1920s, which resulted in the notorious Smoot-Hawley Act in 1930 (Vear, 1955, 40-58). Although the voices of trade associations largely predominated in congressional deliberations, employment and wage levels were once again an integral part of the trade debates (Schattschneider, 1935, 287).[60]

The 1930s saw a dramatic reversal of American trade policy. Under the leadership of Secretary of Commerce Cordell Hull, Washington began to move away from protectionism to advocate trade liberalization under the banner of "reciprocity."[61] As mentioned in chapter one, the new role of the executive branch in the trade policy process played a crucial role in this sudden policy shift. Hull's political reforms were given momentum by the rise of export-oriented industries, whose growing union membership led the labor federation to distance itself from protectionist policies and gradually support

[60] For instance, like the Trade Act of 1922, the Smoot-Hawley Act evoked the principle of "cost equalization" as a rationale for protection, a concept that included labor costs (Charnovitz, 1987, 568; see also Aaronson, 2001, 48).

[61] This was the spirit of the 1934 Reciprocal Trade Agreements Act. However, it must be noted that despite its protectionist tendencies, Washington had advocated reciprocity as a basis for its foreign economic policy since Jefferson's Report on Commerce in 1793 (Eckes, 1995, 63). For more details on the history of U.S. reciprocity policy, read Setser (1937) and Eckes (1995, chapter 3).

trade-liberalizing initiatives. In other words, structural changes within the unions' movement conditioned its changing attitude toward trade policy (Vear, 1955, 138-62).

By the early 1940s, organized labor had become a "consistent and reliable member of the free trade coalition" (Destler, 1998, 389; see also Alben, 2001, 1429). Needless to say, unions had not abandoned their commitment to a labor-friendly trade policy, as illustrated by their efforts to link international trade and labor standards (e.g. minimum wage, right to organize) during the debates on the aborted International Trade Organization (ITO).[62] Although the founding texts of the General Agreement on Tariffs and Trade (GATT) omitted the ITO's original employment chapter,[63] a majority of AFL-affiliated organizations, along with the entire CIO membership supported the creation of the new multilateral institution (Vear, 1955, 165-7).

George Meany's succession of Green as the AFL president heralded the beginning of a more explicit endorsement of free trade policies. As a strong anti-communist, the leader of the Federation supported Washington's strategic use of trade liberalization as a way to rally Western and Europe under the banner of the "free world." In 1953-54, both the AFL and the CIO expressed unequivocal praise for the GATT. Both organizations combined their support for trade liberalization with strong support for the improvement of international labor standards and increased assistance to trade-displaced workers.

Their common views on foreign economic policy provided ground for the creation of Trade Adjustment Assistance (TAA) in 1962. A stepping-stone for the linkage of trade

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[62] For reasons unrelated to its employment provisions, the ITO agreement failed to reap domestic support in the United States.

[63] For more details on the trade-labor debates surrounding the ITO, read George (2007); Charnovitz (2006, 138-9); Alben (2001); Aaronson (1996, 30-3, 50).

and labor issues, the TAA consisted of granting financial, technical and retraining assistance to workers or firms hurt by imports. Its aim was to weaken support for protectionism among certain union leaders so as to obtain their support for the Trade Expansion Act of 1962 that would launch the negotiations of the Kennedy Round. It also fitted with the administration's emphasis on worker retraining as a response to unemployment (Destler, 2005, 23-5; Destler, 1998, 391).[64]

If labor leaders were divided along sectoral lines by the stakes of multilateral negotiations,[65] the TAA won unanimous praise in the newly united union movement (Schoepfle, 2000, 105).[66] Hence, the AFL-CIO, chaired by the free-trade-leaning George Meany threw its support behind the Trade Expansion Act (Pastor, 1980, 111, 131; Dryden, 1995, 47).[67] However, in a world of increasing international competition, the restrictive provisions of the TAA program meant that labor's support for liberal trade policies would soon erode unless decision-makers addressed trade-labor issues in a more comprehensive fashion (Destler, 1998, 392-4).[68]

The Kennedy Round marked the apex of the liberal era of American trade policy. Yet, its conclusion released protectionist pressures that had hitherto been contained to safeguard the multilateral negotiations. At the end of the 1960s, a growing protectionist

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[64] For instance, the Manpower Development and Training Act of 1962 was designed to respond to concerns about the adverse effects of automation (Schoepfle, 2000, 97).

[65] Despite the labor leadership's liberal proclivities, textile and clothing unions remained opposed to trade liberalization (Katz, 1998, 409).

[66] The AFL and the CIO merged in 1955.

[67] Like Kennedy, Meany saw trade liberalization as an important weapon against communism (Pastor, 1980, 131).

[68] To be eligible for assistance, workers had to petition the U.S. Tariff Commission and demonstrate that increased imports "as a result in major part of concessions granted under trade agreements" had been "the *major* factor in causing, or threatening to cause" the group's unemployment. Between 1962 and 1969, no petition was accepted as eligible to TAA benefits. The eligibility criteria were relaxed in the Trade Act of 1974, as the next section will reveal (Schoepfle, 2000, 105-6; Destler, 1998, 392-3).

mood began to spread to all political spheres, not only in labor, but also within the business community, Congress and even the Executive. The rise of protectionist pressures was the byproduct of the changing nature of the international economy, and more precisely of the rising competition from European and Japanese companies in sectors where American companies had long been considered invulnerable (e.g. the computer, aircraft, semi-conductors, and automobile industries) (Aaronson, 2001, 61). Thus, the Kennedy Round was followed by "an extraordinary counterattack on liberal trade" (Dryden, 1995, 117).

During the first decades of the Cold War, Washington had unilaterally opened its market to promote economic growth and gain ideological allegiance among its European and Asian allies, sometimes neglecting the economic priorities of American firms.[69] Without abandoning its commitment to trade liberalization, America was now ready to defend its national economic interest (Dryden, 1995, 133-65; Eckes, 1995, 213) and declare, to use the words of budget director George Shultz, that "Santa Claus is dead" (cited in Dryden, 1995, 156).

The 1970s marked a dramatic reversal in labor's trade policy. In the face of rising import competition, the labor leadership came under increasing pressure to abandon its official support for liberal trade. Compounding the erosion of America's competitive edge, the rise of multinational corporations and the increasing outflow of American capital into developing countries alarmed leaders. In 1970, the AFL-CIO held its first

[69] Russell Long, chairman of the Senate Finance Committee expressed his unwillingness to see U.S. grant new trade concessions by stating that he was "tired of the United States being the 'least-favored nation" (Dryden, 1995, 177).

conference on international trade[70] and formulated four policy recommendations to absorb the shocks of trade liberalization: 1) the regulation of multinational corporations (labor practices, subcontracting etc.); 2) the enforcement of international labor standards, particularly in terms of wage levels and collective bargaining; 3) the improvement of trade adjustment assistance programs; 4) other methods of trade relief such as the escape clause or anti-dumping procedures. The support of union leaders for the fourth solution contrasted with their open repudiation of higher tariffs as a solution to trade-employment problems, a tactic that aimed to distance organized labor from discredited protectionist solutions (Shelton, 1970, 51-4).[71]

This attempt to qualify the Federation's support for trade liberalization was followed by a much clearer step in favor of protection. The International Trade and Investment Act of 1971, better known as the Burke-Hartke Act, epitomized labor's growing discontent – including from the once complacent George Meany – toward liberal trade and investment policies. Designed to restrain imports and foreign direct investment by U.S. firms that were deemed to threaten American jobs, the bill considerably raised the visibility of labor-trade debates in the United States.

The debates surrounding the Burke-Hartke Act also had the effect of forcing multinational corporations – the explicit targets of labor's advocacy efforts – out of their political passivity (Destler, 1998, 395; Dryden, 1995, 172; Aaronson 2001, 73). The anti-trade advocacy of a newly united labor movement coincided with the politicization of the

[70] The name of the conference reflected the unions' growing anxieties: "The Developing Crisis in International Trade" (Shelton, 1970).
[71] Protectionism was partly blamed for the international economic crisis of the 1930s that contributed to the rise of totalitarian regimes in Europe.

business community. These antagonistic tendencies set the stage for the class conflicts of the late century.

The debates on the Trade Act of 1974 arose in this sulfurous atmosphere. The bill was the first trade-liberalizing legislation that the unions' movement actively opposed (Pastor, 1980, 180). As with the Burke-Hartke Act, organized labor argued that the Trade Act did not appropriately regulate the practices of American multinational corporations. For unions, the rising level of unemployment in the early 1970s and America's first deficit (since 1888) in 1971 made a radical change in the U.S. trade policy all the more urgent (Kaplan, 1996, 90-4; Pastor, 1980, 138). The testimony of I.W. Abel, President of United Steelworkers at a congressional hearing of the House Ways and Means Committee captures labor's frustration about the bill: "America needs an entire restructuring based on the recognition that the concept of free trade versus protectionism... is badly out of phase with the vastly changed world of the seventies" (cited in Aaronson 2001, 78). Once again, however, labor failed to prevent the passage of the bill, which the Nixon administration partly secured by granting additional concessions to the steel and textile industries (Pastor, 1980, 180-1). By the end of the 1970s, one of the last labor advocates of trade liberalization, the United Auto Workers had joined the protectionist ranks, completing labor's conversion against free trade (Destler, 1998, 396).[72]

If the 1970s marked the emergence of class conflict in American trade debates, the 1980s witnessed labor's first coalition-building efforts in the trade policy sphere. Ironically, the mobilization of a new range of civil society actors, from religious and

[72] The second oil shock had devastating effects on the auto industry, triggering a rising demand for fuel-efficient Japanese cars.

human rights organizations to labor advocacy organizations like the International Labor Rights Fund (ILRF), resulted partially from their concern for the narrow protectionist positions adopted by many trade unions. They joined labor representatives[73] and congressional staffers to advocate a new approach to the promotion of human and workers' rights in American foreign policy (Compa & Vogt, 2001, 199-201; Compa 2001, 322). These embryonic coalition-building efforts would provide ground for the fair trade networks of the 1990s.

The first breakthrough of this new loose alliance was the Caribbean Basin Initiative (CBI). Designed to foster economic development in Caribbean countries, the Caribbean Basin Economic Recovery Act of 1983 granted duty-free entry for all specified products from any countries eligible for beneficiary status. Under this program, the U.S. president is directed to consider 18 eligibility criteria, two of which refer to workplace conditions and collective bargaining rights (Charnovitz, 1987, 573; Alston 1993, 3; see also Charnovitz, 1984, 54-55).[74] What made the CBI even more significant is that it served as a blueprint for a broader recognition of the trade-labor linkage under the General System of Preferences (GSP).

Created in 1974, the GSP grants trade preferences to developing countries – from any region of the world – to promote their exports and attract foreign direct investment in regions in need of capital (Elliott, 1998). When it came under Congressional scrutiny for

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[73] The unions represented included the UAW, the International Association of Machinists, United Food and Commercial Workers (UFCW), American Federation of Government Employees and officials of the AFL-CIO.

[74] These two standards are two implicit references to the International Labor Organization (ILO) framework. However, some have stressed the purposeful omission of another core labor principle: non-discrimination in employment (Alston, 1993, 7; Charnovitz, 1987, 573).

re-authorization in 1984, organized labor and its new allies mobilized to demand that American trading partners meet labor standards in order to retain eligibility. As a result of their mobilizing efforts, Congress allowed the president to deny trade preferences to any country that "has not taken or is not taking steps to afford internationally recognized worker rights" (Elliott, 1998; Destler, 1998, 396).[75] The GSP constitutes a major breakthrough in the institutionalization of the trade-labor linkage, culminating decades of debates surrounding the social implications of trading with nations with inferior labor standards. For organized labor, the CBI and GSP victories were also emblematic of the benefits of coalition-building tactics.

This brief historical analysis of American tariff policy reveals that labor advocacy has long been integral part of trade debates. However, until the 1970s, organized labor generally remained divided along sectoral lines. Over the past few decades, however, the combination of rising import competition and investment liberalization seem to have united labor unions against corporate free traders. In addition, to these growing class conflicts, labor's collaboration with non-governmental organizations in the 1980s prepared the union movement for the broader coalition-building efforts that would occur in the fair trade era.

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[75] These include: freedom of association; right to organize and bargain collectively; prohibition against forced labor; a minimum age for child labor; acceptable conditions of work with regard to minimum wages, working hours and occupational safety and health.

In addition to broadening the CBI's labor standards framework and geographic scope, the GSP also provides tremendous opportunities for public participation through the petition filing procedures. For more details, read (Elliott, 1998); Charnovitz (1987, 573-4); Compa and Vogt (2001); and Compa (2001, 323-4).

Labor and trade today

If organized labor has become increasingly united against free trade, not all segments of the unions' movement are likely to respond to trade policy decisions in the same manner. This comes from one obvious fact: workers are not uniformly affected by international trade.

Logically, the industrial segment of the labor movement has been much more actively involved in trade debates owing to the corrosive impact of import competition and outsourcing on the American manufacturing sector. Among the most active unions in the trade sphere are the United Auto Workers (UAW), the Steelworkers (USW), UNITE (formerly the Union of Needletrades, Industrial and Textile Employees),[76] the International Association of Machinist and Aerospace Workers (IMAW), the United Mine Workers of America (UMWA) and the Teamsters.[77]

Other segments of organized labor like the National Farmers Union have also been involved in trade debates. More sporadically, public and service unions like the Service Employees International Union (SEIU), American Federation of State, County and Municipal Employees (AFSCME) and the American Federation of Teachers (AFT) have also shown their support for fair trade principles (especially workers' rights). Of course, these groups have not mobilized on the same scale as industrial unions have. Yet at times they have participated in trade debates not only by signing petitions but also by protesting

[76] UNITE merged with HERE (Hotel Employees and Restaurant Employees International Union) in 2004.
[77] Although the Teamsters represent primarily truck drivers, the union has recently merged with unions from the printing and railway industries (International Brotherhood of Teamsters, undated).

on the streets of Seattle.[78] This is surprising to the extent that the workers in these unions are not directly affected by the dislocating effects of international trade but, as one business representative commented with exasperation, may on balance benefit from the lower prices resulting from trade liberalization (e.g. for school and office supplies) (Goudie, 2007*).

The broad opposition of union workers to trade liberalization could be linked with working-class solidarity and/or the negative image that free trade agreements have had among workers, whether they are more likely to suffer or benefit from them. As the subsequent chapters will illustrate, trade and globalization have sometimes elicited visceral reactions among the rank-and-file, prompting union leaders to be more intransigent than they might have been otherwise. Partly as a response to these bottom-up pressures – and partly as a legacy of its industrial tradition – the AFL-CIO has been a vocal opponent of recent trade-liberalizing bills. What emerges from this brief overview is that, despite its sectoral divisions and the autonomy of its international unions[79] in regard to political action,[80] the U.S. labor movement recently has been relatively united in its criticisms of American trade policy. When contrasted with the private sector's large support for free trade agreements,[81] the unions' consensus on fair trade – if not import protection – tends to reinforce the class dimension of contemporary trade debates.

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[78] This was the case of the AFSCME and the SEIU. Even the International Longshoremen's Association, once one of the few labor unions supporting free trade (Destler and Odell, 1987, 25), was a leading force in the demonstrations (Gould, Lewis and Roberts, 2004, 93).

[79] Unions are called "international" for their historical ties with Canadian locals.

[80] For more details on the organizational structure of organized labor and the relation between the AFL-CIO and its member unions, read Asher, (2001 chapter 1) and Yates (1998, 41-5).

[81] This point is discussed in a subsequent section of this chapter.

Labor and human rights NGOs

As the previous section has shown, unions were not alone in their efforts to defend workers' rights at home and abroad. In the 1980s, a coalition of non-governmental organizations began to see American trade policy as a source of political leverage to promote the enforcement of human and labor rights abroad. The Caribbean Basin Initiative and the General System of Preferences were the legacies of their advocacy efforts. Unions' new allies include social justice advocates like the Institute for Agriculture and Trade Policy and the International Labor Rights Education and Research Fund, both of which were key architects of the anti-NAFTA coalitions (Aaronson 2001, 110-6) as well as the United Students Against Sweatshops[82] and the National Labor Committee for Human Rights. They have remained active in trade policy debates, as witnessed by their strong opposition to CAFTA in 2004-2005.[83]

Joining their call for decent working conditions have been human rights organizations, which are more erratically involved in trade debates. Like labor advocacy groups, human rights NGOs have been strong advocates of workers' rights, fighting to eliminate child and slave labor across the world.[84] Their focus, however, goes beyond the enforcement of labor standards to include political freedom, rights to health etc.

As with labor advocacy, human rights debates related to trade policy did not emerge in the 1990s. From the abrogation of a U.S.-Russian commercial treaty in response to Russian pogroms in 1912 to the 1974 Jackson-Vanik Amendment limiting trade with

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[82] For more information on the anti-sweatshop movement, read Elliott and Freeman (2005).
[83] See chapter 7.
[84] Academic experts still debate the validity of considering workers' rights as universal human rights. For a discussion, read Alston (2005) and Aaronson & Zimmerman (2008), and Srinivasan (1998).

foreign countries restricting the emigration of their citizens and Congress's sanctions to end South Africa's apartheid,[85] Washington had often used its economic leverage to protest against human rights abuse. To this day, the United States continues to deny Most Favored Nation (MFN) status[86] to three countries on political grounds: Cuba, Laos and North Korea (Aaronson & Zimmerman, 2008, 159-63). Thus, it would be misguided to interpret recent human rights advocacy in the trade sphere as a pure product of fair trade politics.

On the other hand, for human rights advocates, the rising prominence of "trade and…" issues has provided both new political avenues to promote their causes and opportunities for coalition-building. Conversely, the support of a broader pool of non-governmental organizations has granted more credibility to the internationalist claims of American labor unions. It has also armed labor advocates with information resources about workers' rights abuse and human rights violations in America's potential trading partners.

More problematic for fair traders is the fragmented and erratic mobilization of human rights NGOs in the trade policy sphere. If large organizations like Human Rights Watch or Oxfam have been relatively consistent in their advocacy efforts – though far from fully active – the constellation of civil society groups involved in fair trade campaigns varies from one legislative battle to another. For instance, NAFTA mobilized many women's rights advocates on both sides of the Rio Grande; the PNTR debates featured Tibetan

[85] The amendment implicitly targeted the Soviet Union, which imposed restrictions on the emigration of Russian Jews (Hook, 2005, 125).

[86] This principle of non-discrimination is a pillar of the international trade system, according to which a nation receiving MFN status is assured that its exports are subject to no greater tariffs than those imposed on exports from any other country (Destler, 2005, 349).

activists and defenders of religious' rights. In addition to their sporadic involvement, not all human rights' advocates have pursued the same political objectives: while some NGOs tend to see trade liberalization as a way toward political openness, others have demanded democratic reforms as prerequisites to commercial agreements.[87]

For the purpose of this study, the participation of human rights organizations in trade debates is notable to the extent that it is an integral part of the "new politics of trade," and more precisely the coalition-building efforts undertaken by labor unions. Yet, like environmentalists or consumer advocates, the involvement of human rights NGOs in trade debates and their leverage in trade debates should not be overstated.

II) ENVIRONMENTALISM

Whether it is exaggerated by activists or virtually ignored by trade economists, the role of environmentalists in the trade policy process has often been misunderstood. This section aims to assess the significance (or lack thereof) of the involvement of the environmental movement in the trade sphere and, conversely, the importance of commercial issues for the ecological community. To do so, it begins with a brief historical overview of environmental politics since the emergence of modern environmentalism, before mapping out its heterogeneous structure. It then zooms in on the relation of the movement with trade issues with a short analysis of the origins of trade-environment debates. Finally, it puts recent coalition-building efforts in perspective with a brief history of labor-environmental relations in the United States.

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[87] See chapter 5.

Environmentalists in the electoral arena

In the 1960s, traditional conservationism[88] morphed into a more far-reaching and assertive branch of environmentalism. Modern environmentalism was born out of the activist culture of the 1960s, capitalizing on the growing field of environmental and health science, the increasing media coverage of ecological issues and the advent of a "postmateralist" society (Inglehart, 1977) less concerned with bread-and-butter issues (Dunlap & Mertig, 1992, 2-3; Hays, 1989, 21-9).

Unlike labor unions, which struggled for decades before obtaining national recognition, modern environmentalists were relatively quick to obtain policy concessions from the federal government, as illustrated by the successive passage of Clean Air Acts (1963, 1967, & 1970) and Clean Water Acts (1965, 1970, 1972). The "environmental decade" of the 1970s not only established the legal, political and institutional foundations of America's environmental policy – most notably with the creation of the Environmental Protection Agency in 1970 – but also saw the rise of environmental consciousness among American citizens (Rosenbaum, 2002, 19). However, the momentum for environmental reforms dissipated as quickly as it had formed. Stagflation soon pitted environmentalists against an increasingly politicized business community. The latter organized a new form of environmental opposition along two corporate axes: the primary sector (farming, mining, lumbering) and the secondary sector (e.g. chemical industry, land developers etc.). This anti-environmental backlash coincided with – or partly encouraged – a decline

[88] The conservation movement was born in the late 19th century and sought to make natural resources sustainable for production. Hays distinguishes the conservation from modern environmental movements as follows: "the first was a part of the history of production; the second, of the history of consumption" (Hays, 1989, 22).

of public interest in environmental issues in the late 1970s as well as a drop in the membership of environmental organizations' (Hays, 2000, 109-11; Dunlap & Mertig, 1992, 4).

If Ronald Reagan's agenda had damaging effects on unions' interests, his deregulatory policies had mixed effects in the environmental realm. The president who famously claimed that trees polluted more than cars, used his federal powers to bring the environmental momentum to a halt. While his administration strove to cripple national regulatory agencies,[89] it also repeatedly invoked federal authority to restrict states' rights to adopt local solutions to environmental problems (Rosenbaum, 2002, 39; Hays, 1989, 57-8). Paradoxically, Ronald Reagan's business-friendly agenda had the effect of reinvigorating environmental activism, triggering dramatic increases in membership and financial donations. No one infuriated environmental activists more than Interior Secretary James Watt, who epitomized the administration's anti-environmental stance (Dunlap & Mertig, 1992, 4-5). With the support of its reinvigorated environmental constituencies, the Democratic Congress resisted the deregulatory attacks of the Reagan administration (Hays, 2000, 118).[90]

In this context, George H. W. Bush distanced himself from Ronald Reagan's deregulatory agenda. Although the self-proclaimed "environmental president" never re-established the regulatory role of the government, he generally proved to be more sympathetic to environmental policies, as revealed by the appointment of environmental

[89] According to Kraft and Vig (2006, p. 19), the massive budget reductions in environmental funding during the 1980s had long-term adverse effects on the federal government's ability to implement environmental policies.

[90] In the 1970s and 1980s, two thirds of congressional Democrats supported pro-environmental laws against only one third of Republicans (Hays, 2000, 118).

leaders (e.g. William Reilly at the EPA, Michael Deland) and his promotion of the Clean Air Act amendments of 1990 (Rosenbaum, 2002, 20; Tokar, 1997, x).[91]

The Democrats' return to presidential power elicited considerable hopes among environmentalists. The Clinton administration, which had largely benefited from the support of green voters,[92] set an ambitious political agenda that promised to strengthen federal regulation, limit carbon emissions and promote green technologies (Vig, 2006, 108). As during the Reagan years, however, opposition in Congress considerably constrained the executive's political agenda. Under the leadership of Newt Gingrich, the Republican majority confronted the environmental community with a hostile legislative agenda that undermined the past achievements of the green movement.

Although the Clinton administration managed to resist the deregulatory assault of the Gingrich Congress and partly reformed and strengthened environmental protection, its environmental legacy was scarred by the bitter partisan conflicts of the 1990s, as witnessed by the failure of several of its major initiatives (the fuel-efficiency tax, the ratification of the Kyoto Protocol etc.). If one takes into consideration the general apathy of the American public,[93] the drift of the membership and the ossification of "Big Environment" – a bureaucratic and legalistic version of the original environmental movement – the picture of environmental politics at the end of the century seemed grim (Vig, 2006, 108-11; Rosenbaum, 2002, 39; see also Bosso, 2005, 1-15).

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[91] Tokar offers a different interpretation and claims that President Bush implemented an "agenda of regulatory sabotage" that was as "vicious as Reagan's, but considerably more sophisticated" (Tokar, 1997, 61).

[92] Environmentalists voted for Bill Clinton over George H. W. Bush by more than a 5-1 margin (Vig, 2006, 108).

[93] Rosenbaum refers to a "passive consensus" according to which Americans generally favor environmental laws while paying little attention to their implementation (Rosenbaum, 2002, 39).

Yet grim as it may have been, it turned even grimmer under the presidency of George W. Bush, who used his administrative powers to re-energize the anti-regulatory agenda of Ronald Reagan (Vig, 2006, 111). This time, however, environmental organizations could no longer count on Democratic support in Congress. Thus, President Bush faced fewer checks on his use of presidential powers to redefine America's environmental commitments than any of his predecessors since Richard Nixon proclaimed the first environmental decade in 1970 (Vig, 2006, 117-8).[94]

In sum, after a rapid ascension on the political scene, environmentalists saw their policy agenda under threat from the deregulatory reforms pushed by the GOP-business alliance. If they could generally count on the sympathy of the Democratic politicians – whether in Congress or the executive branch – their ability to influence the policy process remained severely constrained by the divided governments of the 1980s and 1990s. The Republicans' dominance of both branches of government in the early 21st century gave the environmental movement little hope of making political progress. Its internal divisions further undermined its chances of success.

Understanding the environmental movement

Anyone familiar with the environmental community would deem the image of a single, monolithic movement inaccurate (Dunlap & Mertig, 1992, 6). The point here is not to delve into the intricacies of the American environmental kaleidoscope, but rather to

[94] Chapter 6 discusses the relationship between the Bush administration and the environmental movement.

clarify the meaning of or correct the misperceptions about what is also referred as the "green lobby".

Since the late 1960s, when modern environmentalism emerged on the political scene,[95] it has become increasingly diverse, dividing itself along overlapping ideological, organizational and even tactical lines (Scarce, 1990, 27). Yet, as Samuel Hays has noted, the diversity of the green movement is poorly understood because of the media's almost universal focus on organizations based on K Street, i.e. the most visible part of the iceberg (Hays, 2000, 95). Admittedly, financial and political resources are concentrated in a small number of non-governmental organizations sometimes referred to as the "Big Ten"[96] or owing to the growing number of environmental organizations, the "Big Twenty Six." These informal alliances often collaborate on national issues. Although not all national environmental groups are involved in lobbying activities, the largest ones have become highly professionalized and specialized and today use the same modern techniques of advocacy as any powerful national lobby.[97] Unsurprisingly, these are the organizations that played a prominent role in the legislative debates surrounding trade liberalization.

The professionalization of the national "Green Lobby" notwithstanding, "behind-the-scenes" local activities have also dramatically expanded from the 1970s through the 1990s. Today, "grassroots" environmentalism functions as a loosely structured movement

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[95] The origins of the environmental movement dates back to the late nineteenth century, when conservationists or "first wave environmentalists" organized to demand a wiser management of natural resources (Dunlap & Mertig, 1992, 1-2).

[96] This alliance regroups: the National Wildlife Federation (NWF), the Sierra Club, the National Audubon Society, the Wilderness Society, Friends of the Earth, the Environmental Defense Fund (EDF), the National Parks and Conservation Association, the Izaak Walton League, the National Resources Defense Council (NRDC) and the Environmental Policy Institute.

[97] This paragraph borrows from Mitchell (1989, 100-7), Hays (2000, 94-108) and Rosenbaum (2002, 34).

with three overlapping, but distinct levels of organizations: community-based groups, regional or statewide coalitions and national organizations.[98] This intricate network of activists is often absent from common representations of the environmental movement, yet has also played a non-negligible role in trade debates. For instance, during the NAFTA debates and at the Seattle protests, grassroots organizations not only helped to build alliances with labor unions, but also educated the public about the environmental ramifications of trade agreements. In addition, their common emphasis on human health also broadened the scope of political debates (Freudenberg, 1992, 27-35).

Apart from their organizational structure, environmental groups also vary considerably in their ideological orientation. The Group of Ten tends to adopt moderate positions. These organizations stand for the "pragmatic reformers" that play by congressional rules and attempt to shape policies through bargaining and coalition building (Rosenbaum, 2002, 29). Their moderate, conformist methods have come under attack from the radical fringe of the environmental movement, which favors direct action tactics ranging from nonviolent demonstrations to "monkeywrenching" (sabotage). Radical environmentalists have been deeply frustrated by what they perceived as the limits of bureaucratic, co-opted national organizations (Rosenbaum, 2002, 39).[99] For environmental activist Brian Tokar,

> The history of mainstream environmentalism in the 1990s has been one of legislative compromise and capitulation, missed opportunities, and the ever persistent pursuit of 'influence' in a fundamentally corrupt and anti-ecological political system (Tokar, 1997, 22-3).

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[98] For instance, though often seen as a key member of the "Big Ten," the Sierra Club coordinates a wide network of grassroots organizations via local and state chapters.

[99] For a more recent discussion, read Bosso (2005).

Yet, here again, the picture is not monochromatic in so far as certain anti-establishment groups such as Friends of the Earth paradoxically rely on traditional forms of political activity (Rosenbaum, 2002, 29). [100] Despite its prominence in the media, Greenpeace is generally considered not as a mainstream organization, but as a "bridge to radicalism" (Scarce, 1990, 47-56).

Thus, to a much greater degree than the labor movement, the network of environmental organizations is divided along organizational and ideological lines. Unlike unions, which are at least loosely coordinated by the AFL-CIO, modern environmentalism is highly decentralized and functions through a nebulous network of grassroots and national organizations.

Environmentalists and American trade policy

The pervasive divisions of the environmental movement shed light on its uneven involvement in trade debates. On the ideological level, there is a general lack of consensus surrounding not only the costs and benefits of trade liberalization but, to a broader extent, the logic of capitalism. On the one hand, mainstream organizations regard economic growth as a positive force that can raise resources for environmental protection. On the other hand, more radical groups associate economic growth with increased industrial activity and systematic environmental degradation (Esty, 1998, 28). Their trust – or lack thereof – in market solutions influences their attitude toward trade agreements and regulatory issues.

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[100] In addition, national organizations should systematically be considered as "mainstream": e.g. Environmental Action and the Sea Shepherd Society have a pronounced proclivity for direction action.

However, not all environmental organizations have an official position on trade policy, an issue-area that doesn't always have tangible ecological ramifications. As Sierra Club Senior Representative of the Responsible Trade Program Margrete Strand confesses, one of environmentalists' main challenges in the trade policy sphere is to try to make trade issues relevant to their membership (Strand, 2007*). Although the environmental impact of trade initiatives like NAFTA can be framed in vivid terms to mobilize environmental activists, most trade bills fall below the radar of ecological groups. This is not only due to the limited financial resources available to green organizations (particularly local ones) but also to their deliberate choices to privilege one issue over another in a context of increased specialization.[101]

What must be clear is that environmentalists are by no means driving forces behind the trade policy process. Nor should their coalition-building efforts with labor unions be exaggerated. As this chapter will illustrate, the coalition-building efforts of the blue-green alliance continues to raise suspicion on both labor and environmental sides. However, the participation of environmentalists in trade legislative battles is a distinctive feature of contemporary trade politics, as is their joint mobilization with organized labor or consumer advocates. The purpose of this dissertation is to reveal the distinctive features of fair trade politics without exaggerating its significance. Before turning to these coalition-building efforts, this chapter will examine the origins of the trade-environment nexus.

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[101] For a more general discussion of environmental perspectives on trade, see Esty (1998) and Esty (1994, 37-42).

The short history of environmentalists' involvement in trade politics is commonly traced to one catalytic event. In 1991, an international dispute panel concluded that a U.S. environmental law violated America's treaty obligations under the GATT. Since 1972, the U.S. Marine Mammal Protection Act banned imports of tuna from nations whose dolphin protection standards were laxer than American ones. The GATT declared that the U.S. law was an unacceptable imposition of extraterritoriality that constituted an unfair trade practice as defined by the multilateral trade system.[102]

This event occurred amidst growing debates on sustainable development within the environmental community, as illustrated by its criticism of the World Bank in the late 1980s (Esty, 1998, 201). The GATT's unprecedented ruling outraged American ecological groups and became a symbol of the conflicts between international market forces and environmental protection. At demonstrations on Capitol Hill, environmentalists vilified the monstrous "GATT-zilla" and its threat to the survival of "Flipper" the dolphin, leading Earth Island Institute's executive director David Phillips to prophesize: "In the 1990s, free trade and efforts to protect the environment are on a collision course." (cited in Vogel, 2000, 75). History would prove him right, as the next chapter will illustrate. On the heels of the tuna-dolphin controversy, the NAFTA debates marked a turning point for the involvement of green organizations in trade politics. It was also a peculiar moment of collaboration between the labor and environmental movements, whose relationship had historically been tumultuous.

[102] For a summary on tuna-dolphin case, see Esty, (1994, 30-1), Vogel (2000) and Tabb (2004, 342-4).

Solidarity and contention between blue and green organizations[103]

To better understand the nature of the blue-green alliance in the fair trade context – its motives, its internal tensions etc. – one must analyze the potential sources of conflict and cooperation between the movements and examine their interactions in historical perspective.

Perhaps the greatest source of contention between the blue and green movements has been the pervasive idea of the "jobs-versus-the-environment" trade-off, according to which environmental regulation lowers corporations' profits and leads to job losses. Without delving into costs-benefits analyses of environmental regulation, two general remarks can be made. First, one should acknowledge that not all sectors are created equal when it comes to environmental regulation. Thus, certain categories of jobs e.g. in the mining or lumber industries seem at first sight more vulnerable to environmental regulation. Second, one should also remain cognizant of the politicization of such economic debates e.g. the employers' use of "environmental blackmail" – the threat to layoff employees to mobilize the latter against regulation.[104]

To compound these potential economic conflicts, institutional and ideological obstacles have also commonly hampered coalition-building efforts between blue and green organizations. As one leading environmentalist recently noted in an interview, the contrast between the decentralized nature of the environmental movement and the hierarchical structure of organized labor can be a source of incompatibility (Magraw, 2008*).

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[103] "Solidarity and contention" is the title of Dreiling's book on the NAFTA debates (Dreiling, 2001).
[104] For a discussion, read Kazis & Grossman (1982), Miller (1980), Goodstein (1999), Siegmann (1985).

Ideologically speaking, the internal divisions of the environmental movement are likely to pose problems for alliance-building, with radical green organizations being unlikely to build ties with conservative unions (Obach, 2004; Siegmann, 1985; Dreiling, 2001). These ideological tensions are also related to the class divide between labor unions and environmentalists, with blue-collar union members more likely to mobilize for tangible economic benefits, while often upper-middle class green constituencies fight "postmaterialist" conflicts.[105]

While analyses of labor-environmentalist interactions have often highlighted the sources of conflict structuring their relation, they have also stressed the potential benefits of cross-field cooperation, and the conditions under which this might occur. From the literature on coalitions (Gamson, 1961; Riker, 1962) to theories of social movements (Tilly, 1978; McCarthy and Zald, 1977) and political networks (Knoke, 1990; Podolny and Page, 1998), the formation of alliances has been widely understood as an aggregation of resources and political support, a strategy motivated by the prospect of political success. Collective action scholars share a multidimensional conception of resources, understood as facilities, labor, capital and technical expertise (Tilly, 1978, 69) or legitimacy (McCarthy and Zald, 1977, 1216-20; see also Podolny & Page, 1998), to which could be added "polity access," and particularly the political support that both environmentalists and unions have enjoyed within the Democratic Party (Obach, 2004).

Here again, the political issue and the economic sector under consideration are likely to be crucial determinants of cooperation. If the energy sector is often thesource of

[105] This is the argument made by "new" social movement theorists. See (Inglehart, 1977; Cohen, 1985). For a class-based analysis of labor-environmental relations, read Dreiling (2001) and Gould, Lewis and Roberts (2004).

conflict between environmentalists and trade unions, health and safety issues provide great opportunities to reach common ground. In fact, lower and working class people are often the first victims of ecological degradation. Thus, workers and environmentalists can perhaps bridge the class divide to fight for environmental justice (Rose, 2000; Gould, Lewis and Roberts, 2004). Identifying common enemies – employers or anti-regulation administrations – as a common enemy of labor and environmental regulation represents another prospect for cooperation (Dreiling, 2001; Kazis and Grossman, 1982). In this regard, labor's relation with management should provide key indications about the potential formation of a blue-green alliance.

A brief history of labor-environmentalism relations (1965-1990)

The first encounters between organized labor and third-wave environmentalists occurred in a cooperative atmosphere. Labor's growing interest in environmental and health issues in the 1960s was crucial to these friendly relations. While the AFL-CIO showed support for cooperation with green organizations, two unions were instrumental in building bridges with the environmental community: the Steelworkers Union and the United Auto Workers (UAW).[106] The most symbolic incarnation of blue-green solidarity was labor's support for a series of pioneering environmental laws, including the 1969 National Environmental Policy Act, the 1970 Clean Air Act and the 1972 Clean Water Act (Siegmann, 1985). The unions' solidarity was reciprocated with the environmentalists' endorsement of the Occupational Safety and Health Act (1970), and

[106] UAW leader Walter Reuther stated that his environmental ambitions were not confined to workplace safety but stood as a "crusade" for "cleaning up the atmosphere, the highways, the junkyards and the slums" (cited in Siegmann, 1985, 25).

support of prominent ecological organizations for the Oil, Chemical and Atomic Workers' (OACW) massive strike and boycott against Shell Oil in 1973.[107]

The friendly terms of environmentalists-labor relations did not last very long. The economic recession of 1973 heralded a period when the "jobs-vs.-the-environment" trade-off gained prominence, dividing blue and green advocates. Indeed, the difficult economic climate of the 1970s led unions to focus more narrowly on job protection, thereby inhibiting their capacities for coalition-building.

The Alaska Pipeline project constituted a classic example of the debate between job protection and environmental regulation. The fire was fanned by the oil industry and its political allies who argued that "extreme environmentalists" and the federal government prevented the state of Alaska from developing its oil resources, thereby depriving the US economy of low energy prices and job creation (Government Executive, 1984; Goodstein, 1999, 105).

Even more divisive for labor and environmental advocates were debates surrounding nuclear energy. While environmentalists mobilized to obstruct the construction of power plants across the country and pass anti-nuclear referenda, organized labor – not only the International Brotherhood of Electrical Workers (IBEW), but also the AFL-CIO leadership – asked for speeding up the construction of nuclear facilities (Siegmann, 1985, 26-7).

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[107] These friendly relations were the fruit of the coalition-building efforts of OCAW leader Tony Mazzochi, a long advocate of labor-environmental cooperation (Kazis & Grossman, 1982; see also Gordon, 1998). Environmentalists' endorsement of the OCAW's health and safety demands to the reticent management of Shell Oil is likely to have conferred additional legitimacy to the union's cause.

Even initiatives to foster blue-green dialogue suffered from the rising tensions between environmentalists and trade unions. At the National Action Conference for Environmental and Economic Justice and Jobs in 1976 (the "Black Lake" Conference), labor representative Tom Donohue bluntly declared that where the jobs come from, and the kind of production they entail "[was] not a big issue with trade unions" (cited in Miller, 1980, 35). Labor's lack of concern for environmental protection paralleled the environmentalists' disregard for the socio-economic grievances of the working class,[108] an inclination that made them more vulnerable to the criticisms of industry management.[109]

The deregulatory assault launched by the Reagan administration had unexpected effects on labor-environmentalism relations. The fight against deregulation provided political common ground for the two advocacy networks, a clear shift from the jobs-versus-the-environment trade-off (Obach, 2004). Other changes helped to relax the tensions between the two movements. By 1980, certain labor unions like the UAW or the United Steelworkers of America (USWA) were ready to collaborate with the anti-nuclear movement. As in the 1960s, cooperation was most efficient in the health and workplace safety spheres, where blue-green coalitions formed, and largely operated, at the local level (Siegmann, 1985).

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[108] Certain radical branches of environmentalism called for "zero-growth," as a solution to ecological degradation, a campaign unlikely to reap the support of unionized workers (Siegmann, 1985, 26).

[109] This does not mean that the second half of the 1970s did not witness attempts of cooperation between blue and green organizations. First of all, the Black Lake Conference of 1976 did promote cooperation through the creation of regional workshops between environmental, labor and community organizations. In addition, ecological organizations did not prove completely indifferent to workers' concerns, as illustrated by the formation of the Environmentalists for Full Employment (EFFE) in 1975 – a coalition of 100 environmental "labor-friendly" NGOs – or the greens' support for the aborted Labor Law Reform Bill of 1978 (Siegmann, 1985, 29-30).

An example of this kind of grassroots, cross-field collaboration was the AFL-CIO's outreach to local environmental and citizen organizations along the Mexican border. In 1989, the labor federation co-founded the Coalition for Justice in the Maquiladoras with several grassroots environmental and citizen organizations. This blue-green alliance began an information campaign about the pervasive health hazards of the *maquilas*. The unions' calculated outreach to environmentalists, which foreshadowed the coalition tactics of the labor movement in the 1990s, succeeded in drawing increasing attention to the negative aspects of the *maquiladoras*. As Mark Anderson, director of the union's trade taskforce, puts it, "Environment became a means of drawing attention to poor company practices in the border... Nobody cared about a worker losing his job his Illinois. They were much more sensitive to toxic dumping in Mexico." (cited in Mayer, 1998, 72). Thus, a search for increased legitimacy motivated the unions' alliance with environmentalists. While these coalitions were confined to the local level, they augured well for the future of blue-green relations, as the NAFTA debates would illustrate a few years later (Mayer, 1998; Dreiling, 2001).

However, the mobilizing efforts of labor and environmentalists did not thwart the deregulatory offensive that crippled the implementation of both environmental and occupational safety laws at the federal level (Siegmann, 1985). Furthermore, a number of contentious issues continued to inhibit the formation of a broad-scale blue-green coalition. The clash over the protection of Northeastern forests proved that the cooperation between labor and environmentalists could not be taken for granted. In a contentious case where the jobs-versus-the-environment trade-off seemed far from

illusory, the "spotted-owl controversy" pitted timber industry workers against protectors of an endangered ornithological species. The eventual victory of environmentalists strained relations between labor and environmentalists at the local level (Obach, 2004).

A few years later, the debates on the Clean Air Act of 1990 would further damage their chances of cooperation, this time at the national level. Once again, employers exploited job insecurity to mobilize labor – in this case, the United Mine Workers – against sulfur restrictions. However, the industry's anti-ecological campaign was not empty "environmental blackmail." Following the passage of the Clean Air Act, coal miners, especially in the East, lost nearly 7,000 jobs (Obach, 2004).

In sum, the terms of labor-environmental relations since the 1960s have varied from one political issue to another, largely preventing the formation of a broad-scale blue-green coalition. On the one hand, the jobs-versus-the-environment debate remains a key wedge between environmentalists and union members, with particular sectors like the energy or the timber industries particularly likely to pit one activist community against the other. On the other hand, organizational, ideological or class-based differences between the labor and the environmental movements are not intrinsic obstacles to cross-field cooperation. In numerous cases, labor and environmentalists' have made common cause to defend social and environmental regulation against hostile employers and administrations. This means that when job protection and environmental regulation are compatible objectives, there is tremendous potential for collaboration, as labor and environmentalists' joint mobilizations for health and safety regulation demonstrated. As

the rest of this dissertation will show, trade policy constitutes precisely an issue-area where blue and green can find common ground.

III) CONSUMER ADVOCATES

Any discussion of American fair trade advocates would be incomplete without describing the role played by consumer organizations. Like human rights and labor NGOs, environmentalists and consumer advocates share a number of common demands – e.g. a more environmentally responsible trade policy, a transparent policy process etc. For the purpose of parsimony, this dissertation will often examine jointly their involvement in the different legislative battles under consideration. To better understand the structure of the fair trade network, it is, however, important to evoke the experience that consumer advocates have had in the trade policy sphere, and the idiosyncratic role played by Public Citizen in recent trade battles.

In the 1960s and 1970s, consumer organizations primarily focused on the domestic policies of U.S. regulatory agencies. As they began to pay attention to international trade in the 1980s, they initially concentrated their advocacy efforts, not on import protection from unsafe products, but on the restrictions of certain U.S. export products e.g. DDT and other hazardous pesticides, cigarettes and logs from state-owned lands.

Consumer organizations became alarmed by the GATT's shifting focus on non-tariff barriers in the late 1970s, realizing the potential conflicts between domestic regulation and international trade.[110] As with environmentalists, the tuna-dolphin case and the

[110] This paragraph borrows from Vogel (1995, 196-217).

NAFTA debates were two catalystic events in the involvement of consumer NGOs in trade debates. They have now generally become critical of both the trade policy process and the design of international trade agreements.

Of course, like environmentalists or unions, consumer advocates do not speak with one single voice.[111] Thus, depending on the organization and the policy under consideration, they have stood on both sides of the trade divide. For instance, some groups like the Consumers Union have testified against import restraints. Similarly, Consumers for World Trade, despite its lack of connections with the rest of the consumer movement, has always been strongly antiprotectionist (Destler and Odell, 1987, 32; Destler, 2005, 188). Others like the Community Nutrition Institute, National Consumers League and Public Citizen (Mayer, 1998, 76-8) have recently mobilized against international trade agreements deemed to undermine national regulations.

Though commonly accused of defending nationalist or protectionist policies, consumer advocates generally focus on *regulating* instead of blocking trade. In fact, their recent mobilization in the trade policy sphere is a symbol of the "new politics of American trade." It came as a political response to the expanding legal scope of international trade agreements that can no longer be captured by the free trade versus protectionism dichotomy. In an increasingly interconnected world economy, trade liberalization comes into conflict with national regulatory issues that range from sanitary and phytosanitary standards to eco-labeling and the use of genetically-modified organisms (GMOs). Thus, the involvement of consumer advocates in trade politics can hardly be reduced to protectionism in disguise. In response to protectionist accusations,

[111] For a more detailed analysis of the consumer network, read Bykerk and Maney (1995).

one fair trade activist replied: 'Well, if protecting the earth, if protecting the air, if protecting the water, and indeed human life on the planet is protectionist, then I have to admit that I am protectionist'" (cited in Vogel, 1995, 216-7).[112]

At the forefront of these new advocacy efforts, Public Citizen, through its Global Trade Watch division, has become a central actor on the fair trade front. It owes its leadership position to the endless efforts of its director, Lori Wallach, who co-founded the Citizens Trade Campaign (CTC) in 1992 and has been a leading actor in fair trade debates since the early 1990s (Anderson, 2007*; Wallach, 2000). As mentioned in chapter one, this coalition regroups a large network of activists from labor, environmental, human rights and consumer organizations. Through a network of state coalitions, fair trade activists coordinate their outside and inside lobbying campaigns by exchanging information, aligning their arguments and planning campaign events.[113]

The Citizens Trade Campaign, like the broader "fair trade" coalition, is a heterogeneous conglomeration of interests united by their desire to reshape American trade policy in a more environmentally and socially friendly mold. As this chapter illustrates, however, it regroups organizations with very different and sometimes incompatible priorities. This means that the "fair trade" alliance should not be mystified as a powerful unitary actor, or a "counterhegemonic" or "antisystemic" movement bound to overthrow the global capitalist system. On the other hand, the fact that the blue-green alliance is a divided and fragile political entity does not mean that it is irrelevant to trade politics. As the different case studies of this dissertation will show, these new

[112] For a discussion, read Wallach (2000). See also Destler & Balint (1999) and Stokes (1999-2000).
[113] See the Citizens Trade Campaign's website: http://www.citizenstrade.org/memberstatecoalitions.php

stakeholders (i.e. environmentalists and consumer advocates) have played an important role in broadening the scope of trade debates and helping organized labor to reframe its political discourse.

IV) BUSINESS INTERESTS

Just as the network of fair trade actors is a heterogeneous entity, with the internal divisions needing to be acknowledged, the meaning of "business" also deserves clarification. As mentioned earlier, this dissertation uses the terms "business community", "private sector" and "corporate interests" interchangeably to refer to *internationally oriented* American businesses involved in trade politics. Like "labor" or the fair trade "movement," this network of business associations and individual companies should be seen as neither monolithic nor truly representative of all corporate interests in America. Indeed, businesses – like workers – are not uniformly affected by trade. In fact, a 2007 study by UPS Business Monitor revealed that two thirds of American small and mid-sized businesses still rely solely on the U.S. economy (UPS, 2007). However, these political actors, like the U.S. Chamber of Commerce, the Business Roundtable and the National Association of Manufacturers represent, for better or for worse, the face of corporate America in the arena of American trade politics – just as the AFL-CIO or other prominent unions represent (or misrepresent) the interests of American workers. Before examining the involvement of the private sector in the trade policy process, this section examines the historical political development of the business community as a political actor.

Fluctuating fortunes

The "fluctuating fortunes" (Vogel, 1989) of business in American political history are closely related to the rise and decline of labor and public interest groups in the electoral arena. Understanding the historical relationship between the private and public spheres provides important background to the study of corporate power in the trade policy arena.

Although the birth of the modern corporation dates back to the middle of the nineteenth century, it was not until the Reconstruction that business groups became powerful political actors (Vogel 1996, 39; Achbar & Abbott, 2003). The Gilded Age saw the emergence of unprecedented industrial fortunes at a time when the federal government was still at an infant stage. This was the era when the "Robber Barons" used their tremendous financial leverage to buy tariff, banking, railroad, immigration and land legislation that would serve their interests. They generally enjoyed the support of politicians in all branches of government[114] and both political parties, with a few exceptions such as William Jenning Bryan's populist upsurge (Korten, 1995; Goldstein 1978, 6; Vogel, 1996, 42-3). Business interests maintained their privileged position in American politics through the Progressive Era and the roaring twenties when wealth concentration reached new heights (Vogel, 1996, 48).

The Great Depression seriously undermined corporate dominance. The crisis of *laissez-faire* capitalism legitimized the intervention of the federal government in the U.S. economy. The New Deal saw the emergence of three institutions that would act as

[114] As mentioned at the beginning of this chapter, the judiciary repeatedly sided with business and against labor. The most notable example of this support was the Supreme Court's 1886 Santa Clara County v. Southern Pacific Railroad ruling, according to which the private corporation was defined as a natural person under the U.S. Constitution and thus, granted the right to participate in the political process under free speech protections (Korten, 1995; Kelly 2003, 90).

countervailing powers to corporate interests: labor unions, independent universities (whose scholars were often critical of free-market capitalism), and most importantly, a federal bureaucracy whose regulatory role would continue to expand in the following decades (Vogel, 1996, 49).[115] During the post-World War II era, business interests were forced to make economic concessions – wages, benefits, taxes – under the dual pressures of a proactive state and a temporarily influential labor movement. Yet, in these prosperous times, redistributive policies were not perceived as direct challenges to the private sector (Korten, 1995).

This would change in the mid-1960s, when the growing activism of public interest groups – and particularly environmental and consumer advocates – began to threaten corporate interests. Between 1965 and 1975, the federal government enacted no fewer than 25 major pieces of federal regulatory legislation related to consumer and environmental protection, occupational health and safety and labor policy. These reforms considerably expanded the state's regulatory power over the U.S. economy, encroaching upon the economic prerogatives of powerful sectors such as the oil and automobile industries.[116] In sharp contrast with the regulatory agencies of the Progressive Era and the New Deal, many of the agencies created in the 1960s and 1970s proved relatively insensitive to business priorities (Vogel, 1996, 271-5).

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[115] Of course, even during the New Deal, business interests were never fully excluded from the policy process, whether this pertains to banking reform (Ferguson, 1995, chapter 2) or the creation of Social Security programs (Piven and Cloward, 1997, chapter 9; Domhoff, 1990, chapter 4).

[116] For a fascinating account of the political struggles between public interests advocates, the state and the auto industry, read Luger (2000).

These challenges to corporate interests had transformational effects on the business community.[117] Under attack from public interest groups and regulatory actors, private actors began to regroup and act as a political class (Piven, 1992, 261). In a conscious attempt to unite the business community, they revitalized political organizations such as the U.S. Chamber of Commerce and the National Federation of Interdependent Business and formed the Business Roundtable in 1972 (Vogel, 1989, 13; Akard, 1992, 603).

The 1970s witnessed a substantial increase in corporate political participation that took several forms. First, business groups intensified their lobbying activities as illustrated by the rising number and growing size of corporate public affairs' offices and law firms in Washington D.C.[118] These developments paralleled the rapid proliferation of Political Action Committees in the second half of the 1970s – from 248 in 1974 to 1,100 in 1978 and the increasing use of ad hoc business coalitions for advocacy purposes (Vogel, 1996, 280). Second, corporate interests intensified their grassroots organizing efforts by mobilizing stockholders and employees for political campaigns. Third, enlightened by a new class-consciousness, CEOs became increasingly involved in public affairs. Finally, the business community launched an ideological offensive by creating and boosting funding for conservative think tanks (e.g. the American Enterprise Institute (AEI), created in 1973), as well as research institutions (e.g. Hoover Institution, American Institute for Public Policy Research) to counterbalance the influence of

[117] This paragraph draws heavily from Vogel (1996, 276-285).
[118] According to Vogel, the number of corporate public affairs offices in Washington increased fivefold between 1968 and 1978 (Vogel, 1996, 280).

foundations like the Ford Foundation and the Brookings Institution on policy debates. This tactic was paired with an increase in advocacy advertising in the media.[119]

Of course, given the heterogeneity of the private sector, business interests did not always converge. However, in a number of unifying policy areas, the political (re)awakening of the business community rapidly bore fruit. The year of 1977 marked a political turning point, as the private sector managed both to thwart the establishment of the Consumer Protection Agency and to block a labor law reform designed to strengthen the NLRB's power to sanction employers' violations of workers' rights (Vogel, 1996, 285; Akard, 1992, 603-7). The rising power of corporate interests was both the cause and effect of the resurgence of the Republican Party as a political force. As noted earlier in this chapter, Reagan's "conservative revolution" not only crippled the unions' movement but also the regulatory powers of the state, two tendencies that empowered the business community and intensified class conflicts.[120]

The GOP's takeover of Congress in 1994 cemented the business-Republican coalition. As part of Newt Gingrich's "Contract with America," Republicans promised deregulation and tax cuts to lure corporate donors away from Democratic lawmakers (Hamburger & Wallsten, 2006, 171-5; Edsall, 2006, 116). If GOP strategists generally succeeded in bringing business closer to their party, centrist Democrats nonetheless cultivated ties with segments of the private sector. Under the influence of the Democratic Leadership Council, the Clinton administration shifted the Democrats to the right and proved to be a strong political ally for the high tech and financial industries, along with

[119] In his study of business power, Smith (2000, 81-6) shows that, between 1977 and 1994, conservative think tanks had been more effective than their counterparts in generating media publicity for their views.
[120] For more details, see Harrison and Bluestone (1988).

cross-sectoral business organizations (Shoch, 2001, 162-72). This was a sign that corporate power transcended partisan cleavages. It also showed that the executive branch, although often seen as detached from interest groups politics, could maintain close ties with the private sector.

Under George W. Bush's presidency, the relationship between the GOP and the private sector became even more intimate than it had been under the congressional lead of Newt Gingrich. President Bush's mix of pro-business policies – ranging from tax cuts to deregulation and tort reform – brought Main Street and Wall Street interests under a single partisan coalition. Sensing new political opportunities, the business community raised its presence in Washington, as a result of which the number of registered lobbyists doubled in five years (2000-2005) to 35,000 (Hamburger & Wallsten, 2006, 105).[121]

American business and international trade policy

The last subsection has provided analytical tools to understand the dynamics of corporate power in American politics and the factors that have recently contributed to the growing political influence of the business community. To complement this picture of contemporary American businesses as trade policy actors, this final subsection focuses on the role played by internationally-oriented corporate interests in the history of U.S. trade policy.

The "free-trade versus protectionism" dichotomy of conventional trade models provides crucial insights into the history of American trade policy. These analytical tools

[121] Chapter 6 examines the relation of the GOP with business, labor and environmental groups in greater details. For more details, read Edsall (2006, chapter 4) and Piven (2004, chapter 3).

are particularly well suited to understand sectional conflicts in America's antebellum era. During this period, Southern interests like cotton or tobacco exporters as well as New England merchants pressed Congress for trade openness, while Northeastern manufacturers and farmers sought tariff protection (Taussig, 1910, 70-2). After the Civil War, powerful industrialists and their Republican allies dominated the decision-making process, maintaining protectionist policies until the trade wars of the 1930s. America's protectionist era (1789-1934) was defined by three distinctive features: the absence of the executive as trade policy actor; a gradual ratcheting up of tariff rates due to congressional logrolling, and a relative isolation of the U.S. economy from the global trading system (Cohen, Blecker and Whitney, 2003, 29).[122]

This changed with the "1934 system" when Congress began to delegate its trade-negotiating authority to the executive branch, re-orienting American trade policy toward trade liberalization (Destler, 2005, chapter 2). Washington's new internationalist agenda also reflected structural changes in the U.S. economy and, in conjunction, the composition of the business class. Both pluralist and Marxian analysts agree that the success of Hull's liberal revolution partly hinged on the rising power of U.S. export-oriented interests and the support of industrial unions for free trade (Frieden 1988, 83; Nivola 1986, 583; Domhoff, 1990, 210).[123]

After World War II, America became a leading force for trade and investment liberalization. In the early decades of the Cold War era, U.S. foreign economic policy

[122] For more details on the political economy of the U.S tariff during the protectionist era, read Eckes (1995), Taussig (1910), Stanwood (1903), Dobson (1976), Frings (1979) and Bensel (2000).
[123] Ferguson (1995, chapter 2) makes a similar – albeit more controversial – argument in relation to the domestic reforms of the New Deal.

was largely driven by national strategic objectives. With non-reciprocal market openings, Washington hoped to lure the fragile European and Japanese economies away from the communist threat. However, diplomatic priorities did not necessarily trump economic necessities. First, Washington's international activism was partly driven by the competitive edge of U.S. industries, which were the engine of America's economic hegemony. Second, even during the liberal era of American trade policy, industries seeking protection continued to play a role in the policy process. For instance, for each new round of multilateral negotiations GATT, a number of interests (e.g. segments of the farm sector, textile and shoes industries etc.) would cut separate deals with decision-makers to avoid obstructing the trade-liberalizing agenda favored by America's dynamic exporters (Destler, 2005, 185).[124]

The limits of Washington's selflessness became clear with the "agonizing reappraisal of the 1970s" (Cohen, Blecker & Whitney, 2003, 38). The confluence of domestic and international economic challenges – stagflation on the domestic front; rising international competition, oil shocks, and the collapse of the Bretton Woods system at the international level – led American decision-makers to reassess their conduct of American trade policy.

Under increased competition from their European and Japanese counterparts, an ever-growing range of industrial interests pressed American decision-makers for import relief. This protectionist surge came not only from traditional manufacturers but also from a variety of capital-intensive sectors such as semiconductors, telecommunications and

[124] Shutt goes further to question the very idea of a postwar liberal era:
"the supposed commitment of the post-war Western World to the ideal of free trade was no more genuine than that of previous generations, and that the only distinctive feature of the period since 1945 was that the availability of a vast new armoury of protectionist weapons permitted countries to dismantle traditional tariff barriers with scarcely a qualm" (Shutt, 1985, 110).

machine tools and, therefore, seemed to challenge the international liberal order that America had sought to establish (Destler and Odell, 1987, 109-10; Destler, 2005, 185-6).

Business and trade in a globalized era

If this protectionist backlash was a defining element of the 1970s and 1980s, the structural changes experienced by the U.S. economy could not be reduced to a massive inflow of Asian and European imports. In fact, the internationalization of American markets had a much more profound effect on the configuration of interest groups. The new dynamics of the ever-more complex international trade system prompted trade policy analysts to refine their theoretical models. Destler & Odell (1987) and Milner (1988) first challenged the conventional wisdom about the "new protectionism" (Nivola, 1986; Goldstein, 1986) by pointing to the rise of "anti-protection" forces. Over the years, the U.S. economy had become increasingly dependent on international trade, boosting the support of American businesses for trade openness.[125] Drawing evidence from a wide range of product-specific trade cases, the authors highlighted the growing activism of 4 types of "global industries" (Milner, 1988): industrial users of imports like steel, copper or semiconductors; retailers of traded consumer goods; U.S. exporters fearing tariff retaliation by other countries; companies and governments of American trading partners (Destler and Odell, 1987, 23-59). The rising power of anti-protection forces was paired with a decline of traditional protectionist forces, both of which contributed to the resilience of the international liberal order (Milner & Yoffie, 1989, 263).

[125] International trade represented only 6% of U.S. GDP in 1973. Ten years later, it accounted for 12% (Nivola, 1986, 583).

Milner & Yoffie (1989) further questioned the legitimacy of conventional trade models by challenging the prevailing free trade versus protection dichotomy. The authors pointed to the emergence of new types of corporate trade demands in the 1980s. A growing number of American firms called for a "strategic trade policy" that consisted of raising trade barriers for the home market if foreign markets were protected. As Milner & Yoffie (1989) noted, these growing requests for reciprocity justified increased activism – if not purely "aggressive unilateralism"[126] – by the executive branch in opening foreign markets to American firms.[127]

Since the 1990s, the successive administrations of George H. W. Bush, Bill Clinton and George W. Bush have followed the call of the business community by engaging in the negotiations of free trade agreements on a bilateral or regional basis.[128] In addition to opening new export markets, international agreements like NAFTA or PNTR have provided investment opportunities for labor-intensive industries, allowing them to cut their operation costs by transferring some of their productive units offshore. As explained in chapter one, the increased mobility of capital and the development of intra-firm trade have united the business community behind free trade agreements while alienating domestic workers. As a result, trade and investment liberalization have split industries along class clines.

Furthermore, the politicization of the business community described in the previous subsection has exacerbated the growing class conflicts over trade policy. If cross-sector

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[126] Bhagwati & Patrick (1990).
[127] Similarly, Noland (1997, 365) argues that the emphasis of American trade policy shifted from import restriction to export promotion through the removal of barriers to trade in other countries' markets.
[128] The first free trade agreements were negotiated with Israel (1985) and Canada (1988).
For more details, read, Schmertz, Datlof and Ugrinsky (1997, 359-60).

business organizations were not prominent members of the anti-protection coalition of the 1980s (Destler & Odell, 1987, 33-4),[129] they have now become strong advocates of free trade laws (Destler, 2005, 188). As this dissertation will illustrate, the threat that fair traders posed to the passage of free trade agreements prompted cross-industry organizations to overcome their internal dissensions and launch powerful counteractive lobbying campaigns to salvage free trade bills.

These organizations include the Business Roundtable (known as the most politically influential corporate organization), the Emergency Committee for American Trade (a conglomeration of large multinational corporations devoted to the promotion of trade and investment liberalization), the U.S. Council for International Business (a cross-sectoral affiliate of the International Chamber of Commerce very involved in international economic affairs), the U.S. Chamber of Commerce (USCC) and the National Association of Manufacturers (NAM) (Dreiling, 2001, 96-7). USCC and NAM have a broader membership, composed of generally smaller enterprises, not all of which individually support all trade-liberalizing bills. However, like most cross-sectoral business organizations, they officially support free trade and actively lobby for the negotiations of free trade agreements – whether the latter are truly free or not.

In the 1990s, these business associations systematically formed ad hoc free trade coalitions to defeat the lobbying efforts of labor and their fair trade allies. Surprisingly, the recent formation of apparently spontaneous free trade coalitions such as

[129] This was due to the fact that business associations like the U.S. Chamber or ECAT are commonly much less active for sector-specific bills than for generic trade bills (Destler and Odell, 1987, 33-4). In contrast, business organizations like ECAT were very active against the Burke-Hartke Act of 1971 and in favor of the Trade Act of 1974, which President Nixon supported in exchange for the Business Roundtable's support (Destler & Odell, 1987, 118).

USA*NAFTA, Go Trade or the Business Coalition for US-China Trade has been subject to little empirical analysis. While a few academic studies have focused on NAFTA (Mayer, 1998; Dreiling, 2001; McArthur, 2000; Faux, 2006; but see Dreiling & Darves, 2007),[130] there is a need for a more comprehensive analysis of the dynamics of this form of counteractive lobbying, its relation with political institutions, and its impact on the trade policy process.

In sum, the last few decades have witnessed the convergence of two tendencies that have transformed the role of the private sector in the trade policy sphere. To begin with, since the 1970s, the business community has become increasingly politically active, consolidating its power both internally through the creation of think tanks and business associations, and externally by gaining influence in both the Republican and Democratic Parties. The politicization of the business community in the electoral arena has dovetailed with structural transformations of the U.S. economy. Over the past three decades, the U.S. economy has become increasingly internationalized, making more and more American companies dependent on international trade and investment transactions. Increasing capital mobility has boosted support for economic liberalization, even among import-competing companies that were traditionally advocates of import protection. In addition, provisions in trade agreements have consolidated business support for "free trade" across the private sector. As a result, corporate interests have been increasingly assertive in their advocacy efforts on behalf of "free trade" or, more precisely, in their

[130] With a focus on the importance of political parties, Shoch's analysis of trade debates under the Clinton presidency constitutes a rare attempt to fill this void (2001).

support for business-friendly trade laws. As the subsequent case studies will illustrate, their privileged access to the executive branch has been a key political obstacle to the mobilization of the new "fair trade" advocates. The NAFTA battle was the first example of the extremely contentious nature of the new politics of American trade.

CHAPTER 3: The North American Free Trade Agreement

One particularity of the North American Free Trade Agreement (NAFTA) lies in the fact that it was negotiated and ratified under two different presidents from two rival political parties. The negotiations of NAFTA began in 1991, after President Bush obtained fast track authority from Congress.[131] This marked the beginning of a "two-level bargaining" process (Putnam, 1988) by which the Republican administration sought to obtain concessions from its North American trading partners that would be compatible with the grievances of American domestic interests and vice-versa (Mayer 1998, 109-216; see also Cameron & Tomlin, 2000; Avery, 1998). NAFTA was officially signed on August 11, 1992. By that time, however, it had become entangled in the presidential contest.

Bill Clinton distinguished himself from his rivals – the incumbent George H. W. Bush and the anti-NAFTA candidate Ross Perot – by conditioning his support for the agreement upon the successful negotiation of environmental and labor "side agreements." As a result, he inherited the burden of pushing NAFTA through Congress and was forced to confront the new coalition of labor, environmental and consumer interests that emerged in the early 1990s.

The NAFTA debates heralded the advent of the "new politics of American trade," a new political context characterized by the intensification of intra-sectoral class conflict

[131] The renewal of fast track authority in 1991 came only after a fierce lobbying campaign opposing free traders to the nascent anti-NAFTA coalition. To be more concise, however, this legislative conflict is excluded from the scope of this dissertation. For more details, see Mayer (1998, 67-106).

and the mobilization of new trade policy stakeholders like environmental and consumer advocates. To begin with, the profound resentment of rank-and-file union members toward the North American agreement and the intensity of the political battle surrounding the agreement distinguished the NAFTA debates from earlier trade debates in which labor had participated. The vigorous mobilization of labor activists was matched by the unprecedented political response of the business community. United by the investment and trade opportunities offered by the free trade agreement, an alliance of import-competing and export-oriented interests made it their common cause to defend NAFTA against its opponents, sometimes workers within their own industries. Thus, class conflict became a distinctive feature of the NAFTA battle.

Second, the NAFTA debates witnessed the emergence of environmentalists and consumer advocates as new political actors in the trade policy sphere. If the GATTzilla-Flipper case had awakened the environmental and consumer communities to the tensions between international trade and national regulation, the negotiations of the North American agreement gave unforeseen political leverage to ecological groups. Their ascension on the trade policy scene helped them obtain political concessions, setting a precedent – albeit fragile – for the inclusion of environmental issues in the pursuit of American trade policy.

In conjunction, the coalition patterns that emerged in the early 1990s were also a defining element of the politics of NAFTA. The formation of the blue-green alliance was not an epiphenomenon but triggered a long-lasting pattern of alliance-building that would recur in the following decade. This new activist network helped shape the "fair trade"

frame, a new policy framework promoting a more socially and environmentally responsible trade policy.

What progress did the fair trade alliance make during its first battle? What obstacles did it face? This first case study will attempt to answer these questions by tracing the policy process of NAFTA in two sections: the first one focusing on the negotiating phase of the agreement; the second one on the lobbying battle preceding the final vote. This chapter will reveal that under the presidencies of both George W. H. Bush and Bill Clinton, the special relationship between the executive branch and the private sector was a crucial impediment to the advocacy efforts of organized labor and its allies. During the tenure of the GOP leader, the business community made ample use of its privileged access to the trade advisory committee system to control the terms of the agreement so as to marginalize environmental and labor provisions. Under Bill Clinton's presidency, the "free-trader-in-chief " joined the lobbying campaign of internationally-oriented corporate interests to save the NAFTA bill that fair traders – through intense advocacy efforts – came within inches of defeating.

I) SHAPING THE TERMS OF THE DEBATES

The political and economic foundations of NAFTA

If NAFTA is often conceived as a classic case of regionalism (Mansfield & Milner, 1999), it is, before all, the sum of two bilateral relationships that converge in the United States. First, the signing of the Canadian-U.S. Free Trade Agreement (CUSFTA) antedated the NAFTA negotiations by a few years (1988). It was the result of a long-term

process of economic *rapprochement* that began in the early days of Cordell Hull's liberal revolution with a reciprocal trade agreement in 1935, followed by the *Canada-United States Defense Production Sharing Agreement* in 1956[132] and the more ambitious Auto Pact of 1965 – which allowed the restructuring of the auto industry on a binational scale (Hart, 1998; Jones, 2002; Clement et al, 1999, 171).

Second, although Mexico's official integration in the North American free trade zone (i.e. CUSFTA) was at the crux of the NAFTA controversies, Washington and Mexico City's economic and political collaboration in the second half of the twentieth century also laid the ground for their economic reunion.[133] Between 1943 and 1964, the Bracero Program drew hundreds of thousands of Mexican farm workers to offset America's labor shortage in the agricultural sector. In 1965, the system of *maquiladoras* was established as an export processing zone along the Southern side of the U.S.-Mexican border where American businesses could freely import components from outside, assemble them, and re-export the finished goods without duties to America (Mayer, 1998, 36). In the 1980s, "a new configuration of Mexican-American economic relations" emerged out of Mexico's debt crisis in 1982 (Collomp & Menéndez, 1995). With the help of large commercial banks and the international organizations like the International Monetary Fund (IMF) and the World Bank, Washington organized the financial rescue of the Mexican economy under the condition that the Mexican government undertakes a series of economic measures prescribed under the "Washington Consensus" – deregulation,

[132] This accord allowed Canadian military contractors to bid for U.S. military contracts.
[133] Despite these efforts of collaboration, U.S.-Mexican relations remained scarred by Washington's long history of interventionism in Mexican affairs.

privatization and trade and investment liberalization.[134] From 1989, President Carlos Salinas de Gortari accelerated the pace of free-market reforms in Mexico.[135] In parallel with these economic reforms, Mexico signed a series of bilateral economic agreements designed to liberalize trade (on a sectoral basis e.g. textile, steel etc.) and investment flows (Collomp & Menéndez, 1995, 53-4). Thus, far from revolutionizing U.S.-Mexican relations, NAFTA was, according to Sydney Weintraub, "a way of formalizing a de facto integration that was already substantial" (cited in Orme, 1996, 42).

Yet, if NAFTA is the logical conclusion to two bilateral stories, it also constitutes a strategic move toward regionalism first envisioned by Ronald Reagan in 1979 before being concretized by his successor (Nishijima & Smith, 1996, 35). In fact, the bilateral and regional stories are best seen as part of the same picture. Although economists and political analysts still disagree on the real target behind Washington's regionalist turn – the European Community,[136] Japan,[137] Mercosur (the customs union between Brazil, Argentina, Paraguay and Uruguay)[138] or all three – they would generally recognize that NAFTA was broadly designed to consolidate the North American market and increase the international competitiveness of its multinational corporations while opening new markets to American (and Canadian) firms (Clement et al, 1999, 18-9; Gauthier & Raffaelli, 2000, 222; Santini, 1994, 31). Of course, NAFTA was also driven by political motives, and more specifically by a desire for consolidating bilateral cooperation between

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[134] For more details on Washington's financial policy, read Krugman (1994). See also Musset (1997, 49-52).
[135] For more details, read Lustig (1992).
[136] For a discussion, read Randall (1992).
[137] See Orme (1996, 264-87).
[138] Gauthier & Raffaelli (2000, 223).

Washington and Mexico. Yet, as Weintraub notes, NAFTA was never a political project in the same vein as that envisioned by Jean Monnet and Robert Schuman in Europe (Weintraub, 2004, 221).

Labor's reaction against NAFTA

As soon as George Bush unveiled his ambitions to negotiate a free trade agreement with Mexico, NAFTA's potential impact on job losses in the United States occupied the center of the debates. The resentment of workers against NAFTA found its roots in their bitter experience with the *maquiladora* program. The US-Mexican pact had encouraged American firms to shift their manufacturing operations to Mexico and replace expensive U.S. workers with cheap Mexican labor (Mayer, 1998, 70-3).

Unions saw NAFTA as a new invitation for U.S. manufacturers to shift their production to Mexico. In addition, they feared that the increased mobility of U.S. companies would undercut their bargaining power and wages (Shoch, 2001, 146). Unions were dissatisfied with the terms of the agreement and its lack of concern for workers' interests. As AFL-CIO Secretary Treasurer Thomas R. Donahue declared in a testimony before the Senate Finance Committee,

> The NAFTA from start to finish is nothing more than the latest version of Reagan-Bush trickle-down economics and enlargement of the interests of U.S. and Canada-based multinational corporations, to the detriment of U.S. workers. The Congress should reject the agreement and send a new set of U.S. negotiators back to the table (cited in Mayer 1998, 178).

This declaration from the leadership of the labor federation exemplifies the dimension of class conflict pervading the NAFTA debates. Generally, labor was as much

if not more united in its opposition to "free trade" than the business community would be in its pro-NAFTA advocacy efforts. Labor's mobilization against NAFTA, although variable in intensity, spread beyond traditional manufacturing unions to reach the public and service sectors. As Chase (2003, 163) notes, every labor union that testified in Congress opposed the free trade agreement.

The pronounced class dimension was not the only distinctive feature of the NAFTA debates. Unions' fresh experiments with coalition-building – whether in relation to the campaign against *maquiladoras* or the Caribbean Basin Initiative[139] – led them to gradually raise political grievances that went beyond their members' strict interests. During the NAFTA debates, organized labor would emphasize the need to protect workers' rights and improve health and environmental conditions in Mexico. In its "NAFTA Action Source Book", the AFL-CIO demanded "the establishment of strong workplace health and safety standards, appropriate minimum wage structures, the elimination of child labor, a prohibition on forced labor, and guarantees of nondiscrimination in employment" (cited in Avery, 1998, 289).

Environmental and consumer advocates' views on NAFTA

Unlike organized labor, the environmental movement had hardly ever been involved in trade policy before the NAFTA debates. In this sense, the rising prominence of ecological issues during the fast track debates of 1991 was an unexpected turn of events that gave environmentalists an opportunity to demand a seat at the negotiating table.

[139] See chapter 2.

Beyond their ambitions to establish themselves as new participants in the trade policy sphere, environmentalists concentrated on four interconnected issues: the Mexican-U.S. border, the fear of fostering a "pollution haven", the threat to US national regulatory standards and the anti-democratic nature of trade negotiations. As with organized labor, the situation in Mexico (rather than Canada) was of primary concern to environmentalists.

First, American environmentalists claimed that NAFTA would exacerbate the negative effects of the *maquiladoras* program. This argument provided a basis for the coalescence of environmental and labor issues. Since the 1980s, border activists had been alarmed by the pernicious effects of regional industrialization on air and water pollution, a problem exacerbated by inadequate urban infrastructures and the lack of enforcement of environmental regulations (Audley, 1997, 50). To environmentalists, the legacy of the *maquilas* was blatant proof that trade agreements had to include strong ecological provisions (Habel, 1999, 16; Vogel, 2000, 84-6).

Second, green organizations warned the American public against the risk that Mexico might become a "pollution haven," where low regulatory standards would attract American manufactures, with dramatic consequences for both the Mexican environment and the U.S. workforce. This idea was linked to the fear that NAFTA countries might start a downward harmonization of environmental (and social) standards or "race to the bottom" to attract foreign investment (Mayer, 1998, 74-5).

In conjunction, environmentalists and consumer advocates sought to obtain safeguards against the "international preemption of domestic standards for protection of

health" (Arizona Toxics Information et al, 1992, 674). Here, their concern derived from their experience with the tuna-dolphin case brought by the Mexican government at the end of 1990. Following the GATT's decision to repeal the U.S. embargo, the environmental community feared that NAFTA's dispute settlement body might similarly threaten U.S. environmental regulations by defining them as "non-tariff barriers" hindering business activities (Obach, 2004, 63; Mayer, 1998, 74-5).

Finally, the new "fair trade" advocates condemned the anti-democratic nature of free trade agreements for their lack of transparency and their corporate bias. Public Citizen attorney Lori Wallach describes the process of international trade negotiations in these terms: "rules are set and disputes are settled in an entirely anti-democratic fashion by unelected, unaccountable trade bureaucrats lobbied heavily by industry interests" (cited in Avery, 1998, 289). Environmental and consumer groups, therefore, demanded greater opportunities for public participation in the trade policy sphere (see Arizona Toxics Information et al., 1992, 674). As the rest of this section will illustrate, their exclusion from the policy process was indeed a key obstacle to their political influence.

Green organizations defined several conditions for their support of NAFTA, which primarily focused on protecting American environmental laws, promoting the enforcement of Mexico's regulations, committing to a plan to clean up the U.S.-Mexican border and finally, and perhaps most importantly, giving environmentalists a permanent place in future trade negotiations.[140]

[140] For more details about the environmentalists' grievances, see Audley (1997, 60).

A "parallel track:" President Bush's Action Plan

George H. W. Bush's response to the early mobilization of fair traders was born out of political necessity. To obtain the fast track authority that would allow him to negotiate NAFTA, the president had to satisfy the Democratic majority in Congress.[141] On March 7, 1991, House Ways and Means Committee Chair Dan Rostenkowski and Senate Finance Committee Chair Lloyd Bentsen sent a letter to the president stipulating that they would not grant trade-negotiating powers to the president unless his trade initiative address "the disparity between [Mexico and America] in the adequacy and enforcement of environmental standards (…) and worker rights" (cited in Cameron & Tomlin, 2000, 73; see also Vogel, 2000, 86).

What is less known is that the United States Trade Representative (USTR) Carla Hills had in fact requested this public letter so as to enable the Bush administration to retain control over the scope of criticisms against NAFTA. Most notably, the letter does not mention wage disparities nor demands that environmental and social issues be an integral part of NAFTA negotiations themselves (Mayer, 1998, 81-2). In other words, the executive branch intervened very early to control the terms of the debates on fair trade. To do so, the White House devised an "Action Plan" with both labor and environmental components.

Initially, the Bush administration opposed linking trade agreements with environmental issues. Carla Hills declared: "I think to attach a condition on trading that talks about similarities of environmental law would not be a good precedent" (Audley,

[141] For the purpose of conciseness, the fast track debates of 1991 are not treated as a separate case study and will be only discussed in relation to the NAFTA negotiations.

1997, 52). Politically, however, it soon became clear that the Republicans could hardly face a united labor-environment front without jeopardizing the support of congressional Democrats. The administration was, therefore, compelled to grant at least minor concessions to the environmental community (Audley, 1997, 145; Obach, 2004, 65).

Under the recommendations of Environmental Protection Agency (EPA) officials Daniel Esty and Bill Reilly, the USTR adopted a "divide and conquer" strategy aimed at "neutralizing the environmental issue" (Mayer, 1998, 83). As the rest of this section will illustrate, this was a very different approach from the inclusive strategy that the administration adopted to satisfy the needs of the private sector.

Environmental issues were a surprisingly important element of the politics of fast track renewal in 1991 (Orme, 1996, 152). The administration proposed a "parallel track" of negotiations and drew up a long list of environmental proposals: a reiteration of Mexico's commitment to environmental protection; a commitment to ensure the right to safeguard nature; the right to exclude any products that do not meet health or safety requirements; the right to impose pesticide, energy conservation and toxic waste standards; the right to limit trade in products controlled by international treaties; a commitment to work with Mexico to resolve border problems; the inclusion of environmentalists as advisors to trade negotiations; and a commitment to conduct a review of environmental issues. Finally, the White House also selected representatives from five moderate environmental groups to become members of the USTR's public advisory committee (Audley, 1997, 56-7).

The Bush administration's Action Plan succeeded in dividing the nascent fair trade movement. Several mainstream green organizations responded positively to the administration's seduction campaign. Thus, six prominent mainstream ecological NGOs[142] decided to enter into close negotiations with the Bush administration and finally join the pro-NAFTA coalition. (Mayer, 1998, 90-1; McArthur, 2000, 121-2).

In doing so, they drew fierce criticism from a number of environmental and consumer advocates like the Greenpeace, the Sierra Club, Friends of the Earth and Public Citizen, who viewed support for NAFTA as a betrayal of the environmental cause. For Sierra Club trade specialist Margrete Strand, the promises of the self-proclaimed "environmental president" remained symbolic concessions that were secondary to the commercial priorities of NAFTA (Strand, 2007*).

Admittedly, the president's proposals in effect legitimized the trade-environment linkage and represented a first step toward their acceptance in the trade policymaking process (Aaronson, 2001, 118). Yet, overall, it was clear that the environmentalists' chance of influencing the policy process remained constrained by their limited access to the negotiating process and, most importantly, by the administration's determination to protect corporations' interests (Audley, 1997, 84). Sooner or later, environmentalists would realize that the terms of NAFTA would provide little scope to environmental and consumer protection.[143]

The second pillar of the Republican administration's Action Plan consisted of addressing social concerns related to NAFTA, with the hope of convincing union-friendly

[142] These groups were the WWF, the NWF, the EDF, NRDC, the Audubon Society and Nature Conservancy (Mayer, 1998, 281).
[143] The second part of this chapter discusses this issue in greater details.

Democrats to endorse the administration's trade liberalizing agenda. President Bush's solutions had a similar dose of tokenism, yet lacked the "novelty appeal" that it had had among environmental outsiders. More importantly, his proposals did little to protect the manufacturing workers against the social dislocations that NAFTA was bound to generate.

As with environmental concessions, the Bush administration seemed at first ambivalent about granting concessions to labor advocates. According to Cloud (1991, 1120), the Bush administration initially disliked the Trade Adjustment program. In fact, the initial drafts of the Action Plan did not include labor provisions. However, under the pressure of leading Democrats like Dan Rostenkowski (chairman of the Ways and Means Committee), Lloyd Bentsen (chairman of the Senate Finance Committee) and majority leader Dick Gephardt, the Republican leadership finally decided to address social concerns related to NAFTA (Mayer, 1998, 85-6).

Eventually, President Bush overcame the prevalent skepticism over Trade Adjustment Assistance and promised a $10-billion program to provide relief to displaced workers. He also created a new Consultative Commission on Labor Matters to deal with enforcement of labor laws in America and Mexico.[144] In addition, he responded to nationalist resentment against Mexican workers by promising to exclude labor mobility from the

[144] This marked a reversal from Ronald Reagan's policies, which had abolished a Mexican-U.S. labor-related organ in 1981 and dramatically cut the budget of Trade Adjustment Assistance (TAA) on the same year (Avery, 1998, 294-5; Charnovitz, 1994, 53).

trade agreement. Finally, he pledged to push for longer transition periods for the elimination of tariffs in sensitive sectors (Avery, 1998, 294-5; Cloud, 1991). [145]

These political concessions served their strategic purpose, in so far as they helped the Republican president to win the support of undecided (often Democratic) members of Congress. According to one administration official, "many people on the Hill would not be able to support fast track unless there was worker adjustment" (cited in Cloud, 1991, 1120). Yet, the administration failed to win the support of the labor movement, which opposed the economic logic of NAFTA.

Overall, President Bush's Action Plan was designed as a set of vote-buying tools for wavering Democrats rather than substantive policies designed to cushion the shocks of globalization. More specifically, it was a balancing act between the grievances of the opposition in Congress and the anti-regulatory demands of the private sector. Indeed, a close examination of the congressional testimonies of business leaders in the early 1990s reveals that the Republican administration's option for a "parallel track" to the negotiations appeared to be a balancing act between different stakeholders, but in reality closely reflected the policy prescriptions of the business community.

Since the beginning of the NAFTA debates, corporate interests had been wary of the linkage between trade and environmental and labor issues for which fair trade advocates were pushing. Thus, on repeated occasions, main business organizations – including the U.S Council for International Business (USCIB), the U.S. Chamber of Commerce (USCC) and the Business Roundtable (BRT) – demanded that trade policymakers

[145] Although the Bush administration managed to negotiate transition periods in 15 sensitive sectors (Avery, 1998, pp. 294-5), his adjustment assistance program has been underfunded (see Public Citizen, 2005, 75).

exclude blue and green issues from the scope of NAFTA. At a House Ways and Means Committee hearing, the U.S. Chamber of Commerce outlined a vision of NAFTA that summarized the views of the business community:

> The FTA negotiations should be comprehensive. In particular, we should negotiate agreements on tariffs, non-tariff barriers, agriculture, investment, services, intellectual property, and institutional mechanisms to improve bilateral economic relations. (…) However, we do not believe the FTA negotiations should be made the catch-all for every economic and non-economic issue between our two countries, as some have suggested. Other issues, such as environmental degradation, immigration, narcotics and labor conditions, while important in our overall relationship, are already being addressed through mechanisms more appropriate than the FTA negotiations (Hettinga, 1991).[146]

The prevailing idea among representatives of the business community was that trade liberalization would foster economic growth, thereby gradually raising both labor and environmental standards.[147] Admittedly, some business organizations like the National Foreign Trade Council (NFTC) or the USCC recognized that trade liberalization process might generate adjustment costs and were, therefore, in favor of increasing trade adjustment assistance for workers and industries (Kittredge, 1991; Workman, 1991). Yet, all corporate associations were united in their opposition to the incorporation of enforceable labor and environmental provisions in the core NAFTA texts. The fact that

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[146] A similar declaration of Kay Whitmore, from the Business Roundtable echoed Hettinga's words:

> On a parallel basis, right. One way to prevent us from having a trade agreement is to weigh it down with so many things and so much complexity that nothing will happen. We do not see any problem with doing things on a parallel basis. As I indicated in my statement, we have been to Mexico. They seem to be prepared to make commitments that could be built into parallel activities. But we would not like to see them built specifically into a trade agreement (Whitmore, 1991, 156-7).

[147] As Michael Baroody, NAM's Senior Vice President posited at a congressional hearing,

> Almost certainly the agreement would have the effect of narrowing the gap over time by raising wages in Mexico (…). On the question of how the agreement will affect the environment of the Earth we are not inclined to be pessimistic. New investment in Mexico associated with the agreement is likely to be state-of-the-art, and less likely to harm the environment than existing facilities. Also, as Ambassador Hills has noted, a richer Mexico will be in a better position to enforce environmental laws (Baroody, 1991, 540).

fair trade principles were excluded from the core agreement was not a mere coincidence. A close examination of the policy process reveals that the business community managed to make its voice heard both through institutional and political channels so as to control the terms of the trade agreement.

NAFTA's business-friendly design

The business community was involved in the politics of NAFTA long before its congressional ratification. In fact, American multinational corporations may even have provided the impetus for the project, with the U.S.–Mexico Chamber of Commerce laying out the rationale for NAFTA at a hearing of the Senate Finance Committee on "North American Economic Interdependence" on June 6, 1979. Throughout the 1980s, U.S. and Mexican business interests pushed for the negotiation of some sort of bilateral or regional trade pact. These groups included the Mexico-U.S. Business Committee, the Mexican Business Council for International Affairs, the USCC, the American Chamber of Commerce of Mexico and the Council of the Americas (Lewis, 1993; Cox, 1995).

From the beginning of the negotiations in 1991, American delegates pressed their Mexican counterparts[148] to obtain an optimal package of market concessions on behalf of American industries. The interests of American firms in NAFTA generally hinged upon two visions: Mexico as consumer market or production site.

A large segment of the U.S. business community – e.g. agribusinesses, retailing, banking, high-tech and service industries, pharmaceutical companies, etc. – saw in the

[148] Washington and Ottawa had signed CUSFTA in 1988.

North American accord myriad export and investment opportunities to enter the 91-million-consumer Mexican market (Nishijima & Smith, 1996, 61; Cox, 1995, 367). To meet the private sector's needs, NAFTA would gradually eliminate all tariff barriers to Washington's "distant neighbor" (Riding, 1985) within 15 years.[149] Just as importantly, NAFTA would also open all the economic sectors of America's trading partners to foreign investment – with the exception of Mexico's oil industry and Canada's culture industry (FT, 11/17/93).

Another segment of the private sector was less concerned by market access than outsourcing opportunities. A number of American industries, like the automobile, electronic and apparel sectors, hoped that by liberalizing investment flows, NAFTA would help them to transfer some of their production units to Mexico and benefit from lower labor costs.[150] As explained earlier, these restructuring processes were deemed vital to help American firms regain international competitiveness over their Japanese and European rivals (Norris C. Clement et al, 1999, 3, 153; Orme 1996, 4; Cox, 1995, 370-4).[151] But although outsourcing promised cost-savings for American capital owners, it also ran directly against the interests of manufacturing workers. Neither President Bush's

[149] Goods and services are divided into three categories whereby tariffs are eliminated: immediately in 1994 (category A); within five years from 1998 (category B); within five years from 2003 (category C) (Coffey, 1999, 119-120). The agriculture, textile and auto industries are subject to specific provisions. For more details, see the official NAFTA text: Gouvernement du Canada (1992, part II, chapter 3, appendixes 300-A et 300-B and chapter 7, section A).

[150] In this regard, NAFTA prolonged – or exacerbated – economic processes already under way during the *maquiladoras* program. For a broader discussion of the integration of production processes in North America, read Eden (1994).

[151] As Sandra Masur at Eastman Kodak, and a leading figure of the soon-to-be-formed USA*NAFTA explained, many American industries supported NAFTA because "U.S. manufacturing must pursue joint production [with Mexico] to keep costs down and compete against European and Japanese competitors who pursue similar strategies" (cited in Shoch, 2001, fn. 39, 332).

workers' assistance nor the transition periods for tariff elimination that he managed to negotiate with his North American counterparts could settle this conflict of interests.

Despite worker opposition, NAFTA would in fact encourage business restructuring processes. The agreement was all the more appealing to traditionally "import-competing" sectors since it established discriminatory measures against foreign firms. The "rules of origin" restrict preferential treatment to products designated as "North American" as defined by a percentage-based regional content (e.g. 62.5% of auto components for cars and engines, 60% for heavy trucks etc.).[152] These provisions were crucial to obtain the support of American manufacturing industries to the extent that they shielded them from international competition (Nishijima & Smith, 1996, 35; Orme, 1996, 266; Cox, 1995, 367-71). They were also very important for business organizations like ECAT or NAM, which hoped to unite their business constituencies behind NAFTA (Japan Economic Institute (JEI), 1992, 5).

In the light of these protectionist measures, NAFTA appears to be more of a compromise designed to satisfy powerful American business interests than a real "free" trade agreement. Yet, the fact that a trade initiative combines trade-liberalizing measures with protection safeguards is nothing new. As discussed in chapter two, this pattern of give-and-take has been a common feature of the history of American trade policy since the 1930s.[153]

What was less common was the far-reaching scope of NAFTA "non-trade" issues. In fact, NAFTA's chapter one makes clear that trade is only one of six principal negotiating

[152] For a discussion of the political economy of the rules of origins, read Agami (1994).
[153] Dryden's (1995) study of the USTR is a good example of this bargaining process.

objectives, including "fair competition," investment, intellectual property rights, dispute resolution and trilateral cooperation.[154] Among these goals, political analysts generally agree that investment was as much a priority to American multinational corporations as the trade of goods and services (Nishijima & Smith, 1996, 36; Shoch, 2001, 146; Orme, 1996, 129). Accordingly, NAFTA was built with an ironclad investment regime that would serve as a model for future trade agreements over the next decade. Not only did the agreement open most economic sectors, including public contracts (e.g. military, construction),[155] to North American capital-owners, but it also created strong legal provisions to protect intellectual property rights and investment, subjecting unfair competition to a strong dispute settlement mechanism (Clement et al, 1996, 263-70).

This arsenal of business-friendly provisions had the effect of uniting both export-oriented firms ("multilateralist" companies) and import-competing corporations seeking business restructuring and possibly protection through rules of origin ("regionalist" firms) (Chase, 2003; Cox, 1995). Of course, not all American businesses supported NAFTA. Three categories of companies were opposed to the agreement: 1) labor-intensive industries with low intrafirm trade (e.g. footwear, glassware, luggage, brooms and ceramics); 2) a number of protected farm interests like the sugar, fresh fruit and vegetable sectors; 3) a number of small and medium businesses that feared increased competition from Mexico (represented in the protectionist U.S. Business and Industrial Council) (Cox, 1995, 374; Avery, 1998, 290; Shoch, 2001, 146; JEI, 1992, 9).

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[154] NAFTA's text is available at:
http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=80#top

[155] A whole section of NAFTA's text is dedicated to government procurement.

These dissenting voices, however, were lost in the fervent chorus of American businesses supporting NAFTA. A poll conducted after the signature of the accord (December 17, 1992) revealed that 72 % of business executives from corporations with annual revenues superior to $ 1 million supported NAFTA (JEI, 1992, 4). Similarly, 70 percent of the U.S. Chamber of Commerce constituencies – a very eclectic membership – backed the international agreement (Kollman, 1998, 135). In sum, the business-friendly terms of NAFTA meant that the private sector was generally united on behalf of "free trade" – even though the international agreement was neither free nor confined to trade.

This marked a stark contrast with the almost unanimous opposition of labor unions against President Bush's trade initiative. Thus, NAFTA was a clear example of how increased capital mobility could split sectoral coalitions along class lines. And as Helleiner predicted two decades ago, "At the industry level, where labor and capital are at odds in their approaches to the policymakers, so far, the preferences of the latter prevail" (1977, 42). Helleiner provided little explanation to understand the ways through which transnational corporations and business interests would exert their power on the policy process. The next subsection will seek to fill this lacuna.

Institutional bias

To understand why the design of NAFTA followed the logic of American business interests yet ignored most of the grievances of labor or environmental activists, one must analyze the institutional dynamics of the trade policy process. The study of policy formation during the NAFTA negotiations shows that inequalities of power were

embedded in the trade advisory committee (TAC) system, in which corporate actors act as "policy clienteles" to the detriment of civil society groups, whose voices are largely excluded from the decision-making process.

A close examination of trade advisory committees in the early 1990s reveals one simple fact: corporate advisors overwhelmingly dominated the membership of each of its organs. This was true during the NAFTA negotiations as it would be in the subsequent trade debates. In 1991, the ACTPN – the most influential advisory committee – was almost entirely composed of corporate advisers. Out of its 44 members, 38 represented individual companies and 4 represented business trade associations.[156] Perhaps even more tellingly, all 35 members of the Industry Policy Advisory Committee (IPAC) – the steering committee for the 16 Industry Sectoral Advisory Committees (ISACs) of the second tier – represented large corporations (USTR, 1990-1991). These private actors had a privileged access to U.S. trade negotiators that allowed them to exert considerable influence on the negotiations. At the end of the NAFTA negotiations, James Robinson, CEO of American Express praised the Republican White House for its close collaboration with business interests, noting that nearly 1,000 meetings had been held with trade negotiators and government officials (Avery, 1998, 285). Their dominance of the trade policy process allowed them to control the terms of the debates and relegate fair trade issues to secondary provisions.

As the second part of this chapter will illustrate, business influence was not confined to the negotiating phase. Corporate interests would remain active throughout the entire

[156] See appendix 3.

policy process: first, by shaping the terms of the trade agreement as advisers, and second, by lobbying Congress to approve their progeny. The ACTPN's chairman James Robinson III, also chairman of the Business Roundtable, would be a key actor in the business coalition-building efforts on behalf of NAFTA. Similarly, TAC corporate advisers, typically from large and politically active corporations often took the lead of the advocacy campaign on behalf of the North American accord (Stokes & Choate, 2001, 57; Darves & Dreiling, 2007; Dreiling, 2001, chapter 5).

In contrast, fair traders were seriously marginalized from the negotiating phase of the policy process. In the influential ACTPN, only two were labor representatives and neither environmentalists nor consumer advocates were represented. This lack of political access was exacerbated by the absence of labor, environmental and consumer advocates in all sector-based technical advisory committees – at least until President Bush reached out to the environmental movement (USTR, 1990-1991; Hilliard, 1991, 12-4).

The fact that environmental and consumer advocates were not included in the trade advisory committee system was only half surprising. As explained previously, when the trade advisory committee system was created in 1974, American trade policy was primarily concerned with tariffs and quotas. As a result, environmental and consumer interests paid little attention to trade politics. However, the rising prominence of "non-tariff barriers" created new tensions between national regulation and international trade agreements, as illustrated by the catalytic "tuna-dolphin" case at the GATT in 1991. The domination of private interests and the exclusion of civil society groups from the policy process constituted a clear example of "path dependence" (Pierson, 2000). The design of

NAFTA revealed that the inequalities of power embedded in the institutional reforms of 1974 would have long term implications for the conduct of American trade policy.

For Public Citizen and its allies, the far-reaching domestic consequences of NAFTA required a complete restructuring of the trade advisory committee system that would give public interests more input into the policy process. Ralph Nader's organization was all the more alarmed by the skewed design of the corporate membership of the TAC system since many of the top corporate advisers had a controversial record when it came to environmental regulation. In a 1991 study, Public Citizen revealed that a large proportion of ACPTN and IPAC members were not only among the nation's worst polluters, but had also been actively involved in anti-environmental advocacy.[157] This anti-regulatory bias among private advisers could explain why environmental provisions were always secondary concerns in the design of NAFTA.

In the light of this imbalanced membership, the reaction of President Bush to environmental groups' grievances seemed to be little more than tokenism. Admittedly, George H. W. Bush's nomination of environmental representatives to the trade advisory committee system was an unprecedented step in the trade policy sphere. However, without any revision of the structure of the TAC system, the delegation of five environmentalists – including one in the IPAC in August 1991, and to be appointed in ACTPN in 1992 – amidst a membership of nearly 800 corporate advisers appeared to be a drop in the ocean (Hilliard, 1991, 9-10).

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[157] For instance, 10 out of 42 companies represented on ACTPN were ranked among America's 50 biggest dischargers of toxic pollutants or among the top 50 dischargers of airborne water pollutants. In addition, 19 companies of the top advisory committee were listed as Potentially Responsible Parties for hazardous waste sites by the EPA. Finally, 14 companies (or their affiliates) had participated in a campaign against California's 1986 Safe Drinking Water and Toxics Enforcement Act (Hilliard, 1991, 12-4).

Under this institutional framework, labor interests hardly had a better chance to make their voice heard. Although workers and employers raised serious concerns over NAFTA's investment provisions, the industrial advisory committees always spoke for one single voice: that of business. For example, neither the automotive equipment (ITAC 2),[158] nor the textile and apparel (ITAC 13) advisory committees included any labor representative, despite the concrete threats that NAFTA represented for workers in each of these sectors.

Admittedly, unions were slightly better represented than environmental and consumer organizations through ACTPN and most notably, through the Labor Advisory Committee. Composed of representatives from a wide range of trade unions, the latter has been the only real advocate for labor interests in the TAC system. These isolated voices, however, were muffled by the overwhelming support of the private sector for NAFTA in the ACTPN and the other advisory committees. In 1992, the LAC judged that the NAFTA draft was a "complete rejection of the committee's advice" and demanded that the agreement be renegotiated (JEI, 1992, 6; Ramey, 1992). In contrast, the ACPTN strongly endorsed the final agreement, stating that it would "fulfill its threefold promise to open markets to U.S. exports, to enhance the worldwide competitiveness of U.S. companies, and to provide a model and incentive for more open trade and investment relations with other countries" (ACTPN, 1992).

The power inequalities embedded in the institutional apparatus of trade policy were exacerbated by the lack of transparency of the TAC system. While the 1972 FACA sought to open the advisory committee process to public scrutiny, the 1974 Trade Act

[158] Auto parts constitute to this day a major part of the goods traded in North America (Goodie, 2007).

invoked practical concerns to constrict this "sunshine" policy, arguing that public disclosure would "seriously compromise the development by the United States Government of trade policy, priorities, negotiating objectives or bargaining positions" (Trade Act 1974 § 2155(f)). Under this logic, trade advisory committees meet behind closed doors and prepare policy recommendations that can determine the fate of workers who have little or no input in these decisions (Stokes & Choate, 2001, 57). In the case of NAFTA, the complete text of the agreement, although completed in August 1992 was – at least not officially[159] – not available to the public until 1993 (Lewis, 1993).

Conclusion

In sum, the institutional design of the trade advisory committee system was ill-adapted to the new social and environmental questions that NAFTA would raise. First, its sectoral structure failed to take into consideration the increasing class conflicts corollary to increased capital mobility, excluding labor stakeholders from the policy process. Second, it ignored the tensions between national regulation and international trade laws that had awakened environmentalists and consumer advocates from their political apathy. Through a process of "path-dependence," the TAC system institutionalized inequalities of power, whereby corporate interests were granted privileged access to the decision-makers of the executive branch while civil society groups were excluded from the trade policy process.

[159] Public Citizen's leak of the draft of the NAFTA text months before its official release (Center for Public Integrity 1993, 40).

This special relationship between the executive branch and the private sector allowed the business community to shape NAFTA according to its preferences. This explains why NAFTA included, for instance, chapters on intellectual property rights and government procurement and, most importantly, why it was designed with such strong investment provisions while it relegated labor and environmental provisions to a "parallel track" of negotiations. The skewed design of the policy process would have consequences beyond the scope of the NAFTA trade bill. As Charles Lewis, executive director of the Center for Public Integrity noted in this analysis of the NAFTA negotiations:

> The trade game illustrates well what William Greider calls "deep lobbying." The purpose of this sophisticated form of political planning is not so much to affect any specific legislation as to define public argument and debate. By controlling the terms of debate, deep lobbying controls the outcome. (Lewis, 1993, 1)

Of course, not all advisory committees exert influence on the White House; nor is the latter ever captive to the *diktat* of the private sector.[160] Different presidents and USTRs have relied on these advisers to pursue their own agenda: some have sought active participation of advisers; others have used appointments to reward corporate allies and build political support for lobbying Congress (Stokes & Choate, 2001, 56; Lewis, 1993). However, to the extent that the executive branch relies almost exclusively on business for technical information, American firms do exert considerable influence on the terms of the negotiations, acting as – in the words of Clinton's undersecretary of commerce Jeffrey Garten – "de facto agents of foreign policy" (cited in Faux, 2006, p. 16). Thus, far from being above domestic interests in the pursuit of the "national interest," the executive

[160] Under the law, USTR does not have to adhere to the committees' recommendations, but must inform them of "significant departures" from their advice (JEI, 1992, 3).

branch closely collaborates with them in the decision-making process, pursuing a "free trade" or, more appropriately, business-friendly trade policy that relegates labor, environmental and consumer issues to the margin of the policy process. This close collaboration is, however, only one facet of the special relationship between the executive branch and the private sector. As the next part will illustrate, the president also made ample use of his institutional powers to ensure the congressional ratification of NAFTA.

II) MOBILIZATION & COUNTERMOBILIZATION

The fact that President Bush had succeeded in completing the international negotiations did not mean that NAFTA would vanish from the headlines. To the contrary, the accord would become the subject of fierce debates in the context of the 1992 presidential election, owing largely to the fiery declarations of independent candidate Ross Perot.

The Texas billionaire became a powerful challenger to the traditional parties[161] and a leading opponent of the North American accord. Although the involvement of the populist right in contemporary trade debates is beyond the scope of this dissertation, it must be acknowledged that Ross Perot played an important role in raising the prominence of the NAFTA debates. In a famous presidential debate on PBS, Perot evoked the trade agreement in sharp terms:

> Let's go to the center of the bull's eye – the core problem. And believe me, everybody on the factory floor all over this country knows it. You implement that NAFTA – the Mexican trade agreement where they pay people $ 1 an hour, have

[161] In June 1992, Perot led the polls with 39 % of intended votes (McCann, Rapoport & Stone, 1999, 1).

> no health care, no retirement, no pollution controls, etc., etc., etc. – and you are going to hear a giant sucking sound of jobs being pulled out of this country (Perot, 1992).[162]

The vivid expression "giant sucking sound" became a common symbol for the threat of outsourcing and brought labor issues to the center of the NAFTA debates. Never before had trade policy become subject to such controversies.[163] According to Phyllis Jones (2000, 275), Perot and organized labor both "brought NAFTA to the public."

So controversial was NAFTA in the 1992 presidential campaign, that Bill Clinton was torn between his ideological belief in free trade and his willingness to portray himself as a business-friendly "New Democrat," and his fear of alienating his labor and environmental constituencies. His eyes on the polls, the Democratic candidate postponed his endorsement of the accord until early October 1992. In a first instance of Clintonian "triangulation," the Arkansan governor and his advisers chose a middle course: he would condition his support for NAFTA upon the successful negotiation of side agreements that would promote international labor standards, protect the environment, and establish safeguards against import surges. (Shoch, 2001, 159).

Like Bush's Action Plan, Clinton's side agreements were minor policy concessions designed to rally support for NAFTA among liberal Democrats. They were also part of a broader strategy devised to stop the anti-NAFTA advocacy campaign.

If President Clinton's promises would succeed in dividing the nascent "fair trade" alliance, a group of labor, environmental and consumer organizations continued to press

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[162] For a more detailed account of Perot's perspectives, read Perot, Choate & Perot (1993).
[163] As Cohen, Paul and Blecker (1996, 245) noted, "so public and pervasive was the NAFTA debate that it was the first trade policy issue to become grist for network talk shows, comedy monologues of late night comedians on television, and even comic strips."

Congress to reject NAFTA. Through intense lobbying efforts both inside and outside Washington, NAFTA opponents managed to push the trade bill to the brink of collapse.

In this new contentious era of trade politics, congressional support for free trade could no longer be taken for granted and required presidential leadership. Only by joining forces did the president and the business community manage to save the day. In a classic archetypical example of "countermobilization," the White House and its corporate allies coordinated a multi-faceted advocacy campaign, the hallmarks of which were a sophisticated public relations campaign and an aggressive lobbying counteroffensive inside the Beltway. These efforts paid off, as "free traders" managed to rally support in both parties, to the great displeasure of the fair trade alliance. Before lobbying side-by-side with business for NAFTA's ratification, however, the White House had to build trust with the private sector by committing to weak labor and side agreements.

The second half of this chapter will begin by examining the politics behind President Clinton's negotiations of the side agreements before turning to an analysis of the dynamics of mobilization and countermobilization that preceded the NAFTA vote. It will focus, first, on the advocacy efforts of the "fair trade" alliance and its impact in Congress and, second, on the counteroffensive launched by the "free trade" coalition between the White House and the private sector.

President Clinton and the side agreements

The election of President Clinton brought considerable hope to both environmentalists and labor organizations, which had been essentially put on the

defensive under Republican presidencies. In the environmental realm, the Democratic administration announced an ambitious set of political reforms that promised to limit carbon emissions, strengthen federal regulation and promote renewable energy research. Beyond their long list of commitments, Bill Clinton and his Vice President Al Gore also departed from traditional rhetoric about the relationship between environmental protection and economic growth by arguing that environmental progress could both create jobs and improve energy efficiency and, therefore, the competitiveness of the U.S. economy.

The Democratic administration's early actions – before the Democrats lost their majority in Congress in 1994 – seemed to indicate that it would keep his electoral promises. To begin with, the environmental community largely applauded President Clinton's pro-environmental appointments. In addition, the chief executive put his "environmental vice-president" in charge of formulating and coordinating environmental policy. Last, the White House quickly eliminated George Bush's controversial Council on Competitiveness – whose role mirrored that of Ronald Reagan's Task Force on Regulatory Relief – and replaced it with a new Office on Environmental Policy intended to coordinate departmental policies on environmental protection (Vig 2006, 108-11; Hays, 2000, 97, 118).

Similarly, organized labor welcomed President Clinton with open arms. The Democratic president partly owed his election to the AFL-CIO and national unions, which had given him crucial electoral, financial and organizational support during the 1992 campaign. Initially at least, the relationship between the new administration and

organized labor seemed promising. First, the White House opened its door to labor representatives, who were enthused by their new access to policymakers.[164] Union leaders were also largely satisfied by the administration's political appointments, many of whom had ties with organized labor. In addition, President Clinton's agenda also seemed largely congruent with labor interests: from the Davis-Bacon Act (setting prevailing wage standards for federal construction projects) to the issuance of an executive order banning the permanent replacement of strikers by federal contractors; and, from a broader social standpoint, the Family and Medical Leave Act, Clinton's 1993 economic package (which promised new investments in public infrastructure, job training etc.) and healthcare reform (Dark, 1999, 162-8).

More troubling for labor were President Clinton's ambitions as a "New Democrat." Bill Clinton's political thinking was influenced by his involvement with the Democratic Leadership Council (DLC), which he had chaired in 1990-1991. Created in 1985, the DLC was formed to move the Democratic Party to the center of the political spectrum and regain support from the private sector. To do so, the DLC sought to insulate the Democratic Party from "special interests" – primarily organized labor – and advocated a more restrained and market-oriented role for the government in the U.S. economy. Although President Clinton's first set of policies (e.g. tax hikes for the wealthy, healthcare reform) generally tilted toward the left wing of the Democratic Party, it is generally acknowledged that his "New Democrat" persona fully bloomed in the aftermath of the Republican takeover of Congress in 1994 (Shoch, 2001, 163-4).

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[164] AFL-CIO chief lobbyist Robert McGlotten remarked: "I've been to the White House about 40 times in the last nine months. Before I was there about twice in 12 years" (cited in Dark, 1999, 163).

During the NAFTA debates, however, larger forces than party politics were at play. Like most of his postwar predecessors, President Clinton embraced the "free trade" orthodoxy that had guided policymakers for more than 50 years. Although NAFTA was neither "free" nor solely about trade, the Democratic chief executive endorsed the agreement under the pretext that it would serve America's national interest. Yet, the notion of "national interest" was more than the ideological substrate of "some defunct economist" – to borrow the words of one of the most illustrious practitioners in that field (Keynes, 1936, chapter 24, §V). As the first part of this chapter has shown, it was the product of an institutional structure that privileges business interests over those of civil society groups like labor, environmental and consumer advocates.[165] Thus, by endorsing NAFTA, President Clinton did not elevate himself above domestic politics, as some political analysts would argue, but rather joined one side of the political struggle pitting corporate interests against civil society groups.

This is not to suggest that the chief executive was fooled by his own ideological aspirations. Indeed, the administration's policymaking during the NAFTA debates incarnated the political logic of the DLC: standing against the Democrats' traditional constituencies (organized labor and environmentalists) while drawing support from business interests.[166] Rather, the political calculations of the Democrats dovetailed with the institutional logic of the trade policy process.

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[165] In this sense, Keynes is wrong. In the trade policy sphere, the power of vested interests is not exaggerated but underestimated.

[166] President Clinton's close advisers pushed him to adopt the DLC's political line. On the one hand, Treasury Secretary Lloyd Bentsen and USTR Mickey Kantor told him that he could demonstrate political courage by battling the AFL-CIO. On the other, White House Congressional Liaison Howard Paster confided: "If you abandon NAFTA, Mr. President, there goes New Democrat" (cited in Shoch, 2001, 177-8; and fn. 60, 342).

It was this mix of strategic, ideological and institutional factors that prompted the White House to throw its full weight behind NAFTA. As this part will show, the joined countermobilization of the executive branch and the private sector succeeded in countering the powerful lobbying campaign of the anti-NAFTA coalition thereby ensuring the congressional ratification of what is commonly viewed as one of the most controversial bills in the history of American trade politics. To fully mobilize the business community behind NAFTA, the administration had to eliminate a persistent bone of contention between the two "free trade" allies: the negotiation of labor and environmental side agreements.

Negotiating the side agreements

President Clinton's conditional endorsement of NAFTA prompted contrasting reactions on both sides of the trade divide. Both blue and green constituencies responded positively to the White House's promises to renegotiate NAFTA, hoping that new concessions might help establish environmental and labor standards on a continental scale. In contrast, corporate interests were uncertain about the new president's political intentions and feared that the NAFTA's side agreements might impose new regulatory constraints on American businesses.[167] Yet, if the administration had a chance to break with the business-oriented logic of the trade advisory committee system, it decided, instead, to follow the script of the DLC. President Clinton's side agreements, like that of President Bush's Action Plan, were tailored to win congressional votes and accommodate

[167] In contrast, President Bush's Action Plan had raised little concerns within the private sector, as the latter assumed that a Republican president would look after their interests.

the business community – not to accomplish substantive progress in the environmental and labor realms.

At first sight, the creation of NAFTA's environmental side agreement – formally known as the North American Agreement on Environmental Cooperation (NAAEC) – seemed groundbreaking. The NAAEC was designed to foster transnational collaboration and data collection through the creation of the Commission on Environmental Cooperation (CEC). Two additional institutions were created to address pollution problems along the US-Mexican border: the Border Environmental Cooperation Commission (BECC), and the North American Development Bank (NADBank), designed to fund ecological projects (Hufbauer et al, 2000, 17). These environmental institutions were unprecedented in the trade policy sphere, leading EPA administrator William Reilly to praise NAFTA as the "greenest trade treaty ever" (cited in Esty, 1998, 205).

For the environmental organizations that had offered support to NAFTA under George H. W. Bush's presidency, setting a precedent for the trade-environment linkage was a political priority that required cooperating with the new Democratic administration. In May 1993, the "Group of Seven" sent a letter to the White House giving enough leeway to U.S. negotiators to accept the latter's final settlement with other NAFTA signatories (Mayer 1998, 174-7).[168] However, for many other environmentalists, the negotiation of the environmental side agreement was hardly seen as a victory. This was due to three factors. First, the NAAEC admittedly felt short of addressing the dramatic air

[168] This letter was signed by the WWF, NWF, NRDC, EDF, Defenders of Wildlife, TNC and NAS.

pollution problem of the US-Mexican border.[169] Today, it is common wisdom that the efficiency of the NADBank and the BECC has been largely compromised by their lack of resources and their bureaucratic structure. Second, while neither the threat of a pollution haven nor the prospect of a "race to the bottom" ever materialized,[170] the frictions between NAFTA's supranational investment provisions and national regulations have raised considerable alarm among environmentalists. Since 1994, these conflicts have, indeed, played a large role in converting mainstream organizations to join the ranks of the "fair trade" choir (Deere, 2002, 335; Esty, 1998, 204; Destler & Balint, 1999, 31).[171] Finally, NAFTA's environmental provisions also failed to meet the hopes of mainstream environmentalists with regard to their consultation in the implementation of the accord.[172]

NAFTA's labor side agreement was even further from addressing unions' grievances. On paper, the North American Agreement on Labor Cooperation (NAALC) sets forth a long list of "labor principles" that NAFTA member countries must promote.[173] It also provides a forum for trade unions and human rights NGOs to discuss labor law and

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[169] Despite the measures adopted by certain industries and the increased attention of the Mexican government, the overall picture reveals that neither NAFTA's environmental package nor the Mexican regulatory system is commensurate to the border's ecological challenge. (Gallagher, 2002; Torres, 2002; Hufbauer et al, 2000, 46). In addition to industrial pollution, trade liberalization in the agricultural sector has put Mexico's diverse ecosystem at great risk (Audley, 2004, 7; Vaughan, 2004, 61-87 ; Nadal, 2002: 143-62).

[170] For economic arguments against the "myth" of pollution havens, see Mayer (1998, 22) and Coffey (1999, 146).

[171] In a series of cases, corporations have invoked NAFTA's investment provisions to challenge domestic laws protecting human health and the environment and managed to obtain financial compensation from national governments. For more details on this topic, see Mann and von Moltke (1999); Mann and Araya (2002, 163-80); Hufbauer et al (2000, 8-16); and Rugman, Kirton & Soloway (1999).

[172] This was primarily due to the elusiveness of the CEC's language dealing with citizens submission, as well as the cost and complexity of these participative procedures (Torres, 2002, 208-9; Vogel, 2000, 90).

[173] This list includes: 1) Freedom of association and protection of the right to organize; 2) The right to bargain collectively; 3) The right to strike; 4) Abolition of forced labor; 5) Prohibition of child labor; 6) Minimum wage, hours of work and other labor standards; 7) Nondiscrimination; 8) Equal pay for equal work; 9) Occupational safety and health; 10) Workers' compensation; 11) Migrant worker protection.

practice in North American countries. In addition, the NAALC establishes an arbitration panel that can impose sanctions for a persistent pattern of violation of national labor laws related to three of the "labor principles" (child labor, minimum wage, and safety and health) (Compa, 2001a, 324-5).

While political analysts commonly regard NAFTA's labor side agreement as an important institutional precedent for the linkage between trade and labor issues, they also agree on its inherent weaknesses (see e.g. Shoch, 2001, 176; Destler, 2005, 261; Mayer, 1998, 341; Ross, 2000, 87).[174] First, the Clinton administration squashed the hopes of labor unions – and those of environmentalists – that the side agreements might lead to an upward harmonization of labor (and environmental) regulations, favoring instead the enforcement of *national* laws in all NAFTA countries (Mayer 1998, 169; Coffey, 123). Second, the power of the arbitration panel has, in effect, proved to be deliberately more limited than that of the environmental side agreement. Not only was the dispute settlement mechanism designed as a slow and cumbersome process, (Hufbauer, Jones, & Schott, 2005, 29; Nishijima & Smith, 37) but its remedies are, despite a "sunshine effect," largely inconsequential (Compa, 2001; Delp et al, 2004).[175] When compared with the strong dispute settlement mechanism established to enforce investment provisions, it is clear that both labor and environmental provisions were designed as symbolic side payments rather than substantive political reforms.

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[174] A 2001 CRS report reaches similar conclusions: "The 'weakness' of NAALC is in the enforceability of those labor principles" (Bolle, 2001, 3-5).

[175] A 2004 study by the UCLA Center for Labor Research and Education revealed that none of the cases of labor disputes to date had proceeded further than the first, "Cooperative Consultations" phase of the NAALC process – the other three phases being: 2) Evaluation by a Committee of Experts; 3) Resolution of Disputes through consultations and an arbitral panel, and 4) Fines backed by a suspension of trade benefits (Delp et al, 2004, vi).

In fact, the administration backpedaled from its promises on repeated occasions. First, the White House proposed to renegotiate NAFTA, then refused. Second, it promised to design a third side agreement on import surge before abandoning its proposal.[176] Third, the chief executive proposed to give subpoena powers to the trilateral commissions on environment and labor, as well as the ability to use sanctions to enforce regulatory standards, before dropping the idea of sanctions altogether. Finally, the White House proposed a tax for funding worker retraining, before renouncing this idea again in the face of opposition among both Republicans and business interests (Brady and Volden 1998, 114).

Like NAFTA's core text and Bush's Action Plan, the side agreements were designed in accordance with business interests. The private sector sustained its pressure on the Clinton administration throughout the process of negotiations. Through correspondence with the USTR or via Republican representatives, corporate interests warned Democratic leaders that strong provisions might jeopardize the passage of NAFTA. To adopt a united stance on labor and environmental issues, the business community established "blue" and "green" taskforces seeking to influence the negotiations of each side agreement. Coordinated by the Business Roundtable, these teams included representatives from most major business associations including the USCC, NAM, ECAT, the Council of the Americas etc. The private sector was concerned by the idea of supranational regulatory institutions with power of investigation and enforcement over labor and environmental

[176] I am grateful to Mark Anderson (former AFL-CIO Director for International Affairs) for raising this point.

standards. In a letter sent on June 3rd, 1993, a coalition of business associations warned USTR Mickey Kantor against adopting strong side agreements:

> We are concerned that the U.S. draft negotiating texts for the supplemental agreements have flaws that could undermine the agreements' potential to improve environmental and labor conditions… [The proposal] threatens to create a new, politically unaccountable bureaucracy… [Trade sanctions are] unnecessary [and] counterproductive [and would] set a perilous precedent for imposition of trade sanctions by or against the United States to address such issues as human rights, civil rights, and any other type of disfavored noncommercial behavior (cited in Mayer, 1998, 193).[177]

Business organizations were particularly wary of adding strong labor clauses to NAFTA, fearing it might impose new obligations on U.S. business. As Abraham Katz, president of the U.S. Council for International Business declared,

> The AFL-CIO has also advocated that a social clause be added to the social charter. That means to enforce standards through trade sanctions. This is part of the AFL-CIO's so far unsuccessful push in the ILO and in the GATT to introduce its modern version of what I call Bismarkian protectionism, because this idea goes all the way back to Bismark and has been unsuccessful. But for the U.S. Government to argue for the incorporation in NAFTA of trade sanctions to enforce labor standards would not only mean opening up the agreement, but if it were successful would generate endless litigation and arguments between Mexico and the United States, creating the very uncertainty for business that NAFTA was intended to eliminate (Katz, 1993, 273).

The fact that the labor side agreement ended up being weaker than the environmental one was not a mere coincidence: it was another clear sign of the administration's deference to the preferences of the private sector.

Of course, trade policymaking does not only depend on domestic politics. Rather, it is a "two-level bargaining" process, whose outcomes are also constrained by international negotiations. Along those lines, U.S. Trade Representative Mickey Kantor invoked the

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[177] This letter was signed by the Business Roundtable, Council of the Americas, ECAT, NAM, U.S. Chamber of Commerce, U.S. Council of the Mexico-U.S. Business Committee, U.S. Council for International Business, and USA*NAFTA.

narrow leeway of international negotiations to explain the weakness of the side agreements. As Shoch notes, this may have played a role in the administration's decision to settle for weaker side agreements (2001, 176).

However, the repeated concessions granted by President Salinas to U.S. domestic interests – whether rules of origins for the textile and auto sectors or protection to the U.S. sugar and citrus industries – reveal that Mexico was ready to do its utmost to save NAFTA from its opponents. In contrast, corporate organizations and their Republican allies were particularly wary of giving too much scope to labor and environmental provisions. If one takes into consideration the New Democrats' ambition to shift the party line to the center and the influence of business interests on Republican lawmakers, it seems clear that the Clinton administration's weak side agreements were largely shaped by the demands of the business community. Ira Shapiro, General Counsel for the U.S. Trade Representative made this explicit when he told an audience of business representatives at an American Enterprise Institute that "We made it difficult to get to sanctions" (cited in AFL-CIO, 1997, 9). Thus, as Jeff Faux notes,

> We can only conclude that the central obstacle to having worker and environmental protections in NAFTA was not the resistance of the Mexican and Canadian negotiators, but the resistance of American multinational business (2006, 28).

Mark Anderson, who represented unions' interests in the negotiations on the side agreement with the White House, draws the same conclusion: "The Clinton administration essentially bowed to the wishes of business in structuring the side agreements." According to him, the Clinton administration's reluctance to push for

international labor standards in the subsequent bilateral FTA negotiations with Chile confirmed its lack of commitment to the labor cause (Anderson, 2007*).

This means that, once again, the special relationship between the executive branch and the business community was a key obstacle to the progress of the fair trade cause in two regards. First, the weakness of NAFTA's side agreements gave fair trade advocates few opportunities to address the social and environmental effects of trade liberalization. Second, the negotiations of symbolic side agreements proved to be crucial to the passage of NAFTA. To begin with, they succeeded in dividing the opposition to NAFTA by rallying the support of mainstream environmentalists. In addition, these addenda were crucial to boosting support for NAFTA among Democrats. Thus, despite his attempts to distance himself from President Bush, the new Democratic president relied on similar strategic side payments to win this new trade battle (Valladão, 1995, 22; Gauthier & Raffaelli, 2000, 223). Finally, the limited scope of the labor and environmental provisions reassured the business community and enabled the "free trade" front to regroup with the aim of countering the powerful mobilization of the anti-NAFTA coalition, to which the next subsection turns.

Coalition-building on the fair trade front

As chapters 1 and 2 have shown, the emergence of a fair trade alliance in the early days of the NAFTA debates was the result of coalition-building efforts in the 1980s. This alliance operated through two advocacy networks: the Alliance for Responsible Trade (ART) and the Citizens Trade Campaign (CTC). Appendix 4 provides a clear picture of

the structure of each coalition. This diagram presents the main actors of each coalition, among them Public Citizen, the Sierra Club, Friends of the Earth and the Service Employees International Union (SEIU) for the Citizens Trade Campaign, and the International Labor Rights Education and Research Fund (ILRERF), Greenpeace, United Electrical, Radio, and Machine Workers of America (UE) and the Development Gap for the Alliance for Responsible Trade. It also reveals that certain organizations, such as the Amalgamated Clothing and Textile Workers Union (ACTWU), the United Auto Workers (UAW) and the Teamsters on the labor side, as well as Friends of the Earth in the environmental field, were active participants in both alliances.

Despite the unprecedented breadth of the anti-NAFTA front, it is important to re-emphasize that these coalition-building efforts involved only certain segments of organized labor and the environmental movements (Dreiling, 2001, 29, 40). For instance, several of the mainstream ecological organizations such as the World Wildlife Fund and the Environmental Defense Fund that came to support the North American agreement distanced themselves from these coalitions. In addition, out of the 81 affiliates of the AFL-CIO, only 18 formally joined the Citizens Trade Campaign (CTC), the most powerful anti-NAFTA coalition, while a few unions participated in both the CTC and its sibling, the Alliance for Responsible Trade (ART).

Each of the two main fair trade networks had a distinct *modus operandi*. First, the ART focused on fostering cross-border cooperation with Canadian and Mexican activists, forming, according to Susan Aaronson (2001, 115), “the first multinational nongovernmental organizational challenge to a trade agreement.” This international

framework facilitated cross-border exchanges between labor, human rights and environmental interests and would lay the groundwork for future mobilizing efforts on a continental scale, particularly in connection with the project of a Free Trade Area of the Americas (FTAA) and during the campaign against the Multilateral Agreement on Investment. The ART also gathered more charitable organizations and adopted a more bottom-up, consensual approach to trade policy debates than the CTC. According to John Cavanagh, the ART helped civil society groups to find commonalities and develop an internationalist alternative to NAFTA's model of regional integration. Overall, however, the ART was only indirectly involved in the lobbying campaign against NAFTA (Dreiling, 2001, 57-8, 75).

Second, the Citizens Trade Campaign was composed of larger environmental and labor organizations and enjoyed much greater financial and human resources than the ART. Thus, it largely dominated the lobbying campaigns against fast track authority and NAFTA both inside and outside the Beltway (Cavanagh, Anderson & Hansen-Kuhn, 2002, 189, 202-3).[178] Adopting a more confrontational approach to free trade issues, the CTC was skeptical about the type of alternative model of integration advocated by the ART, lest any compromise result in cosmetic concessions.

What is important for the purpose of this study is that the formation of both of these networks marked a departure from conventional trade politics. The far-reaching scope of NAFTA provided common ground for these coalition-building efforts. In turn, both the ART and the CTC's education efforts prompted a variety of stakeholders to realize the

[178] To the extent that this dissertation focuses on interest group lobbying, it will put more emphasis on the role played by the CTC than the ART.

larger implications of free trade agreements. For instance, the CTC incited environmental organizations (e.g. the Sierra Club) or labor unions to broaden their political horizons and get more involved in trade politics. As CTC founder Lori Wallach remarked,

> Labor unions used to pay attention to tariffs to the extent that it wouldn't create competition for their sectors. But what we developed as a coalition was really a worldview about the agreements as structures to implement a much broader set of policies and a contrary worldview to ours (Wallach, 2007*).

The worldview to which Wallach refers was the notion of "fair trade," a socially and environmentally responsible trade policy defined in contradistinction to the corporate-driven NAFTA model that had prevailed during the negotiating phase.

The anti-NAFTA campaign begins

The first objective of the anti-NAFTA alliance consisted of barring the renewal of President Bush's trade-negotiating authority. Although the analysis of this specific legislative battle is excluded from this dissertation for space concerns, the fast track debates of 1991 were in many ways a prelude to the NAFTA battle. On the one hand, labor, environmental and consumer advocates combined grassroots efforts and inside-the-Beltway tactics to rally enough support in Congress to defeat the fast track bill.[179] On the other, the Republican president divided the opposition by offering symbolic concessions (the Action Plan) and relying on the lobbying efforts of the business community.

[179] The first major lobbying effort launched by the Citizens Trade Campaign took place between mid-1991 and the fall of 1992. Designed by Public Citizen, the Sierra Club and several unions, and endorsed by 50 organizations including the AFL-CIO, the Waxman-Gephardt Resolution (HR 246) stipulated that "Congress will not approve legislation to implement any trade agreement if such agreement jeopardizes United States health, safety, labor or environment laws..." After intense lobbying efforts from the CTC, the bill finally managed to acquire the necessary 218 supporters and had the effect of reinvigorating the anti-NAFTA coalition (Dreiling, 2001, 63).

Eventually, the nascent blue-green alliance did not manage to prevent the renewal of fast track authority. Neither this first defeat, however, nor the election of a Democratic president deterred NAFTA opponents from their advocacy efforts. Until the very last months before the vote, the opponents of the trade bill were much more mobilized than its supporters. And despite internal divisions within the fair trade coalition, labor unions and their allies came within inches of defeating the NAFTA bill.

Organized labor was arguably the most politically influential actor engaged in the anti-NAFTA campaign (Center for Public Integrity, 1993, 37). The unions' mobilizing efforts intensified once it became clear that the "toothless" labor side agreement would do little to protect workers rights on either side of the U.S.-Mexican border (Compa 1998b, 63-9; Shoch, 2001, 283). Their political strategy relied on both "inside" and "outside" tactics (Avery, 1998, 288; Shoch, 2001, 281).

On Capitol Hill, unions warned legislators that they would withhold campaign contributions from any congressman who chose to back the North American agreement. They also threatened to defeat any NAFTA supporter in 1994 (Steagall & Jennings, 1996, 515). In a remake of the fast track tactics, the AFL-CIO also invited members of the press and legislators to witness the working conditions in the *maquiladoras* by organizing trips to the Mexican border region (Mayer, 1998, 42). In a testament to labor's new political emphasis on "fair trade" issues, these trips often included sensitizing lawmakers about the environmental hazards of the border region (Anderson, 2007*). This type of initiative was facilitated by the increased transnational collaboration of Mexican and American labor unions that had started at the end of the 1980s.

The real strength of labor's anti-NAFTA campaign resided in its grassroots power, a key asset from which its green allies indirectly benefited. Perhaps more than any trade legislation, NAFTA had considerable resonance among the rank-and-file. For many union members, the North American agreement represented a concrete threat to U.S. manufacturing jobs. Former AFL-CIO Director of International Economic Affairs Mark Anderson explains,

> "For my folks, there is nothing theoretical about this, since they had already being going through a fairly intensive period of either plant closures or lay-offs, let's say in the previous five years… moving to the maquiladora program in Mexico… and with the downward pressure it had on bargaining and wages…" (Anderson, 2007*).

At the local and regional levels, unions organized rallies and encouraged their members to call or personally meet their representative. Workers also inundated Congress with a tsunami of anti-NAFTA letters (Shoch, 2001, 283). In addition, unions funded a television, radio and print media blitz against NAFTA.

Overall, the mobilizing efforts undertaken by the AFL-CIO and its affiliates were, according to Anderson, the fiercest public policy battle fought by the Federation in decades (Anderson, 2007*). Despite the strong mobilization of the labor rank-and-file, however, it is important to note that the anti-NAFTA campaign remained controversial among leaders of the AFL-CIO. Indeed, union leaders were divided about whether they should so fiercely attack the first Democratic president in twelve years (ibid). Thus, until the side agreements were completed in August 1993, the official line of the labor federation was "Not this NAFTA." On the other hand, individual unions such as the Teamsters, the textile and garment unions, UE and the glass union adopted a much more aggressive stance in their opposition to NAFTA (Mayer, 1998, 224-6).

As mentioned before, the environmental front was even more divided, with mainstream pro-NAFTA green organizations pitted against grassroots anti-NAFTA groups. In September, two months before the vote, the White House invited five pro-NAFTA ecological organizations[180] to celebrate the completion of the side agreement negotiations (Audley, 1997, 88-98).[181] For the rest of the fair trade alliance, however, the Group of Seven's endorsement of NAFTA was more than a betrayal of the environmental cause. In effect, it seriously undermined the entire lobbying campaign against the North American agreement. In so far as pro-NAFTA organizations represented 80 % of the membership of the green community, their willingness to compromise discredited any opposition to the pact on environmental grounds – whether in Congress or in the coalitions (Audley, 1997, 100).

Nevertheless, these serious obstacles did not discourage other environmentalists – among them Friends of the Earth, the Sierra Club and Greenpeace – from continuing their lobbying efforts against the ratification of the free trade agreement. They launched their own grassroots campaign, whether independently – this was the case with the Student Environmental Action Coalition – or in conjunction with other groups (the Citizens Trade Campaign). Like labor unions, they produced thousands of phone calls and letters to congressional offices. In May 1993, the CTC organized a "National Week of Action for Fair Trade" which included a variety of blue-green events from New York to Seattle. In Washington, environmentalists and their labor allies worked closely with a core of liberal

[180] In the end, the Nature Conservancy and the Defenders of Wildlife took no formal position on NAFTA. For more details, read Audley (1997, 104-5).
[181] For more details on NAFTA's environmental regime, see section 4.3.

Democrats, among whom was House Whip David Bonior, to target forty undecided voters (Dreiling, 2001, 53-6, 74; Audley, 1997, 97-8; Mayer, 1998, 228-9).

Finally, fair traders benefited from the support of United We Stand America, Perot's powerful movement of nearly two million activists (Mayer, 1998, 295) and from the Texan's vast financial resources, which helped to offset the resources gap between NAFTA-opponents and free traders (Center for Public Integrity, 1993, 37).

If Ross Perot certainly helped to raise the prominence of the NAFTA debates, the contribution of the populist conservative wing, of which Patrick Buchanan was another prominent voice, may also have hurt the advocacy efforts of "fair traders". As Dreiling (2001, 70) notes, Perot's anti-NAFTA campaign elevated the status of nation and race at the expense of the progressive agenda that "fair trade" alliances sought to promote. The fact that the AFL-CIO and the Citizens Trade Campaign did not clearly distance themselves from right-wing nationalist made them more vulnerable to the critics of the "free trade" forces.[182]

Impact of fair trade mobilization

The impact of the fair trade coalition on the NAFTA debates was two-fold. First, labor, environmentalists and consumer advocates succeeded in broadening the scope of American trade policy by raising the prominence of non-traditional trade issues such as environmental protection, international labor standards and consumer safety. Second,

[182] For example, Perot was a special guest at an AFL-CIO mass rally. Also, Public Citizen collaborated with the Texan billionaire to help him prepare his televised debate with Al Gore (Dreiling, 2001, 78 , Audley, 1997, 101, fn. 15, 111).

they exerted considerable pressure on lawmakers from both parties (especially Democrats), coming close to defeating the NAFTA bill.

Perhaps the most significant achievement of the blue-green alliance was its ability to redefine the terms of trade debates in America. This was a defining element of the "new politics of American trade" (Destler & Balint, 1999). As one activist noted, NAFTA opened the closed door of international trade negotiations to civil society actors (Hansen-Huhn, 2000). By threatening the passage of NAFTA, these new stakeholders compelled decision-makers to design policy concessions. While the latter were more symbolic side payments than substantive reforms, they also set a precedent in the conduct of American trade policy.

President Bush's Action Plan, like Clinton's side agreements, legitimized the linkage between trade liberalization and environmental protection and, for the first time, granted environmentalists a seat – however remote from the decision center – at the bargaining table. As John Audley notes, "NAFTA marks the first step toward reconciling trade and environmental policies" (Audley, 1997, 136). Whether environmentalists – and, to a broader extent, fair traders – would have achieved greater political progress had the green movement remained united is an open question.[183] Yet, regardless of what *could* have happened, environmentalist outsiders did manage to play an unexpected role in the trade policy sphere.

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[183] Some analysts regard the environmental split as a good cop/bad cop configuration that translated into a crucial source of political leverage (Audley, 1997, 142; Esty, 1994, 203). In retrospect, NAFTA opponents regard the compromise of mainstream environmentalists as a tactical mistake (Strand, 2007*; Wallach, 2007*).

Similarly, the Action Plan and the labor side agreement, for all their limitations, had the effect of raising the prominence of the trade-labor nexus, bringing questions on workers' rights and outsourcing to the center of trade debates. During the following decade, the inclusion of labor provisions in free trade agreements would be discussed on the basis of the NAFTA formula. To a broader extent, the mobilization of the blue-green alliance marked the emergence of "fair trade" as a new policy framework that would remain at the center of trade debates long after the NAFTA battle.

The second and corollary consequence of fair trade advocacy was the significant threat that it posed to the agreement's ratification. First, through its powerful grassroots campaign, the blue-green alliance and its populist allies managed to turn public opinion against NAFTA. An NBC-*Wall Street Journal* poll taken in early September revealed that support for NAFTA among Americans had fallen from 31 percent in July 1992 to 25 percent in June 1993, while opposition to the accord had risen from 29 to 36 percent (Shoch, 2001, fn. 56, 341). Other polls confirm this downward trend (see Shoch, ibid.; Mayer 1998, 255; Destler 2005, fn 16, 200). While it is empirically difficult to trace the roots of this growing discontent, the declining popularity of NAFTA was most likely due to the vigor of the anti-NAFTA campaign (Mayer, 1998, 271-2).

More threatening for the survival of the NAFTA trade bill were the sharp divisions that fair traders fomented in Congress, and particularly among Democratic legislators. This was not only the case when President Bush sought fast track renewal in 1991, but also under a Democratic President who, barely one year after his election, was confronted by the leadership of his own party. Democratic Whip David Bonior (D-MI) was a key

ally of the fair trade coalition, leading the opposition to NAFTA in Congress. His opposition constituted a serious challenge for the White House, who could not rely on the usual Democratic whip organization to rally the party behind NAFTA (Avery, 1998, 303). Equally problematic was the mutiny of Majority Leader Dick Gephardt (D-MO), an influential voice on trade policy who, four months after voting for fast track renewal, declared his opposition to NAFTA.[184] With the House of Representatives under constant pressure from union members and their allies, this mutinous fervor pervaded the ranks of the Democratic Party. At the end of August 1993, only a few months before the NAFTA vote, David Bonior announced that two thirds of House Democrats opposed the trade agreement (Mayer, 1998, 256).

Until the last few months before the vote, organized labor and its allies were much more mobilized than NAFTA supporters. Given the scale of the opposition to NAFTA among both American citizens and their House representatives, fair traders seemed to be poised for a legislative victory. Recognizing these political trends, most senior White House advisers privately agreed that the president should abandon the agreement (Livingston & Wink, 1997). In fact, the pro-NAFTA forces were so overwhelmed by the scale of the NAFTA opposition at the beginning of Clinton's term that the Office of Management and Budget (OMB) Director Leon Panetta declared it "dead in the water" at the end of April 1993 (Destler, 2005, 201; Dryden 1995, 381).

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[184] Rep. Gephardt's endorsement of President Bush's fast track bill in 1991 was all the more puzzling given his protectionist record and the prominent role he had played in pressing the Bush administration to adopt labor-friendly measures. Mayer (1998, 91) credits the Bush administration's bipartisan tactics with the conversion of the Missourian Representative. Shoch (2001, 148) highlights Gephardt's presidential aspirations and his willingness to shed his protectionist reputation. For a more thorough discussion that includes insights from Gephardt and his advisor Michael Wessel, read McArthur (2000, 112-7).

Impact on the NAFTA vote

The NAFTA vote, however, defied the pessimistic predictions of President Clinton's advisers. On November 20, 1993, the House of Representatives ratified the NAFTA bill by an unexpected margin of 234 to 200. 102 Democrats (60% of party members) joined 132 Republicans (75%) in support of the controversial free trade agreement. The Senate's approval of the bill would follow a few days later with another comfortable margin (61-38). What explains this unexpected defeat for fair trade forces? How did free traders manage to prevail?

Before turning to these questions, it is important to finish assessing the impact of fair traders by examining the influence that they exerted on the vote in the House of Representatives, where trade battles are the most contested. As explained in chapter one, regression analyses only provide partial answers to these questions as they often lack adequate data to measure such complex phenomena. As a result, they ignore the role of environmental and consumer advocates in trade debates. In addition, they cannot capture the full impact of advocacy campaigns, and particularly the elusive effects that grassroots or communication campaigns might have on legislators. These limitations notwithstanding, regression analyses provide partial answers to assess the influence of interest group mobilization on congressional votes.

As a famous trade economist once wrote, lawmakers' preferences on trade are generally determined by "a mix of ideological factors (in the form of ideas and examples), interests (as defined by politics and economics), and institutions (as they shape constraints and opportunities)" (Bhagwati, 1988, 17). The numerous analyses of

the NAFTA vote confirm the validity of Jagdish Bhagwati's assumptions.[185] From an ideological standpoint, liberal lawmakers were more likely to oppose NAFTA than were their conservative counterparts. Constituency factors were also a significant part of the NAFTA equation: while representatives from districts with high concentration of import-competing industries often voted against NAFTA, those with constituencies employed in the agricultural, high-tech or export-oriented industries generally supported it.

For the purpose of this chapter, it must be noted that the advocacy efforts of labor unions did seem to exert influence on legislators. Several studies have shown that representatives who depended largely on labor political action committee (PAC) donations generally opposed NAFTA, while those who depended on business contributions were more likely to back the trade initiative (Baldwin & Magee, 2000; Uslaner, 1998; Steagall and Jennings, 1996). According to Uslaner (1998), a labor financial contribution of $200,000 would increase a lawmaker's likelihood to vote against NAFTA by almost 50%. The effect of unions' inside lobbying was not confined to Democrats. Not incidentally, 7 of the 16 Republicans who received more than $30,000 from labor voted against NAFTA (Uslaner, 1998, 359-61).

Of course, one could question the causal logic of these analyses by emphasizing the influence of sectoral or constituency factors. Here, one could point to the effect of unionization rate as a significant factor of opposition to NAFTA. According to Uslaner, a member from a district that is 37% unionized was 15% less likely to vote for NAFTA than one with just 3% of the work force unionized (Uslaner, 1998, 359-60). Thus, one

[185] For a review of the literature, see Shoch (2001, fn. 86, 344-5).

could argue that organized labor may have targeted members more receptive to unions' grievances, who may have voted against NAFTA without financial incentives.

The fact that labor – like other interest groups – is more likely to lobby friends than foes[186] does not mean, however, that its advocacy efforts do not affect congressional behavior. Reducing congressional votes to a mere reflection of a district's population or economy not only ignores the indeterminacy that pervades all trade debates; it also puts under question the whole logic of interest group mobilization. As numerous interviews revealed, congressional votes do not depend as much upon what constituencies a legislator represents as upon how vocal these constituencies prove to be during fair trade or free trade campaigns. In addition, the significance of unionization rates and the influence of labor PAC donations are by no means mutually exclusive. In fact, union membership is likely to be correlated with the mobilization of the rank-and-file and could provide an indirect insight into the importance of grassroots mobilization, a tactic often complementary to financial contributions.

In sum, the advocacy efforts launched by labor unions and their allies did have a significant impact on the NAFTA debates. Not only did the fair trade coalition manage to expand the "scope of conflict" of American trade politics, but it also convinced American citizens and a large number of lawmakers that the agreement had serious limitations when it came to social and environmental concerns. In the summer before the vote, the White House faced a skeptical public and a mutinous Congress that threatened the passage of NAFTA. How did the president and its business allies manage to win the NAFTA battle in such inhospitable circumstances?

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[186] On this point, see Hojnacki & Kimball (1998).

Corporate countermobilization and its impact

The private sector's advocacy efforts on behalf of NAFTA took shape during the fast track debates in April 1991. To counter the mobilization of the blue-green alliance, corporate America assembled the "Coalition for Trade Expansion," a consortium of business interests that included more than 500 corporations and lobbyists. This network included key business associations like the Business Roundtable, the U.S. Chamber of Commerce, the Emergency Committee for American Trade, the National Association of Manufacturers and the National Foreign Trade Council. These groups collaborated with the Multilateral Trade Negotiations (MTN) Coalition, another powerful business network that focused on Uruguay Round negotiations (Avery, 1998, 284; Mayer, 1998, 87; Dreiling, 2001, 93). This cooperation among cross-sector corporate organizations not only confirmed the business unity surrounding the passage NAFTA, but also showed an unprecedented level of politicization in the trade policy sphere.

In August 1992, a congregation of powerful American and Mexican trade players[187] announced the creation of USA*NAFTA, a "coalition of coalitions" whose stated goal was to "identify and demonstrate support for the NAFTA to members of Congress, the media, and the public generally" (cited in Center for Public Integrity, 1993, 31). The new organization was endowed with a $2 million budget, which initially appeared modest in the face of the fierce grassroots mobilization of anti-NAFTA forces. Within a year, the

[187] The meeting included leaders of NAM, the BRT, the U.S.-Mexican Business Council, the Mexican Business Lobby and Mexican president Carlos Salinas himself.

coalition would encompass an enormous breadth of U.S. business interests with over 2300 corporate members, 46 trade associations and numerous law firms.[188]

With the help of lobbyists and public relations firms, the "free trade" coalition launched a multi-faceted campaign to save the NAFTA bill. These countermobilizing efforts included traditional lobbying as well as broader public relations efforts, e.g. via pro-NAFTA editorials (Mayer, 1998, 234-5). What distinguished the NAFTA campaign from previous trade debates was the launching of "grassroots" or – given the predominance of employers and managers taking part in these efforts – "grass tops" (Edsall, 2006, 108) lobbying operations. This strategy consisted of designating "state captains" corporations to carry out state level, quasi-independent campaigns.[189] State captains would mobilize governors, mayors, state legislators, as well as small businesses, local Chambers of Commerce and any free-trade sympathizer, on behalf of NAFTA. Their aim was to convince the people and their representatives of the economic benefits of regional integration (Center for Public Integrity, 1993, 32).

What kind of corporations took part in these counter-mobilizing efforts? As far as size is concerned, all state captains were large firms by national standards, though not all of them fell within the Fortune 500. Another common feature of these corporate actors resides in their ties with Mexican subsidiaries, and their proclivities toward multinational investment. Finally, companies tended to be well-involved in political action, with nearly all of them having their own Political Action Committees and being represented in a

[188] As with fair trade advocates, the level of mobilization of corporate actors varied from one to another. According to Kollman, only a few several hundred of these firms actually contributed resources to the coalition (1998, 134).
[189] Larger companies such as AT&T, IBM or General Electric were assigned several states.

Trade Advisory Committee (Dreiling, 2001, 95).[190] Thus, as mentioned in the first part of this chapter, many large companies were involved in the trade policy process both at the negotiating phase and the lobbying phase, playing a dual role of agenda-setter and policy advocate.

Although, or perhaps because, the "grassroots" efforts of the business community were unprecedented for trade legislation, their efficiency on the ground seemed, at least initially, questionable. Despite their experience with inside lobbying, most state captains had never run a grassroots campaign (Mayer, 1998, 235). The problems of the corporate coalition, however, ran deeper than their political *savoir-faire*. In fact, until September 1993, the counter-mobilizing efforts of the business community paled in comparison with the vigorous campaign of anti-NAFTA opponents.

Two main factors contributed to the lethargy of the USA*NAFTA alliance. First and foremost, corporations remained wary of the negotiation of side agreements. Before knowing what these regulatory provisions would entail, the business community hesitated to throw its full weight behind NAFTA. To a broader extent, the private sector remained uncertain about the real political intentions of the first Democratic president in more than a decade. Second, the legislative agenda in 1993 was so dense that NAFTA did not always rise to the top of CEOs' political priorities. Other issues such as tax policy or healthcare reform would have a more direct effect on companies' revenues and, therefore, often diverted their attention from trade politics (Mayer, 1998, 234-5; Cameron and Tomlin, 2000, 201).

[190] See appendix 5.

The completion of the negotiations of side agreements and the weakness of NAFTA's environmental and labor provisions reassured the business community (Shoch 2001, 176). The urgency of the situation also prompted pro-NAFTA forces to react. As "fair traders" came close to burying NAFTA under a mountain of popular discontent, President Clinton went to the rescue of the controversial trade bill. Yet, before corporate interests would commit to throwing their full weight behind a final lobbying campaign, they needed reassurance that the administration was on the same wavelength. In August 1993, a meeting organized by David Rockefeller gathered leaders of the business community (particularly from the Business Roundtable) and key players of the Clinton administration (among them National Economic Advisor Robert Rubin, Treasury Secretary Lloyd Bentsen, Commerce Secretary Ron Brown and USTR Mickey Kantor). Both sides agreed that only a full-scale lobbying offensive would save NAFTA (Mayer, 1998, 273). A high point in corporate-presidential countermobilization, this meeting epitomized the mutual dependence of the private sector and the executive.[191]

The final campaign of USA*NAFTA principally involved the Business Roundtable, the U.S. Chamber of Commerce, the National Association of Manufacturers, and the Emergency Committee for Action on Trade (Dreiling, 2001, 96-7; Mayer, 1998, 275-6). Their efforts to save NAFTA were unique not only in regard to the scale and the unity of the business community's mobilizing efforts – trade politics being traditionally fought on

[191] A month later, White House officials, business representatives and an armada of influential lobbyists renewed their commitment to NAFTA at the offices of the Allied Signal Corporation. Ken Cole, chief lobbyist for Allied Signal, and new coordinator of USA*NAFTA described the lobbying team in exultant fashion: "We had literally millions of dollars' worth of lobbying talent in a single room. They were the best of the best… the ones that have the biggest retainers from the biggest companies." (cited in McArthur, 2000, 169, 167-71).

a more fragmented sectional basis –, but also in the high level of coordination between a Democratic White House and corporate interests.

The strategy of the business community in the final months preceding the vote was three-pronged. First, the corporate alliance re-energized its lobbying offensive to convince undecided lawmakers that NAFTA was a political priority for American businesses. The private sector flexed its financial muscle to press representatives from both parties to vote for the trade agreement. Business interests had particular leverage over Republican members, whose campaigns received the highest rate of business PAC money (Mishel & Teixeira, 1993, 3). Democratic congressmen were not immune to these pressures, especially if one considers that the share of business contributions to Democratic congressmen had risen from 41 to 54 percent between 1982 and 1992, while that of labor PACs fell from 43 to 33 percent over the same period (Shoch, 2001, fn. 85, 357).

The second pillar of the business community's final efforts to save NAFTA consisted of the media campaign. To the extent that Ross Perot and the blue-green alliance had managed to convince the public that NAFTA rhymed with job losses and environmental pollution, the pro-NAFTA forces needed to diffuse positive images of the trade liberalizing accord (Jacek, 1994, 7). The business media campaign included half-page newspaper ads, touting the agreement as "Good for jobs. Good for U.S.", newspaper editorials, and radio ads (Weisskopf, 1993). In this regard, it must be noted that the pro-NAFTA coalition benefited from strong support from elite newspapers and the academic community.

Key to the pro-NAFTA strategy was the broadcast of television commercials, an unprecedented step for a trade policy. Among the eight commercials aired by USA*NAFTA, the most prominent featured Bill Gates and Lee Iacocca, the former CEO of Chrysler and a popular cultural icon. Here as often, the White House lent crucial support to the efforts of the business community. In fact, according to McArthur (2000, 202), the idea of mobilizing Lee Iacocca originated in the White House, which gave USA*NAFTA its own polling data about who would make the best television spokesman for the pro-NAFTA campaign.[192] In addition, President Clinton conversed twice with the hesitant former Chrysler CEO to convince him to become a spokesman for NAFTA (McArthur 2000, 206, 221).

The third pillar of the corporate campaign to save NAFTA consisted of a large-scale grassroots counteroffensive. Here again, USA*NAFTA sought to counterbalance the intensive grassroots efforts undertaken by unions, environmentalists and United We Stand. In late September, the business alliance distributed 1.2 million four-part postcards, one part for the Representative, two for the Senators, and one to return to USA*NAFTA. For active NAFTA advocates, a P.R. firm hired by USA*NAFTA, produced 35,000 "action kits" that included info materials, sample letters to executives and managers (McArthur, 2000, 220). State captains and their allies also exhorted stockholders and employees to call their representatives to communicate their support for NAFTA. CEOs

[192] Particularly ironic was the fact that the pollster used by the White House had been funded by the Democratic National Committee, which was partly financed by organized labor (McArthur, ibid). In other words, labor unions not only helped elect a president that would turn against it during the NAFTA debates, but also indirectly contributed to financing the White House's counteractive lobbying efforts.

were asked to call undecided representatives personally (Mayer, 1998, 288; Kollman, 1998, 144).

Until October 1993, however, the grassroots efforts of the business community were not taken seriously. Even after the vote, some White House officials and lawmakers referred to the business efforts as a "joke," noting, once again, the lack of experience of corporations in grassroots organizing and their inability to mobilize their employees on behalf of NAFTA (Kollman, 1998, 145).[193] Many undecided congressmen argued that pro-NAFTA groups had yet to match the deluge of letters that unions and other NAFTA opponents had produced (Lee, 2007*; Behr, 1993).

Yet, in the last few weeks of their campaign, business advocates would finally manage to counterbalance the grassroots efforts of the blue-green alliance, producing half a million pieces of mail, faxes and tens of thousands of phone calls to Congressmen. Thus, eventually, as one campaign participant noted, by November, "the mail bags were balanced" (cited in Destler 2005, 203). With public opinion becoming more receptive to pro-NAFTA arguments, USA*NAFTA finally provided many lawmakers with the political cover that they needed to back the trade liberalizing measure (Kollman 1998, 145). In the end, the business community spent between $10 and 17 million on behalf of NAFTA – as opposed to $6 million for anti-NAFTA forces.[194] Far from being a "joke,"

[193] Jim Kolbe (R, Arizona), a leading defender of NAFTA in Congress similarly stressed the limitations of the business community's grassroots efforts, noting, as an exception, the U.S. Chamber of Commerce's decentralized campaign (Stokes, 1993, 2475).

[194] $10 million is the estimation of Ken Cole, a leader of USA*NAFTA (McArthur, 2000, 222). Steve Dryden puts this number to $17 million and provides the estimate of the anti-NAFTA operations (1995, 386).

this represented the most expensive campaign ever launched for a trade bill, or according to the leader of USA*NAFTA, *any* bill in U.S. history.[195]

What impact did corporate countermobilization have on the NAFTA debates? First, the public relations campaign launched by the "free trade" alliance seemed to pay off. A look at opinion polls before and after the fall PR offensive seems to show that the free trade coalition positively affected public perceptions on NAFTA. According to NBC-*Wall Street Journal* polls, between September and November, Americans' support for NAFTA increased from 25 percent to 36 percent, while opposition declined from 36 percent to 31 percent. In mid-November, 49 percent of U.S. citizens still associated NAFTA with job losses to Mexico, but this was down from 74% in September (Mayer, 1998, 315; see also McArthur, 2000, 216; Destler, 2005, 203).[196] Arguably, measuring the exact impact of media campaigns is a perilous exercise. In addition, the president may have played a greater role in this communication campaign than the private sector itself. Yet, given the close collaboration of the White House and the business community, it is neither possible nor essential to distinguish their respective effect on public opinion. What matters is that presidential-corporate countermobilization seems to have altered the perceptions of American citizens.

Second, the financial lobbying tactics of the business community affected the final vote. Several congressional analyses have shown that representatives whose financing derived mainly from business donations were predisposed to vote in favor of NAFTA

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[195] "I think we've done more on NAFTA than on any legislative issue in history" (cited in Mills, 1993, 1).
[196] Though analyses of NAFTA generally agree on the impact of the free trade campaign on public opinion, Kollman relies on different data polls and concludes that public opinion remained unchanged between September and November (Kollman, 1998, 150-2).

(Steagall & Jennings, 1996; Mishel & Teixeira, 1993; Uslaner, 1998). Predictably, business funds had a greater impact on Republicans than Democrats (Uslaner, 1998, 361). However, the effects of corporate money were also noticeable among Democrats. Among pro-NAFTA Democrats, the dominance of business PAC donations was striking, amounting to 33.2 percent of total campaign receipts versus 12.1% from labor PACs (Mishel & Teixeira, 1993, 3).[197]

Finally, the effect of corporate countermobilization came not only during the NAFTA vote, but also earlier, by shaping the pattern of presidential lobbying, especially among Democrats. As the next section will show, the White House partly concentrated its lobbying efforts on undecided Democratic lawmakers with higher business contributions, anticipating that these dual pressures would sway them (Uslaner, 1998, 348, 360).

In this sense, the lobbying operations of the private sector and the executive branch were complementary. Kollman assesses the overall impact of corporate countermobilization in those terms: "The business effort, while not decisive, brought the treaty from a point of certain defeat to a point where the president could win the remaining congressional votes" (1998, 152). The next subsection turns to presidential lobbying.

[197] It must be noted, however, that, among anti-NAFTA Democrats, the share of business donations (25.7%) was also superior to that of labor donations (20.7%) (Mishel & Teixeira, 1993, 5). However, the ratio of corporate money to labor funds was significantly greater among pro-NAFTA Democrats.

"The best lobbyist in town"

Tied down by an ambitious domestic agenda, President Clinton long delayed his involvement in the NAFTA debates. Fearing that divisions within the Democratic party might hamper the passage of his economic package or healthcare reform, the administration decided that it would delay its lobbying offensive on behalf of the trade bill until the fall of 1993 (Mayer, 1998, 250-1; Shoch, 2001, 177; Destler, 2005, 199-200). By that time, the strong mobilizing efforts of the fair trade coalition had put the ratification of NAFTA in jeopardy. How did the Clinton administration and its business allies manage to secure a comfortable vote margin for NAFTA (234-200), when the agreement seemed "dead" only a few months before the vote?

If the counter-mobilizing efforts of USA*NAFTA contributed to save the trade bill, the president was the architect of this legislative victory. In spite of his belated involvement in the pro-NAFTA campaign, President Clinton threw his full weight behind the trade bill, proving to be the "best lobbyist in town," that his adviser Howard Paster had envisioned.[198] The process of presidential countermobilization was characterized by a sophisticated communications campaign, a close collaboration with the lobbying efforts of the business community and a wide range of arm-twisting and deal-making tactics.

Clinton's decisive campaign for NAFTA started in a theatric manner. On September 14, the White House invited former presidents George Bush, Jimmy Carter and Gerald Ford to declare their support for the North American agreement. This symbolic bipartisan event was only the debut of a vast communications campaign. Through appearances on

[198] Paster wanted to make sure that the president would be in Washington on the day of the vote as he anticipated that the chief executive could extort last-minute votes on behalf of NAFTA (Mayer, 1998, 279).

Sunday talk shows and opinion articles in leading newspapers, administration officials praised the economic benefits of NAFTA, among them the creation of high-skilled and high-wage jobs and a gain in America's international competitiveness (Livingston & Wink, 1997). President Clinton also invoked security arguments to defend the logic of NAFTA, claming that the agreement was an opportunity to consolidate democracy and freedom in the world (Rankin, 2006, 639). According to Rankin (2006), author of a study of television news coverage of contemporary trade debates, the chief executive capitalized on the media's positive bias toward presidential trade leadership and its tendency to ignore grassroots mobilization. Although NAFTA was never a truly "free" trade agreement, the president was systematically presented as a symbol of free trade (ibid, 646, 652).

As mentioned in the first part of this chapter, this image of a "free-trader-in-chief" detached from local politics is misleading. Far from impartially defending the "free trade" cause and the "nation's interest," the chief executive actually favors the policy agenda of one set of constituencies (the private sector) over another (labor and other civil society groups). As Ronald Cox (1995) notes,

> [O]ne of the primary roles of the U.S. executive branch in foreign economic policy has been to facilitate the accumulation of capital on a global scale by working to promote the conditions for profitable trade and investment for U.S.-based transnational corporations. In the area of U.S. trade policy, the degree to which the state performs this task is dependent in part on the political mobilization of sectors of business that articulate their demands to influential state actors (Cox, 1995, 366).

In addition, the president needs business support to obtain congressional support for his trade agenda. The administration can invite or help organize interest groups to rally support for its trade policy (Destler & Odell, 1987, 119). Thus, the special relationship

between the private sector and the executive branch functions as a two-way street, whereby business influence and state power are the result of truly interactive processes. And just as this type of collaboration was conspicuous at the negotiating phase through the system of trade advisory committees, it was also clear during the final lobbying stage of the NAFTA debates.

Both the completion of side agreements and the belated yet energetic involvement of the White House signaled to the private sector that it could trust the Democratic administration. During the final weeks before the NAFTA vote, a high level of coordination was maintained between the White House and the business community. Monday meetings at the offices of Allied Signals gathered lobbyists and administration officials, while the Chamber of Commerce was the host of another weekly meeting gathering other groups of "free trade" advocates (Stone, 1993).

On numerous occasions, the White House played the "cheerleader for NAFTA's troops" (Mayer, 1998, 308). According to Kollman (1998, 146), in October 1993 (the month preceding the vote) the president spoke no fewer than 18 times on NAFTA to groups of business leaders. In a speech in New York in October 1993, the chief executive asked the business community to address the weaknesses of its "grassroots" efforts:

> Ask your employees who support this to contact their members of Congress. I've had as many Republican as Democratic members of Congress that I am lobbying say to me, 'I want to hear from the people who work for the employers, not just from the employers (cited in Mills, 1993, 1).

The administration also exhorted CEOs to become "missionaries" for the free trade cause.[199] In this regard, the president seemed particularly effective, as noted by USA*NAFTA coordinator Ken Cole: "President Clinton was persuasive. Do not underestimate the importance of the President of the United States asking CEOs for their help" (cited in Mayer, 1998, 285-6). The administration also assisted the lobbying efforts of corporate actors inside the Beltway. For instance, Bill Daley's office worked with USA*NAFTA to organize trips to Washington for groups of business leaders. The latter would typically meet with administration officials at the White House before seeing congress members on Capitol Hill (Mayer, 1998, 289).

Although many administration officials – including U.S. Trade Representative Mickey Kantor or "NAFTA czar" Bill Daley[200] – were directly involved in these collaborating efforts, their participation was tightly controlled. Under U.S. federal law, the executive branch cannot use appropriated funds to lobby the legislative branch, whether directly or indirectly (Stone, 1993, 2595).[201] What it is entitled to do, however, is to share information with private groups. And according to Kollman (1998, 146), "On NAFTA, Clinton broadened the scope of what it means to 'share information.'" In practice, administration members divulged the schedules of official appearances, upcoming major endorsements etc. Most importantly, the White House used leading congressional supporters of NAFTA as intermediaries to convey key lobbying

[199] At an event organized by the Chamber of Commerce, the president declared: "I know I am preaching to the saved… but you all have to be missionaries" (Mayer, 1998, 308, 309).

[200] Other cabinet members like Secretary of the Interior Bruce Babbitt spoke regularly at pro-NAFTA rallies (Kollman 1998, 146).

[201] This issue would constitute the focus of investigations after the lobbying efforts undertaken by the White House on behalf of the Permanent Normalization of Trade Relations with China.

information to the business community (Stone, 1993, 2595). Thus, the pro-NAFTA lobbying efforts witnessed a peculiar form of collaboration between the White House and the business community that would prove to be a decisive factor for the ratification of the trade bill.

The final, and perhaps most effective, element of presidential countermobilization was the series of arm-twisting and horse-trading tactics that the president used in the final weeks preceding the vote. To stem the anti-NAFTA wave that had swept the House before the fall of 1993, the White House carefully devised a lobbying strategy to tip the congressional balance in favor of NAFTA. According to Uslaner (1998), author of a study of "presidential contacting" during the NAFTA debates, the president targeted two blocs of voters: first, undecided voters who fit the profile of NAFTA supporters, e.g. with high levels of business contributions and lower unionization rates; and second, Democrats from districts where the president had obtained high electoral support during the 1992 election and where the members' seats were not secure (Uslaner, 1998, 348, 355).

The president used his institutional capabilities as policymaker and party leader to design a variety of vote-buying tactics. The latter can be classified in three overlapping categories. First, President Clinton promised a large number of *policy concessions*, designed to mitigate or study the impact of a trade agreement.[202] The side agreements were assuredly the most prominent of these side payments. Although the negotiations of the labor and environmental provisions began long before the fall of 1993 and were completed in September 1993 – as opposed to many other deals, made only weeks or

[202] Public Citizen uses the expression "policy fix" (Public Citizen, 2005, appendix).

days before the vote, and often never implemented – they served the same vote-buying function. Other promises of policy concessions included: protection for a wide range of industries, especially in the agriculture sector (fruit and vegetables from Florida, flowers from California, asparagus from Michigan, textile and apparel in several Southern states);[203] the creation of the North American Development Bank to help finance environmental clean-up in the U.S.-Mexican border region and the funding of a "Community Adjustment and Investment Program" to help cushion the social shocks that might be generated.

The second category of presidential lobbying tactics was a cruder type of vote-buying: *pork-barrel,* here defined as a promise to fund local programs unrelated to trade.[204] Thus, President Clinton bought congressional votes with a hodge-podge of promises, including military contracts, funds for highways, research facilities, a shipyard, levees in various districts and, more egregiously, the extradition of a rapist. What is important to note is that both policy concessions and pork barrel promises were in fact political promises whose implementation would depend on financial allocations, additional legislation or even renegotiation of the terms of NAFTA. In fact, studies of President Clinton's record have shown that he did not keep most of his promises (Public Citizen, 2000; Public Citizen, 2005).

Third, the party leader provided *campaign support* by assisting or promising to assist members in their electoral campaign e.g. by calling local campaign donors or scheduling public events with representatives. This tactic was logically more frequent with the bloc

[203] One reporter compared the deal making on the eve of the House vote to "a shopping list: beef, peanut butter, bread, sugar, orange juice, cucumbers, lettuce and celery" (cited in Livingston & Wing, 1997, 56).
[204] This distinction borrows from Public Citizen (2005, 57-75).

of Democratic members from unsafe districts where the president had obtained strong electoral support in 1992 (Public Citizen, 2005; Kollman, 1998, 136, 147; Destler, 2005, 204-5).

This series of last-minute deal-makings would become a common feature of the fierce legislative trade battles of the post-NAFTA era. Though also witnessed in other policy spheres,[205] this type of arm-twisting methods is characteristic of contemporary trade debates. According to the *National Journal* congressional correspondent, this is due to two factors: 1) the intensity of the conflicts between free traders and fair traders; 2) the potential high economic stakes for a member's district. To the extent that NAFTA largely met both criteria, the number of vote-buying deals was exceptional. Relying on a series of interviews and public records, Grayson (1995, chapter 9) provides a list of 47 representatives who allegedly obtained special benefits from the administration in exchange for their support for NAFTA. Based on press accounts, a later study by Public Citizen (2005) reports that at least 58 representatives took part in deal-makings with the White House. Regardless of the exact number of these deals, it is clear that the administration devoted tremendous time to lobbying on behalf of NAFTA, from smoother tactics (e.g. visits in districts, White House dinners) to more aggressive efforts.[206] The speaker of the House Tom Foley remarked that in thirty years he had been in the House he had never seen a president work harder to win a vote than Clinton did to secure NAFTA's passage (Livingston & Wink, 1997).

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[205] One recent example was the 2003 vote on Medicare (Cohen, 2008*).

[206] Some undecided members of the House received as many as 30 calls a day from Clinton and his cabinet officials (Wink & Livingston, 1997).

Presidential countermobilization proved crucial in several regards. First, as mentioned earlier, the free trade campaign seemed to have had positive effects on public opinion. In this regard, the White House's high-profile communication tactics – e.g. the gathering of three former U.S. presidents – is likely to have been a key factor in the public's changing mood. Second, the president's vote-buying tactics also played a crucial role in swaying undecided members. Of course, it is clear that the deals the administration negotiated with about fifty representatives were not all prerequisites for support for NAFTA. The late positions taken by congressmen for controversial votes like NAFTA are often motivated by the prospect of obtaining such deals. Thus, supporters of the agreement may feign indecision to obtain additional benefits for their votes.[207] Yet, as numerous interviews with trade insiders have revealed, one should not underestimate the real degree of uncertainty that is corollary to intense lobbying cross-pressures (Wenk, 2008*; Cohen, 2008*).

Although it is always difficult to identify the exact number of votes that President Clinton gained through his lobbying efforts, both insiders' accounts and regression analyses of the NAFTA vote reveal that presidential countermobilization mattered. Government officials' accounts of the NAFTA debates reveal that policy concessions – especially fruit, vegetables and sugar deals with the Florida delegation – were instrumental to NAFTA's passage. According to USTR Mickey Kantor, "we picked up probably 26 votes out of [the changes on the sugar and vegetable issues]" (cited in Mayer, 1998, 317, 318).

[207] For a discussion, see Box-Steffensmeier, Arnold & Zorn (1997).

Congressional studies of the NAFTA vote tend to corroborate these accounts. Based on reports of meetings between House members and the chief executive, Uslaner's (1998) study reveals that "presidential contacting" was a strong predictor of support for NAFTA. Thus, a legislator lobbied by the President was 44% more likely to back NAFTA than one not contacted by the Chief Executive. The effect of Presidential Support scores as measured by *Congressional Quarterly* proved to be even more significant (.512), vindicating Bill Clinton's appeal to lawmakers' loyalty (Uslaner, 1998, 358; see also Magee, forthcoming). Similarly, Baldwin and Magee (2000) find that President Clinton's last-minute deals had an impact on the final vote. When other factors are isolated, the chief executive's deal-makings is said to have garnered 11 extra votes (Baldwin and Magee, 2000, 28). If one considers the importance of the side agreements in securing support for NAFTA, the president's role in the passage of the trade bill becomes even clearer.

The inclusion of environmental and labor provisions, like the campaign support provided by President Clinton, were, however, more persuasive with Democratic than Republican lawmakers. In this sense, the partisan dimension of presidential countermobilization should not be underestimated. In fact, most political analysts and trade insiders agree that a Republican president could not have won the NAFTA vote, since he would have been unable to rally enough Democratic representatives behind him (Shoch, 2001, 185; Brooks, 2007; Anderson, 2007*; Lee, 2007*). In a recent analysis of determinants of trade votes, Magee provides statistical evidence for this claim by simulating a vote on NAFTA under a Republican presidency (Magee, forthcoming).

Yet, if partisan effects are key dynamics of the NAFTA vote, they do not always guarantee legislative victory – as the next chapter will show. President Clinton did not single-handedly win the NAFTA vote. As this chapter has shown, the White House closely coordinated its lobbying campaign with the business community. The lobbying efforts of the executive branch and the private sector proved complementary in two regards. First, high levels of corporate donations made undecided Democratic representatives more vulnerable to the pressures of the chief executive. Second, the traditional influence of the private sector on the Republican Party complemented the president's appeal to party loyalty among Democrats. This means that corporate-presidential countermobilization was crucial to thwart the lobbying offensive of the blue-green alliance.

Conclusion

The NAFTA debates of 1991-1993 marked the beginning of the "new politics of American trade." Alarmed by the far-reaching scope of international trade agreements, a new coalition of labor, environmental and consumer advocates demanded that policymakers prescribe remedies to the social and environmental side effects of trade liberalization. Hoping to redefine the rules of American trade policy under "fair trade" principles, they launched a vigorous lobbying campaign against NAFTA. Rallying public opinion and influential lawmakers behind their cause, the alliance of civil society groups came close to defeating the trade bill.

This new and fragile coalition of labor, environmental and consumer advocates faced a strong alliance of business interests – including both import-competing and export-oriented sectors – united by the wide array of investment and trade opportunities offered under NAFTA. What empowered the internationally-oriented business community, however, was not only its degree of unity and its pronounced politicization, but also, and importantly, the privileged access to the executive branch that it enjoyed. The special relationship between the executive branch and the private sector proved to be a key obstacle to the advocacy efforts of the fair trade coalition throughout the whole trade policy process. During the negotiating phase, the business community used its privileged access to the trade advisory committee system to control the terms of the debate and exclude labor and environmental provisions from the core text of the agreement negotiated by George H. W. Bush. The institutional apparatus was ill-adapted to the concerns of both labor unions and their allies for two reasons. First, the sectoral structure and membership of the trade advisory committee system was ill-suited to respond to the new class conflicts created by investment liberalization: while employers dominated the policy process, labor representatives were largely absent from it. Second, the Trade Act of 1974 did not anticipate the political implications from the negotiations of non-tariff barriers and the ever-expanding scope of free trade agreements. Here again, the voice of business prevailed, leaving consumer and environmental advocates few opportunities to defend their views of the public interest.

The influence of corporate interests during the negotiating phase was not the mere product of structural constraints, but also resulted from deliberate political decisions. The

importance of political will was most visible during the negotiation of the labor and environmental side agreements, when President Clinton missed an opportunity to transcend institutional constraints for fear he might lose the support of the business community. This revealed the mutual dependence of the executive branch and the private sector. As explained earlier, business influence and state power are truly interactive processes.

The interactive nature of this special relationship also came into play during the lobbying phase of trade policymaking, through the process of presidential-corporate countermobilization. Here again, the joined efforts of the executive branch and the business community played a crucial role in stemming the mobilizing efforts of labor and environmental groups. A coalition of business organizations, the USA*NAFTA organized a sophisticated campaign to save NAFTA from its opponents. Although the private sector's state-by-state efforts paled in comparison with the grassroots mobilization of labor and its allies, the former's communications and inside lobbying tactics were more effective. In conjunction with the public relations strategy of the White House, corporate interests managed to brighten NAFTA's image among American citizens. More importantly, business groups closely collaborated inside the Beltway, sharing information to convince undecided members of the economic benefits of the North American accord. And if the lobbying efforts of the business community redressed the congressional balance in favor of NAFTA, the vote-buying tactics of the White House won the decisive votes that allowed the ratification of the trade bill. In the words of Kollman (1998, 140), the President behaved like an "outside lobbyist" acting "somewhat

like a hugely wealthy interest group," while at the same time delivering policy concessions, campaign support and pork barrel deals to undecided congress members. In the end, presidential activism, like corporate lobbying proved to be crucial to ensure legislative support among both Democrats and Republicans. Thus, in the end, it was not only partisanship that carried the day but presidential-corporate countermobilization.

What was all the more remarkable during the final NAFTA battle was the fact that a Democratic president stood so close to business interests in opposition to two of its traditional constituencies. Thus, although partisanship was a key element of the congressional debates surrounding NAFTA, the special relationship between the executive branch and the private sector had a structural dimension that transcended party politics. In fact, throughout the NAFTA debates, the business community collaborated closely with both parties. Whereas George Bush and the private sector worked together to design the North American accord, Bill Clinton played a crucial role in coordinating the counter-mobilizing efforts of the pro-NAFTA coalition. This form of executive-corporate collaboration was also a distinctive element of the new politics of American trade, a phenomenon that ran counter the interests of the new fair trade alliance.

CHAPTER 4: Fast track authority

The second major legislative battle that pitted fair traders against free traders after NAFTA was the fight over the renewal of fast track authority. After the ratification of NAFTA and the uncontroversial passage of the Uruguay Round Act in 1994,[208] President Clinton sought to obtain trade-negotiating authority from Congress to pursue his trade agenda, at the top of which ranked the expansion of NAFTA to Chile, the conclusion of a continental Free Trade Area of the Americas (FTAA), and the pursuit of economic negotiations both at the WTO and within the Asia-Pacific Economic Cooperation (APEC) forum. Long delayed by the Clinton administration, the fast track battle of 1997 – despite its different outcome – witnessed political dynamics similar to those at play in the early 1990s. Clinton's plan to reenergize the trade liberalization agenda would face a very similar coalition of labor, consumer and environmental advocates pitted against corporate interests set to benefit from new trade agreements.

Before focusing on these similarities, however, it is important to evoke the distinctive political context in which the showdown of 1997 occurred. In the mid-term elections of 1994, the Democratic Party suffered a serious blow by losing majority in both houses.

[208] As explained in chapter one, the debates surrounding the passage of the Uruguay Round Act have been excluded from this dissertation to the extent that they did not trigger a strong mobilization by fair trade advocates. Although consumer and environmental advocates did raise objections against the conclusion of this multilateral agreement, organized labor, exhausted by the NAFTA fight and consumed by other policy and electoral objectives, largely sat out of the debate. This does not mean that labor and environmental issues were excluded from the debates on the Uruguay Round. Bill Clinton and Al Gore pressed GATT members to establish fora to study the relation between trade liberalization and labor and environmental issues. Their efforts – whether symbolic or genuine – faced the opposition of several GATT delegates who saw these new issues as a new genre of non-tariff barriers. Thus, GATT and the soon-to-be World Trade Organization proved impervious to the fair traders' cause. For more information on the debates on the social clause at the WTO, read French (2002); O'Brien et al. (2000); Alben (2001); Howse and Langille (2006); Charnovitz (2006); Compa (2001); Samet (2003).

Under the leadership of the assertive Newt Gingrich, the new Republican Congress would not only considerably constrain President Clinton's political agenda, but also redefined the relationship of Congress with pressure groups, and more importantly, with trade stakeholders on both free trade and fair trade fronts.

The most important change in the realm of interest groups politics was the changing relationship between the business community and the Republican Party. The Republican takeover of the House and Senate in 1994 was a turning point for the structure of corporate donations. The end of the Democratic dominance in Congress triggered a dramatic transfer of money from Democrats to Republicans, particularly contributions by the defense and energy industries (Edsall, 2006, 116; Hamburger & Wallsten, 2006, 175).[209] The growing allegiance of the business community to the Republican Party was an integral part of the "K Street Project," a concerted effort by GOP strategists to consolidate the Republican-corporate alliance through various channels, including financial contributions, lobbyists, regular communications with trade associations, etc. In line with these objectives, Newt Gingrich's "Contract with America" promised a set of business friendly policy initiatives – from deregulation to tax cuts and a reduction of government activities – designed to lure corporate interests away from the Democratic Party (Hamburger & Wallsten, 2006, 172-5). Despite the *rapprochement* of the business community and the Republican Party, the Clinton administration continued to cultivate ties with segments of the private sector, as the fast track debates would illustrate.

[209] As a result, contributions from labor's PACs to Democratic representatives jumped from 33% in 1992 to 48% in 1996 (Abrahamson, 1997).

In the environmental realm, the ambitious agenda of the Clinton-Gore duo collided with the "revolutionary fervor" of the 104th Congress, putting green advocates in both the non-profit and government spheres on the defensive (Hays, 2000, 97, 118). Despite environmentalists' efforts to woo some GOP members by forming the "Republicans for Environmental Protection" caucus, the Republican leadership and its business allies went after all its members to unite the party against environmental regulation (Hays, 2000, 97, 118). The efforts of the GOP-business alliance bore fruit, as the partisan gap over environmental policy gradually widened.[210] Relying on his powers of appointment, budgeting, reorganization and regulatory oversight, the president managed to resist the deregulatory assault of the Gingrich Congress and partly reform and strengthen environmental protection. On the other hand, given these bitter intra-branch conflicts, Democrats could claim few environmental achievements by the end of Bill Clinton's mandate (Rosenbaum, 2002, 39; see also Bosso, 2005, 1-15).[211]

For organized labor, the picture was even grimmer. First, the Republican Congress precluded any chance of adopting the watered down recommendations of the Commission on the Future of Labor-Management Relations (Dunlop Commission) – appointed by the Clinton administration to guide a long-gestated labor law reform. It also unsuccessfully challenged President Clinton's efforts to raise the federal minimum wage in 1996 (Turner & Hurd, 2001, 19).[212] To a larger extent, the Gingrich revolution ran directly against labor interests to the extent that it sought to empower both corporate

[210] If partisan cleavages over environmental policy accelerated in the 1990s, this gradual polarization can be traced to the early 1980s. For greater details, read Shipan and Lowry (2001).
[211] For more details on the impact of the Newt Gingrich Congress on environmental policy, read Kraft (2006).
[212] For more details, read Dark (1999, chapter 8).

interests and their Republican allies. Given the centrist proclivities of the "New" Democratic president and his penchant for triangulation, organized labor would have difficulties confronting this hostile legislative climate.

It was in this new political context that President Clinton sought to obtain fast track authority. Starting in 1994, business-backed Republicans[213] opposed President Clinton's attempts – whether genuine or symbolic – to give more scope to environmental and labor issues. This was the case in 1994, when a failure to find a bipartisan compromise forced the Democratic leadership to exclude fast track renewal from the Uruguay Round Act (Shoch, 2001, 190-1). Similarly, in the fall of 1995, the White House and the Republican leadership fell short of reaching a consensus on the "clean" fast track – i.e. without labor and environmental provisions – designed in the House Ways and Means Committee. Finally, President Clinton postponed the renewal of his trade negotiating powers until 1997 to avoid jeopardizing the support of labor and environmentalists for the 1996 presidential elections (Shoch, 2001, 206-7; Destler, 1997, 16-19).

The 1997 fast track bill was partly shaped by these partisan conflicts. Paying lip service to the recommendations of both fair traders and liberal Democrats, the Clinton administration opted instead for a business-friendly proposal that would be palatable to the Republican leadership. As a result, the fast track bill gave little scope to the consideration of labor and environmental issues. The final version of the House Ways

[213] Once again, the business community proved hostile to the promotion of environmental and labor issues. In 1994, the Emergency Committee for American Trade (ECAT), the US Chamber of Commerce, the National Association of Manufacturers (NAM) and the National Foreign Trade Council (NFTC) sent a letter to US Trade Representative Mickey Kantor to oppose the inclusion of labor and environmental objectives in the fast track bill. For more details on the fast track debates of 1994, read Destler (1997, 17-9).

and Means Committee allowed even less room for the consideration of "trade and…" issues (Destler & Balint, 1999, 11; Destler, 2005, 266; Lewis, 1997; Mitchell, 1997). Environmental and labor standards were to be included in trade agreements only if they were "directly related to trade."[214] Broader goals such as "seeking to protect and preserve the environment" or "promoting respect for worker rights" were relegated to a separate section labeled "international economic policy objectives" which concluded with the words: "Nothing in this subsection shall be construed to authorize the use of the trade authorities procedures described in section 103 to modify United States law" (cited in Destler, 2005, 266). As a later report by the Congressional Research Service showed, the proposal fell short of the language adopted in the fast track bill of 1988, which placed the promotion of "respect for worker rights" as one of its principal negotiating objectives (Bolle, 2001, 17).[215] As one administration aide confided to the *New York Times*, "we guarantee nothing other than to talk about these issues" (cited in Sanger, 1997b). This conscious dismissal of environmental and labor standards contrasted with the treatment of intellectual property rights that would be addressed in core agreements and enforceable through the use of sanctions (Shoch, 2001, 214). Finally, the bill encourages trade negotiators to renew a dialogue on trade liberalization, worker rights and environmental protection at the WTO, despite the latter's general reticence to address blue and green issues (for more details, read IUST, 09/17/97).

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[214] This elusive expression was included in the Clinton fast-track bill. Assistant to the President for International Economic Policy Dan Tarullo refused to define the meaning of this expression but confessed that this language would unquestionably restrict what can be included in agreements covered by fast track (IUST, 09/17/97).

[215] AFL-CIO Secretary-Treasurer Richard Trumka described the proposal as "a giant step backwards" (Trumka, 1997, 1).

In sum, far from building on the institutional innovations of NAFTA, the fast track bill of 1997 was simply designed to appease business interests and their allies in Congress. Admittedly, President Clinton's ability to address the concerns of fair traders was constrained by the reality of partisan politics. However, the limited scope granted to blue and green provisions in the fast track bill cannot be solely attributed to the Republican leadership. First, the administration's original bill was already devoid of enforceable commitment in the environmental and labor spheres. Second, and most importantly, partisan polarization does not provide a full picture of the conflicts that occurred during the fast track debates. Reducing the outcomes of the fast track battle to a partisan battle between labor- and environment-friendly Democrats and business-backed Republicans downplays the institutional dynamics at play in the trade policy process. As the previous case study has shown, the executive branch, by setting the trade policy agenda and lobbying Congress to validate its policies, cultivates a de facto special relationship with the business community. This institutional pattern transcends partisan politics and is a central structural obstacle to the advocacy efforts of fair traders.

However, as this chapter (and chapter six) will illustrate, the co-determinant role played by the executive branch in the design of fast track authority bills – i.e. its obligation to negotiate with Congress, especially under a divided government – differs from its preeminence in the elaboration of trade agreements like NAFTA, PNTR or CAFTA. In the case of fast track, the special relationship does not manifest itself via the same path dependence process that applies to the functions of the trade advisory committees to the extent that the latter are not involved in the decision-making process.

Here, the special relationship operates only at the lobbying phase. In an increasingly contentious policy arena, the joint countermobilization of the White House and the private sector are albeit crucial to win legislative victories.

Alternatively, a failure to counter the lobbying offensive of fair traders can deprive free trade advocates of legislative victory. This means that the mobilization of unions and their allies does have an impact on trade debates. In 1997 as in 1993, fair traders managed to raise the prominence of labor and environmental issues in the trade policy sphere. Once again, they also succeeded in swaying public opinion in favor of fair trade and in dividing Congress on the merits of trade liberalization. What differed in 1997 was the response of the executive branch and the private sector, whose joint countermobilization proved too late and too restrained to carry the day.

I) MOBILIZATION AGAINST FAST TRACK

For the new "fair trade" coalition, the renewal of fast track authority constituted a referendum on the NAFTA model for two reasons. First, three years after NAFTA's implementation, unions and environmentalists could evaluate the social and environmental impact of North American economic integration and the effectiveness of NAFTA's side agreements. Second, and in conjunction, President Clinton's ambition to expand NAFTA to Chile and the whole continent (FTAA) incited fair traders to challenge a model of economic integration with which they were deeply dissatisfied. Once again, unions were the powerful engine of this mobilization, showing considerable strength in both their outside and inside campaigns (Shoch, 2001, 293). On the environmental side,

green organizations presented a united front that contrasted with the internecine fracture of the NAFTA debates. The mobilizing efforts of the blue-green alliance were energized by the creation of Global Trade Watch – a new division of Public Citizen created in 1995 (Destler, 2005, 265; Vogel, 2000, 91-2 ; Wallach, 2007*). As during the NAFTA debates, fair traders managed to affect the course of the trade debates: first, by bringing environmental and labor issues to the center of the political stage; second, by winning the sympathy of the public; and third, by dividing Congress over the terms of American trade policy and threatening the passage of the trade bill.

Labor and fast track

In October 1995, John Sweeney was sworn in as the new president of the AFL-CIO,[216] injecting fresh blood into an organization that seemed to have fallen into ”Brezhnevian torpor” (Meyerson, 1999, 6). The new leadership called for a shift to what Sweeney called a “seamless garment of activism”, a triple strategy that consisted in renewing efforts for organizing new union members, bargaining for contracts and mobilizing existing unionists through more aggressive, grassroots-oriented political tactics (Asher, 2001, 104, 129-131). Within the U.S. workforce, trade remained a potent vehicle in the membership campaigns on which the new AFL-CIO placed increased emphasis (Destler & Balint, 1999, 23). While Sweeney’s agenda would fall short of reversing the decline of the U.S. labor movement, the fast track battle of 1997 counted as one of the early successes of the new leadership.

[216] John Sweeney was the former president of the Service Employees International Union, which made rapid membership gains under his tenure.

As soon as the Clinton administration declared its intention to obtain trade-negotiating authority to conclude FTAs in Latin America, NAFTA occupied the center of the fast track debates. Of utmost concern to the AFL-CIO was NAFTA's impact on American jobs. With the release of the first studies of NAFTA's economic impact, organized labor confronted the optimistic employment forecasts of the Clinton administration during the NAFTA debates with a grimmer picture of regional economic integration. Citing a report published by the Economic Policy Institute – one of the first assessments of NAFTA's economic impact (EPI et al, 1997), the AFL-CIO declared that, three years after its implementation, the trade agreement had increased the U.S. bilateral trade deficit with Canada and Mexico, allegedly costing America 420,000 net job losses (AFL-CIO, 1997a).[217] Job dislocation was particularly alarming to auto workers, to the extent that three-fourths of the growing trade deficits between the United States and its North American partners had occurred in the increasingly integrated automotive sector (UAW, 1997).

The widening of the U.S. trade deficit was closely linked with NAFTA's impact on transnational investment or business restructuring on a regional scale.[218] If NAFTA never generated the "giant sucking sound" that its critics had anticipated, some industries did outsource some of their production operations to Mexico after the implementation of the

[217] Assessing the consequences of a trade agreement on the U.S. job market is a very challenging exercise considering the size and the complexity of the U.S. economy. It is particularly difficult to distinguish between the effects of the multiple factors affecting job creation and destruction. Certain economists have shown the limitations of the "job multiplier" that makes job creation or destruction a function of export or import increase, respectively. Despite the alleged limitations of this method, these economic equations were common among both NAFTA critics and advocates. For a discussion, see Azuelos (2004, 126-30) and Hinojosa (2000).

[218] According to UAW Legislative Director Alan Reuther, companies like General Motors, Chrysler and Caterpillar were among the ones that moved some of their production facilities to Mexico after NAFTA's implementation (UAW, 1997, 3).

agreement.[219] Thus, investment liberalization continued to split major manufacturing sectors such as the auto and textile industries along class lines. For unions, increased capital mobility was all the more problematic since it increased business's bargaining power. An oft-cited study by Cornell scholar Kate Bronfenbrenner (1997) revealed that after the implementation of NAFTA, the offshoring menace had become an efficient way to discourage unions' organizing efforts (AFL-CIO, 1997, 7).[220] What unions omitted to mention, however, was the fact that NAFTA also created jobs in export-oriented sectors. According to a study by the *North American Integration and Development Center* at UCLA, NAFTA had helped to create between 250,000 and 700,000 jobs between 1994 and 1997 (Hinojosa-Ojeda, 2000, 42).

Beyond its focus on employment, organized labor also condemned NAFTA's failure to improve the living conditions of Mexican workers. Unions drew a sharp contrast between the increase in investment and trade flows, and declining living wages in Mexico, as evidenced by rising debts and plummeting real wages.[221] For labor, another broken promise of Clinton's trade policies was the "toothless" character of NAFTA's side agreements. Unions denounced the lack of enforcement of labor standard provisions included in the agreement. Admittedly unions, unlike mainstream environmentalists, had rejected Clinton's side agreement as the wrong approach to solve trade-labor issues. In

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[219] In its first three years, the Labor Department's NAFTA Trade Adjustment Assistance Program certified 132,000 job losses (Bonior, 1997), arguably a conservative measure considering the restrictive conditions for NAFTA-TAA eligibility. On this point, read Kletzer & Rosen (2005).

[220] A later study by Bronfenbrenner found that these threats were still common. In 1998-9, 51 percent of *all* employers made threats to close all or part of the facility if the union was to win the certification election (Brofenbrenner, 2000, 25).

[221] The devaluation of the peso during the monetary crisis of 1995 seriously obscured NAFTA's real impact on Mexican wages. If free trade advocates often used this argument to downplay the social effects of NAFTA, their critics replaced NAFTA as part in a broader process of economic liberalization that they deemed detrimental to workers (AFL-CIO, 1997b; UAW, 1997).

this sense, the relative ineffectiveness of the NAALC did not elicit disillusionment comparable to the feeling of betrayal felt by most of the environmental community in regard to the NAAEC. Yet, the limited results of each of NAFTA's side agreements gave labor further ammunitions to accuse the NAFTA model of falling short of its early promises (AFL-CIO, 1997b, 2; UAW, 1997). As in the early 1990s, the AFL-CIO declared that any omission of strong labor and environmental provisions in the legal text would face vigorous opposition (AFL-CIO, 1997a).[222] Once it became clear that the fast track bill adopted a low-enforcement approach to social and environmental issues, unions lived up to their pledge.

Thus, once again, labor's critique of the NAFTA model went beyond employment and worker rights. Building on the coalition tactics that emerged in the NAFTA debates and were encouraged by the new AFL-CIO leadership, trade unions placed considerable emphasis on the need to safeguard consumer safety and environmental protection. For the AFL-CIO, air and water pollution along the U.S.-Mexican border also remained a vivid illustration of the limitations of what had been referred to as the "greenest trade treaty ever" (AFL-CIO, 1997a). Another frequent argument raised by union representatives pertained to the growing import of food items from Mexico and the "unsafe produce" reaching American markets. In an evocative example of the AFL-CIO's broadening

[222] John Sweeney declared,

> The labor movement's strongest disagreement with the Clinton administration in the first term was over NAFTA. Our position has not changed in terms of what we are fighting for in the NAFTA agreement. We will continue to fight over labor standards, human rights and environmental protection (cited in Greenhouse, 1997).

horizons – or framing tactics[223] – the first argument against NAFTA raised by an AFL-CIO official in a congressional hearing on fast track pertained not to job losses, but food safety, a central grievance of environmental and consumer advocates (Trumka, 1997, 1).

Labor's framing tactics aimed to deflect accusations of "special interests" by situating its mobilization within a greater struggle for fair trade. They demanded that workers' interests be taken into consideration in the conduct of American trade policy. The AFL-CIO presented the fast track battle as a fight to design the rules of globalization. For John Sweeney,

> We must ensure that the benefits of global growth are broadly shared – by working people, family farmers, small businesses, and consumers. The alternative – to continue with business as usual…to replicate failed trade policies of the past that protect intellectual property rights but do nothing to protect ordinary citizens, to write more rules into agreements to advance corporate interests at the expense of everyone else, is simply unacceptable. (Sweeney, 1997).

Unions, like other fair trade advocates, recognized that the structural design of the trade policy process constrained their ability to shape the rules of globalization. For the AFL-CIO, fast track authority prevents Congress from providing input, thereby silencing the voice of workers and consumers in the decision-making process. Thus, by opposing the restoration of trade negotiating powers to the executive branch, labor and their allies hoped to preserve a greater influence over the conduct of U.S. trade policy.

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[223] Framing tactics can be defined as the signifying efforts undertaken by a political actor to make its cause resonate in what McCarthy, Smith and Zald have designated as the four targets of agenda-setting, namely the public, media, electoral and governmental arenas (1996, 292-3). See Snow et al (1986).

Environmental and consumer advocates' opposition to fast track

Unlike labor unions, whose positions on fast track largely mirrored the arguments they had evoked during the NAFTA debates, the structure of the environmental opposition to free trade changed from 1993 to 1997. This was due to two factors. On the one hand, the anti-environmental activism of the Republican Congress prompted some moderate environmental groups like Nature Conservancy and Environmental Defense Fund (EDF) to withdraw from trade politics and focus instead on defending environmental regulations or raising awareness about global warming. On the other, the growing controversies surrounding NAFTA's environmental and social record helped anti-free trade organizations make a stronger case that the North American accord had failed to deliver on its promises. Hence, a number of former pro-NAFTA organizations committed themselves to oppose any trade initiatives devoid of strong environmental provisions (Vogel, 2000, 89-92; Destler & Balint, 31-2; Destler, 2005, 262; Barfield, 1998; McDonald, 2005).[224]

Thus, on the environmental as on the labor side, the ghost of NAFTA haunted the fast track debates from the start. For the Sierra Club, NAFTA had exacerbated the pressures exerted by economic globalization on environmental laws. Citing examples of lax enforcement of environmental regulation in Mexico and Canada, Sierra Club president Carl Pope argued that NAFTA's weak side agreement had failed to deliver on its intended purpose. For Pope, NAFTA had also fallen short of solving the dismal pollution problems of the U.S.-Mexican border region, where the number of *maquiladoras* had

[224] In particular, the National Wildlife Federation became a vocal critic of free trade agreements and fast track authority after the NAFTA debates. Other, less active organizations included the National Audubon Society.

increased by 15 to 20 % between 1994 and 1997 (Pope, 1997). To the extent that fast track authority did not set explicit goals for environmental protection,[225] environmentalists feared that future trade agreements might set standards even lower than NAFTA's side agreements.[226]

If NAFTA and its expansion held a prominent place in the fast track debates, the latter also elicited a broader discussion on American trade and investment policies, which the president hoped to re-energize by renewing his trade-negotiating authority. Besides NAFTA, environmentalists raised concerns about two other international economic fora: the World Trade Organization (WTO) and the Multilateral Agreement on Investment (MAI). A serious point of contention between the administration and fair trade advocates pertained to the frictions between trade liberalization and environment/consumer protection at the WTO. Admittedly, the new multilateral trade organization had proven more inclined to discuss these issues than the trade-labor linkage, as witnessed by the creation of the Committee on Trade and Environment (CTE) in 1994. Nevertheless, as a few scholars have noted, the CTE has proved to be not only weak, but also more likely to question the merits of ecological regulation (e.g. "eco-labeling") than to ensure that trade

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[225] The only negotiating objectives for the environment were "to promote sustainable development" and "to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them" (cited in Shimberg, 1997, 1-3).

[226] Steven J. Shimberg, from the National Wildlife Federation, stated:

> [I]t is critical to note that NWF supported NAFTA in 1993 and fast track re-authorization in 1991. We made those decisions because we recognized the potential of trade as an instrument to enhance environmental protection, and believed that NAFTA was a good first step toward the integration of trade and environment. We knew that NAFTA's environmental provisions were not perfect, but we believed we would continue our work with the Administration and with Congress to improve upon them. Based on our experience with NAFTA, and with other trade and investment agreements, we now know we can no longer rely solely on side agreements to achieve our environmental objectives, or fast track rules which do not state explicit goals for environmental protection (Shimberg, 1997, 1).

Echoing the AFL-CIO's verbiage, Carl Pope described the Archer-Barshevsky compromise as "a huge step backward for American trade policy" (Sierra Club, 1997).

liberalization does not undermine environmental protection (Vogel, 2000, 82-3; Rugman & Soloway, 1999, 75). Equally alarming was the series of GATT/WTO rulings challenging environmental regulation.[227] Beyond the contentious tuna-dolphin case, environmental and consumer NGOs were particularly concerned by a 1996 ruling of the WTO dispute settlement body that ordered that Washington reform some provisions of the U.S. Clean Air Act to comply with international trade rules.[228] Thus, for environmentalists, the WTO remained "hostile for environmental dialogue" (Shimberg, 1997, 3). The fact that the fast track bill had put this multilateral organization in charge of "further clarification of the relationship" meant that environmental protection would rank low on the trade policy agenda (IUST, 09/17/97).

A second key source of concern for environmentalists was the potential signing of the Multilateral Agreement on Investment. As explained in chapter one, the negotiations of the MAI produced a wave of discontent among the new stakeholders in American foreign economic policy. For environmentalists, the MAI's international tribunals and its provisions to roll back existing laws conflicting with the accord went beyond NAFTA's threat to environmental regulations. The MAI allegedly threatened the industrialized world with a "race to the bottom" whereby investors would play countries off against one another for tax breaks, low wages and concessions on their environmental obligations (Pope, 1997, 9-10). Although the Clinton administration had declared that fast track

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[227] Carl Pope summarized the environmentalists' discontent with the WTO in scathing terms: "In plain English, new international trade rules and institutions throw a wet blanket over the ability of federal and state government to protect the environment and public health" (Pope, 1997, 6).

[228] For more details on trade-environment debates at the WTO, read Esty (1994; 2000a; 2000b; 2002); Vogel (2000); Schultz (1995); Jha (2002); Rugman and Soloway (1999); Shahin (2002); Sampson (2002); Charnovitz (2002); Conca (2000).

would not be used to negotiate MAI, Public Citizen stressed that no provision guaranteed its exclusion in the fast track proposal (Wallach, 1997b).

The dissatisfaction of the environmental movement vis-à-vis trade initiatives like NAFTA, the MAI and the WTO was merely a piece of a larger campaign. Like unions, environmental and consumer organizations denounced the corporate bias of the trade policy process at both national and international levels. At the international level, both the WTO and the MAI negotiations remained "unacceptably closed to public scrutiny and participation" and failed to define environmental responsibilities commensurate with new economic rights (CIEL et al, 1997, 1). At the domestic level, the U.S. trade policy process similarly operated to the disadvantage of fair trade advocates. As Lori Wallach, Global Trade Watch director noted in March 1997,

> Under the current trade advisory committee, the handful of environmental and labor representatives sprinkled into the 800 security-cleared industry advisors are the only non-business interest representatives allowed official access to draft texts of the agreement (Wallach, 1997a, 1).

For fair traders, fast track authority epitomized these institutional impediments to the extent that it constrained the opportunity enjoyed by Congress and "the public" – which blue and green advocates claim to represent – to debate new trade and investment agreements (CIEL et al, 1997, 2). Dan Seligman of the Sierra Club's Responsible Trade Campaign described fast track in colorful terms:

> This fast track is based on the outdated notion that only corporate interests matter as we write the rules for the global economy. It shuts Congress out of trade negotiations that are taking a profound toll on constitutionally enacted laws. Yet it preserves the right of 500 corporate lobbyists to huddle with the U.S. Trade Representative behind the closed doors of the trade advisory system. With the corporate foxes in charge of the trade chicken coop, the environmental eggs are getting gobbled up. (Sierra Club, 1997, 1).

Thus, like organized labor, environmental and consumer organizations placed their battle in a larger struggle over the ability to design the rules of globalization.[229] Like unions, they contested any protectionist motive, demanding instead a "responsible" or "forward-looking" trade policy that would break with the "status quo" (Sierra Club, 1997; Wallach, 1997, 5-6).[230] Through their mobilization efforts, environmental and consumer groups showed solidarity for the labor cause, which they also also considered excluded from the scope of U.S. trade policy (Pope, 1997; Wallach, 1997, 2). These coalition tactics were, however, not as frequent as labor's references to environmental concerns, being mostly confined to "bridge-builders" like Public Citizen or the Sierra Club.[231] Yet, as this section has illustrated, green organizations shared larger goals with their blue counterparts and allied their framing tactics accordingly, contributing to the consolidation of "fair trade" as a political framework. Although their framing alignments might not have been as deliberate as the communication strategies of the labor leadership, environmentalists, like consumer advocates, clearly benefited from labor's organizing resources and, therefore, built tactical ties with unions, who led the lobbying offensive against fast track renewal.

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[229] According to Lori Wallach,

> The real question is not whether today's trade agreements include labor or environmental rules. The question is about what sort of rules they contain. Indeed, a closer review of the voluminous rules contained in those 700-page long agreements show that the rules taken as a sum elevate maximization of trade and international investment flows above other potentially competing social, political and economic goals (Wallach, 1997, 3).

[230] The idea of "responsible trade policy" is a *leitmotiv* of the Sierra Club's Responsible Trade Program. Global Trade Watch repeatedly presented the fast track debates as a choice between progress and status quo.

[231] Chapter 6 examines this argument in greater details.

Fair trade mobilization

Fair traders began to mobilize against fast track renewal months before the business community (Neal, 1997). As during the NAFTA battle, they employed a mix of inside and outside tactics, highlighting the social and environmental costs of trade liberalization. As in 1992-1993, organized labor and its allies also succeeded in rallying public opinion and a majority of Democratic congressmen behind the fair trade cause.

To mobilize the rank-and-file, organized labor tapped resentment toward NAFTA by framing fast track renewal as a referendum on the NAFTA-model of trade liberalization. This framing tactic was particularly clear in the educational and lobbying materials used in the AFL-CIO's grassroots campaign.[232] Labor's "outside" offensive began in the summer of 1997 and intensified until the last weeks before the intended fast track vote. The AFL-CIO's first mobilizing efforts consisted in targeting 40 to 50 districts with undecided representatives and holding events in three big cities with a critical mass of "swing voters": Los Angeles, New York City, and San Diego (Smith, 1997). The Federation's campaign was reinforced by independent anti-fast track activities mounted by a number of affiliates, including the Teamsters, the Steelworkers and UNITE (Shoch, 2001, 217). Similarly, Public Citizen's activists began to target local representatives in the middle of the summer (Dolan & Wallach, 1997). In September, as free traders began to defend Clinton's fast track proposal, fair trade advocates intensified their grassroots operations.

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[232] For instance, the headline of an anti-fast track poster designed to encourage union members to call their local representatives read: "The 'fast track' brought us NAFTA, and look where that got us" (see appendix 6).

Union members sent 160,000 handwritten letters to legislators,[233] who also received 10,000 calls from union members through the toll-free phone established for this purpose. This added to the hundreds of visits to congressional offices and to the large distribution of anti-fast track videotapes and booklets (40,000 copies). To coordinate these efforts, the AFL-CIO set up a "Stop Fast Track" website that would keep its members informed about the evolution of the campaign (Glenn, 1999, 191-4; Shoch, 2001b, 295). Unions and environmentalists like the Sierra Club or the Friends of the Earth also held demonstrations in dozens of cities to oppose the renewal of fast track (Broder, 1997; Abrahamson, 1997). Remembering the powerful countermobilization launched by the president and his allies during the NAFTA debates, fair traders sustained their grassroots operations until the final weeks before the intended vote. In a letter to organizers and activists in late October 1997, Public Citizen Global Trade Watch's field director Michael Dolan stated:

> If the vote were held today in the House, fast track would be defeated. The President and Speaker know that and they know we know it. But this time in '93 we thought we had NAFTA beat and still yet the First Free Trader did his "comeback kid" shriek and… well, you remember (Dolan, 1997).

Thus, Public Citizen was clearly aware of the decisive role that the president – "the First Free Trader" – had played during the NAFTA debates and asked its coalition members to "lock in" support of Democrats in the House by organizing public events to celebrate the lawmakers' opposition to fast track while continuing to target undecided members (Dolan, 1997).

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[233] The postcards included a tear-off to come back to the AFL-CIO so that the Federation could keep track of the activists' names for future campaigns (Smith, 1997).

These intensive grassroots efforts were paired with a targeted media campaign. The AFL-CIO drew up a list of undecided members from both parties, once again showing that the trade battle went beyond partisan politics. The Federation launched a $1 million campaign featuring 30-second commercials in 14 congressional districts (Berke, 1997). Labor also attempted to raise awareness of fast track among black and Latino workers through radio ads, in addition to its 1-800 posters (Smith, 1997, 2; Abramson, 1997). Finally, both the AFL-CIO and Public Citizen supplied anti-fast track organizers with op-ed samples for local newspapers, sample scripts to contact local radios and instructions on how to organize local press conferences (Dolan & Wallach, 1997).

These vigorous "outside" tactics were complemented by an offensive on the Capitol, whereby unions and their environmental allies pressured Democratic congressmen to reject the trade bill (Mitchell, 1997e). The legislation stood at the center of internal feuds aimed to determine the political orientation of the Democratic Party – and its future candidate for the next presidential elections. This contest pitted "old" Democrat Dick Gephardt, who boasted large support among union members, against "new" Democrat Vice-President Al Gore, whose fervent belief in free trade was at odds with both labor leaders and environmentalists (Shoch, 2001, 286-7; Judis, 2000, 20). House Democrats were split between siding with labor in anticipation of the next congressional elections and following the lead of their popular president. In other words, the foundations of the Democratic Party seemed to give way to the antagonistic pressures of mobilization and countermobilization.

Organized labor exploited the intra-party divisions by heavily lobbying House Democrats and threatening to withhold campaign contributions in the mid-term elections. This political tactic bred its own dissension with the labor movement. While John Sweeney remained ambivalent about the prospect of withdrawing support from the Democratic Party, individual unions like UNITE were less reluctant to do so (Greenhouse, 1997; Anderson, 2007*).

Impact of mobilization

The mobilization of fair traders affected the course of the fast track battle in several regards. First, as during the NAFTA debates, unions and their allies managed to bring environmental and labor standards to the center of the debates. This simple fact was a tribute to the mobilizing efforts of fair trade advocates and an illustration of the political legacy of the NAFTA debates. In 1997, the blue-green alliance seemed more unified than it had been in 1993, conferring more legitimacy upon the fair trade cause. The unity of the fair trade movement made it difficult for the administration to use divide-and-conquer tactics against its opponents, thereby depriving lawmakers of the political cover they would have needed to support fast track renewal. Perhaps even more importantly, blue and green advocates managed to rally public opinion behind the fair trade cause (Shoch, 2001b, 289; Sanger, 1997b). According to a poll conducted by the Bank of Boston, 73% of Americans believed that labor and environmental issues should be negotiated as part of trade agreements (Glenn, 1999, 191). Similarly, a July Wall Street Journal/NBC poll showed that 62% of respondents opposed the renewal of fast track, while 32% approved

it (Shoch, 2001, fn. 81, 357).[234] By framing its advocacy efforts within a broader fight for "fair trade," organized labor also capitalized on the large public support of the environmental cause (Glenn, 1999, 195). There lay the ultimate objective of labor's coalition tactics: providing enough political cover to Congress members so that they could claim to be on the progressive side of the debate by opposing fast track. As *New York Times* columnist Peter Passell wrote, "by shifting the focus from old-fashioned protectionism to new-fashioned concern with human rights and the environment, unions have sown dissension among the free traders" (Passell, 1997).

These divisions were particularly pronounced in Congress. As during the NAFTA debates, prominent figures of the Democratic Party like Dick Gephardt or minority whip David Bonior stood directly against President Clinton's efforts to renew fast track (see Bonior, 1997). This time, however, most Democrats were unwilling to support the president's initiative unless he was granted the authority to negotiate strong environmental and labor provisions in free trade agreements. These legislators felt that the bill's provisions did not adequately deal with the dislocating effects of trade liberalization on less-skilled workers, an argument that unions had emphasized in their lobbying efforts (Baldwin & Magee, 2000, 12).

In the end, the final vote on fast track was postponed, as the President realized he lacked congressional support to win a legislative victory. Using a poll of House members conducted by the *National Journal*, Barfield (1998) reveals that between 222 and 232 representatives would have voted against fast track, while only between 203 and 213

[234] Similarly, the AFL-CIO cited a NDB/Wall Street Journal poll that found that 61% of Americans opposed fast track (AFL-CIO, 1997b).

would have defended trade liberalization. While Republicans' faith in the virtues of "free trade" remained more or less constant (75% for the NAFTA vote, versus 70-75% for fast track renewal), Democrats' support for trade liberalization dropped from 40% in 1993 to 21% in 1997. Were unions and their allies responsible for this sharp change in the attitudes of the president's party followers?

As the next section will explain, the answer to this question mainly lies in the dynamics of countermobilization. This does not mean, however, that fair trade mobilization was irrelevant. Analyses of the fast track roll call vote of 1997 reveal that anti-fast track opponents affected the vote in three ways. First, as for the NAFTA vote, organized labor used its financial leverage to pressure congressmen to oppose renewal of trade-negotiating authority and rewarded those that followed its prescriptions. In 1997 as in 1993, recipients of labor PAC donations were more likely to side with unions. This was true in both parties. Democrats receiving higher-than-average labor PACs ($199,000) were 42% more likely to support fast track than the average Democrat. Republicans supported by labor PACs were 39% more inclined to oppose fast track than other Republicans (Biglaiser, Jackson & Peake, 2004, 686-7; see also Bardwell, 2000, 600-2).

In both parties, members who saw their campaign coffers swell with union money between 1992 and 1996 were more likely to switch from NAFTA support to fast track opposition (Bardwell, 2000, 605-6). Since the 1996 elections, Democrats had become more dependent on labor PAC contributions. This was due both to the increase in unions' donations to their party and the disdain of corporate interests, which had shifted the lion's share of their campaign contributions to the Republican Party (see below). Thus, many

Democrats preferred to stand with organized labor instead of following the belated call of their president (Abrahamson, 1997; see also Baldwin & Magee, 2000, 38).

Organized labor used not only "carrots," but also "sticks" to persuade House representatives to oppose trade liberalization (Engel & Jackson, 1998). Many congressional Democrats recalled that labor groups had made good on their threats to "punish" NAFTA supporters who, between 1993 and 1997, were less likely to withstand electoral challenges by populist Republicans (Conley, 1999, 793; Shoch, 2001, 218; Barfield, 1998). Thus, while support for free trade declined by one third among pro-NAFTA Democrats (from 30% in 1993 to 20% in 1997), newly elected Democrats (Democrats who were members in 1997 but not in 1993) proved hardly more inclined (23%) to back President Clinton's trade liberalizing agenda (Barfield, 1998).

Of course, labor's reliance on "carrots and sticks" cannot fully explain the erosion of support for trade liberalization among Democrats. As explained in the previous chapter, constituency factors also play a key role in determining congressional votes. In 1997 as in 1993, the blue-collar composition of congressional districts influenced members' votes regardless of partisan affiliation (Conley, 1999, 786, 795-6).[235] What changed in 1997 was the impact of NAFTA-related job losses on lawmakers' attitudes toward free trade. This factor was particularly significant among Republican members. According to Biglaiser, Jackson & Peake (2004, 686), a Republican from a district harmed significantly by NAFTA (886 job losses as opposed to the mean of 359) was 21% less likely to support fast track. In the end, between 25 and 30% of Republican lawmakers – often "Buchanan-style Republicans" – would have voted against the trade bill had it been

[235] In their analysis of the 1998 fast track vote, Baldwin and Magee (2000, 38-9) draw similar conclusions.

submitted to a vote (Glenn, 1999, 198). While fair traders may not have had as much direct influence on Republican lawmakers as on their Democratic counterparts, the unions' dynamic grassroots and media campaigns certainly raised the salience of employment issues in the trade debates and may have amplified the effect of constituency factors.

In sum, the mobilization of unions and their allies had a significant impact on the fast track debates. Not only did fair traders bring environmental and labor issues to the center of the political scene, but they also managed to win the favor of the American public and convince members in both parties to stand against trade liberalization. This picture, however, was, by itself, not fundamentally different from the dynamics at play during the NAFTA battle. If free trade forces had managed to surmount the powerful offensive of unions and their allies in 1993, why didn't they repeat their victory in 1997? The answer to this question lies in the dynamics of presidential-corporate countermobilization.

II) A FAILED COUNTERMOBILIZATION

In many regards, the countermobilization of free trade interests mirrored the rescue mission undertaken by President Clinton and the business community on the eve of the NAFTA vote. In both cases, free traders were taken aback by the powerful offensive of fair traders that threatened the passage of the trade legislation. They reacted by launching a multi-faceted lobbying counteroffensive that included grassroots or "astroturf"

efforts,[236] media communication and inside-the-beltway tactics. Once again, environmental and labor standards stood as a bone of contention between the administration and the private sector. Not until the business community was sure that these issues would not be subject to strong enforcement provisions – e.g. by means of trade sanctions – did it throw its full weight behind the trade bill. As during the NAFTA debates, its grassroots campaign paled by comparison with the large human resources deployed by unions and their allies. This time, however, the financial power of corporate interests and its direct lobbying efforts proved less effective than in 1993. In fact, the skewed distribution of corporate donations to the Republican Party limited the influence of the private sector on House Democrats, a majority of whom opposed fast track.

Another key difference between the NAFTA and fast track battles pertains to the role played by the executive branch. If President Clinton had been a key architect of the ratification of NAFTA, he also shared considerable responsibility for the fast track fiasco. In particular, his failure to deliver side payments to fast track opponents and their Democratic allies, along with his belated involvement in the legislative debate considerably reduced his ability to win over dissenting lawmakers. In sum, the pitfalls of the corporate-presidential countermobilization proved fatal to President Clinton's fast track bill.

[236] The term "astroturf" refers to the artificial production of local support for legislation, often with the help of Public Relations firms.

Business perspectives on fast track

While the fast track debates were sometimes presented as a referendum on NAFTA, the free trade business sector had a much broader interest in the renewal of presidential trade negotiating powers. Many trade associations presented fast track as a crucial tool to achieve a series of "critical national objectives" on the bilateral, regional and multilateral fronts (Donohue, 1997, 4; Cohen, 1997, 2). On the bilateral level, a U.S.-Chile Free Trade Agreement was seen as a first step toward the negotiations of the Free Trade Agreement of the Americas, the ultimate goal of regional trade liberalization. Another regional initiative dear to the business community was the prospect of closer commercial integration with Asia, especially via the Asia-Pacific Economic Cooperation forum. At the multilateral level, corporate interests pushed for further WTO negotiations in the realm of agriculture, services, and intellectual property rights. Investment and government procurement were also on their agenda, whether through the WTO or the MAI (Cohen, 1997; Donohue, 1997; Pepper, 1997).

At the center of the free traders' rationale –both in the private sector and the Clinton administration – was the idea that the absence of fast track authority prevented the United States from exerting trade leadership in a globalized world (Business Roundtable, 1997). According to John Pepper, chairman of Procter & Gamble and a key member of the National Foreign Trade Council,

> Our negotiating ability and credibility is limited without fast-track authority (…) [O]ur trading partners are aggressively reaching agreements among themselves, while the United States is forced to sit on the sidelines (Pepper, 1997, 2).

The testimonies of free trade advocates often drew lists of trade agreements negotiated without the United States over the past years, stressing the incursion of Asian and European competitors in the Western Hemisphere and the accelerating economic integration of the Latin American continent without American assistance – e.g. through Mercosur, the Andean Pact and various bilateral agreements (Donohue, 1997, 3-4; Pepper, 1997, 2; Stevenson, 1997).

For business associations, not only would these agreements leave American businesses at a disadvantage vis-à-vis their foreign competitors, but they would also, according to Chrysler CEO Robert J. Eaton, "[allow] the rest of the world to set the trading rules" (cited in Borrus, 1997; see also Donohue, 1997, 4). In this sense, both free traders and fair traders fought for the rules of globalization, yet had a completely different understanding of what these rules should be. The former sought to ensure that U.S. trade policy would continue to serve the interests of the business community, while the latter demanded that it broaden its focus to include environmental and social objectives. And while fair traders understood that empowering the executive branch reduced their chances of influencing the policy process, corporate interests were equally cognizant of the fact that fast track renewal would play to their advantage. Speaking at a congressional hearing on fast track, Tom Donohue declared: "It is time for our government – with the combined support of the legislative and executive branches – to make sure that business has the freedom to do what it does best" (Donohue, 1997, 5).

If business insisted that the rules of the trading game apply to intellectual property rights and investment, it opposed the inclusion of environmental and labor standards in

the U.S. trade policy agenda. With the support of the Republican Party in 1994, it had already managed to thwart such policy innovation during the fast track debates surrounding the passage of the Uruguay Round Act in 1994 (Destler & Balint, 1999, 10; Shoch, 2001, 189; Bradsher, 1994b). Three years later, business leaders presented environmental and labor standards as obstacles to trade and investment liberalization. As John Pepper stated in March,

> The issue of linking labor and environment to fast track is highly controversial. These non-trade objectives are worthy of pursuit in and of themselves, but should not impede the progress of trade expansion (Pepper, 1997, 4).

ECAT, like the NFTC demanded that labor and environmental objectives be pursued "in the appropriate international fora" – i.e. outside the trade policy sphere (Cohen, 1997, 3).

Business leaders defended trade and investment liberalization as a source of economic growth that would ultimately secure high standards overseas (Cohen, 1997; Pepper, 1997). They put considerable emphasis on the growing dependence of the U.S. economy on international trade, whose share of the U.S. GDP had grown from 13% in 1970 to 30% by 1995 (Donohue, 1997, 2; Pepper, 1997, 3).

Many of their arguments were direct responses to the criticisms of fair trade advocates.[237] While unions frequently stressed declining wages and job outsourcing, employers highlighted high salaries and job creation. A frequent argument among members of the business community and the Clinton administration was the idea that

[237] This is particularly clear in the series of "Trade Myths and Realities" posted on the Business Roundtable's website. See Business Roundtable (1997b).

export-oriented companies provided higher wages for the U.S. workforce – by a margin of 15% according to the Chamber of Commerce – while being a greater source of employment creation than other businesses.

Corporate interests also praised the WTO and NAFTA as "resounding successes" of American trade policy (Pepper, 1997, 1). They defended NAFTA's economic legacy, celebrating the increase of exports to Mexico (by 60% in three years) and dismissing the growing bilateral trade deficit with America's southern neighbor as a misleading outcome of the peso crisis (Donohue, 1997, 3). According to John Pepper, NAFTA had not only allowed Mexico to surmount one of its worst recessions in recent history but also kept it on the path of economic reform (Pepper, 1997, 3). Business leaders frequently attacked the myth of the "giant sucking sound" to Mexico, claiming that NAFTA had created more than 300,000 jobs, on top of the 2 million U.S. jobs depending on trade with Canada and Mexico (Pepper, 1997, 3). They also frequently exploited the strength of the U.S. economy in the 1990s, and particularly its low unemployment level, to dismiss fears pertaining to job losses. Finally, they contested the argument that international trade institutions undermine America's ability to enforce its national regulatory laws. For Calman Cohen, "health food safety measures are consistent with WTO rules as long as they are based on scientific principles and do not arbitrarily or unjustifiably discriminate against imports" (Cohen, 1997, 3).

In sum, free traders and fair traders often fought political battles with competing economic data. More often than not, their "facts" provided only skewed pictures of the real impact of trade initiatives. On the one hand, corporate interests exaggerated the

benefits of trade expansion, often downplaying or simply ignoring the negative effects of rising imports and outsourcing on American workers or the conflict between national regulations and international obligations under trade agreements. On the other hand, unions and their allies often dramatized the employment and environmental impact of trade initiatives and obscured the economic benefits accruing from trade expansion.

Business countermobilization and its impact

In the summer of 1997, the business community became alarmed by the political challenges facing the renewal of fast track. In a letter to its members, the Business Roundtable acknowledged that the mobilization of labor and environmentalists had taken its toll, noting that "the prospects for enactment of fast track authority this year [were] uncertain" (Business Roundtable, 1997, 5). Despite their sense of urgency, however, corporate interests held back until president Clinton released his fast track proposal. As with the negotiations of NAFTA's side agreements, the business community was worried that Clinton's trade bill might include unacceptable environmental and labor provisions. Hence, although it had constantly expressed its support for fast track renewal, the private sector did not mobilize on its behalf until September 1997 (Borrus, 1997; Shoch, 2001, 214; Neal, 1997; Destler & Balint, 1999, 11).

The shape of the countermobilization of free trade forces during the fast track debates mirrored their pro-NAFTA lobbying campaign.[238] Under the leadership of James Christy

[238] While Shoch (2001, 290-2) and Broder (1997) regard the fast-track campaign of the business community as weak, a representative of the National Association of Manufactures judged their lobbying efforts comparable to other trade campaigns (Goudie, 2007*).

and Joseph Gorman,[239] internationally-oriented business interests formed a "coalition of coalitions" called "American Lead on Trade" (ALOT). They launched a campaign of "a minimum of $3 million" to save fast track from a legislative defeat. One coalition official stated that "the philosophy of America Leads on Trade is, we're going to match dollar for dollar what the opposition spends" (cited in Neal, 1997). Large multinational companies and members of the Business Roundtable like Caterpillar, TRW, Boeing, Chrysler, Proctor & Gamble and General Motors each pledged $100,000 to lead the free trade campaign (IUST, 08/08/97). Noting the vigor of labor's mobilizing efforts, Tom Donohue promised "one hell of a fight" (ibid). ALOT targeted 48 Democrats. Devised by the Business Roundtable, the lobbying campaign of the business coalition included:

- "aggressive use of 1-800 number to generate congressional communications from employees, suppliers and constituents;
- recruiting opinion leaders in congressional districts to support fast track;
- distributing fast track lobbying kits to companies for use in Congressional visits;
- grassroots lobbying by BRT-member companies and other business trade associations;
- expanding the breadth of support through interaction with other business organizations" (BRT, 1997).

These efforts were complemented by a vast media campaign, consisting of the production of TV ads targeted at 103 congressional districts (35 Democrats and 68

[239] Both worked for TRW, a Cleveland-based manufacturing and service company in the auto, space and defense sectors. See Mokhiber & Weissman (1997).

Republicans). Finally, inside lobbying was also an important part of the private sector's countermobilization efforts. In this regard, the Business Roundtable sent two dozen CEOs to the Hill, in addition to the numerous congressional testimonies of business representatives (Neal, 1997; Shoch, 2001, 214).

For all the weight that the business community threw into the campaign during the last few months preceding the intended vote on fast track renewal, its campaign suffered from several pitfalls. First, as during the NAFTA debates, business was slow to counter the lobbying efforts of anti-fast track forces. Even the leaders of the coalition acknowledged, as their advertising campaign began on September 18, that they were playing catch-up to fast track opponents. As Robert Matsui (D-CA) noted, "most of the [congress] members are saying they haven't heard anything from business" (cited in Neal, 1997; Broder, 1997). As a result, the business' grassroots campaign paled in comparison to the organizing efforts of unions and their allies. Once lawmakers started to hear from business groups, it was through lobbyists and senior business executives, not workers and votes in their districts (Stevenson, 1997). Neither Republican nor Democratic congressmen could ignore the discontent of their constituencies vis-à-vis the conduct of U.S. trade policy. As a Republican aide in Congress noted,

> When big business goes head to head with unions, the unions clean their clock. It's nice for a CEO to come and sit on a sofa across from a Congressman and support free trade. But the other side is generating hundreds of phone calls, thousands of postcards and picketing outside the member's district office (cited in Stevenson, 1997).

It goes without saying that this GOP staff member seriously exaggerated unions' ability to prevail over the business community. In fact, this dissertation attempts to

explain why organized labor and their allies, despite their grassroots power and their influence on public opinion, rarely managed to win legislative battles. To truly comprehend the dynamics of corporate power, one must also analyze the weaknesses of business countermobilization. In retrospect, even business executives acknowledged their failure to mobilize their employees on behalf of trade liberalization. Without belittling the vigor of the business grassroots campaign, some reckoned that, in future legislative battles, companies would have to strive to convince their own workers of the benefits of free trade (Stevenson, 1997). The failure of corporate America's grassroots campaign also revealed the limitations of its belated advertising campaign. If free trade forces had managed to make Americans more amicable to NAFTA by (over)selling its economic merits in 1993, they had more difficulty in convincing them four years later that the North American accord had had such a positive impact on either Mexico or the United States. This made the mobilization of employees on behalf of free trade all the more difficult.

Finally, the effectiveness of the free trade coalition's inside lobbying efforts was also undermined by the serious imbalance of corporate contributions. Under the pressure of the new Republican leadership, business PACs had reduced their contributions to Democratic lawmakers. At the same time, labor had increased its financial donations to the Democratic Party, thereby making the latter more dependent on unions' money. Hence, the skewed distribution of the private sector's campaign contributions reduced its ability to obtain the crucial support of moderate Democrats. This marked a sharp contrast with the NAFTA debates, during which corporate donations had made Democrats more

vulnerable to the lobbying efforts to the president. After the demise of the fast track bill, business recognized that its financial *rapprochement* with the Republican Party had had negative side-effects. In fact, corporate groups like the U.S. Chamber of Commerce and the Business-Industry PAC (BIPAC) saw their growing dependence on the GOP as problematic and implied that business might consider supporting pro-business Democrats (Shoch, 2001, 220-3; Abrahamson, 1997).

Although the skewed distribution of corporate donations likely prevented the corporate coalition from achieving its lobbying objectives, business advocates did exert influence on members from both political parties. Biglaiser, Jackson and Peake's analysis of the fast track vote reveals that Republicans receiving higher corporate donations were 32 % more likely to back fast track. Democrats with the greatest support from business PACs ($281,000) were 26% more likely to support fast track than those receiving average contributions (Biglaiser, Jackson & Peake, 2004, 687-8). Bardwell (2000, 601-2) also concludes that corporate money was a factor of support for fast track among Democrats, although he finds no significant effect for Republicans.[240]

In sum, corporate countermobilization did have a positive effect on the fast track vote. Despite the time constraint imposed by President Clinton's tight policy agenda, business advocates did manage to influence lawmakers to support the fast track vote. According to USCC President Tom Donohue, "It is clear that the business community did a very good job in a short period of time. It's also clear that if the President had come out

[240] These different findings are most likely due to different data. Biglaiser, Jackson & Peake (2004) use head counts provided by Conley (1999) for their dependent variable, whereas Bardwell relies on a combination of "whip counts" from Public Citizen and the AFL-CIO. To estimate business donations, the former draws from information from the *Center for Responsive Politics*, while the latter uses data from Federal Election Commission.

with the bill sooner, we would have had a better chance of getting more supporters." (cited in Stevenson, 1997). However, the impact of the corporate free trade campaign was constrained not only by its belated involvement in the legislative battle, but also by the lack of dynamism of its grassroots campaign and the skewed distribution of its financial contributions. Despite these pitfalls, it would be unfair to blame corporate free traders for the defeat of fast track renewal or to dismiss their lobbying efforts as lethargic. On the countermobilization front, the president held a large share of responsibility for the misfortunes of the business community.

The White House rolls the drums

President Clinton declared his intention to renew fast track authority at the end of 1996 (Oxley & Schnietz, 2001, 485). In his State of the Union address of 1997, he renewed his commitment to create new trade agreements in both Latin America and Asia and stressed the need to obtain trade-negotiating powers.[241] Yet, not until the fall of 1997 did trade policy reach the top of the White House's agenda. Distracted by other political battles, including the negotiations of a bipartisan budget agreement, and hampered by disorganization within his own administration, President Clinton repeatedly postponed sending fast track legislation, pushing his timeline from April to June and finally to September 1997 (Destler, 1997, 24; Barfield, 1998; Bennet, 1997; Shoch, 2001, 213).[242]

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[241] "Now we must act to expand our exports, especially to Asia and Latin America -- two of the fastest growing regions on Earth -- or be left behind as these emerging economies forge new ties with other nations. That is why we need the authority now to conclude new trade agreements that open markets to our goods and services even as we preserve our values" (Clinton, 1997).

[242] The Republican Chair of the House Ways and Means Committee heavily criticized Clinton's lack of focus on fast track renewal. For more details on Clinton's hesitant posture, read Destler (1997, 23-6).

Although Clinton had begun to reach out to Democratic and Republican congressmen in early 1997, his campaign on behalf of fast track did not start until mid-September.[243]

If the free traders' media campaign had arguably raised NAFTA's profile in 1993, their efforts four years later proved more daunting. This was partly due to NAFTA's mixed record in both environmental and labor spheres. In fact, as the first studies of NAFTA's impact contradicted the optimistic forecasts of the administration, President Clinton decided to downplay its pro-NAFTA rhetoric and shift its attention toward the new promises of its trade liberalizing agenda. According to Anderson and Cavanagh, the White House changed its message as polls revealed that Americans remained skeptical of the administration's "NAFTAmath," i.e. the flurry of economic data it deployed to boost NAFTA's case (Cavanagh & Anderson, 1997, 2). Thus, in March 1997, the new U.S. Trade Representative Charlene Barshefsky – who replaced Mickey Kantor at the beginning of the year – declared:

> To say it's about NAFTA belies the global agenda and reduces the debate about where America is headed on trade policy to its relations with Mexico, a developing country with which we share a 2,000-mile border. (cited in Rubin, 1997).

Despite President Clinton's intention to expand NAFTA to include Chile and re-energize the FTAA negotiations, the USTR claimed that "the fast track debate is something entirely different [from NAFTA]" (cited in IUST, 03/21/97). "Global leadership" became the new *leitmotiv* of fast track advocates Clinton's (Sanger, 1997c; see also IUST, 03/21/97). Like the business community, the administration reframed fast

[243] In July 1997, Clinton invited two dozen Democratic lawmakers to the White House to discuss the upcoming trade debate (Rubin, 1997).

track authority as a prerequisite for a variety of trade initiatives: bilateral free trade agreements (especially with Chile), some of which allegedly stood as a gateway for the FTAA, negotiations with APEC in high-tech sectors, multilateral trade agreements on agriculture, investment and services at the WTO, etc. (Rubin, 1997). The White House also echoed the concerns of the private sector about the risks that European and Asian competitors might seize business opportunities that the United States would neglect (Bennet, 1997).

In many ways, the theatrics of Clinton's fast track campaign mirrored those of the NAFTA battle. The Democratic president launched his communication offensive in the East Room of the White House on September 11 in front of 100 executives of small and large businesses (Sanger, 1997b). This revealed that, once again, the executive would coordinate its lobbying efforts with corporate interests to defend their common trade liberalizing agenda against the attacks of the blue-green alliance. At the center of Clinton's free trade advocacy team were USTR Charlene Barshefsky, White House Chief of Staff Erskine Bowles, Treasury Secretary Robert Rubin, Secretary of State Madeleine Albright and Commerce Secretary William Daley (Rubin, 1997).

As during the NAFTA debates, the White House also used endorsements from a broad range of political and economic actors in the fast track battle. On a visit to the Bush Library in November, the President mustered support from three living presidents: George Bush, Gerald Ford and Jimmy Carter. The latter even became directly involved in the fast track campaign, calling reluctant representatives from Georgia worried about peanut imports to support trade liberalization (Mitchell, 1997d). In addition, the

Democratic Leadership Council gathered the signatures of more than one hundred state and local officials on a petition for fast track, in addition to its $200,000 TV ad campaign (Shoch, 2001, 215). As in 1993, "free" traders enjoyed the support of elite newspapers and a great majority of economists. This gave more resonance to their communication efforts. According to Anderson and Cavanagh, the *Washington Post* ran 15 pro-fast track articles and only 4 anti-free trade pieces (1997, 2). *The New York Times* also published several pro-fast track editorials and articles[244], some of which dismissed the fair traders' arguments as old-fashioned protectionism.[245] In the academic realm, fast track advocates also mustered the endorsement of 50 trade specialists (Passell, 1997).

The large appeal of free trade among economists and political figures hardly seemed to convince American citizens of the benefits of trade liberalization. NAFTA's negative image had reduced the appeal of free trade among the public. Once again, fair traders had played an important role in discrediting the agreement in the eyes of Americans. Even more challenging for the administration, a majority of Democrats continued to oppose the delegation of trade-negotiating powers (Sanger, 1997; Mitchell, 1997). And despite the administration's efforts to decouple fast track from NAFTA, many lawmakers saw both initiatives as part of the same picture.[246]

Such mutiny within his own party pushed Clinton's advocacy team to renew its lobbying efforts on Capitol Hill. The free traders reached a first success by securing the support of the Senate in early November. According to the *New York Times*, the White

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[244] (Sanger, 1997; Mitchell, 1997d; Passell, 1997).
[245] See especially Mitchell (1997d) and Passel (1997).
[246] For the leader of the fast track opposition in Congress, Minority Whip David Bonior, "NAFTA has not delivered on its promises. Let's not repeat the errors of the past. Instead of rushing to expand it and putting other countries on the "fast track," let's concentrate on fixing NAFTA first." (Bonior, 1997).

House played a key role in this achievement, not the least by winning over the endorsement of minority leader Tom Daschle (Mitchell, 1997c). Yet, as usual, the toughest battle would occur in the House of Representatives. To win votes, the Clinton administration cajoled or bullied recalcitrant lawmakers. Robert Rubin, Charlene Barshefsky and Al Gore met with undecided lawmakers to win their approval, while the President reached out not only to Democrats, but also to Republicans, inviting them to the White House days before the vote (Mitchell, 1997d). As mentioned earlier, opposition to fast track authority came not only from Bill Clinton's own party but also from conservative Republicans, who feared a decline in national sovereignty.

In early November, the White House deployed a full array of arm-twisting and deal-making tactics, reminiscent of the NAFTA endgame (Shoch, 2001, 219; Cavanagh & Anderson, 1997). A senior White House aide put it in colorful terms:

> We're doing wholesale and retail and direct marketing over the next week. We'd be on [the shopping channel] QVC if we could find a way. We know we've got an uphill fight here (cited in Mitchell, 1997c).

As in 1993, President Clinton's "bazaar"[247] offered policy concessions, pork-barrel deals and campaign support. First, in desperate search for votes among Democrats, the White House promised protection for peanuts, wheat, cattle, wine, tomatoes and tobacco. In addition to import protection, the Clinton administration also committed to press America's trading partners to open new markets for U.S. goods, both on a sectoral basis (wine, peaches) or in a more systemic fashion, by agreeing to a new Section 301 provision for agricultural exports (Public Citizen, 2005, 50-7; IUST, 11/11/97; IUST,

[247] One administration official confessed that the "bazaar is open" (cited in Mitchell, 1997b). This was also the expression used in Public Citizen's analysis of the NAFTA deal-makings (Public Citizen, 1993).

11/07/97; Mitchell, 1997e). [248] Other policy concessions sought to address the "adjustment costs" of trade liberalization and included:

- a pledge to boost funding for Trade Adjustment Assistance to $4 billion (including over $1 billion in new monies for TAA and NAFTA-TAA) aimed at Democrats, particularly members of the Hispanic Caucus;[249]
- a promise to create a Presidential Commission on Workers and Economic Change to address the effect of technology on worker displacement – and rally the support of Ken Bentsen (D-TX);[250]
- a commitment to create a presidential task force to monitor housing, labor and environmental conditions along the U.S.-Mexican border along with a binational border office to better coordinate NADBank activities, both of which were formulated to win the votes of Texan Democrats (Public Citizen, 2005).

As during the NAFTA debates, President Clinton's horse-trading maneuvers also included pork-barrel deals that were completely unrelated to international trade, including a variety of construction projects (a bridge, a freeway ramp, water treatment facility etc.) (IUST, 11/07/97; Public Citizen, 2005, 50-7). Puzzled by the scope of Clinton's deal-making tactics, a Wisconsin Democrat asked the Chair of the Appropriations Committee

[248] Under the Trade Act of 1974, the U.S. Trade Representative is required to take all appropriate action, including retaliation, to obtain the removal of any policy of a foreign government that violates an international agreement or restricts U.S. exports in an unreasonable manner. In practice, Section 301 has been used on behalf of American exporters fighting foreign import barriers of subsidized competition (Destler, 2005, 351-2).

[249] According to Public Citizen, five years after the promise, TAA funding had only grown by 30% of the promised amount (Public Citizen, 2005, 51).

[250] Public Citizen reports that, here again, President Clinton broke his promise. In a blatant example of the meaning of "political cover," Ken Bentsen belatedly agreed to support the Permanent Normalization of Trade Relations with China after Bill Clinton reiterated his promise (Public Citizen, 2005, 51).

Robert Livingston: "Does the gentleman know how many bridges the President has promised today for fast-track votes?" To which Mr. Livingston replied: "The gentleman does not have enough fingers for that" (cited in Mitchell, 1997e). Pork-barrel deals were not limited to construction projects but included a variety of political favors: additional funding for the Customs Service in Florida, the financing of the Salton Sea clean-up in California, tax breaks for homeowners in North Carolina, etc. (Public Citizen, 2005, 50-57; IUST, 11/11/97).

Finally, President Clinton also promised campaign support for anxious Democratic incumbents (in Texas and Ohio) (IUST, 11/07/97; Public Citizen, 2005). The President sought to offset the lobbying efforts of organized labor. Speaking at the AFL-CIO's national convention, he asked union members not to punish pro-fast track Democrats in subsequent elections (Bennet, 1997). He promised individual fundraisers for Democrats who feared labor's punishment (Mitchell, 1997e). Thus, acts of "counteractive lobbying"[251] were undertaken not only by interest groups opposing the fair trade agenda (i.e. business interests), but also by the executive branch.

Not all lawmakers succumbed to President Clinton's offensive, however. Admittedly, the belated lobbying efforts of the White House did allow free traders to win nine additional Democratic supporters a week before the intended vote (IUST, 11/07/97). Overall, however, President Clinton's bazaar found fewer customers in 1997 than it had in 1993. Some political commentators argue that Bill Clinton alienated liberal Democrats with his crude vote-buying methods (Anderson & Cavanagh, 1997, 2). According to the *New York Times*, the President insulted congressmen by openly stating that he would win

[251] (Austen-Smith & Wright, 1994).

the trade vote easily if it were held in secret, thereby suggesting that lawmakers only feared labor's sanctions (Broder, 1997). Others posit that Clinton's failure to live up to the promises of his NAFTA deals[252] had undermined the credibility of his bargaining maneuvers (Shoch, 2001, 219). Government insiders point to the general lack of political capital that the administration devoted to the 1997 free trade campaign. Jay Berman, the leader of the fast track lobbying effort inside the White House claimed that he had never been given the authority or the resources to line up votes: "We ran out of time, and that was partly because the White House didn't get serious about trying to find out what people wanted and then trying to work something out. We weren't ready to deal when we needed to deal" (cited in Maggs, 2000).

This insufficient focus on deal-making was part of a broader lack of commitment from the White House acknowledged by both trade insiders like Secretary of Commerce Bill Daley[253] and political analysts (Barfield, 1998; Shoch, 2001, 219; Destler, 2005, 264-5; Anderson & Cavanagh, 1997, 2; Broder, 1997). The President's "leadership failure" resided primarily in his late submission of his fast track proposal and his belated involvement in the political battle. First, by postponing the release of his trade bill, the White House delayed the countermobilization efforts of the business community. Not until the business community became certain that the trade bill would not contain heavy labor and environmental regulatory constraints, did it decide to throw its full weight behind fast track. The delay of the free trade campaign was compounded by the skewed distribution of business donations, thereby limiting the impact of corporate

[252] For a complete report on President Clinton's broken promises, read Public Citizen (2000b) and Public Citizen, 2005, 50-57.
[253] See Maggs (2000).

countermobilization. Second, the belated involvement of the President in the fast track debates deprived free trade advocates of the crucial support of the "best lobbyist in town." With fair traders striving to "lock in" the votes of Democrats as early as possible, the long-delayed lobbying counteroffensive proved to be a costly mistake.

Other political choices complicated the White House's efforts to win congressional support for fast track. The Democratic administration's acceptance of the "clean" bill favored by Republicans – i.e. one devoid of substantive environmental and labor provisions – came to be another tactical mistake. The president sought to secure both business and Republican support for fast track before convincing his fellow party members to follow his lead (Shoch, 2001, 213; Glenn, 1999, 193). However, given the public's ambivalence about NAFTA, and the revengeful tone of the labor movement, liberal Democrats saw Clinton's compromise with the Republican leadership as a stab in the back.

Of course, it would be unfair to attribute all the responsibility of the "clean" fast track bill to President Clinton. As mentioned earlier, the Administration's attempts to include stronger blue and green provisions in 1994 and 1995 had failed primarily because of partisan bickering. In addition, owing to their disillusion with NAFTA's side agreements, it is not clear whether fair trade advocates – and particularly unions – would have settled for further incremental changes in American trade policy. The fact that organized labor opposed fast track extension months before the trade bill was released tends to show that, absent a dramatic change in the substance of American trade policy, unions would have opposed any attempt to delegate trade-negotiating authority.

Yet, regardless of labor's opposition, it is clear that inclusion of more substantive provisions than the elusive and non-enforceable "negotiating objectives" of the fast track bill would have improved the likelihood of wooing liberal Democrats. The fact that Bill Clinton caved in to the demands of House Ways and Means after making concessions on issues as crucial as the balanced budget and welfare reform made liberals in the Democratic Party uneasy (Broder, 1997; Conley, 1999, 793). Emboldened by the success of the NAFTA and Uruguay Round bills in 1993 and 1994, Bill Clinton took his party's support for granted. According to one official: "We figured we always pull these things out in the end and we'd pull this one out, too" (cited in Broder, 1997). But for many lawmakers, the administration appeared to be paying lip service to the anxieties and demands of local constituencies. By rolling back the few gains that labor and environmentalists had achieved during the NAFTA debates, the White House provided little political cover for Democrats to back trade liberalization. The "First Free Trader" ignored the fact that during the NAFTA debates, side payments – devised successively by George H. W. Bush and Bill Clinton – had been instrumental in splitting the blue-green alliance. These divide-and-conquer tactics had also allowed legislators to justify their support for trade liberalization. But in 1997, the absence of symbolic, *collective* side payments compromised the administration's ability to win the votes of its party allies.[254]

This is not to say that the President did not have any influence on the fast track vote. In fact, Biglaiser, Jackson & Peake's analysis reveals that although a large majority of Democrats opposed the 1997 fast track bill, a few of the President's most ardent

[254] The closest thing to such deal was Clinton's proposal of a $4 billion retraining program, added at the request of a dozen of House Democrats (Oxley & Schnietz 2001, 486; Shoch, 2001, 214; Public Citizen, 2005, 51).

supporters backed the measure. Thus, in addition to constituency and ideological factors, presidential support scores also conditioned support for fast track (Biglaiser, Jackson & Peake, 2004, 691-2). This confirms the idea that partisan politics are an important element of contemporary trade debates.

However, the fast track vote reveals that even in an era of party polarization, party affiliation is not always a reliable predictor of congressional behavior. Indeed, the demise of the 1997 trade bill was not primarily due to the dissent of Republican voters, but to the mutiny of House Democrats. This means that in the increasingly contentious sphere of American trade politics, partisanship can no longer be taken for granted. This is why presidential-corporate mobilization is a key determinant of legislative outcomes. When the mobilization of fair traders threatens the passage of a controversial trade bill, the "First Free Trader" must utilize his institutional capabilities and mobilize business allies or risk losing the battle.

Conclusion

The controversies surrounding the renewal of fast track authority epitomize the contentious nature of the new politics of American trade. Framed as a referendum on NAFTA, the 1997 legislative battle bore great resemblance to that of 1993. In both cases, a coalition of labor, environmental and consumer advocates organized a sophisticated lobbying campaign that threatened the passage a trade-liberalizing bill. On both occasions, the fair trade coalition managed to bring environmental and social issues to the center of the debates, rally public opinion behind its cause and create bitter divisions in

the House of Representatives. Although the two votes were taken in different congressional contexts, countermobilization played a pivotal role in determining political outcomes, contributing in one case to saving President Clinton's bill, and in the other to burying it. Indeed, where the vigorous countermobilization of free trade advocates – in both the private sector and the executive branch – had been crucial to consolidate bipartisan support for NAFTA in 1993, their delayed counteractive lobbying efforts and tactical mistakes did not allow them to save the fast track bill in 1997.

First, corporate interests, owing to their sustained opposition to the consideration of environmental and labor issues, postponed their campaign on behalf of fast track. Beyond timing, both their inside and outside lobbying tactics paled in comparison to the vigorous offensive launched by fair traders. Not only did business's grassroots efforts remain lethargic, but the pressure it exerted inside the Beltway was significantly skewed toward Republican congressmen. The private sector's unbalanced lobbying efforts, therefore, gave undecided House Democrats few reasons to withstand the pressure of organized labor or follow the lead of the President. Second, and most importantly, the tactical mistakes of the White House proved fatal to fast track renewal in three respects. The administration's greatest mistake was perhaps its failure to include any environmental or labor side payment in the trade bill – a *faux pas* for which the Republican leadership shares large responsibility. This omission only consolidated the anti-fast track front and failed to provide political cover for undecided lawmakers. The administration's belated involvement in the legislative debates was another crucial flaw of presidential countermobilization. On the one hand, the chief executive's late submission of the trade

bill delayed the countermobilization efforts of the business community, which feared that Clinton's proposal might include strong labor and environmental provisions. On the other, the President's postponed campaign on behalf of fast track made it more difficult to win over the support of House Democrats who had already committed to rejecting any expansion of NAFTA. Both of these tactical mistakes stemmed from the same root: the administration's misperceptions of the political legacy of NAFTA and the resentment it had bred among fair trade advocates, local constituencies, and their representatives. In retrospect, the multiple weaknesses of the countermobilization of free traders on behalf of fast track renewal in 1997 paled in comparison with the theatrical NAFTA campaign or the unprecedented scale of corporate-presidential countermobilization in support of PNTR in 2000.

This does not mean that structural factors did not matter. Admittedly, the elaboration of fast track bills gives less leeway to the executive branch in the policy process, particularly under a divided government. As a result, the special relationship could not operate through the activities of the trade advisory committee as it had before NAFTA was born. Yet, in this case, the "compromise" reached by President Clinton and the Republican majority reflected the priorities of the business community. Thus, the important stage at which the special relationship played a crucial role was not the agenda-setting phase but the lobbying phase. The fact that the joint countermobilization of the White House and the private sector lost the vote does not make the special relationship irrelevant. As this chapter has shown, the rejection of fast track was a defeat for free

traders before being a victory for fair traders. In other words, Clinton's "leadership failure" resided in his inability to activate the power of countermobilization.

This is not to deny the role of the blue-green alliance in the *dénouement*. To paraphrase David Glenn (1999, 191), "defeating fast track was arguably the AFL-CIO's greatest public policy triumph in a generation." It was, indeed, the first time since 1934 that Congress refused to delegate its authority to a president requesting it (Oxley & Schnietz, 2001, 480). [255] Clinton's setback was directly linked to the emergence of the now inseparable environmental and labor issues in trade debates. In this sense, it represented an important milestone in the U.S. debates on globalization (Oxley & Schnietz 2001, 480-1). Optimists like David Bonior foresaw the advent of a new approach to commercial issues: "What we saw this week… was that we are ready to move the trade issue to another level, to include labor standards, environmental standards, and food safety standards. That is the future." The next major trade battle would test the validity of this prediction, whose fulfillment hinged upon the political power of countermobilization.

[255] The irony was that fast track was designed as a mechanism to mitigate constituency pressures on legislators to alter trade legislation. The fast track battle revealed that these pressures had extended to the very process itself (Conley, 1999, 797).

CHAPTER 5: The Permanent Normalization of U.S. Trade Relations With China

At the dusk of the twentieth century, morale was running high on the fair traders' front. The fast track debates of 1997-1998 had proved that the blue-green alliance was a powerful political force to be reckoned with. A year after the 1997 legislative battle, Newt Gingrich surprised observers by announcing a late September vote on a new "clean" fast track proposal. Devoid of labor or environmental provisions, the Speaker's trade bill aimed to reassert the Republicans' support for business-friendly policies and divide the Democratic Party. This time, however, not only did House Democrats rally *en masse* against the bill, but the White House also refused to support the legislation for fear of losing votes in the Congressional elections.[256] Despite the peculiar electoral context in which the bill occurred, this second rejection of fast track in two years confirmed the new contentious nature of trade politics. Second, the collapse of the MAI negotiations came on the heels of this second political setback. This new victory emboldened civil society groups in their attempt to influence Washington's international economic policy. Finally, the anti-WTO protests of Seattle in 1999 further raised the prominence of fair trade, inspiring waves of activism throughout the world. For free traders, trade liberalization seemed to lose momentum under the pressure of the new stakeholders of American trade policy.

The fact that fair traders seemed to gather momentum when President Clinton's decided to "normalize" – i.e. permanently liberalize – U.S. trade relations with China

[256] Like the Uruguay Round Act, this bill did not generate as many controversies –and lobbying effervescence – as the other case studies under consideration in this dissertation. For more details on this trade bill, see Shoch (2001) and Destler (2005).

meant that the legislative battle of 2000 would be a litmus test for both fair and free traders. In this regard, the debates surrounding China's accession to the World Trade Organization constitute an ideal case study to assess the impact of countermobilization on trade policy outcomes.

This chapter seeks to outline the contours of the special relationship between the executive branch and the private sector and examine the extent to which this collaboration impeded the advocacy efforts of fair trade actors. It is divided in two sections. The first examines the role played by the private sector during the negotiating process, i.e. before and during Washington's series of trade negotiations with Beijing. The second focuses on the lobbying phase preceding the vote and attempts to assess the impact of the respective campaigns by fair trade and free trade advocates. Both sections lead to the same conclusion: the close coordination between the White House and the business community interrupted the slow ascension of fair traders in the trade policy arena.

I) SHAPING THE TERMS OF THE DEBATES

If the NAFTA and fast track debates went far beyond strictly commercial issues, the PNTR debates were also entwined with the complex tissue of U.S.-Chinese foreign relations. When it officially recognized the People's Republic of China (PRC) in 1979, Washington subjected its trade policy to an annual review of China's economic policy and human rights record. Thus, China's ability to obtain "Most Favored Nation"

(MFN)[257] status depended on congressional approval of its overall behavior, a process that became particularly controversial after the Chinese government's repression of the Tiananmen Square protests in 1989 (Hook & Lebo, 2008). In the 1990s, the debates on MFN renewal became increasingly controversial and witnessed the mobilization of numerous interest groups ranging from human rights advocates and religious organizations to business associations and PRC delegates. Thus, the dynamics of interest group mobilization predated the debates on the Permanent Normalization of U.S.-Chinese Trade Relations (PNTR).

The idea behind making China's MFN trade status permanent stemmed from China's ambition to become a WTO member. From a procedural standpoint, it required the negotiation of a bilateral accession agreement whereby Washington would obtain a series of trade concessions in return for its support for Beijing's bid, along with a few reforms pertaining to U.S. trade sanctions and textile quotas (Shoch, 2001, 233). As in previous battles, the terms of these negotiations polarized fair traders and free traders: the former demanding the linkage of U.S. trade policy to non-commercial issues such as human rights and labor standards, the former pressing the administration for a "clean bill."

At a more fundamental level, PNTR epitomized the intrabranch conflicts that are inherent to the U.S. trade policy process. Like fast track authority, the elimination of MFN annual reviews promised to empower the executive branch by limiting congressional interference with U.S.-Chinese trade relations. Among congressmen, there were concerns that the White House might have informally committed to the permanent

[257] This principle of non-discrimination is a pillar of the international trade system, according to which a nation receiving MFN status is assured that its exports are subject to no greater tariffs than those imposed on exports from any other country (Destler, 2005).

normalization of U.S.-Chinese trade relations within the framework of the bilateral negotiations with China, thereby infringing upon Congress's constitutional authority to regulate commerce (IUST, 12/17/99).

This shift of power promised to constrain fair traders' influence over a bilateral relation that was not only becoming essential to U.S. economic interests,[258] but that also had important social and environmental implications, as illustrated by recent debates on political repression in Tibet or China's growing contribution to global warming.[259] In other words, eliminating annual congressional hearings threatened to cut American NGOs from the policy process, preventing them from bringing attention to non-commercial aspects of U.S.-Chinese relations (e.g. human rights, labor standards, environmental damage etc.).

The permanent normalization of U.S. trade relations might not have been so inimical to fair traders' interests had the trade bill included strong safeguards for the protection of human rights, workers' rights and the environment. Yet, as this chapter will show, the business community managed to maintain its privileged access to the policy process and, in conjunction with the White House, strove to exclude non-trade issues from the scope of the agreement.

The following subsections illustrate how the Clinton administration betrayed its commitment to fair trade principles to preserve its special relationship with the business community. This partnership constrained the ability of labor, human rights,

[258] Between 1978 and 1999, China's annual trade volume increased in absolute terms from $21 billion to $361 billion (Hook & Lebo, 2008).
[259] China has now surpassed the United States as the world's leader in carbon missions (although not on a per capita basis).

environmental and consumer organizations to influence the trade policy process, thereby jeopardizing the recent progress made by fair traders.

To reveal the predominant influence of the private sector on the terms of the U.S.-Chinese agreement, this chapter proceeds in two steps. First, it examines the origins of President Clinton's China policy and more precisely his shift from a strong emphasis on human rights (conditionality) to a "non-conditional" pro-business stance (engagement). Evidence shows that the business community and more precisely the "new China lobby" (Destler, 1995, 235) – the increasingly organized group of corporations pressing for free trade with China – managed to convince the Clinton administration to forsake any ambition of linking trade with non-commercial issues by undermining support for conditionality within the executive branch. Second, this chapter will examine the respective positions of trade policy actors in relation with the content of the PNTR bill so as to highlight the skewed design of the agreement negotiated by the Clinton administration. It will then attempt to explain the institutional factors and the political decisions that led the White House to ignore the grievances of its labor and environmental constituencies. Here, as during the NAFTA negotiations, the system of trade advisory committees considerably limited the input of fair trade organizations in the policy process. Thus, the skewed design of the trade policy process allowed the private sector to control the terms of the Chinese accession agreement, producing a plethora of business-friendly concessions while excluding provisions pertaining to labor standards, human rights or environmental protection. These structural impediments were exacerbated by the Democrats' deliberate attempt to shift their party toward a pro-business agenda, one that gave little room to fair trade side payments.

President Clinton's ephemeral conditionality policy

At first sight, it seemed that the foreign policy agenda of the Clinton administration would not prove as congruent with the priorities of the private sector as it had been during NAFTA. During the presidential election, the Arkansas governor had chastised President George Bush for "coddl[ing] dictators and stand[ing] aside from the global movement toward democracy" (cited in Dietrich, 1999, 286). The Democratic candidate had promised to make MFN status contingent on China's improvement of its human rights record (Schaller, 2002, 211; Dietrich, 1999, 286).[260] This approach paralleled Bill Clinton's conditional endorsement of NAFTA and his tactical support for labor and environmental side agreements during the 1992 elections. In both cases, Clinton seemed ready to open the trade policy process to new constituencies, even though the latter's input would not rival that of free trade business interests.

Clinton's leanings toward conditionality – as opposed to "de-linking" trade and human rights – were both shaped by and reflected in the positions of his top foreign policy advisers, among whom were Secretary of State Warren Christopher, Assistant Secretary of State for East Asia Winston Lord, U.N. Representative Madeleine Albright, and National Security Adviser Anthony Lake. Human rights advocates and business groups alike viewed these appointments as an indication that the White House's China policy would put greater emphasis on human rights. Indeed, under the new Democratic White House, human rights organizations enjoyed greater access to government officials

[260] MFN was renewed every year under the presidencies of Ronald Reagan and George Bush despite China's persistent violations of human rights (Hook & Lesh, 2002).

than they ever had under the Bush administration (Dietrich, 1999, 286-7; Schaller, 2002, 212).

In line with this new environment, President Clinton, in conjunction with Congress, designed a more conditional approach to MFN renewal. On May 28, 1993, he issued a flexible Executive Order that subjected China's trade status to the fulfillment of two conditions: one supporting the usual Jackson-Vanik freedom of immigration;[261] and the other requiring Chinese compliance with a 1992 bilateral agreement on prison labor and five other issues related to human rights, on which China had to achieve "overall significant progress" (Dietrich, 1999, 286-7; Schaller, 2002, 212; Sutter, 1998, 48).

This activist, pro-human rights trade policy, however, did not last very long. On May 26, 1994, barely a year after issuing his Executive Order, President Clinton announced his decision to "delink" China's MFN status from the human rights conditions he had attached (Dietrich, 1999, 288-9; Sutter, 1998, 50-51). He opted for MFN renewal despite the Secretary of State's conclusions that "the Chinese did not achieve overall significant progress in all the areas outlined in the executive order" (cited in Destler 1995, 235). Clinton justified his new engagement policy with the idea that the powerful market forces transforming the Chinese economy would not only benefit American businesses and consumers, but also gradually lead Beijing to conform to international standards and encourage democratic reforms (Hook and Lesh, 2002, 292). The White House's market-driven policy would shape the terms of the PNTR debates in 2000. What prompted this sudden shift from conditionality to engagement?

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[261] The Jackson-Vanik amendment to the Trade Act of 1974 prevented presidents from granting MFN status to countries that restricted the emigration of their citizens and was designed to punish the Soviet Union's repression of Russian Jews (Hook, 2005).

Business interests and the U.S. trade relations with China

Ever since the Tiananmen Square incidents, business and farm interests had opposed tariff sanctions advocated by human rights, students and labor organizations (Dietrich, 1999, 285). Clinton's 1993 executive order changed the institutional dynamics of U.S.-Chinese trade relations by asserting the leadership of the executive branch in a policy area traditionally dominated by Congress. This initiative foreshadowed the White House's later attempt to eliminate the MFN review process, a step that would further undermine Congress's authority to regulate commerce.[262]

As a result, Clinton's executive order prompted outside interests to refocus their advocacy efforts on the executive branch – without, of course, relieving their pressure on the House of Representatives where the debates on MFN had always been more controversial. Although corporate interests had little say in the drafting of the executive order, they subsequently adopted a more assertive stance toward U.S-China policy, a tactical move that would soon bear fruit. From 1989 to 1994, the involvement of the business community shifted from a small base of companies paralyzed by the Tiananmen Square events to an ever-larger circle of corporate actors actively lobbying for a non-punitive approach to Sino-American relations. Within five years, they managed to obtain support from congressmen, government officials, and eventually President Clinton himself (Dietrich, 1999). According to trade expert I. M. Destler, "the new China lobby" became "perhaps the most formidable, pro-trade coalition ever sustained by U.S. business on its own initiative" (Destler, 1995, 234).

[262] The following three paragraphs are drawn from Dietrich (1999, 288-90) and Sutter (1998, 47-60).

Lured by the opportunities of the fabled Chinese market, American businesses strove to influence the administration's trade policy toward China through both direct and indirect means. First, by exerting direct pressure on the Clinton administration, they managed to win support from government officials from economic agencies. This led to internal dissonance within the administration, whereby the pro-conditionality voices of the diplomatic choir were out of sync with the pro-business tunes of the National Economic Council (Robert Rubin), the Treasury (Lloyd Bentsen) and the Commerce Department (Ron Brown). Having been elected on an economic platform, President Clinton was responsive to the latter's calls to re-examine the importance of business opportunities in China. The former governor from Arkansas was also the direct target of the business lobby, which flooded the White House with petitions signed by corporate CEOs and congress members.[263]

Second, the increasingly active stance of the business community also seemed to affect the White House's early approach to China policy in an indirect way. The growing strength of American businesses' advocacy on behalf of engagement (or "delinkage") and their support among fractions of the Clinton administration increased the Chinese government's leverage over the terms of the negotiations.[264] Wary of American interference in its internal affairs, Chinese negotiators were particularly eager to exploit U.S. domestic support for engagement as a means of removing non-commercial issues from the bargaining table. This tactic would be used to press the Clinton administration to

[263] For instance, in early May 1994 – a few weeks before Clinton's official decision to "delink" MFN from human rights conditions – the business coalition sent 800 letters to the Oval Office to demand unconditional MFN renewal. For more details on these early lobbying efforts, see Destler (1995, 235).
[264] Both the potential size of the Chinese market and the strong support of the U.S. business community for trade liberalization with China conferred much greater bargaining power to the Chinese government than the Mexican government ever had during the NAFTA negotiations.

close the bilateral accession agreement negotiated before the PNTR vote (Sanger, 1999).[265]

In sum, the business community played both a direct and indirect role in President Clinton's decision to delink human rights and other conditions from the scope of U.S.-China trade relations. These early political pressures differed from the formal institutional channels through which the private sector would monitor the negotiations of China's accession agreement. Yet, both phases of the debates on Washington's trade policy toward China were important to the extent that they would shape the terms of the debates on PNTR by giving the private sector a privileged access to the policy process.

"Everything we asked for"

If President Clinton's conversion to engagement had been a victory for the business community, the latter had no reason to be complacent. First, economic and diplomatic frictions – over human rights violations, Taiwan, the growing U.S. bilateral trade deficit with China – remained at the center of annual MFN debates. Second, China's push to join the WTO meant that the private sector still had a vested interest in monitoring the course of U.S.-Chinese trade relations. Indeed, accession to WTO membership required the negotiations of a bilateral agreement between Washington and Beijing, the enforcement of which would in effect be conditioned on the permanent normalization of their trade

[265] For an extensive discussion of U.S.-Chinese relations under the Clinton administration, read Bourdin (2007).

relations (i.e. the elimination of the MFN renewal process) (Shoch, 2001, 234; Destler, 2005, 275-6).[266]

The lure of the agreement resided primarily in the size of the Chinese market. With 1.2 billion potential consumers, it is easy to understand why American businesses across virtually every sector were so eager for the U.S.-China deal. In the farm sector, the Department of Agriculture estimated that U.S. exports of wheat, rice, corn, cotton and soybeans to China would increase by $1.5 billion annually if barriers were removed (Hook & Lesh, 2002, 298-302). Manufacturing interests, including the aircraft and automotive industries, also saw the U.S.-Chinese agreement as a great opportunity to pry open the promising Chinese market (McGraw, 1999). Their advocacy efforts were joined by the high technology sector, which became a powerful voice among PNTR proponents (Shoch, 2001). In the service sector, insurance, financial and telecommunications companies were vigorous advocates of trade liberalization with China (Micek, 2000). Through the negotiation of China's accession agreement, these various segments of the business community hoped that Washington could push Beijing to dismantle its intricate system of tariff and non-tariff barriers (quotas, import licenses, technical standards etc.) to boost American exports to China (Hook & Lesh, 2002, 295).

If the prospect of increased exports was the most common argument evoked by free traders, the myriad investment opportunities that the US-Chinese negotiations could generate were the real gains at the top of the business coalition's agenda. In the 1990s, foreign investment into China had skyrocketed, as the PRC was soon to become the world's foremost destination for Foreign Direct Investment (FDI). The business

[266] For more details on the China's protracted effort to join the WTO, read Panitchpakdi & Clifford (2002).

community hoped that the Middle Kingdom would loosen its restrictions on joint ventures with Chinese firms, which had hitherto limited the access of American multinational corporations to the Chinese market. The PRC's previous relaxation of limitations on portfolio investments had also raised considerable interest in the U.S. financial sector, which became one of the leading proponents of PNTR (Hook & Lesh, 2002, 298-303). Corporate interests also saw the negotiation of a bilateral agreement with China as an invaluable opportunity to push the Chinese government to comply with international trade rules. Among issues of considerable interest to the private sector was the protection of intellectual property rights, which had been a bone of contention between Washington and Beijing since the early 1990s (Devereaux, Lawrence, & Watkins, 2006, 255, 259).

Did the terms of the bilateral agreement satisfy the demands of the private sector? The terms of the PNTR trade bill leave little doubt about this. Through a series of high-level negotiations between 1997 and 1999, Washington obtained a wealth of market concessions for American businesses. Of course, like any high-stake negotiations, the road to the agreement was a bumpy one, at times obstructed by American domestic politics (yearly debates on MFN renewal, the Clinton-Lewinsky scandal, etc.). In the end, however, "the Chinese conceded more than I thought would be politically possible" said Nicholas Lardy, expert on the Chinese economy at the Brookings Institution (cited in Devereaux, Lawrence & Watkins, 2006, 268). For American businesses, the core benefits of the negotiations included: full trading and distribution rights to U.S. firms doing business in China; substantial tariff cuts in the agricultural sector; a phase-out of quotas on foreign goods and a suspension of other non-tariff barriers (NTBs); greater access to

the Chinese market for the U.S. automobile industry; and an overall improvement of the treatment of foreign firms operating in China (Hook & Pesh, 2002, 309).[267] Logically, the business community was elated by the terms of the bilateral agreement. In a letter asking House Speaker Dennis Hastert (R-IL) to set a date for the PNTR vote, the National Association of Manufacturers praised the administration's accomplishments:

> In 1998, the National Association of Manufacturers laid out the goals American manufacturers hoped would be achieved by China's entry to the WTO. That analysis (…) shows we will get essentially everything we asked for (NAM, 2000).

The agreement not only met most of their demands in regard to market access and investment, but also ensured that non-commercial issues would be excluded from the normalization of U.S.-Chinese trade relations.

Non-conditionality prevails

As explained earlier, the business community's push for engagement preceded the negotiating phase between Beijing and Washington. With the PNTR vote looming, corporate representatives re-emphasized their support for Clinton's policy of "delinkage" and, implicitly, their opposition to binding trade liberalization to non-commercial issues such as human rights or labor standards. In numerous congressional testimonies, business leaders described President Clinton's shift to non-conditionality as a catalyst for economic change in China. They credited engagement policy not only for encouraging domestic reforms and raising living standards but also, and perhaps more dubiously, for alleviating the Asian financial crisis (McGraw, 1999; Bonsignore, 2000). Furthermore, corporate representatives frequently stressed the good practices of American companies

[267] For more details, read the administration's fact sheet on the U.S-China agreement in IUST (11/16/99).

in China and their ability to improve labor, environmental, health and safety standards through investment (Bonsignore, 2000; Cohen, 2001; David, 1999).

Although allegedly supporting democratic reform in China, they continued to strongly oppose linking trade with non-commercial issues, claiming paradoxically that trade liberalization would encourage domestic reforms in China while opposing conditionality on the basis that "trade is no quick fix to China's problem." Instead, the private sector recommended technical assistance and alternative initiatives to help China improve its labor, human rights, and environmental conditions (Bonsignore, 2000).

Despite the strong pressures of fair traders, the administration continued to follow the business community's favored policy of engagement. Testifying at the Senate Finance Committee in early 2000, USTR Charlene Barshefsky declared that the Administration "[would] certainly always prefer a clean bill," i.e. a legislative proposal devoid of labor, environmental or human rights provisions (cited in IUST, 02/25/2000). Gene Sperling, economic adviser to the White House, echoed this comment by excluding the prospect of parallel legislation connecting human rights to trade (Public Citizen, 2000, 37).

This blatant indifference to the fair traders' grievances[268] seems surprising given that the same uncompromising approach to the "new politics of American trade" had been partly responsible for the fast track fiasco of 1997. In addition, Clinton's exclusion of non-commercial issues from the terms of the accession agreement clearly contradicted his promise to put a "human face" on globalization and promote international labor and environmental standards at the WTO.[269] However, when one acknowledges the special

[268] Fair traders' criticisms of the PNTR bill are examined in second half of this chapter.
[269] At Seattle, President Clinton declared:

relationship between the executive branch and the business community and its impact on trade negotiations, it is easier to understand why the White House decided to favor the interests of corporate interests over labor and environmental organizations. Of course, Beijing's uncompromising stance toward Washington's interference in China's domestic political affairs also influenced President Clinton's decision to shift from conditionality to engagement. However, the heavy pressures of the private sector on the White House throughout the 1990s also bore fruit.

Explaining the skewed design of the PNTR deal

A previous section of this chapter examined how the growing activism of the new business "China lobby" encouraged the Clinton administration to renege on its commitment to conditionality and embrace engagement as a new foreign policy doctrine. Emphasis was put on the *political* factors behind the Democratic leadership's decision to kowtow to corporate interests. Yet, to fully understand why the terms of the PNTR deal came to be so skewed in favor of business interests, one also needs to analyze the institutional channels through which the business community managed to dominate the policy process.

Like the terms of NAFTA, the content of the PNTR deal can be traced to the inequalities of power embedded in the trade policy process. A close examination of the membership and conclusions of Trade Advisory Committees (TAC) is revealing. The

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I believe the WTO must make sure that open trade does indeed lift living standards -- respects core labor standards that are essential not only to worker rights, but to human rights. That's why this year the United States has proposed that the WTO create a working group on trade and labor. To deny the importance of these issues in a global economy is to deny the dignity of work -- the belief that honest labor fairly compensated gives meaning and structure to our lives. I hope we can affirm these values at this meeting (Clinton, 1999).

first tier of the TAC system, the Advisory Committee for Trade Policy and Negotiations (ACTPN) membership continued to be largely dominated by business interests. Despite Clinton's efforts to accommodate new voices, the body with the greatest input in trade negotiations included 27 corporate representatives, but only three labor delegates, one environmentalist and one member of a consumer organization (ACTPN, 2000). As noted by AFL-CIO Legislative Director Thea Lee, despite President Clinton's rhetorical support for fair trade, the membership of the ACTPN remained "massively imbalanced toward corporate interests," and more specifically multinational corporations (Lee, 2007*). Similarly, the 16 Industry Sectoral Advisory Committees (ISACs) overwhelmingly dominated by business representatives, as they had been during the negotiating phase preceding the signature of NAFTA. Through the Trade Advisory Committee system, business organizations like the Semiconductor Industry Association (SIA), the Pharmaceutical Research and Manufacturers of America (PhRMA) and the International Intellectual Property Alliance, as well as representatives from the agriculture and service sectors maintained constant communication with the USTR to ensure that the terms of the agreement reflected business preferences (IUST, 02/25/00; IUST, 12/24/99; IUST, 04/02/99). Hence, the private sector's control over the policy process operated not only thanks to their "overrepresentation" in the TAC system, but also through a routinized dialogue with the administration that paralleled the coordination of public and private lobbying efforts at the legislative phase of the policy process.

As during the NAFTA debates, the leaders of the business community combined the functions of trade policymakers and lobbyists to make their voice prevail. In other words, the institutional design of American trade policy created "policy clienteles" that could

tightly monitor the scope of free trade agreements. The president of ACTPN was Procter & Gamble CEO John Pepper, a key member of the National Foreign Trade Council and long-time leader in free trade advocacy. The ACPTN's business agenda left the handful of fair trade representatives little room for debate. In 2000, John Pepper wrote to his membership that the only formal meeting the ACTPN would have in 2000 would focus on reviewing the administration's strategy to secure congressional approval of PNTR (Pepper, 2000). This "single agenda" drew severe criticisms from labor representatives John Sweeney, Jay Mazure (UNITE) and even Lenore Miller (Retail, Wholesale and Department Store Union, RWDSU), whose sector was supposed to benefit from the U.S.-Chinese bilateral agreement. All three of them acknowledge the structural impediments to which fair traders were confronted:

> The AFL-CIO and our member unions have long argued that the entire trade policy advisory committee structure is seriously imbalanced, with too many corporate representatives and too few labor, environmental, consumer, and other NGO representatives – both on the ACTPN and on the other industry sector advisory committees. This imbalance has contributed to a corresponding imbalance in U.S. trade policy. (Sweeney & Miller, 2000).

Invoking Seattle, labor representatives called for a "deep reform of the entire advisory committee structure and membership to ensure a much more balanced and diverse input" that would reflect the prescriptions of the Trade Act of 1974, according to which the ACTPN must be "broadly representative of the key sectors and groups of the economy, particularly with respect to those sectors and groups which are affected by trade" (ibid). In a subsequent letter to the USTR, the AFL-CIO demanded that the administration not only diversify the membership of the ACTPN so as to include more civil society groups and academics, but also asked that labor and environmental representatives be included in

each Industry Sector Advisory Committee (ISAC) and Industry Functional Advisory Committee (IFAC), arguing that "business representatives cannot adequately represent the concerns of working families or the environment and should not be expected to" (AFL-CIO, 2000).

During the PNTR debates, labor representatives felt so alienated by the few opportunities offered by the trade policy process that they decided to resign from ACTPN in early 2000. The fact that this happened under a Democratic president who had promised to address labor concerns is emblematic of the institutional constraints that fair traders faced. Although Bill Clinton finally began a dialogue on how to reform the TAC system, this only occurred after the passage of PNTR. The USTR asked the AFL-CIO for solutions to improve the representativeness of the TAC system (ibid). With only a few months left in his second term, however, the Democratic president never had time to fulfill his promises.

Like labor unions, environmental and consumer advocates were cognizant of the institutional obstacles that they faced. Amidst the PNTR debates, several NGOs filed a lawsuit demanding that the trade policy advisory committee comply with the provisions of the Trade Act of 1974. Their attempt proved relatively successful, insofar as a federal court required the administration to include environmentalists on two industry sector advisory committees (ISACs) for the paper and lumber industries (IUST, 06/09/00). Issued in early November 1999, this ruling did not allow environmentalists to participate in the U.S.-Chinese trade negotiations. In addition, this judicial decision did not apply to the membership of the ACTPN, where the single green voice remained isolated. Thus, environmentalists, like union representatives continued to demand an overall reform of

the trade advisory committee system hoping that it would allow them to better define the terms of commercial agreements and monitor trade policies with environmental implications (Joffe, 2000; Earthjustice, 1999).

As mentioned earlier, the special relationship between the executive branch and the business community also had *political* – as opposed to institutional – roots. Behind institutional arrangements, deliberate choices also promoted corporate actors' privileged access to the policy process. One should not forget that despite the inherent bias of the TAC structure, President Clinton, like his predecessors, retained leeway over TAC appointments. In this regard, the former Arkansan governor became notorious for rewarding corporate donators and political allies with TAC appointments, regardless of his promises to rebalance the trade policy process in favor of fair traders.[270]

Conclusion

In sum, both institutional and political factors constrained the fair traders' ability to influence the terms of U.S. trade policy toward China. On the one hand, the institutional design of the trade policy process was tailored to the needs of the private sector, shutting out labor unions and public interest NGOs from effective involvement in the trade negotiations. Through a process of path dependence, corporate interests exploited their privileged access to the trade advisory committee system to control the scope of the PNTR agreement. Despite the multiple social and environmental ramifications of trade and investment liberalization, they managed to keep the PNTR bill "clean" by excluding

[270] In one particular case, President Clinton offered a seat to reward Dr. W. David Leak, the chairman of Pain Net Education, who had been ally of the administration during the campaign for healthcare reform. When he got the ACTPN call from an aide to then-U.S. Trade Representative Mickey Kantor, Dr. Leak asked, "What do I have to do with international trade?" (Rushford, 2003).

human rights, labor standards and environmental protection from the scope of the agreement. In contrast, they reaped the benefits of their status of "policy clienteles," winning extensive concessions in the realm of intellectual property rights, investment and market access. Business interests owed these gains to the special relationship that they maintained with the executive branch, whose trade-negotiating powers were set to expand through the elimination of Congress's annual reviews of China's MFN status. To some extent, these institutional dynamics mirrored the delegation of fast track authority, which commonly empowers the executive branch to the detriment of the legislature. As the first section of this chapter shows, the President is not the impartial trade policymaker that conventional political analyses depict. Far from being insulated from pressure groups politics, the president maintains a close relationship with one key segment of the constellation of interests affected by trade: the private sector. In the case of PNTR, as during the negotiations of NAFTA, the chief executive did not pursue the so-called economic "national interest" by balancing the interests of the growing pool of trade policy stakeholders, but instead by distilling the economic priorities of the business community.

Like NAFTA, the skewed design of PNTR was not merely the product of structural constraints that were established with the creation of the trade advisory committee system three decades earlier. Besides these effects of "path dependence," the terms of the PNTR agreement were also shaped by political decisions that were purposefully designed to serve the interests of the private sector. This was the case when the Clinton administration, under the increasing pressure from the "new China lobby" decided to abandon its human rights policy at the beginning of its first term and opt for a non-

conditional approach to U.S.-Chinese trade relations. This means that fair traders face not only institutional impediments but must also overcome tremendous political barriers to make their voice heard in the policy process – as the next section will confirm.

II) MOBILIZATION AND COUNTERMOBILIZATION

The skewed design of the U.S.-Chinese agreement explains why the bill elicited such strong reactions among a large variety of civil society groups. A new element of the mobilization against PNTR was the active role played by human rights advocates alongside the vociferous lobbying campaign of labor unions and the much more sporadic efforts of environmental organizations. Fair traders incorporated the defense of human rights as a new plank of their political platform, according to which trade liberalization should be secondary to social and environmental objectives. Trade unions took the lead to launch a powerful lobbying offensive against the China trade bill. Despite a few internal divisions within each segment of the fair trade alliance, the vigor of the anti-PNTR campaign rivaled by most accounts the lobbying efforts undertaken by organized labor and its allies in previous case studies.

What distinguished the PNTR fight from the 1997 legislative battle, when the voice of fair traders had prevailed, was the unprecedented campaign launched by the White House and the business community on behalf of PNTR. Among the case studies under consideration in this dissertation, these coordinated lobbying efforts were perhaps the clearest example of the dynamics of presidential-corporate countermobilization. Despite recent setbacks (fast track, MAI, Seattle) and growing skepticism about America's trade

policy model (see below), free traders showed that full-scale mobilization could tip the balance and win over reluctant representatives from both ends of the political spectrum. On the one hand, the business community drew the lessons of their previous defeat to launch a more decentralized and bipartisan counteroffensive on behalf of PNTR. On the other, the White House mobilized early on an impressive army of officials and political elites to manage a sophisticated campaign tightly coordinated with corporate organizations. More than a simple legislative victory, the congressional passage of PNTR challenged the progress that labor advocates and their allies thought they had achieved over the decade, seemingly resetting the clock of American trade politics back to pre-NAFTA time.

The second half of this chapter analyzes the dynamics of mobilization and countermobilization and their importance for the outcome of the PNTR battle. After describing the rationale behind the fair traders' mobilization, the following sections will assess the intensity of the fair traders' lobbying efforts, before examining in greater detail the political response of free traders, with an emphasis on the special relationship between the White House and the business community.

Human rights advocates and PNTR

While certainly not as politically powerful as trade insiders like labor or business organizations, human rights NGOs had a long record of political advocacy in the realm of U.S.-Chinese relations. Among the most prominent actors were Amnesty International

USA, Human Rights Watch/Asia and Freedom House, which became vocal critics of the MFN renewal in the aftermath of the Tiananmen massacre.[271]

The election of President Clinton had elicited hopes among human rights advocates. As mentioned earlier, Clinton had pledged to adopt conditionality as a core element of his China policy. As explained earlier, the appointment of his top policy advisers seemed to promise a greater emphasis on human rights in dealing with the PRC, insofar as NGOs enjoyed greater access to government officials than they ever had under the Bush administration.

Their insider status of the NGOs, however, was precarious. The growing activism of the business community soon undermined human rights organizations' influence on the White House. After President Clinton reneged on his campaign promises and embraced engagement as his new foreign policy tenet, human rights organizations became increasingly critical of the administration's policy. They remained involved in the MFN debates throughout the 1990s to finally join the chorus of PNTR opponents at the end of the decade.

Through a series of critical reports, human rights organizations highlighted the Chinese government's continued crackdown on free expression, religion and association. For Human Rights Watch and its allies, the Permanent Normalization of U.S.-Chinese trade relations had to be paired with "concrete, but realistic human rights conditions" without which the PRC would never improve its political record (Jendrzejczyk, 2000). Human rights activists contrasted the economic freedom brought by Den Xiaoping's reform with the pervasive lack of political freedom in Chinese society. For them,

[271] For more details on the domestic debates surrounding MFN renewal in the aftermath of the Tiananmen incident, read Sutter (1998, chapter 3).

Clinton's "delinking" decision of 1994 had eliminated Washington's leverage over China's respect of human rights and taken the spotlight away the PRC's abuses. PNTR would make this loss irreversible by emasculating Congress's oversight function.

Admittedly, not all NGOs followed the same political objectives. Like environmental groups, human rights organizations' involvement in and perspectives on trade debates was anything but homogeneous. Although all organizations were united by their common concern for human rights in China, not all of them were as vehement in their opposition to MFN renewal and PNTR (Sutter, 1998, 53-4). For instance, several prominent Chinese activists supported China's accession to WTO hoping that it would force China to abide by the rules of the international community (McGregor, 2000) – a position akin to President Clinton's policy of engagement. In general, however, the most prominent human rights NGOs such as Human Rights Watch or Amnesty International strongly opposed the "clean bill" promoted by free traders.

Labor advocates

Like human rights advocates, organized labor had been involved in the MFN debates since the early 1990s. As in previous trade debates, the threat of offshoring was at the center of this class conflict. As with NAFTA seven years earlier, PNTR was seen as an invitation to multinational corporations to shift production to a low-wage country where workers' rights violations were common. While business interests saw PNTR as a promising source of investment opportunities, workers deplored the continuing decline of U.S. manufacturing jobs and the erosion of their bargaining power resulting from capital liberalization. A clear example of these class dynamics was the auto sector. When

questioned about the logic behind the UAW's opposition to PNTR in the light of the new business opportunities in China and the unconditional support of the Big Three for trade liberalization with China, UAW International Economist Steve Beckman pointed to the gradual shift of production away from the United States and the changing nature of bilateral automotive trade in the 1990s: from a surplus in 1993 to a billion dollar deficit in 1999 (Beckman, 2000).

The ever-widening U.S. bilateral trade deficit with China epitomized the swelling anxieties of U.S. industrial workers. Between 1990 and 2000, it had increased eightfold, jumping from $ 10.5 billion to $ 83.8 billion. (Destler, 2005, 274). For unions, this imbalance paralleled America's mushrooming trade deficit with Mexico since NAFTA, whose mixed record had nurtured workers' skepticism for free trade agreements (Hoffman, 2000). Particularly alarming among union members and their representatives was the fact that this trade deficit was not confined to traditional manufacturing sectors but had also spilled to higher-value added products like computers and electronic components (Mack, 2000; Shailor, 1998; Beckman, 2000).

With import competition and offshoring at the center of labor's concerns, the AFL-CIO and its Democratic allies in Congress demanded strong safeguard measures against import surges (Sweeney, 1999). The terms of the deal concluded in November 1999 did include measures to protect the US textile and apparel industries, as well as a non-market economy methodology for antidumping[272] (Devereaux, Lawrence & Watkins, 2006, 277). These provisions, however, had little chance of appeasing labor unions to the extent that

[272] U.S. trade remedy laws traditionally include special procedures for dealing with products imported from non-market economies, under the premise that state intervention can have a distorting effect on prices and costs that can put American firms at a competitive disadvantage (Destler, 2005, 349).

they were outweighed by the great investment opportunities granted to American businesses that would continue to encourage capital-owners to transfer production units to the world's new manufacturing center.

Perhaps as frustrating for labor advocates was the agreement's complete silence on labor standards or human rights, an omission that labor saw as a stab in the back after Clinton's declarations in Seattle. John Sweeney fumed at the White House:

> It is disgustingly hypocritical of the Clinton Administration to pledge to 'put a human face on the global economy' while prostrating itself in pursuit of a trade deal with a rogue nation that decorates itself with human rights abuses as if they were medals of honor (cited in IUST, 11/16/99).

Unions denounced the "abysmal" working conditions and exploitative wage levels in China, arguing that the latter would overtake Mexico in the "race to the bottom" (Mathis, 2000; Beckman, 2000). American labor activists castigated Beijing's approach to collective bargaining, and most specifically, the omnipotent role played by the All China Federation of Trade Unions (ACFTU) – China's only legal labor organization. According to them, the absence of independent unions was partly responsible for China's low labor standards (ranging from its endemic prison labor to its substandard hourly wages) to the extent that the ACFTU acted as a surrogate for "the interests of both management and the government, but not those of working people" (Shailor, 1998; Hoffman, 2000).

John Sweeney set three conditions for the AFL-CIO to support PNTR: first, that the Chinese government adopt and effectively enforce core labor standards before joining the WTO; second, that Beijing release all jailed human and labor rights activists; and third, that it support Washington's efforts to incorporate enforceable workers' rights into WTO

rules, including the creation of a working council on trade and labor standards (Sweeney, 1999).[273]

Union officials' criticisms went beyond the terms of the agreement to question the merits of the PNTR deal itself. For them, forfeiting MFN congressional reviews would not only deprive Washington of any political leverage on Beijing's disregard for workers' rights,[274] but it would also thwart the United States' recent efforts to promote international labor standards at the World Trade Organization (Hoffman, 2000; Beckman, 2000). In sum, labor advocates opposed the PNTR bill not only because the agreement had given scant consideration to workers' interests, but also because the very process of permanent normalization promised to eviscerate labor's already minor influence on U.S.-China trade relations.

Environmental and consumer organizations

Although the PNTR debates gravitated primarily around human rights violations and the threat of import surges, a number of prominent environmental organizations – among which the Sierra Club, Greenpeace, Friends of the Earth, the National Wildlife Federation and the Defenders of Wildlife – joined the fair trade front alongside the always vocal Public Citizen. Admittedly, PNTR was never as salient for environmentalists as NAFTA had been.[275] However, their interest in the legislative battle surrounding such a complex

[273] Steve Beckman at the UAW formulated criteria along the lines of Sweeney's first and third condition (Beckman, 2000).
[274] With PNTR, the U.S. would "put a seal of approval on one of the most brutally repressive regimes in the world" (Mack, 2000).
[275] Although it actively opposed PNTR, the Sierra Club did not see the trade bill as a litmus test for congressional endorsements (IUST, 04/14/00).

bilateral market agreement was testimony to the "new politics of trade" that had emerged during the NAFTA debates before crystallizing in Seattle in 1999.

Like human rights and labor advocates, environmental and consumer groups denounced the skewed design of the PNTR deal, and more precisely the absence of ecological provisions. With Seattle still a fresh memory, they also criticized President Clinton for not living up to his pledge to "put a human face on trade". Wary of a "race-to-the-bottom," they demanded that U.S. companies in China respect a minimum set of environmental standards. For them, the failure of U.S. negotiators to bring green issues to the negotiating table was all the more regrettable since the "U.S.-China trade and investment relationship raise[d] many environmental implications" (American Lands Alliance et al, 2000) – implications that would only become more salient with rising debates on global warming.

Environmental and consumer organizations also questioned the very logic of PNTR. Like their allies, they were particularly concerned with the loss of political leverage that would result from eliminating the MFN renewal process (IUST, 04/14/00). They called for a more transparent and democratic trade policy process that would give environmentalists greater input in international negotiations, as illustrated by their efforts to obtain additional seats in the trade advisory committees (American Lands Alliance et al, 2000; Joffe, 2000).

The absence of environmental provisions in the trade bill was particularly alarming to green groups to the extent that the Chinese government had decided to turn a blind eye to

environmental degradation to sustain its strong economic growth rate.[276] Thus, environmentalists viewed the PNTR deal as a Faustian bargain with dramatic consequences for air and water pollution in the Middle Kingdom (Hook & Lebo, 2008, 319). Finally, and like labor, they also worried that China's entry to the WTO would complicate their efforts to make the intergovernmental organization more responsive to environmental concerns.

In sum, all segments of the fair trade coalition opposed the PNTR deal on two principal grounds. First, they denounced the terms of the agreement and the administration's decision to ignore the social and environmental implications of trade liberalization with China. They traced these shortcomings to the skewed design of the trade policy process, which was related to their second grievance. At a more fundamental level, PNTR would reduce their already limited ability to influence the policy process by eliminating congressional debates on MFN renewal and transferring the oversight of U.S.-Chinese trade relations to the fair-trade-unfriendly WTO.

Fair trade mobilization against PNTR

Emboldened by their recent political victories – the defeat of fast track and MAI and the symbolism of the Seattle protests – fair trade advocates launched a powerful lobbying offensive against PNTR. Once again, organized labor took the lead of the heterogeneous fair trade opposition, launching "perhaps the most intense effort of its kind ever undertaken by unions."[277]

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[276] For instance, China has hitherto relied on highly-polluting coal-burning power as its primary source of electricity.

[277] Shoch (2001b, 305); see also Greenhouse (2000).

Both the AFL-CIO and individual unions – especially the Teamsters, the UAW and the U.S. Steelworkers – launched a vigorous grassroots campaign. The threat of Chinese competition was of utmost concern to many union members, who rallied *en masse* against the trade bill. In the districts of 32 undecided (mostly Democratic) legislators, the AFL-CIO held teach-ins, town hall meetings and rallies. Workers distributed anti-PNTR literature at plant gates, went door to door and encouraged their members to assault House offices with phone calls and letters. The AFL-CIO managed these grassroots efforts by devising "district plans" with specific weekly objectives – 250 phone calls, one lobby visit, one coalition meeting, one petition, leaflets in 10 key worksites etc. – which were supervised by full-time coordinators across the country.[278]

In certain cases, union locals representing machine tool, steel, auto, engineering and aerospace workers dissented from the leadership's position and decided to back PNTR in defense of the business opportunities it created (Bedard et al, 2000; Swoboda, 2000). This small mutiny, however, paled when compared with the intensive lobbying campaign that labor advocates launched. Despite the strong pro-PNTR lobbying efforts of producers in both agriculture and manufacturing sectors, the National Farmers Union (NFU)[279] and a strong group of industrial unions (UAW, IMAW, UNITE, Teamsters) opposed the China deal (Shoch, 2001, 241; Public Citizen, 2000).

Like the NAFTA debates, the PNTR battle also featured coalition-building. Once again, the Citizens Trade Campaign (CTC) was at the center of these efforts, coordinating

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[278] See Sweeney (2000). See also Greenhouse (2000), Swoboda (2000), Shoch (2001b, 305), and Peterson (2000).

[279] Read National Farmers Union (2000). The National Farmers Union narrowly voted to oppose PNTR but this did not prevent state chapters of the federation to press for the legislation. The NFU's main concerns about PNTR were Washington's inability to enforce trade agreements and China's record of non-compliance (IUST, 03/10/00).

grassroots campaigns between environmental, consumer and labor organizations like the Steelworkers and UNITE! (IUST, 11/16/99). Similarly, the AFL-CIO often lobbied in conjunction with other allies including human rights and religious organizations, exiled Chinese dissidents etc. However, coalition-building efforts remain uneven. If labor unions and Public Citizen embraced coalition-building tactics, environmentalists and human rights organizations were less prone to "frame extension."[280] Furthermore, while the incorporation of human rights advocates in the fair trade coalition might have bolstered the latter's legitimacy, the benefits of this alliance in terms of human or financial resources were less clear. Indeed, human rights organizations typically rely on smaller financial resources than labor or environmental organizations and more rarely mobilize their membership for grassroots campaigns (Sutter, 1998, 53).

Nevertheless, human rights organizations still played an important role in the communications campaign launched by PNTR opponents. Organizations like Human Rights Watch, the Freedom House and Amnesty International published regular studies exposing the Chinese government's human rights abuses. Given the PRC's strict restriction on media news, these reports constituted rare sources of information on the on-the-ground political situation in China and were, as such, closely monitored by government officials. These studies also served as ammunition for activists in both the United States and China. For instance, in 1999, Amnesty International launched a media campaign commemorating the 10-year anniversary of the Tiananmen massacre and

[280] David Snow and his colleagues define frame extension as the process of "extend[ing] the boundaries of a primary framework of collective action so as to encompass interests of considerable salience to potential adherents" (Snow et al, 1986, 472).

sponsored demonstrations against human rights abuses in the PRC (Hook & Lebo, 2008, 318-9).

Unions also launched a costly communications campaign. In total, the AFL-CIO spent $2.2 million on anti-PNTR television and broadcast ads, admittedly only a fraction of the media expenses of the free trade alliance.[281] This complemented the million pieces of anti-PNTR literature that unions distributed in 60 districts (Swoboda, 2000). As part of their communication tactics, union officials denied accusations of protectionism – despite their support for import safeguards – and stressed the need for a new fair trade policy that would give greater importance to workers and human rights.[282] Since the Tiananmen massacres, organized labor had sided with human rights advocates to denounce Beijing's repressive record and repeatedly demanded that Congress suspends China's MFN status. Under the Sweeney administration, the AFL-CIO continued to depict its advocacy efforts as part of a broader struggle for social justice: "The AFL-CIO believes strongly that we have a responsibility to work to strengthen democratic forces, improve economic conditions, and advance human rights in China" (Sweeney, 1999). The Federation's "sample letters to the editor" in its lobbying kit included calls to change "the rules of the game," and to reject a deal with "one of the biggest polluters in the world," a country that "denies its citizens religious freedoms."[283]

Finally, organized labor relied heavily on inside lobbying tactics. To complement their grassroots efforts at the local level, unions mobilized thousands of their members on

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[281] See below.

[282] For instance, in his congressional testimony, Teamsters' representatives Chuck Mack declared: "Please understand that the Teamsters Union is not anti-trade. In fact, we support trade that benefits people. We think American workers should face fair competition, not competition based on a race to the bottom: fair trade – not free trade." (Mack, 2000; see also Hoffman, 2000).

[283] See appendices 7, 8 and 9.

Capitol Hill. The AFL-CIO also organized one-on-one meetings with House representatives as well as group sessions with moderate Republicans, the Black Caucus and the New York congressional delegation (Greenhouse, 2000; Swoboda, 2000; Eilperin & Broder, 2000; IUST, 02/04/00).

The proximity of congressional elections complicated labor's intense lobbying efforts. On the one hand, many Democrats who feared for their reelection were tempted to follow labor's call to oppose PNTR. On the other, labor leaders were ambivalent about scaling back their support for Democrats for fear this might jeopardize their chances of winning back Congress, a top priority on labor's agenda (Swoboda, 2000). As is often the case, the AFL-CIO adopted a more cautious approach than independent unions. According to Steve Rosenthal, political director of the AFL-CIO, unions would not make the PNTR vote "a litmus test" for supporting Democratic candidates. In fact, John Sweeney himself admitted that he had never threatened retribution against PNTR supporters in his meetings with congressmen (Greenhouse, 2000). Both the Teamsters and the UAW, however, adopted a tougher line and openly threatened to punish unfaithful Democrats. Teamsters President James Hoffa put it clearly: "there are no free votes. This is the line in the sand" (cited in Shoch, 2001, 242). After warning Democrats that it would cut its financial support and reduce its get-out-the-vote efforts for the congressional elections, the UAW withheld its support for Democratic presidential candidates and brandished the threat of backing Green Party nominee Ralph Nader (Swoboda, 2000; Kosterlitz, 2000; Eilperin & Broder, 2000). While these might have seemed like empty threats, a study by Jackson and Engel (2003) showed that labor PACs

did punish pro-PNTR Democrats – especially vulnerable candidates – in the 2000 congressional elections.

Environmentalists were also active inside the Beltway. A group of green organizations managed to rally a group of Democratic "environmental champions" in Congress, who pledged to oppose Clinton's trade bill. In a joint letter to the administration, the legislators raised their concerns for the "litany of missed opportunities" to address environmental problems, among them trade in endangered species or global warming, and exhorted their fellow lawmakers to reject PNTR: "We should neither put our seal of approval on this flawed agreement, nor give up our annual opportunity to scrutinize the environmental implications of U.S.-China trade" (Friends of the Earth 2000a & b).

Finally, Public Citizen, drawing the lessons of the NAFTA fight, sought to counter the arm-twisting methods of the Clinton administration by warning congressmen of empty promises. As the PNTR vote neared, Lori Wallach's Global Trade Watch sent a report entitled "The Clinton Record on Trade Vote Deal Making: High Infidelity" to all congressional offices (Public Citizen, 2000b). This tactic might have contributed to the reduction of pork-barrel deals between the White House and "undecided" representatives (see below).

In sum, labor and its environmental, consumer and human rights allies launched a powerful lobbying campaign against PNTR, making extensive use of grassroots and information resources outside and inside the Beltway, putting House representatives under strong pressure to oppose the trade bill. For the purpose of this study, what is important to note is that despite a few weaknesses – dissenting voices among local labor

unions or the AFL-CIO's ambivalence about threatening Democratic candidates – the mobilization of fair traders against PNTR was at least as vigorous as it had been during the fast track battle of 1997 (IUST, 11/16/99). Did these advocacy efforts have the same impact on the House vote as they had in 1997? And if not, what obstacles prevented them from delivering another blow to free trade forces?

Impact of mobilization

The vigor of fair traders' mobilization, particularly the advocacy efforts of labor unions, did not pay off as much as in previous trade battles. Most importantly, fair traders did not manage to sway enough votes in either political party to defeat PNTR. On May 24, 2000, the House approved the trade bill by 237 to 197 votes, a surprisingly comfortable margin considering that the PNTR fight had so much in common with the fast track battle.

What fair traders managed to accomplish, however, was to prolong a national dialogue on fair trade, the social and environmental ramifications of America's trade policy. The blue-green alliance's frequent references to NAFTA's record and the Seattle protests, as well as the growing involvement of human rights organizations, showed that the PNTR debates went beyond the free-trade/protectionism dichotomy of the pre-NAFTA era.

As during previous debates, fair traders won the "popular vote" on PNTR. A BW/Harris Poll released in April 2000 revealed that the blue-green alliance had managed to gain considerable support for its agenda over the decade. Indeed, 74% of Americans believed that preventing unfair competition by countries that violate workers' rights

should be a major priority of U.S. trade agreements; 80% thought that protecting the environment should be a key objective of American trade policy; and 77% thought that preventing the loss of U.S. jobs should be at the top of Washington's agenda. In contrast, three common arguments in favor of free trade – keeping foreign markets open to U.S. exports, keeping prices for U.S. consumers low, and encouraging competition in U.S. markets – were seen as a major priority for U.S. trade policy by, respectively, only 56, 58, and 64% of the public. This reveals that although free trade arguments still had traction among Americans, fair trade seemed to have become a more popular trade policy model. Indeed, 51% of respondents declared to be "fair traders" ("someone who believes in trade with some standards for labor and the environment"), 37% of them claimed to be protectionist (someone who thinks "there should be rules to protect U.S. markets and workers from imports") while only 10% called themselves "free traders" ("someone who believes in trade without any restriction"). Of course, the meanings of these labels are always ambiguous: the protection of intellectual property rights associated with "free trade" actually restricts the trade of goods and services, while fair trade usually implies a certain degree of import protection. What is important is the uneasiness of American citizens toward trade liberalization and their growing support for measures to address the environmental and social implications of trade policy, in contrast with the "clean" bills favored by the White House. In the case of PNTR, Americans were also at odds with the free trade agenda of the Clinton administration. When asked if the best way to improve human and worker rights in China would be "not to restrict trade but engage China and include it in World Trade Organization and give it permanent access to U.S. markets" – the main argument of PNTR advocates – only 15% of respondents agreed. In contrast,

79% believed that "Congress should only give China permanent access to the U.S. markets when it agrees to meet human rights and labor standards" (Business Week, 2000).

If fair traders lost the PNTR legislative battle, they also still managed to preserve a pool of sympathizers in Congress. Despite the comfortable margin of the final vote, the passage of PNTR long remained uncertain. The intense pressures from both fair traders and free traders led lawmakers to shy away from taking a position until the final days of the campaign. Thus, a week before the vote, neither side could claim to have secured the 218 votes it needed to prevail (Greenhouse, 2000, IUST, 05/14/99). For all this uncertainty, however, the China trade bill was never as threatened as other major trade bills under consideration in this dissertation. First, the scheduling of the PNTR vote was not subject to the repeated delays of the NAFTA and fast track bills. Second, despite the uncertainty surrounding the vote, free traders were confident that they could rally enough lawmakers to support such a lucrative business agreement. For instance, three days before the vote, Secretary of Commerce William Daley anticipated that he could obtain 70 to 80 Democratic supporters and about 150 Republican allies to back PNTR, a prediction that proved close to the final tally (IUST, 05/22/00).

More surprising to PNTR advocates was the comfortable margin of the vote, which according to the *New York Times* surprised even Tom Delay, the chief Republican counter (Schmitt & Kahn, 2000). In the end, 73 out of 211 Democrats backed PNTR while 164 out of 222 Republicans supported it. The fact that only 35% of Democrats followed President Clinton's free trade lead testified to the influence of PNTR opponents on the final vote. Indeed, under his presidency, Democrats had supported MFN annual

renewal by an average of 65.5%. While support for MFN among Democrats had somewhat declined across the decade, no fewer than 110 of them still backed preserving China's trade status in 1999. Of course, permanent normalization of U.S.-Chinese trade relations was different from the annual review process. Yet, the fact that 40 House Democrats suddenly turned against PNTR seems to reveal that fair traders' mobilization did have a significant impact on the vote. If the support for PNTR among Democrats was considerably weaker than for MFN renewal throughout the decade, it was also notably stronger than Democratic backing for fast track renewal had been in 1997 and 1998. While 1 in 3 Democrats supported PNTR in 2000, only 1 in 5 had defended free trade in 1997 and 1 in 7 in 1998. This means that fair trade mobilization may not have achieved its full potential among Democratic representatives.

On the Republican side, anti-PNTR advocacy efforts hardly made a difference. First, compared with the 1999 MFN vote, support for trade liberalization with China actually increased from 68% to 74% for the PNTR vote. It was slightly superior to the 70-per-cent average support for MFN renewal among GOP members under the Clinton administration. Republican support for PNTR also increased in comparison with the fast track votes, surprising both Daley and Delay. In 1998, only 67% of Republicans defended trade liberalization (Shoch, 2001, 225, 243).

To what extent did fair traders convince or fail to convince members of congress to oppose PNTR? Here again, congressional studies of the PNTR vote provide some answers to this question. As often, the story behind lawmakers' decision was partly one of sectional interests. On the one hand, PNTR opponents found great comfort among representatives from districts with high level of blue collar, unionized and trade-related

manufacturing jobs, districts where labor's grassroots operations were most likely to be more effective (Xie, 2006). Thus, Democrats from states like New Jersey, Pennsylvania, Ohio, Indiana, Illinois and Michigan were particularly prone to oppose the China trade bill. On the other hand, labor and their allies had more trouble winning the hearts of representatives from districts with strong agriculture or high tech interests, especially in big states like Texas, California and New York (IUST, 05/26/00).

As mentioned earlier, the influence of sectional factors on congressional votes does not necessarily negate the importance of financial donations. In this case, it can mean that, for certain districts, the strong lobbying efforts of the high tech and farm industries were more effective than the grassroots operations of fair traders. Again, one should not underestimate the sustained degree of uncertainty about congressional votes and the difficult political decisions that representatives face when they are cross-pressured by fair and free traders. For instance, *Inside U.S. Trade* reported that a few weeks before the vote, the AFL-CIO narrowed its focus to 15 undecided members from both parties, which included difficult votes like that of future free trade leader Cal Dooley (D-CA). In the end, 6 of these targets (3 Democrats *and* 3 Republicans) ended up opposing PNTR, while 9 (6 Democrats and 3 Republicans) supported the trade bill (IUST, 04/28/00). This shows that votes were in flux until the final weeks before the vote, and either fair trade mobilization or free trade countermobilization could make a difference in the final outcome.

While congressional analyses may not always be suited to assess the impact of grassroots tactics, they are more effective at capturing the effect of campaign contributions. Here, two studies of the PNTR vote establish a correlation between labor

PAC contributions and opposition to PNTR. Hasnat and Callahan (2002) find that an increase of 1% in PAC contributions decreased the likelihood of a member supporting PNTR by 4.2%. Similarly, a study by the Center for Responsive Politics reveals that PNTR opponents received on average $25,000 more in union money (PAC and individual donations) than PNTR supporters.[284] This aggregate pattern, however, obscures partisan cleavages. Among Democrats, fair traders' allies took in an average of $76,000 compared to $59,000 for opponents. In contrast, GOP representatives opposing the trade bill received only $12,000 on average, while PNTR supporters from the Republican Party only obtained $6,400.

This reveals the imbalance in labor's campaign contributions, regardless of a lawmaker's position on PNTR. Although labor's outside and inside tactics did bolster opposition to PNTR among Democrats, its ability to convince Republicans seemed constrained by its traditional allegiance to Democratic congressmen. The fair traders' dependence on the Democratic Party might not have been so problematic if the powerful alliance between the White House and the business community had not decided to launch an all-out campaign to win the heart of representatives from both parties. The next section turns to their joint countermobilization.

The business counteroffensive

If there were slight divisions on the fair trade front, the free trade alliance was united beyond any precedent. The countermobilization of business groups in favor of PNTR operated at three interconnected levels: 1) conglomerate business organizations like the

[284] The former category received on average $58,000 while the latter received only $23,000.

BRT, ECAT, the U.S. Chamber of Commerce, NAM and the U.S.-China Business Council; 2) sectorial business organizations or *ad hoc* alliances such as the "Agriculture Coalition for U.S. China Trade" (representing 80 agribusinesses and trade groups)[285], the Coalition of Service Industries, the U.S. High Tech Coalition on China[286] and the American Council of Life Insurance[287]; and 3) a motley crew of individual companies with strong interests in PNTR, including Boeing, Motorola, General Motors, General Electric, American International Group (AIG), Caterpillar, whose independent efforts sometimes created tension with the rest of the coalition (IUST, 04/02/99; Public Citizen, 2000, 19).

In the first half of 1999, the business community rallied its forces under the flag of the "Business Coalition for U.S. China Trade."[288] As mentioned earlier, the involvement of this wide range of corporate interests in the final legislative battle was only the final phase of a long lobbying campaign that had begun in the first half of the 1990s.

What distinguished the final counteractive lobbying efforts on behalf of PNTR from earlier trade battles like NAFTA and fast track was not only the better timing but also the scale of their offensive on all fronts: from a carefully planned media blitz to a new emphasis on grassroots mobilization and a more balanced approach to campaign contributions. In conjunction with the aggressive efforts undertaken by the White House

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[285] Among the most active farm groups were the American Farm Bureau Federation, the National Cattlemen's Beef Association and the National Pork Producers Council (Stone, 2000, 945).

[286] This older organization included the American Electronics Association, the Electronic Industries Alliance and the Semiconductor Industry Association, all of which were very pro-active in the pro-PNTR campaign. A lobbyist for the Electronic Industries Alliance declared PNTR to be "the biggest vote of the decade" (cited in Public Citizen, 2000, 12).

[287] The American Council of Life Insurers represented 512 companies in the insurance and proved bullish about the market-agreement negotiated by Washington (Stone, 2000).

[288] The Business Coalition for U.S. China Trade had 4 co-chairmen who were respectively top executives from Boeing, the U.S. Chamber of Commerce, ECAT and the U.S.-China Business Council (IUST, 05/14/99).

(see below), the free traders' lobbying operations shattered the hopes of fair traders by securing a strong majority of congressional votes.

The first pillar of the business community's lobbying strategy rested on its vigorous communications campaign, principally coordinated by the Business Roundtable. The latter had laid the groundwork in its public relations efforts in 1998 and 1999, by commissioning a series of studies on the business opportunities that increased trade with China could generate for each of the 50 states (Business Roundtable, 2000). These studies would serve as ammunition for both outside and inside efforts on behalf of PNTR.

The Business Roundtable relied on a traditional combination of national television spots and radio and print ads to target Congress members in 50 districts. Its communication efforts intensified from the Easter recess to the final weeks before the vote, when the BRT capitalized on editorial endorsements for PNTR (Business Roundtable, 05/16/00). Other business organizations like ECAT, the U.S. Chamber of Commerce, NAM and the agriculture and high tech coalitions also launched independent media campaigns in numerous districts (Business Roundtable, 05/16/00). Similarly, corporate heavyweights like Motorola, Citigroup and Boeing purchased advertising in prominent newspapers like *The Washington Post, The New York Times*, *The Chicago Tribune* etc. (Stone, 2000; Public Citizen, 2000, 26-8). An in-depth analysis of the pro-PNTR campaign by Public Citizen estimates the total advertising costs of the BRT and the USCC at between $13 and $15 million,[289] i.e. about seven times as much as labor

[289] Given their partiality, Public Citizen's studies must be examined carefully and submitted to cross-comparisons. However, unlike many other partisan sources, these reports systematically cite their sources of information, often derived from the local, national or specialized press. They can offer rare accounts of the inner works of corporate lobbying. In this case, Public Citizen's estimates of the advertising costs of the

unions' advertising expenses ($2 million). To put the PNTR lobbying efforts in perspective, this sum represents more than the combined costs of the "Harry and Louise" ad series against healthcare reform in 1993 ($4 million) and the entire NAFTA advertising campaign ($8 million) (Public Citizen, 2000, i).[290]

The second pillar of the business campaign for PNTR was its new approach to grassroots – or, according to some, "astroturf" or "grasstops"[291] – operations. Recent trade battles – fast track, MAI and the Seattle protests – seemed to prove that grassroots mobilization had been a powerful weapon of the fair trade coalition. The business community realized that it had to rebuild confidence in trade liberalization within the American public (Hirsch, 2000).

The BRT's efforts to collect economic data on the local impact of trade were part of a new decentralized approach to trade politics. BRT Trade Taskforce Chairman Phil Condit vowed that the business pro-PNTR campaign would have a "higher local content" than efforts on behalf of NAFTA and fast track (Koffler, 2000). In 1998, the BRT launched its "GoTrade" Website, designed to "help Americans better understand the benefits of trade." It featured economic data, trade and investment myths and realities and copies of the BRT's recent print and TV ads.[292] In a similar vein, the Chamber of Commerce recognized the need to address its credibility deficit in the trade sphere. Thus, at the end of the 1990s, USCC President Tom Donahue decided to create Trade Roots, "a sustained,

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PNTR campaign do seem conservative – as claimed by the organization – considering that a week worth of TV advertising cost the BRT $1.5 million (Stone, 2000).

[290] The average monthly cost of advertising for PNTR exceeded the average monthly advertising expenditures of all issue advocacy efforts over the previous 15-month period (Public Citizen, 2000, 25).

[291] "Grasstops," like "astroturf," refers to the artificial production of local support for legislation, but applies more specifically to business's recruitment of executives as political advocates, in contradistinction with "grassroots" mobilization.

[292] See Business Roundtable (1998); see also Harbrecht (1998).

national trade education program dedicated to building grassroots support for trade in the U.S. Congress and to stopping anti-trade protectionism" (TradeRoots, undated) According to Senior Director of International Policy Christopher Wenk, this long-term, "programmatic" grassroots strategy differed from the more sporadic efforts undertaken by the USCC and their allies during previous battles (Wenk, 2008*; also, Reilly, 2007*). Yet, it could also be easily adapted to short-term campaigns, as illustrated by the creation of "TradeRoots China," an initiative designed to provide local facts and figures about U.S.-China trade.

Corporate interests' epiphany about the importance of grassroots operations led them to multiply initiatives to build local support for PNTR. To mobilize business owners and workers, the private sector relied on a combination of traditional and innovative grassroots tactics. Business organizations drew on labor's *modus operandi* in several respects. They used all media channels – letters, phone-banking operations,[293] emails – to exhort workers and executives alike to pressure Congress members to support PNTR. Less typically, certain employers like the agribusiness giant Farmland printed messages on their employees' paychecks. In addition, the Electronic Industries Alliance provided its 2,100 member companies with Web-based lobbying tool kits to recruit activists (BRT, 04/13/00; Public Citizen, 2000, 21-22; Stone, 2000). In most cases, business organizations provided their recruits with talking points and "local" materials, linked them with other CEOs from larger firms and helped organize meetings with House representatives in their districts. The BRT's grassroots network claimed to have

[293] One of the most extreme case of the business community's "astroturf" tactics was the BRT's purchase of $40,000 worth of telephone cards with pro-PNTR messages distributed by hired temporary workers to Washington commuters (Public Citizen, 2000, 24).

conducted nearly 300 face-to-face meeting with congressmen between January and April, in addition to "thousands of letters, faxes, e-mails, and phone calls to Congress in the [weeks leading to the Easter recess]" (BRT, 04/19/00).

The business community countered the fair traders' grassroots efforts not only at the local level, but also in Washington, by organizing various pro-PNTR events such as rallies with farmers and workers,[294] as well as the distribution of baskets filled with export products to China (cell phones, computer chips, Pepsi etc.) to 300 House members (Public Citizen, 2000, 11).

This combination of traditional and innovative lobbying tactics was, according to BRT President Samuel L. Maury the "stealth weapon" and the "real backbone" of the PNTR campaign (BRT, 05/24/00). While the BRT downplayed the influence of corporate contributions in the legislative battle, both free traders and fair traders agreed that the grassroots efforts of PNTR advocates partly played a role in deflecting the powerful grassroots opposition to the China trade bill. Even Public Citizen acknowledged that, despite their high costs, "astroturf" campaigns mattered: "When done well, it created the appearance of local pro-PNTR counter-force to the real, natural anti-PNTR coalitions existing across the country" (Public Citizen, 2000, 21). Business's new emphasis on grassroots tactics was one defining aspect of its pro-PNTR campaign that epitomized the evolutionary nature of countermobilization. The private sector had adapted its lobbying tactics to offset the grassroots power of fair trade advocates.

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[294] When the Business Coalition for U.S. China organized a "lobby day" to counter the 20,000 union workers mobilizing for an anti-PNTR rally on Capitol Hill, an estimated 300 workers took the free trip to Washington (Public Citizen, 2000, 23; IUST 04/07/00).

Its inside-the-Beltway strategy would reflect a similar learning process. On Capitol Hill, the private sector relied on traditional arm-twisting methods. What changed between 1997-1998 and 2000 was the greater scope of the business community's lobbying efforts, and more specifically its decision to rebalance its financial support between the two political parties.

Following a common practice of annual MFN debates, the Business Coalition for U.S. China Trade organized series of fly-in visits for business owners in Washington (Stone, 2000; Public Citizen, 2000, 11). On Capitol Hill, corporate interests deployed an armada of lobbyists to push the China trade bill. According to Public Citizen, the U.S. Chamber of Commerce had more than half of its 45 registered lobbyists working on PNTR and dedicated at least one lobbyist for each undecided voter on the day of the vote. The Business Roundtable reportedly hired seven firms for a total of more than $1 million and mobilized 27 lobbyists to work on China trade issues during 1999 (Public Citizen, 2000, 15-20).

As during previous debates, these lobbying efforts inside the Beltway were coordinated with White House officials. Secretary of Commerce William Daley, former "NAFTA czar" in charge of the PNTR campaign, maintained a close relationship with business representatives through strategic meetings that sometimes included congressional leaders (Koffler, 2000). One particularly telling example of the collaboration between the private sector and the White House was the fact that large multinational corporations like Aetna, AOL, Boeing and Citigroup hired former USTR Mickey Kantor to lobby for PNTR (Stone, 2000). As during the NAFTA debates, the

"revolving door" between the public and private spheres functioned as another facet of the "special relationship."

If political insiders are useful resources in the Capitol, financial contributions are even more important in an election year. Here, the business community used the promise of campaign donations as both carrots and sticks. Like labor, business representatives did not refrain from threatening House representatives who might oppose PNTR. USCC President Thomas openly declared: "If somebody's on the margin and they screw up this vote, they'd better not look for me for money" (cited in Public Citizen, 2000, 9).

In addition, business representatives lured ambivalent lawmakers by promising to hold fundraisers for those under pressure from labor and environmental constituencies. With the help of congressional allies like Cal Dooley (D-CA), corporate organizations established a Political Action Committee called the "New Democratic Network." Funded by multinational corporations like AOL, Motorola, Citigroup and Boeing, this PAC is estimated to have raised $250,000 for pro-PNTR Democrats. Between March 2000 and the PNTR vote, the New Democratic Network planned to hold four fundraisers (Stone, 2000; Maggs, 2000; Public Citizen, 2000, ii). In at least one other case, these vote-buying methods were even cruder: Rep. Merrill Cook (R-UT) was offered $200,000 to change his vote, according to one of his spokespersons (Public Citizen, 2000, 10).

According to Public Citizen, the Business Roundtable spent $68.2 million on PAC, soft money and individual donations to Congress between January 1999 and May 2000. While PNTR was clearly a top priority for the business community in 2000, however, it is impossible to estimate what fraction of this sum the private sector would have spent in the absence of the trade vote. Thus, it is safe to say that Public Citizen's estimate

exaggerates the cost of the PNTR campaign. Just the same, this imperfect estimate is useful when compared with labor donations to congressmen in the period preceding the PNTR vote. This sum amounted to $31 million or less than half of business contributions (Public Citizen, 2000, ii-iii). In the period preceding the vote, the contrast is even more salient. BRT members spent 11.5 times more soft money than labor unions in the month preceding the May 2000 vote (Public Citizen, 2000, 8).

Perhaps as important as the size of corporate donations was their bipartisan nature. As mentioned earlier, the business community made a deliberate effort to offset the pressures (financial or constituency-based) exerted by labor and its allies on Democratic members by providing pecuniary incentives to support PNTR. This attempt to rebalance the lobbying operations of the private sector came from the realization that socially conservative Republicans were not always in tune with corporate interests. For instance, in a 1998 memo, the Business-Industry Political Action Committee (BIPAC) went as far as suggesting that business end its cozy relationship with the GOP to support candidates in both parties who share its worldview (Dunham, 1998). As mentioned earlier, this rebalancing act was also encouraged by the New Democratic Coalition and the Democratic Leadership Council, which had consistently promoted a pro-business agenda under the Clinton's presidency.[295] This tactical move aimed to reduce the Democrats' dependence on labor's financial support. It was another sign of the evolutionary nature of countermobilization.

In sum, the business community launched an unprecedented lobbying campaign on behalf of PNTR that rested upon three main pillars: a well-planned communications

[295] For a discussion, read Shoch (2001, 306-9) and Hirsch (2000).

campaign, sophisticated grassroots operations and a better balanced, bipartisan approach to inside lobbying.

What impact did the corporate offensive have on the PNTR vote? Analyzing campaign contributions is the first place to start to test business influence on the PNTR vote. Here, Hasnat and Callahan's (2002) study reveals a positive correlation between business PAC contributions and support for PNTR. More specifically, a one-percent increase in campaign donations would increase a member's likelihood to support the trade bill by 1.8%. The Center for Responsive Politics' analysis of the PNTR vote confirms this tendency. House members who approved the China deal received an average of $44,000 in PAC and individual donations, while lawmakers voting "no" took in an average of only $25,000. These trends were comparable between Republican and Democratic members. Pro-PNTR Republicans received an average of $47,000 while opponents took in only $31,000. Free trade Democrats received $37,000 compared with $22,000 for anti-trade or fair trade representatives (Center for Responsive Politics 2000). These figures illustrate the more balanced distribution of corporate donations in comparison with those of labor unions. According to Shoch (2001, 247-8), this was a crucial factor behind the free traders' victory. As mentioned earlier, the private sector's seduction campaign found sympathetic ears among pro-business Democrats, many of whom sought political donations from the high tech industry (IUST, 05/26/00).

Another way to measure the impact of the strong lobbying campaign launched by the business community is by comparing its lobbying objectives with the outcome of the legislative battle. A close examination of the business whip list released by *Inside U.S. Trade* reveals that out of 89 targeted members, the business community managed to rally

48 members or 54% of them behind the PNTR cause. This included 22 out of the 52 targeted Democrats (or 42%) and 26 out of 37 Republicans (77%). Of course, not all these votes can be attributed to the lobbying efforts of the business community. Many of the targeted members had consistently supported MFN renewal during the 1990s and/or could also have been swayed by other factors, including the president's own lobbying efforts. What this seems to confirm, however, is that the business community, unlike fair traders, exerted influence on both political parties.

Among Republicans, the most unexpected votes came from a number of conservative members, many of whom had opposed MFN during the 1990s out of security concerns. Thus, GOP support for trade liberalization with China rose from 150 for the 1999 MFN vote to 164 for PNTR. Here, it seems that the strong lobbying efforts of the business community mitigated the effects of ideological factors, factors that had been strong predictors of support for MFN during the previous decade (IUST, 02/18/00).[296] This unexpectedly strong support of Republicans behind PNTR proved all the more crucial to the PNTR victory since President Clinton's lobbying efforts had little impact on Republican lawmakers, and particularly conservative representatives.

Also crucial to the passage of PNTR was the free traders' ability to neutralize influential Democrats, i.e. to prevent them from rallying party members against the China trade bill. In this regard, it is not coincidental that among Democratic representatives, the influential Charles B. Rangel (D-NY), who belatedly sided with the PNTR-supporters, was the second largest recipient of the Business Roundtable's 2000 campaign

[296] In his analysis of the MFN votes in the 1990s, Nokken captures the dynamics of ideological factors with the expression "The Ideological Ends Against the Middle" with moderates typically defending MFN renewal against liberal Democrats and conservative Republicans (Nokken, 2003).

contributions (Center for Responsive Politics, 2000b; Schmitt, 2000). Rangel's endorsement may have contributed to the surprisingly large support for PNTR among representatives from New York, a state with a traditionally strong union presence. [297] Similarly, the business community managed to neutralize the persuasive powers of the once vocal protectionist Dick Gephardt (D-MO). After the Missourian lawmaker came out against the trade bill, the high tech industry exhorted him to remain neutral in the debate while threatening to cut the Democrats' funds for the upcoming congressional election. Acknowledging the importance of corporate donations and New Democratic candidates for the party's chances of regaining the House in 2000, Gephardt's staff began to downplay the issue (Stone, 2000; Shoch, 2001; Hirsch, 2000).[298]

In sum, the powerful lobbying efforts of the business community made a difference among members from both political parties, as exemplified by both congressional analyses of the PNTR vote and reports on the inner struggles of the legislative process. Once again, their campaign was closely coordinated with the lobbying offensive of the White House.

Clinton's campaign: full-scale countermobilization

The scale of the lobbying efforts undertaken by the Clinton administration marked a sharp contrast with its hands-off approach to fast track renewal that, as described in the previous chapter, had resulted in a political fiasco. In addition, the PNTR campaign was

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[297] A majority of New York's 31 representatives voted for the measure (IUST, 05/26/00). Rangel's endorsement of PNTR is said to have influenced the vote of several members of the Congressional Black Caucus (Schmitt & Kahn, 2000).

[298] His spokeswoman declared: "We are by no means 'whipping' it" because Gephardt wants members to vote "their conscience" (Hirsch, 2000).

the first time that the lobbying efforts of the executive branch and its coordination with the private sector came under congressional investigation, a first attempt to officially expose the special relationship examined in this analysis.

After the fast track fiasco, the collapse of the MAI talks and the failure to start a new round at the WTO, PNTR was crucial to Bill Clinton's foreign economic policy legacy. For domestic reasons, the China trade bill was also a must-win issue, without which the Democratic leadership could jeopardize the rest of its political agenda.[299] Accordingly, the Oval Office launched what Public Citizen has called "the largest legislative effort the White House has made over the last two terms – surpassing notable fights such as NAFTA and health care" (Public Citizen, 2000, 28). Of course, both the Democratic and Republican teams in Congress also played an important role in building support for PNTR. But, parallel to the business community's lobbying efforts, the White House's offensive was essential to secure what became a surprisingly strong legislative victory.

This time, the Clinton administration meticulously planned its legislative campaign. On February 1, 2000, under the request of the President, Secretary of Commerce Bill Daley established the China Trade Relations Working Group, a team of high-level officials in charge of coordinating interagency activities associated with the passage of PNTR for China. The group was structured around 10 principals, five of whom were presidential advisers, while the five others were department or agency heads, including Secretary of State Madeleine Albright, USTR Charlene Barshefsky, Secretary of Agriculture Dan Glickman, Secretary of Treasury Lawrence Summers and former "NAFTA czar" Secretary of Commerce Bill Daley. The latter closely coordinated the

[299] Among the political reforms that the Democrats hoped to accomplish were a patients' bill of rights, prescription drug benefits for the elderly, and more gun control (Harris, 2000; Maggs, 2000).

House lobbying effort, in conjunction with Steve Richetti, a "classic revolving door lobbyist" who had navigated between business groups and the White House over the course of the 1990s (Public Citizen, 2000, 35; IUST, 01/14/00; Simendinger, 2000). This team of first-class lobbyists would multiply testimonies, speeches and congressional visits on behalf of PNTR.[300] They relied on no fewer than 23 full-time staffers drafted from the Commerce, State, Agriculture, Labor Departments, USTR and White House offices (Simendinger, 2000).

One spectacular example of the administration's full-scale countermobilization for PNTR was its attempt to send Congressional delegations to China – a lobbying tactic borrowed from the NAFTA campaign.[301] In this case, the White House had planned to sponsor two congressional delegations for trips to China to witness the "real" working and living conditions in the Middle Kingdom and meet Chinese officials, business leaders and academics. In the end, only four members of Congress – including 2 undecided Democrats – were flown to China with no less than a dozen White House officials.[302]

By mobilizing substantial resources to secure the passage of PNTR, President Clinton sought to avoid a repeat of the "leadership failure" of 1997. Committed to adding a final landmark to his foreign policy legacy, the free-trader-in-chief plunged into the trenches of legislative warfare. Through mid-May, the President met with about 100 lawmakers, at first in small groups, until the final weeks of the battle, when he focused on one-on-one meetings with undecided Democrats. The final week before the vote, the

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[300] Lloyd Bentsen, Charlene Barshefsky and Bill Daley were particularly active. For a tentative tally of their lobbying visits, speeches, and testimonies, read Public Citizen (2000).
[301] See chapter 3.
[302] Public Citizen estimated the cost of this high-class lobbying stunt at $600,000 (Public Citizen, 2000, 39).

chief executive spent several hours each day contacting reluctant lawmakers by phone or personal appointments. The President also flew from the West Coast to the Great Lakes and the Midwest to display his support for PNTR supporters. In a controversial case, the President lobbied members of the New York delegation on a flight aboard Air Force One to the funeral of Cardinal John O'Connor – setting a precedent for high-altitude arm-twisting.[303] The White House's all-out effort contrasted with its hands-off approach to fast track, and even to the president's strong but belated involvement in the NAFTA fight. One senior White House official commented: "[Clinton] doesn't give anybody a pass" (O'Neill, 2000, 939).[304] By throwing his full weight behind PNTR, the President offered political cover to Democrats who faced considerable pressure against supporting the trade bill in an election year (Public Citizen, 2000; Maggs, 2000).

As if the prestigious personnel of the PNTR "War Room" was not enough, the Clinton administration and its business allies lined up the support of an army of former government officials, the most prominent of whom were ex-presidents Ford, Carter and Bush. This time, however, endorsements reached a completely different scale from the small cast of the NAFTA campaign (which had nonetheless featured 4 former U.S. presidents and a long list of economists). At a press conference, the White House gathered an impressive cohort of foreign policy heavyweights, including former secretaries of state Henry Kissinger, Alexander Haig, James Baker and Warren Christopher, along with Brent Scowcroft, James Schlesinger, Robert McNamara, Mickey

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[303] Bill Clinton's successor adopted this lobbying tactic (see chapter 6).
This paragraph is drawn from Maggs (2000); Simendinger (2000b); Public Citizen (2000, 33) and Schmitt & Kahn, 2000).

[304] ECAT President Cal Cohen shared this view: "My impression is that [the White House is] hitting on all cylinders and doing a good job listening to members' concerns" (cited in Maggs, 2000, 1587).

Kantor, Leon Panetta and Zbigniew Brzezinski (Public Citizen, 2000, 33-4).[305] The White House and the U.S.-China Business Council also released an unprecedented vast series of pro-PNTR petitions signed by various categories of political, military and economic experts: current state governors, former Treasury Secretaries, former Agriculture Secretaries, former National Security Advisers, academic experts on China. The Oval Office also tapped into the reputations of Federal Reserve Chairman Alan Greenspan and "champion of American security" Gen. Colin Powell (Business Coalition for U.S.-China Trade, 2000; WSJ, 05/19/00; IUST, 04/07/00). The Hollywood-like cast of the PNTR campaign was the most salient media through which the White House broadcast its economic and security messages. Other communication channels included economic reports, booklets and even a special website designed to promote PNTR.

The administration's communication strategy was designed to spread two principal messages: one revolving around the security implications of engaging with the PRC; the second based on the economic benefits of the China trade bill. As mentioned in the first section of this chapter, the White House justified its decision to shift from conditionality to engagement with the Kantian idea that trade liberalization had both democratic and peaceful virtues that would steer the PRC away from authoritarianism. Alternatively, the President argued that the PRC would interpret a rejection of PNTR as a strategic decision by Washington to turn from cooperation to confrontation, thereby strengthening the power of hardliners within the Chinese leadership (Swoboda, 2000). Thus, a strictly

[305] As noted by Public Citizen, many of these former officials like Henry Kissinger, Al Haig, Brent Scowcroft or Colin Powell had moved onto the business consulting sector and had, therefore, a direct interest in the development of economic exchanges between the United States and China (Public Citizen, 2000, 34-5).

commercial agreement was wrapped into the security flag, a tactic that would become common currency under Bill Clinton's successor.

The economic arguments in favor of PNTR have already been examined in detail and need not be developed again. What is interesting to note here is that, once again, the White House closely collaborated with the business community to build up its lobbying resources. According to *Inside U.S. Trade*, a year before the vote, the USTR requested industry estimates on the exports and jobs that PNTR was expected to generate (IUST, 04/09/99).[306] This possibly explains why the USTR reports – like its analysis of NAFTA's economic legacy – continued to downplay the adjustment costs of trade liberalization.

In sum, the White House mobilized an unprecedented pool of lobbying resources to push for PNTR. Not only did the administration reinforce the USTR's meager cohort of trade warriors with a host of current and former high-level officials, but the President also devoted considerable time to the legislative battle. In many instances, the White House closely collaborated with the private sector. Given the exceptional vigor of the free trade campaign undertaken by the administration and the business community, the special relationship came under congressional scrutiny.

The "special relationship" under scrutiny

The stated role of the Working Group on PNTR was to coordinate interagency activities associated with the passage of PNTR for China, including outreach efforts to

[306] This proved to be problematic for a certain number of industries to the extent that Washington had not reached a agreement with China and, therefore, the final details of the negotiations were not always known, despite the private sector's input in the trade policy process.

business, labor, environmental and other groups. What was surprising was the blatant contrast between the White House's lack of dialogue with fair traders and the special relationship it cultivated with free traders. As in previous trade battles, the White House and the business community regularly exchanged information on their lobbying operations. This collaboration operated through different channels. First, the "revolving door" between the public and private spheres facilitated communication exchanges. For instance, the former USTR and new lobbyist Mickey Kantor was said to have played an important role in defining an industry strategy to win the vote in Congress (IUST, 04/09/99). Second, the free trade campaign was coordinated through regular meetings between members of the public and private spheres. For example, BRT leaders Phil Condit (Chairman of the Trade Taskforce) and Robert Burt (BRT Chairman) regularly met with government officials for updates on the PNTR campaign. In addition, the White House directly or indirectly exhorted business leaders to press congressmen from both parties to support the U.S.-China trade agreement, as "PNTR czar" Bill Daley did at numerous corporate events (see Koffler, 2000; IUST, 01/28/00).

The large scale of the pro-PNTR campaign and the close collaboration of the White House and the private sector prompted Rep. Frank Wolf (R-VA) to request that the Government Accountability Office (GAO) investigate whether any of these practices constituted a violation of anti-lobbying provisions of American laws. Indeed, the latter prohibit the expenditure of appropriated funds for "substantial[307] 'grass roots' lobbying campaigns of telegrams, letters and other private forms of communication designed to encourage members of the public to pressure members of Congress to support

[307] "Substantial" involves the expenditure of $50,000 or more (GAO, 2000).

Administration or Department legislative or appropriations proposals."[308] Under Wolf's request, the GAO examined the practices of the White House China Trade Relations Working Group through a meticulous analysis of speeches, talking points, fact sheets and email messages.

Its investigation reported "extensive outreach and communication by the Administration with private sector groups such as public corporations and trade and business coalitions, to garner support for China PNTR" (GAO, 2000b, 2). In contrast, the report makes no reference of any comparable dialogue with labor, environmental or human rights advocates – in contrasted with the stated goals of the Working Group. The GAO found only one instance that constituted a violation of the applicable anti-lobbying appropriation provision. In this case, a representative of the Commerce Working Group asked a staff member of the Agriculture Working Group for information materials to convince a skeptical congressman:

> Yesterday, during a meeting with Treasury Dep Sec Eizenstat, [the Member] indicated that the labor unions where [sic] walking around with an article from the March 15 Hill [newspaper] that said that Ag does not benefit from trade with China. [The Member] also said that he hasn't heard from any of the farmers in his district about the agreement. Can you help identify what we have that could be helpful for Treasury to send up to [the Member]?

Within minutes after receiving this email, the Agriculture representative forwarded it to several addressees including two farmers' organizations. The message said: "We need to work on this ASAP. [The Member] needs to hear from the farmers in his district" (GAO, 2000, 2-3). According to the GAO, this explicit email was in violation of 18 U.S.C. § 1913 to the extent that resources from the White House were employed for

[308] This provision from 18 U.S.C. § 1913 also appears under section 627 of the Treasury and General Government Appropriations Act for fiscal year 2000 (cited in GAO, 2000).

lobbying purposes. However, the email was considered to involve only a "minimal" – as opposed to "substantial" – expenditure of appropriated funds and hence did "not warrant further action on [the GAO's] part or a referral to the Justice Department under 18 U.S.C. 1913" (GAO, 2000, 4).

The fact that the GAO report considered this email to be "the only violation to date" (GAO, 2000b) of anti-lobbying restrictions can seem puzzling, in the light of the numerous examples of the White House-business coordination examined in this dissertation. Two remarks must be made to shed light on the conclusions of the GAO. First, the GAO itself recognized the several limitations of its study, and particularly the fact that it relied only on documents that White House officials agreed to submit. For instance, certain expenditure data like the personnel costs of the 10 principals associated with the Working Group were never submitted by government officials because the White House believed it had a strong interest in protecting the confidentiality of how the President's senior advisers spend their time (GAO, 2000b). Second, the fact that there was no violation of the anti-lobbying restrictions of 18 U.S.C. 1913 should not be understood as lack of evidence for the coordination between the White House and the business community. As mentioned earlier, the study explicitly reports "extensive coordination" with the private sector. Thus, it is safe to say that White House officials know how to operate within the constraints of American laws, i.e. to promote a particular bill without violating anti-lobbying restrictions *stricto sensu.* For instance, interviews in Washington revealed that USTR officials were very cautious of using the "L-word" – for lobbying – when describing their activities, even after providing detailed accounts of the White House's coordination with the business community. Instead, they prefer to

highlight information exchanges between free trade advocates, even if this information exchange can be "member X has not heard from industry Y."

The point here is not to determine whether the USTR's activities are legal or not. For the purpose of this dissertation, the GAO report is useful because it offers a clear picture of the process of countermobilization which, in this particular case, can be broken into three steps: 1) a White House official identifies the source of a lawmakers' opposition to PNTR; 2) he conveys the information to the White House's war room, which identifies the business groups whose grassroots resources might help change the lawmaker's position; 3) business groups respond by encouraging their member groups to contact the lawmaker and stress the benefits deriving from PNTR. This example exposes the cooperation between the executive branch and free traders and how it serves the "free" trade cause. Admittedly, this process of problem-solving is also common among fair traders. For instance, Public Citizen identifies lawmakers' priorities and uses its network to mobilize local actors (whether unions, environmentalists, or human rights advocates) against a trade bill. What distinguishes mobilization from countermobilization, however, is that fair traders do not benefit from the invaluable institutional support from the White House. This shows that, during the lobbying phase as during the negotiating phase of the trade policy process, the executive does not behave as the "disinterested referee" that conventional societal models of trade policy expect (Ikenberry, Lake & Mastanduno, 1988, 8). Instead, the president has used his institutional capabilities to pursue an agenda that serves the interests of the private sector.

This process was particularly clear during the final weeks preceding the vote, when the president used its familiar deal-making tactics to win over congressional votes. In this

case, however, the Clinton administration proved less generous than it had been during the NAFTA fight, relying on fewer policy concessions and pork-barrel deals. Although the absence of concessions to fair-trade-minded congressmen contributed to the legislative defeat of 1997, the Clinton administration seemed, at first, reluctant to distribute collective side payments to PNTR opponents.

This time, the initiative came from Congress, where Rep. Sander Levin (D-MI) and Doug Bereuter (R-NE) sought to build up bipartisan support for trade liberalization by amending the PNTR bill. The Levin-Bereuter amendment aimed to appease civil society opponents and rally liberal Democrats through the creation of a commission to maintain annual review of China's conduct on human rights. It also included a clause to provide assistance to U.S. workers hurt by a surge in Chinese imports and impose sanctions on Beijing if the latter violated international trade rules.[309] Designed as a classic side payment for fair-trade-minded representatives, Levin's proposals, did not escape from the close monitoring by the White House's "War Room." In another example of Clintonian triangulation, the administration wanted to make sure that the amendment would add more votes to the PNTR pool than it would subtract – especially among Republicans. Thus, Levin held a "seemingly endless series of one-on-one meetings with colleagues and members of the Administration" to ensure that they hold all the cards of the PNTR game (Maggs, 2000, 1590).

The reaction among fair trade advocates was overwhelmingly negative. For human rights advocates, the Sander-Levin amendment to the PNTR was not commensurate to

[309] (Destler, 2005, 276; McGregor, 2000). For more details on this proposal, see Sander Levin's presentation at the congressional hearing on PNTR (Levin, 2000).

the challenge facing Chinese citizens.[310] Unsurprisingly, union leaders also rejected the Sander-Levin amendment as a "fig leaf" that would do little to improve human and workers' rights.[311] In fact, whether or not labor's concerns for the fate of Chinese citizens and workers were sincere, it is hard to believe that the weak mandate of the Levin-Bereuter amendment would ever come close to the political leverage of the MFN renewal process. In fact, a month after PNTR's passage, the Clinton's administration $21.2 million request to fund the commission envisioned by Levin and Bereuter was rejected by the Appropriations Committee (Public Citizen, 2000, 36).

If the Levin-Bereuter amendment gained little support among fair trade organizations, it nonetheless proved to be a key strategic move for the Democratic leadership. Indeed, the non-committal Levin-Bereuter amendment was credited with bringing 20 lawmakers aboard the PNTR ship, without alienating Republican supporters of the bill (O'Neill, 2000; Schmitt & Kahn, 2000). This was undoubtedly the most fruitful side payment of the legislative battle, one not designed yet closely monitored by the Clinton administration.

A second policy concession was intended to appease environmentally friendly lawmakers. Before the PNTR vote, the Clinton administration promised to withdraw its appeal of the ruling of the federal court that required the administration to include environmentalists on the two industry sector advisory committees. According to *Inside U.S. Trade*, this promise, which President Clinton fulfilled a few weeks after the vote,

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[310] Dissident Harry Wu, who had spent 19 years in labor camp before fleeing to the U.S., warned Rep. Sander Levin that he was "doing a terrible disservice to the struggle for human rights in China" (cited in McGregor, 2000).

[311] In a letter to Congress, twelve unions from the manufacturing and services sector described the new monitoring process as "nothing more than a meaningless reporting requirement that China could ignore without fear of any adverse consequences" (IUST, 03/03/00).

helped secure the vote of Rep. Lloyd Doggett (D-TX) (IUST, 06/09/00). A third bargain was designed to appease textile interests and their representatives. The latter had grown uneasy with another trade bill aimed to foster development in poor nations in Africa and the Caribbean basin. Fearing that this resentment might have ripple effects on the PNTR vote – President Clinton's unmistakable priority – the administration worked behind the scenes to design "rules-of-origins" to protect the textile industry.[312] Although the impact of this policy concession is less clear than the Levin-Bereuter amendment, it is said to have won the support of the National Cotton Council for PNTR and appeased House members from the Carolinas and Texas. In addition, the signature of the African Growth and Opportunity Act (AGOA) on May 18 was reported to have helped secure votes from the Congressional Black Caucus for the PNTR vote a week later (Maggs, 2000; Sanger, 2000b). A final policy concession consisted of the creation of a commission to study the trade adjustment assistance program in order to win the vote of Ken Bentsen (D-TX), a remake of the 1997 fast track deal. To do so, President Clinton issued an executive order, which would be rescinded by his successor a year later (Maggs, 2000; Public Citizen, 2000, 48).

Beyond trade-related policy concessions, pork-barrel deals were also an integral part of the White House's strategy to win the PNTR vote. However, vote-buying operations for the China trade bill figured less prominently than they had for the NAFTA battle: not only did the administration make fewer deals than in 1993, but the individual pacts also

[312] The final bill included requirements that African nations hoping to export more clothing to the United States duty free buy American fabrics, thereby defeating the development objectives of the bill. Few African nations could afford to import U.S. cotton, making the trade deal relatively worthless to African weavers and clothing manufacturers. The same type of rule of origins would be applied to CAFTA (see chapter 7).

involved less money. Public Citizen offers two possible explanations for this change. First, congressmen might have learned the lessons of Clinton's "record on trade vote deal making" i.e. his "high infidelity"[313], a claim that seems validated by the greater number of funding promises officially made before the vote – as opposed to after, as in the NAFTA battle (Public Citizen, 2000, 36). Second, and most importantly, the strength of the pro-PNTR lobbying efforts by both the White House and the business community must have limited the need for pork-barrel deals. More generally, the greater support that the China trade bill enjoyed in Congress – regardless of the vigorous PNTR campaign – made last-minute deals less urgent than they had been for NAFTA.

The White House still negotiated nearly a dozen of deals to rally a few reluctant lawmakers behind the free trade cause. To capture the vote of three inner city Democrats, President Clinton and House Speaker Dennis Hastert announced the creation of new special investment zones designed to attract investment in inner cities. Announced 2 days before the House vote, this bipartisan urban renewal plan – announced as a "New Markets Initiative" – would cost $20 billion over 10 years. Other pet projects included:

- the environmental clean-up of the Northrup Grumman aircraft manufacturing plant in Texas;
- the re-opening of a fifty-year-old oil pipeline linking Texas, Arizona and New Mexico, and traded against the votes of two Texan Democrats;
- a pork-barrel "package" that helped a Californian Democrat establish a new zip code in his district and provided emergency government action to fight the pest threatening wineries in the Napa Valley;

[313] This was the title of the report that Public Citizen sent to congressional members before the PNTR vote.

- extra funding to support an obsolete weather radar station in Alabama;
- financial assistance to Voice of America's Radio Free Asia in Illinois.[314]

As during previous debates, not all of President Clinton's deals may have been decisive to win undecided votes. The rebalancing of corporate donations across party lines meant that swing voters faced the dual pressure of presidential-corporate countermobilization. This most likely contributed to the rise of Democratic support for trade liberalization between 1997 and 2000. And if vote-buying deals were less frequent with Republicans, the strong leverage of the business community among GOP lawmakers compensated for the limited influence of the President across the aisle. Thus, the respective lobbying efforts of the executive branch and the private sector proved complementary, allowing them to win the PNTR vote by a comfortable margin.

Conclusion

The outcome of the PNTR battle brought the political ascension of fair traders to a halt. After emerging on the political scene in the early 1990s and winning a series of political victories at the end of the decade – fast track, MAI and Seattle – the fair trade coalition suffered a severe setback at the end of President Clinton's presidency. Despite their strong mobilization – on par with their previous lobbying campaigns – fair traders did not manage to repeat their legislative success of 1997. Unlike during the fast track debates, when free traders committed costly tactical mistakes, the campaign on behalf of PNTR was a prime example of the synergetic powers of presidential-corporate

[314] For more details, see (Public Citizen, 2000, 36-41, 48-50; Maggs, 2000).

countermobilization. First, the business community rebalanced corporate donations to increase political leverage in the Democratic Party, a tactic combined with an unprecedented "astroturf" counteroffensive against the fair traders' grassroots efforts. In the end, the PNTR campaign became one of the costliest lobbying campaigns ever launched on behalf of a piece of legislation. Second, the White House made full use of its institutional capabilities to join the private sector's advocacy efforts: from its sophisticated "celebrity-ridden" communication campaign to its conventional deal-making tactics. The administration's lobbying efforts were tightly coordinated with corporate interests. Business groups complemented the White House not only by cementing support for PNTR among conservative Republicans, but also by neutralizing the opposition of influential Democrats that could have tilted the balance against PNTR, making them more vulnerable to presidential pressure. The special relationship between the White House and the private sector allowed them to share information so as to optimize their operations: this applied both to their communications tactics and to their lobbying efforts inside and outside Washington. So close was their coordination that it came under the scrutiny of the Government Accounting Office.

The joint countermobilization of the White House and the business community proved decisive to counter the lobbying efforts of human rights, labor, environmental and consumer advocates. For fair traders, this setback clearly reversed the progress that had been achieved on blue and green issues since the NAFTA debates. In fact, free traders had not only won a legislative victory, but had also managed to control the terms of the agreement so as to exclude fair trade provisions. Here again, the institutional and political support of the executive branch had clearly served the cause of internationally-oriented

businesses. On the one hand, corporate interests exploited their privileged access to the trade advisory system to exclude provisions related to human rights, labor or environment from the scope of the U.S-Chinese agreement, despite the extensive social and environmental side-effects that trade liberalization was expected to have. On the other, the private sector also used more informal channels to convince the Clinton administration to abandon its conditionality policy and opt for a "clean" trade bill. Thus, as in the NAFTA debates, the special relationship between the White House and the business community operated during both negotiating and legislative phases, blocking fair traders' efforts throughout the whole policy process.

CHAPTER 6: Trade Promotion Authority

The election of George W. Bush revived tensions over the ends and means of trade policy. This was due as much to the similar trade policy agenda that he shared with his Democratic predecessor as to the different relationship that he cultivated with interest groups. In the tradition of all postwar presidents, George Bush believed in the benefits of trade liberalization. Following the 2000 election, he had repeatedly stated that opening new markets was in America's national interest. Like Bill Clinton, President George Bush also praised the moral virtues of commerce: "Freedom is exported every day, as we ship goods and products that improve the lives of millions of people. Free trade brings greater political and personal freedom" (Bush, 2001). The new president committed himself to re-energize America's trade liberalizing agenda and requested the renewal of fast track authority (re-baptized "trade promotion authority") in February 2001 (ibid). His political ambitions mirrored those of his Democratic predecessor, with a particular focus on NAFTA's expansion on a hemispheric scale and the negotiations of a new round of multilateral trade negotiations (Zoellick, 2001). Like his predecessor, the 43rd President remained cognizant of the give-and-take of trade politics. His concessions to protectionist sectors – e.g. steel tariffs, the generous farm bill of 2002[315] – revealed that his commitment to trade liberalization was never complete.

What distinguished the Republican administration was its close ties with the business community and its hostility to both blue and green advocates. Admittedly, President Clinton had also striven to bring the Democratic Party closer to the private sector. Yet,

[315] This bill increased farm subsidies by nearly 80% and reversed Republicans' efforts to curb agricultural subsidies in 1996. Read Sanger (2002).

this strategic alliance was never as solid as the one cultivated by the Bush administration. The Republican Party's dominance of both the executive and the legislative branches – a situation unseen since Eisenhower's presidency (1953-4)[316] – completed the rapprochement between the private sector and the GOP. Over the course of the Bush presidency, the relationship between the GOP and the private sector would become more intimate than it had been under the congressional lead of Newt Gingrich. Admittedly, the narrow margins of Republican majorities confined the scope of their political domination, as witnessed by the Democrats' fortuitous seizure of the Senate after Jim Jeffords' defection from the GOP ranks.[317] This precarious challenge to Republican domination did not, however, prevent the Bush administration from pursuing pro-business policies that would unite a broad and diverse business community under the banner of the GOP. Key to the ever-closer ties between the Republican party and corporate interests were President Bush's mix of pro-business policies ranging from tax cuts to deregulation, tort reform (partially protecting business against class action cases), as well as his low-profile use of administrative rules to undermine both environmental regulation and collective bargaining. The Republicans' policies would reward a wide range of industries including the energy, defense, transportation, telecommunications, pharmaceutical, steel and agricultural sectors.[318] In this new context, the private sector sensed political opportunities and raised its presence in Washington, with the number of registered

[316] Fortier & Ornstein (2003, 138).
[317] On May 24, 2001, Vermont Senator Jim Jeffords left the Republican Party and announced his new status as an independent. His decision changed the composition of the Senate from a situation of 50 Republicans and 50 Democrats to give the Democrats a fragile advantage over the Republicans (50-49 plus one independent) (Wikipedia, "Jim Jeffords").
[318] For a more detailed discussion, read Edsall (2006, chapter 4) and Piven (2004, chapter 3).

lobbyists in the capital doubling between 2000 and 2005 to nearly 35,000 (Hamburger & Wallsten, 2006, 105).[319]

President Bush's political signature was his ability to woo Wall Street entrepreneurs and the technology-intensive financial services industries away from New Democrats. His cuts on capital gains and dividend tax rates enabled the White House to bring Main Street and Wall Street interests into a single partisan coalition.[320] The appointments of Robert Zoellick at the USTR and Henry Paulson at the Treasury Department, two insiders from the financial sector,[321] also reflected the administration's willingness to consolidate ties with the financial sector (Edsall, 2006, 133-134).[322] Thomas Edsall speaks of an exceptional "merger" between the Republican Party, the conservative movement and American business:

> More than ever before, business, from Main Street to Wall Street, has been fully integrated into the Republican Party structure, from campaigns to policy making, from voter mobilization to whipping the vote in the House and Senate (Edsall, 2006, 107).

The ever-closer relationship between the private sector and the GOP represented a direct threat to the respective political agendas of the labor and the environmental

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[319] Chamber of Commerce Vice President Stanton Anderson declared that major corporations expanded their lobbying operations during President Bush's first mandate "because they were impressed by the ability to get things done in Washington and realized the window may not be open forever" (cited in Hamburger & Wallsten, 2006, 105).

[320] After the passage of the tax cuts, large financial companies like Morgan Stanley, Merrill Lynch and Goldman Sachs – all three members of the Business Roundtable – became leading fundraisers for George Bush's 2004 presidential bid.

[321] After serving as Goldman Sachs' chief executive, Henry Paulson – like Robert Rubin – became Treasury Secretary in 2006. Robert Zoellick had served as executive vice president for Fannie Mae in the 1990s, and followed Henry Paulson's steps by becoming vice chairman and senior international adviser at Goldman Sachs in 2006, before his appointment to hold the presidency of the World Bank (Landon 2006; U.S. Department of State, 2005).

[322] In another example of President Bush's reverence for business, the White House paired its reform of export subsidy system in 2004 with a cornucopia of benefits for multinational corporations, the latter being granted large tax breaks on repatriated income (with the tax rate falling from 35% to 5.25%) along with a flurry of sectoral bonuses.

movements. Organized labor was the first to suffer the consequences of these political changes. Admittedly, Bill Clinton had never been a fervent defender of the unions' cause. However, as my interviews with key labor experts revealed, George W. Bush completely shut Washington's doors to labor representatives, depriving them of any access to the policy process (Swepston, 2006*; Lee, 2007*). In addition, in the early months of his presidency, the Republican leadership multiplied its attacks on union rights. Through a series of executive orders, the new president ended labor-management partnerships in the federal government, undermined collective bargaining agreements on federally funded public works projects and required federal contractors to post notices informing workers of their "right to work". The Bush administration was also prompt to undermine workplace safety rights through a series of measures e.g. by repealing ergonomics regulation and slashing the budget of the Occupational Safety and Health Administration (Piven, 2004, 59-61; Murray, 2001). Perhaps the most significant attacks upon labor rights were the reform of overtime compensation[323] and the restrictions on union membership among employees with "supervisory duties" (Greenhouse, 2006). These were only a few of myriad policies and administrative tactics designed to weaken labor interests, an agenda largely condoned by the Bush Department of Labor.[324]

On the environmental side, President Bush similarly revived the anti-regulatory agenda of Ronald Reagan (Vig, 2006, 111). The fact that environmental protection was in the hands of two former oil-men – the president and his vice president Dick Cheney – did

[323] The 2004 reform of the Fair Labor Standards Act of 1938 adopted an expansive view of the managerial class, which is ineligible to overtime pay. This holds the risk with the risk of denying compensation for millions of workers. See *New York Times* (2004).
[324] A recent *New York Times* op-ed criticized the "regulatory sabotage" undertaken within the Department of Labor itself (NYT, 2008).

not bode well for the green movement. The new executive leadership left environmental policies vulnerable to the attacks of the powerful energy industry, a faithful donor to the Republican Party.[325] Unlike in the 1980s, environmental organizations could not count on the Democratic control of Congress. In fact, President Bush faced fewer checks on his use of presidential powers to redefine America's environmental commitments than any of his predecessors since Richard Nixon proclaimed the first environmental decade in 1970 (Vig, 2006, 117-8). Among the most prominent anti-environmental stances of the Bush administration were America's withdrawal from the Kyoto protocol, its constant refusal to engage the country in the reduction of CO2, and its repeated attempts to allow oil drilling in Alaska's Arctic National Wildlife Refuge (ANWAR) – a policy long advocated by Dick Cheney's corporate-friendly Energy Task Force[326] and that recently resurfaced amidst concerns about rising oil prices[327] (Hamburger & Wallsten, 2006, 108).

The scope of the Republicans' anti-environmental agenda, however, went much deeper than these prominent debates. To fully understand President Bush's deregulatory policies – whether related to labor or environmental regulation – one must focus on his distinctive "administrative strategy" (Hult, 2003, 68-9), i.e. his tendency to undermine regulation through "minor adjustments, quiet repeals, no-big-deal new policies" (Ivins, 2003, cited in Piven, 2004, 48).[328] In the environmental field, this translated into a weakening of the Environmental Protection Agency[329] – whose agenda, like that of the

[325] On this point, read Piven (2004, 48-9).
[326] It was revealed that the taskforce had 714 contacts with energy industry insiders and only 19 contacts with environmentalists and other outsiders (Piven, 2004, p. 49).
[327] In June 2008, the President lifted restrictions on offshore oil drilling, urging Congress to follow his lead and rescind its ban as well. For a critical discussion, read Barringer (2008).
[328] For more details on the consequences of this strategy, read Hult (2003, 67-9) and Piven (2004, 48-63).
[329] For instance, after the former director of the EPA's Office of Regulatory Enforcement resigned in 2001 after 12 years of service, Bush administration did not replace him for over 18 months (Hult, 2003, 68-9).

Department of Labor and the National Labor Relations Board became increasingly receptive to industry grievances – and into a series of micro-level deregulatory initiatives with significant ecological implications e.g. easing wetlands rules affecting developers, relaxing construction regulation in national forests and easing restrictions on mining on public lands (Hult, 2003, 68-9).[330]

This hostile political context threatened to jeopardize the already meager progress that fair trade advocates had achieved under a Democratic administration. Yet, despite this changing context, interest groups dynamics during the TPA debates largely mirrored those that took place during the 1990s. Once again, organized labor and its allies mobilized against a "free trade" bill that provided little scope to social and environmental issues. Through inside and outside lobbying tactics, they came inches close to defeating the Trade Promotion Authority bill. Yet, as during the NAFTA and the PNTR battles, the joint countermobilization of the private sector and the executive branch neutralized their advocacy efforts and helped free trade advocates win an extremely narrow victory. As in the 1990s, the executive branch mobilized its institutional resources to rescue business advocates from the lobbying attacks of the blue-green alliance. Exploiting his role as commander-in-chief and doling out side payments, President Bush rallied reluctant lawmakers behind his lead, to the benefits of the private sector. Thus, once again, the special relationship between the business community and the executive branch was a key obstacle to the success of fair trade advocates.

[330] President Bush's administrative tactics prompted environmentalists to engage in repeated legal battles to compel the administration to enforce existing laws (Bosso, 2005, 1-3).

In search of trade promotion authority

The pervasive tensions between the Bush administration and the labor and environmental movements and the contentious nature of trade debates under the Clinton administration meant that the new "trade promotion authority" was bound to generate fierce debates among fair trade advocates. In fact, promptly after President Bush declared his intention to obtain trade negotiating authority in early 2001, anti-globalization groups started to manifest their dissent by organizing a series of international protests against the Free Trade Area of the Americas in Quebec City in April 2001 (Destler, 2005, 290; Greenhouse, 2001).

The Republican administration was well aware of the challenges that the blue-green alliance had posed to the passage of free trade legislation under the Clinton presidency. On the one hand, the President knew he would need the support of at least a minority of Democratic legislators to obtain trade-negotiating authority. Thus, the White House declared its willingness "to consider a whole host of ways to [improve labor standards and environmental conditions]," in the words of the new U.S. Trade Representative Robert Zoellick (cited in Greenhouse, 2001, 31). However, the chief executive and his U.S. Trade Representative alienated supporters of blue and green provisions early on by repeatedly dismissing them as "protectionists" or "isolationists" (Mitchell, 2001; Stokes, 2001; JOC, 2001). On the other hand, the White House remained aware that it would need flexibility to keep Republican lawmakers and their business allies onboard. George Bush's call for a "labor and environmental toolbox" as a complement to American trade policy was the offspring of this "triangulation". His non-committal approach suggested actions to promote labor rights and environmental standards with the support of

international organizations, yet at the same time carefully avoided linking blue and green issues to the negotiation of free trade agreements (Mitchell, 2001).

If President Bush's promises were certainly elusive,[331] the first legislative initiative that emerged in the Republican House excluded labor and environmental standards entirely.[332] Unsurprisingly, the Crane bill – named after Ways and Means Committee vice-chairman and staunch free trader Phil Crane (R-IL) – infuriated both labor advocates and Democratic lawmakers.[333] Cognizant of the challenges they might face, the administration and the House Ways and Means chairman Bill Thomas (R-CA) were careful not to endorse the Crane bill, opting for a slightly less partisan approach.

The result was the so-called "Bipartisan Compromise," a legislative proposal drafted in collaboration with three centrist Democrats: Cal Dooley (D-CA), John Tanner (D-TN) and William Jefferson (D-LA). At first sight, Thomas' legislation appeared more labor- and environment-friendly than the aborted 1997 fast track proposal. Indeed, the bill included, for the first time, labor and environmental standards ("the Dooley principles") as "principal negotiating objectives." In regard to core labor standards, the administration would seek "to strengthen the capacity of U.S. trading partners to promote respect for core labor standards," while ensuring environmental and labor practices would not serve as "disguised barriers to trade" – the latter provision being explicitly designed to protect businesses. In addition, the text of the bill also required that the President would "seek

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[331] Labor unions and their Democratic allies criticized President Bush's low-enforcement approach to environmental and labor issues, describing his "toolbox" as "empty" (Mitchell, 2001).
[332] This paragraph and the next two are drawn from Destler (2005, 280, 290-1, 333-42).
[333] Minority leader Dick Gephardt (D-MO) presented the Crane bill as "the most extreme view on the other side" (cited in Destler, 2005, 333). AFL-CIO Executive Vice President Linda-Chavez denounced the proposal as a "giant step backward" and called for a new generation of trade and investment agreements that would give greater attention to "human rights, worker rights and the environment, not just business interests" (Chavez-Thompson, 2001).

greater cooperation between WTO and ILO" (Sek, 2002, 20, 30). These objectives aimed to ensure that trading partners would enforce their own environmental and labor laws. Finally, the TPA bill seemed to respond to three principal concerns expressed by environmentalists over trade: 1) by encouraging consultative mechanisms to protect environmental standards; 2) by promoting the consideration of multilateral environmental agreements; and 3) by vowing to pursue investment agreements in a manner consistent with U.S. legal practices (Audley, 2002a, 2-4).[334]

The language of the Thomas bill, however, seemed to step back from the provisions of the U.S.-Jordan Free Trade Agreement. Negotiated at the end of Bill Clinton's presidency, the U.S.-Jordan FTA advanced the linkage of worker rights and trade beyond NAFTA's side agreement by including labor provisions in the body of the agreement. In addition, blue and green provisions shared a dispute resolution procedure on a par with trade in goods, intellectual property, and e-commerce. As a result, the U.S.-Jordan FTA binds – at least, on paper[335] – both countries to enforce their national regulations and encourage them to improve their labor and environmental standards (Kahn, 2000; "US-Jordan Free Trade Agreement (2001)"; Bolle, 2001a; Destler, 2005, 333).[336] Unlike the U.S.-Jordan agreement, however, the TPA's provisions were not enforceable through trade sanctions to the extent that they allowed parties to "retain the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance

[334] For a more detailed review of TPA's environmental provisions, see Sek (2002, 12-16). See also Audley (2002a) and Destler (2005).
[335] One detail that went largely unnoticed was the confidential correspondence between U.S. Trade Representative Bob Zoellick and his Jordanian counterpart, who declared that they would not expect or intend to employ trade sanctions to enforce labor provisions (Destler, 2005, fn. 4, 333).
[336] Owing partly to its innovative "fair trade" language and to its marginal social and labor impact, the Jordan FTA won the support of labor advocates – it was endorsed by the AFL-CIO – and environmentalists (including the Sierra Club and the National Wildlife Federation).

matters" (Sek, 2002, 20). For trade expert Mac Destler at the pro-trade Institute for International Economics, the bill was a remake of the "no mandates/no new restrictions" formula advanced by the Democratic Leadership Council in 1997 (Destler, 2005, 291).

Thus, in practice, Bill Thomas' proposal did little to bridge the party divide over the rules of trade policy. In fact, the Ways and Means chairman had refused to negotiate with trade experts such as Charles Rangel (D-NY), Sander Levin (D-MI) or Robert Matsui (D-CA) – whose support for trade liberalization had been crucial to the passage of controversial bills in the 1990s. The Republican leadership chose instead to deal with three junior pro-trade Democrats with little influence on their party.[337] Hence, instead of creating solid bipartisan foundations to the trade proposal, the Republican leadership decided to provide symbolic language on blue and green provisions without consulting senior Democrats, with the risk of alienating the majority of the opposition. According to one Republican trade insider, "Thomas relished the fight. His view on the labor stuff was… (…) 'I would rather win this vote 218 to 217 than win it 230 to 205 because that just means I gave too much to 15 Democrats.'"[338]

Once the administration realized that the House leadership risked compromising the support of pivotal pro-trade Democrats, it admonished Speaker Dennis Hastert and House Ways and Means chairman Bill Thomas to meet with Charles Rangel to smooth over party differences. While the President's involvement did lead to a bipartisan meeting, Thomas soon cut the dialogue with senior Democrats. In the end, the administration

[337] Charles Rangel, Sander Levin and Robert Matsui proposed an alternative bill which included much stronger labor provisions including the proposal to create WTO Working Group on Trade and Labor and, most importantly, requirements that future FTAA countries implement and enforce ILO core standards. For more details, read Destler (2005, 331-42).
[338] The informant asked not be cited.

nonetheless endorsed Thomas' "bipartisan compromise," whose text was in tune with its non-committal, flexible approach to blue and green issues.[339] Needless to say that the Republican administration's brief concerns about the scope of the bill should not be interpreted as a willingness to provide stronger labor and environmental provisions than Bill Thomas had provided. In fact, an interview with the Assistant USTR for Labor reveals that the administration, in conjunction with the Republican leadership, worked hard to ensure that blue and green provisions would not be on par with commercial objectives. This was largely due to the broad opposition of the business community to enforceable labor provisions. Thus, although the text of the Trade Promotion Authority stipulated that all trade negotiating objectives would be treated equally, the report of the conference committee in 2002 clarified that "equal" treatment did not mean "identical," a caveat that allowed for distinctive enforcement models between commercial issues and labor and environmental provisions (Clatanoff, 2007*). This shows that even though the Republican leadership in Congress was the architect of the TPA bill, the Bush administration was largely complicit in the former's efforts to constrain the scope of labor and environmental provisions. In this case, however, the White House did not rely on the trade advisory committee system. As mentioned in chapters one and four, fast track authority bills are, unlike trade agreements, elaborated in congressional committees. In 2001 as in 1997, the special relationship proved most decisive not at the agenda-setting phase, but at the final lobbying phase, when the White House mobilized its institutional capabilities on behalf of the private sector.

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[339] Secretary of Commerce Don Evans and USTR Robert Zoellick declared: "This bill should allow the Congress to move forward quickly in a cooperative fashion to grant the President vitally needed trade negotiating authority" (cited in Destler, 2005, 291).

I) FAIR TRADE MOBILIZATION

The mobilization of the blue-green alliance against TPA mirrored in many respects the trade battles of the Clinton era. Once again, both unions and environmentalists saw the blue and green provisions of the trade bill as largely symbolic and demanded that their policy objectives be addressed on par with commercial and investment clauses. In 2001 as in 1997, the specter of NAFTA haunted debates on trade liberalization. As far as coalition tactics were concerned, fair trade advocates built on the anti-MAI revolt, the Seattle protests and the PNTR battle to rally more and more civil society actors to their cause. Labor was particularly prone to reach out to new organizations, while the environmental movement involved in trade politics seemed to expand. The most notable achievement of this mobilization was the central position occupied by labor and environmental issues in the trade debates. The prominence of blue and green questions and the growing support of Democratic lawmakers for the fair trade cause not only perpetuated NAFTA's political legacy, but also raised hopes for labor and environmental advocates. What distinguished the mobilization of the blue-green alliance in the TPA case was the new political environment in which it occurred. For fair trade advocates, operating under a united Republican government meant two things. First, in an increasingly partisan context, Democratic lawmakers, including centrist pro-trade members would be more receptive to the arguments of the blue-green alliance. Second, their ability to lobby GOP representatives would be seriously undermined by the arm-twisting methods of the Republican free-trader-in-chief and the heavy pressure of its business allies.

Labor unions and TPA

Given the "militant anti-union stance" of the Bush administration (Piven, 2004, 59), organized labor had reasons to be skeptical about the promises of the TPA bill. For labor advocates, the bill's "fair trade" language obscured the voluntary, non-enforceable nature of the TPA's environmental and labor provisions. For the AFL-CIO, the absence of enforcement mechanism meant that nothing would ensure that negotiating objectives would be met or that new provisions on ILO-WTO cooperation would be enforced (AFL-CIO, 2001). According to AFL-CIO Secretary Treasurer Richard Trumka, the Thomas bill was "substantively the same flawed fast track we saw in 1997 and 1998, with just a little window dressing added as a nod to the surge of popular support for a more fair global economy" (Trumka, 2001). As during previous debates, the Federation continued to demand that environmental and labor provisions receive equal treatment with commercial terms, i.e. that they be subject to the same dispute resolutions and enforcement provisions, including trade sanctions (AFL-CIO, 2001b). The AFL-CIO was also particularly skeptical of the White House's willingness to promote labor rights through international institutions, noting that Bush's 2002 budget proposal would in fact reduce funding for international labor programs by more than half (AFL-CIO, 2001b).[340]

Beyond their worries over the specific wording of the Thomas bill, labor advocates reiterated their concerns over the imbalanced socio-economic impact of globalization.

[340] Throughout his presidency, George Bush has repeatedly proposed sharp cuts in funding for the ILO and for the promotion of labor standards. Although Congress initially managed to maintain the appropriation for the Bureau of International Labor Affairs, the recent budget cuts in the Department of Labor (DOL)'s Bureau of International Labor Affairs have corroborated labor's fears. For more details, see DOL (2008). In addition, the recent reductions in the State Department's budget is likely to reduce America's commitment to most international organizations, including the ILO (Elliott & Freeman, 2003, 107; Swepston, 2006*).

Once again, NAFTA's legacy occupied a prominent place in the debates. Given George Bush's ambitions to re-energize the FTAA negotiations – an agenda made more tangible by the Quebec summit in April 2001 – the prospect of "NAFTA expansion" became again a recurrent theme of labor's anti-fast track campaign. Unions presented NAFTA as a "case study in why Fast Track negotiating authority is bad policy" (AFL-CIO, 2001b). This time too, they condemned NAFTA's heavy toll on job losses in the United States – 700,000 according to the AFL-CIO – and its disappointing social record in Mexico – a combination of declining wages and rising poverty.

After years of coalition-building on the trade battle lines, environmental issues had also become an integral part of labor's lingua. In an evocative instance of labor's outreach to the environmental movement, the AFL-CIO's four-page pamphlet against trade promotion authority contained no fewer than 16 references to ecological issues. Not only had environmental standards become inseparable from labor standards in unions' testimonies and reports, but the labor federation constantly framed its mobilization as a struggle to protect "workers, the environment, and the public at large" (AFL-CIO, 2001b, 2).

Labor advocates were aware that fast track authority granted a political advantage to the business community: "President George W. Bush and giant corporations want a special bill that will let them rush trade agreements through Congress with no changes and minimal review" (AFL-CIO, 2001c). For the AFL-CIO, "the NAFTA record amply demonstrate[d] why corporations and wealthy investors have such a huge stake in rushing action on Fast Track" (2001b, 2). In a time when multilateral and regional trade agreements went far beyond narrow commercial issues – affecting intellectual property

rights, tax and regulatory policies etc. – organized labor warned Congress against the social and environmental consequences of yielding its constitutional prerogatives to the executive branch. Calling for a new "direction for future trade and development policies," labor demanded that trade agreements set out "responsibilities," "not just rights" for corporations (ibid.).

Environmental and consumer advocates' opposition to TPA

Like labor advocates, environmentalists presented a relatively united front against the fast track bill, calling it a "major step back" from the key environmental provisions of the Jordan-FTA and NAFTA (Center for International Environmental Law et al, 2001; Defenders of Wildlife et al, 2001; League of Conservation Voters, 2001). This time, the "public interest" opposition to TPA included not only regulars such as Public Citizen, Friends of the Earth or the Sierra Club but also "part-time" fair traders such as World Wildlife Fund (WWF) or the National Wildlife Federation (NWF). As usual, the environmentalists' mobilization was, however, far from homogeneous, ranging from endorsing letters of support for fair trade principles to grassroots lobbying. [341]

Environmentalists' concerns with the trade bill, like those of labor advocates, focused primarily on the voluntary nature of its ecological provisions. For all the eco-friendly terminology of the trade bill, environmentalists found few if any substantive provisions to be content with. For them, although the bill asked US trade negotiators to "seek to protect and preserve the environment," it did not provide strong safeguards to ensure that trade

[341] The list of the main national environmental and consumer groups involved directly or indirectly in the debates included Defenders of Wildlife, Friends of the Earth, NRDC, WWF, CIEL, Earthjustice, NWF, the Sierra Club, Greenpeace, the National Environmental Trust, Pacific Environment, the League of Conservation Voters, and Public Citizen.

agreements would meet this objective (Defenders of Wildlife et al, 2001). Friends of the Earth (FOE) president Brent Blackwelder's remarks summarize the feeling of the environmental community toward TPA: "What we have are wishy-washy environmental directives, backed up by toothless, almost nonexistent accountability procedures" (Friends of the Earth, 2001).[342] And for green organizations, the lack of enforcement mechanism in TPA meant that U.S. would fall short of addressing the ecological pitfalls of past trade agreements, and most notably NAFTA. They raised two principal sets of grievances over fast track renewal: the conflict between trade liberalization and environmental regulation (whether domestic or international), and the "democratic deficit" of the trade policy process.

Of utmost concern to environmentalists was the idea that future free trade agreements negotiated under TPA might undermine domestic environmental laws (Defenders of Wildlife et al, 2001; CIEL et al, undated). As in 1997, NAFTA's chapter 11 was at the center of fast track debates. In September 2001, Public Citizen and Friends of the Earth published an analysis of "investor-to-state cases" under the NAFTA regime. Entitled "Bankrupting Democracy," the report concluded that NAFTA, by allowing corporations to challenge local and national regulatory provisions, had granted them expansive rights at the expense of families and workers (Public Citizen & Friends of the Earth, 2001).

Compounding environmentalists' fear about the conflict between trade liberalization and domestic legislation were TPA's provisions against regulatory measures described as "unjustified trade restriction." In contrast with the "precautionary principle" favored by

[342] Similarly, the Sierra Club argued that the Thomas bill only "raise[d] false hopes of environmental progress" (Sierra Club, 2001).

consumer and environmental advocates, the TPA bill stressed the necessity that regulation be based on "sound science" and cost-benefit analyses. Many green organizations believed that these provisions, largely in tune with the WTO's scientific approach to the regulation of sanitary and phytosanitary products, would in effect raise a barrier to agricultural, consumer and environmental regulation (Defenders of Wildlife et al, 2001). Environmentalists' concerns over domestic regulation also extended to Multilateral Environmental Agreements (MEAs). By calling for the "consideration" of MEAs, the Thomas bill allegedly failed to effectively protect them from potential conflicts with future free trade agreements (Defenders of Wildlife et al, 2001; CIEL et al, 2001).[343]

Environmentalists' second main concern pertained to the democratic deficit of American trade policy. To begin with, green organizations denounced the lack of accountability and transparency of trade negotiations. They demanded greater public access to the trade policy process both at the preliminary phase, via the release of negotiating texts, and at the implementing phase, through the institutionalization of citizens' petition filing procedures against environment/trade disputes (building on NAFTA's side agreement) (CIEL et al, 2001; Defenders of Wildlife et al, 2001). Furthermore, environmentalists, like their labor and consumer allies, questioned the intrinsic value of fast track authority. They demanded that Congress, in accordance with its constitutional authority, hold trade negotiators accountable and exert greater oversight over the policy process. Proposals included congressional certification prior to the

[343] This concern was addressed in the recent compromise reached by Charles Rangel and the Bush administration in 2007.

signature of trade agreements, as well as mandatory negotiating objectives (Defenders of Wildlife et al, 2001; CIEL et al., 2001; Sierra Club, 2001).

One major difference between the arguments of environmental and labor advocates – beyond the focus of their advocacy – lay in the former's lack of outreach in support of the latter's cause. In contrast with labor's coalition-building efforts, the tendency of environmentalists to embrace the labor cause in publications was more limited. In fact, joint petitions of environmentalists against TPA made little mention of workers' rights and employment issues. Of course, many environmental organizations also endorse declarations/letters of fair trade coalitions, whose grievances went beyond ecological issues. However, the fact that environmentalists' own declarations neglected the labor cause confirmed the instability of the blue-green alliance.

Mobilization and its impact

The fact that environmentalists were reluctant to become outright labor advocates should not obscure the scope of coalition-building efforts between blue and green organizations. In fact, the scope of the fair trade alliance had continued to grow since the last fast track debates, bolstered by the Seattle protests. While the 9.11 terror attacks affected the fair traders' grassroots efforts, and more specifically their reliance on protests as "repertoires" of collective action (Tilly, 1978), cross-field cooperation continued to be an important component of fair trade mobilization.

Early mobilizing efforts of fair trade advocates foreshadowed the coalition-building efforts of the campaign against TPA. In April 2001, antiglobalization groups rallied en masse against the negotiations of the Free Trade Agreement of the Americas. In this case,

mobilization took a transnational dimension involving organizations from Canada and the United States, as well as delegates from Latin American labor organizations, meeting with AFL-CIO within the framework of the Interamerican Regional Organization of Worker (Greenhouse, 2001).

Once George Bush expressed his intention to obtain trade-negotiating authority in May, American fair traders focused on consolidating their efforts on the domestic front. On June 19, there were already 40 organizations opposing trade promotion authority, with a strong presence of labor unions[344] and, to a lesser extent, environmentalists and consumer groups. From 40 in June, the coalition would grow to 169 signatory groups opposing fast track in November (AFL-CIO & Public Citizen, 2001).

Where Global Trade Watch had traditionally been the coalition-builder in previous trade debates, organized labor assumed the lead in forming cross-field alliances in 2001. Living up to its promises to build new political alliances, the Sweeney leadership encouraged its affiliates to reach out to other anti-fast track groups through a variety of lobbying activities, including meetings and press conferences, lobby visits, marches and rallies, letters to congress etc.[345] In addition to its usual alliance with consumer and environmental groups, the Federation acknowledged the recent role played by student organizations in trade debates[346] and seized fast track debates as "a great opportunity to build and strengthen [its] ties to student activist organizations" (AFL-CIO, 2001c). In

[344] Organized labor included not only unions in manufacturing sector but also public sector organizations like AFT and AFSCME along with SEIU in the service sector.
[345] In its guidelines to organize press conferences on fast track, AFL-CIO's coalition-building strategy is particularly explicit: "Any event you plan on Fast Track should include coalition partners. Environmentalists, consumer right activists, civil rights groups, immigrants' rights groups, farmers, religious groups, students, debt-relief groups etc. are all possibilities" (AFL-CIO, 2001c)
[346] In the 1990s, student organizations led the anti-sweatshop campaign and were also involved in the Seattle protests of 1999. For more information, read Elliott & Freeman (2005).

particular, labor hoped to benefit from students' acquaintance with media and technology (ibid.)

Beyond its leadership in coalition-building efforts, labor's human and organizational resources provided once again the backbone of the mobilization against fast track. As during previous trade battles, the AFL-CIO launched an "all-out effort" against TPA that included both inside and outside tactics (Kahn, 2001). Its grassroots tactics included all the ingredients of previous campaigns. Fast track toolkits were distributed to all state federations. The Federation provided sample op-eds and articles to use in local newspapers.[347] Flyers with a 1-800-number produced tens of thousands of phone calls. TV ads ran twice in 15 congressional districts. Other, less typical grassroots tactics in the AFL-CIO's repertoire included:

- A mock race to the bottom, where people dressed as corporate bosses would get to start half way through, while American workers and environmentalists would have to start at the very beginning. This was meant to symbolize the advantage that fast track gives corporations.
- A farewell party for global standards that would feature black party hats, black balloons and a cake that would say "Fast Track: A Farewell to Good Jobs, Safe Food and Clean Air", as well as a giant gift for large corporations (AFL-CIO, 2001c; AFL-CIO, 2001d).

In addition to these innovative tactics, labor and their allies undertook more conventional lobbying efforts inside the Beltway. The AFL-CIO established a list of

[347] These articles consisted of "fill-in-the-blanks" documents where unions would add the name of the city where their event would take place, the names of the groups mobilized, the identity of the targeted representative etc. See appendix 11.

target congressmen, referencing the key constituencies of their district (e.g. environmentalists, agricultural interests, steel industry etc.) to maximize their grassroots efforts. To bridge the gap between inside and outside operations, local labor representatives had been asked to fill in "grassroots meetings reports" during their lobby visits. These reports were designed to provide an account of the arguments raised by legislators. This information would be centralized in Washington and exploited to address lawmakers' individual concerns (AFL-CIO, 2001c).

While Democrats predictably represented a majority of congressional targets, labor did not neglect lobbying Republican lawmakers. AFL-CIO internal documents reveal that around one-third of House targets were Republicans, while the latter represented 40% of the Federation's "primary targets." In fact, organized labor had even designed a list of "talking points for meeting with Republicans", which unlike that drafted for Democrats, tended to mute criticisms of President Bush's policies (AFL-CIO, 2001c).

Before discussing the impact of fair traders' mobilization on the House vote, it is important to pause to reflect on the importance of environmental and labor issues in the debates on fast track renewal. From President Bush's guidelines to his final concessions on trade adjustment assistance, the fate of America's trade liberalizing agenda seemed to hinge on the scope of blue and green provisions (Stokes, 2001b). According to House Ways and Means Committee Democratic member Robert Matsui, "the debate has shifted since 1997. Labor and environmental issues have come to the forefront, and there is a sincere belief among Democrats that they need to be addressed" (cited in Mitchell, 2001, 1413).

The fact that environmental standards had become so resonant in barely a decade was even more remarkable. As explained in chapter two, labor standards had been part of American trade debates long before becoming the NAFTA controversies, although never with such prominence. The trade-environment nexus, however, seemed to have avoided this protracted gestation. Despite the non-enforceable character of environmental (and labor) provisions, the simple fact that ecological issues – unheard of in the trade policy sphere a decade before – had reached such prominence demonstrated the symbolic progress made by environmentalists in trade politics since the NAFTA debates. As trade-environment specialist John Audley notes,

> The Trade Act of 2002 reflects an important shift in U.S. trade policy. The argument over whether or not environment belongs in trade negotiations is now over; environmental policy is here to stay as an element of trade negotiations (Audley, 2002, 5).

Beyond environmental and labor issues, debates on congressional oversight, a long-time grievance of the blue-green alliance, had also become integral to trade controversies. As mentioned before, both environmental and labor advocates explicitly opposed the logic of fast track authority and its tendency to exacerbate the corporate bias of the trade policy process, to the detriment of fair traders and their supporters in Congress. Of course, one could argue that Congress's growing uneasiness about delegating its constitutional authority to the executive branch had more to do with the increasing scope of free trade agreements than with the mobilization of the blue-green alliance. Isolating these two factors is, however, a fallacious exercise. In fact, the proliferating conflicts between national policies and trade liberalization had been a central grievance of the blue-green alliance since the early 1990s. In this regard, it is safe to say that fair traders'

advocacy efforts, and particularly the increasingly active consumer and environmental groups, played a vanguard role in sensitizing lawmakers to these political contentions – from the early debates on the Flipper-GATTzilla case to the Seattle protests.

Another notable achievement of the blue-green alliance was the slow diffusion of their ideas across the political spectrum. In 2001, the growing awareness of fair trade principles was no longer confined to the liberal wing of the Democratic Party. In allegiance to their environmental and labor allies and in reaction against the partisan approach of the Republican leadership, a majority of centrist Democrats chose to oppose the bill. Most surprisingly, fair trade principles also started to infuse the rhetoric of the GOP For instance, as he was facing protests in Quebec City, President Bush acknowledged – not unlike Bill Clinton in Seattle – that "our commitment to open trade must be matched by a strong commitment to protecting our environment and improving labor standards" (Bush, 2001b). The fact that a Republican president would, at least rhetorically, present fair trade ideas as a necessity, was by itself a sign of change in the scope of trade politics. Reflecting on the significance of President Bush's remarks, Lori Wallach stated:

> You could have dialed 911 when I heard what Bush said -- I needed to be resuscitated… When we started organizing and educating on trade in the early '90s, no one but a handful of progressive Democrats understood what we were talking about. And now comes Mr. Trade-Uber-Alles Bush, saying we need to respect labor and environmental concerns. It shows the political shift. Now we've got to see the policy shift. (cited in Crook, 2001).

Admittedly, the hortatory nature of TPA's labor and environmental provisions shows that this policy shift was not to be completed in 2001. Yet, the intense controversies surrounding the inclusion of blue and green issues made the outcome of the TPA vote

uncertain until the very last minutes of the vote. So divisive was the trade bill that it was repeatedly postponed (Boyer, 2001; FT, 2001). In fact, the partisan debates over trade promotion authority became so fierce that, on the day of the vote, the administration decided to withdraw the bill from the floor. In addition, the final vote was held open for 23 minutes after the 15-minute roll call in order to help the Republican leadership convince reluctant lawmakers (Broder, 2001; Destler, 2005, 339). On December 6th 2001, the House finally passed the "Bipartisan" Trade Promotion Authority Act by a ballot of 215 to 214, making it, according to trade politics expert I.M. Destler "the most controversial partisan vote on such a bill since the 1930s" (Destler, 2005, 331).

The House Democrats' overwhelming opposition to fast track renewal reveals the influence of fair traders' mobilization: only 21 (10 %) of them supported the pursuit of a trade liberalizing agenda under the conditions set by the Republican leadership.[348] In contrast with the PNTR battle, the influence of the blue-green alliance was not confined to Old Democrats. In 2001, 57 members of the pro-trade New Democrat Coalition – among them longtime free-traders Jim McDermott (D-WA) and Robert Matsui (D-CA) as well as representatives from high-tech communities dependent on export markets – opposed fast track renewal. This group had been crucial to Clinton's ability to normalize U.S-Chinese trade relations a year earlier. As a Republican president with little interest in a blue-green compromise, George Bush had little prospect of neutralizing the pressures of fair traders on Democratic lawmakers. In this regard, the opposition to free trade among Democrats also stemmed from their opposition to the party in power and the partisan tactics of the Bush administration.

[348] The results of the TPA vote can be found at: http://www.ecattrade.com/keytrade/content.asp?ID=220

How successful were labor's advocacy efforts? A recent study of the TPA vote reaches mixed conclusions. According to Biglaiser, Jackson and Peake (2004), constituency factors played a non-negligible role in shaping trade votes. Representatives from districts with higher numbers of blue-collar and unionized workers were more likely to oppose the bill. This means that unions' grassroots efforts, designed to amplify the voices of local constituencies, contributed to rallying Democrats to the fair trade cause.

In addition to the anti-fast track mobilization, labor's outside tactics during the 2000 elections may also have scored political points among Democrats. Thanks to their get-out-the-vote programs in the presidential campaign, unions helped Al Gore to win in Michigan, Wisconsin and Pennsylvania (Ramstack, 2001). This effort reinforced the links between the Democratic Party and the labor movement (Shoch, 2002). As *Financial Times* journalist Schlaes wrote, "John Sweeney, AFL-CIO president, worked hard for the Democrats in 2000. The nays on TPA are his reward" (Shlaes, 2001).

Although labor's grassroots work seemed to bear fruit, the impact of its financial contributions is less clear. On this account, the analysis by Biglaiser et al. reaches an unexpected conclusion: "The effect of labor PAC money on Democrats, [highly significant in 1997, disappears in 2001" (Biglaiser, Jackson & Peake 2004, 689). This diagnosis seems all the more puzzling considering that unions' financial contributions continued to represent the lion's share of Democratic campaign funds. In fact, the ever-closer ties between the business community and the Republican Party – examined in the subsequent section – even exacerbated the Democrats' dependency on labor's financial donations. Without relying on quantitative analysis, Shoch (2002) sees this situation as one of several determinants of Democratic opposition TPA. While the question may need

further inquiry, it is clear that the mobilization of blue-and-green advocates – whether thanks to their inside or outside tactics – did influence the Democrats' rejection of trade promotion authority, as illustrated by the stormy controversies surrounding labor and environmental issues.

Even as fair traders managed to expand Democratic support, they were considerably less successful on the Republican side. In the end, only 23 GOP representatives voted against their party line, and 30 of those who had voted against fast track in 1998 voted in favor of TPA this time (Shoch, 2002). Labor PAC donations did have a negative effect on Republican votes (-18%) but this effect was considerably weaker than 4 years earlier, when Republicans receiving significant money from labor were 39% less likely to support fast track renewal (Biglaiser, Jackson & Peake, 2004, 689). While labor's PAC donations might have influenced a few Republican members to vote against TPA, a majority of GOP leaders preferred to follow the lead of the free-trader-in-chief. Despite the importance that labor gave to Republican congressional targets, the offensive of the blue-green alliance was no match for the institutional capabilities of the Oval Office, especially in the aftermath of a national security crisis that had empowered the president.

II) COUNTERMOBILIZATION

If the institutional design of the trade policy process predisposed the executive branch to collaborate with the private sector, the GOP's political agenda also strengthened this "special relationship." Their strong partnership would, once again, allow the business community to exert considerable control over the terms of the trade bill, relegating environmental and labor provisions to the backburner. It also enabled free trade

advocates to coordinate their countermobilization efforts with less apprehension than they might have had under Bill Clinton's presidency – e.g. before NAFTA's side agreements were negotiated or before the Democratic leader released his 1997 fast track bill.

As in 2000, business organizations adopted a decentralized lobbying strategy, gathering data on the economic benefits of trade in each district, encouraging "grassroots" mobilization among business members and recasting trade liberalization as essential to the well-being of U.S. farmers and workers. This time, however, the Republican president played a central role in rallying GOP troops under the free trade banner. Backed by business organizations and a particularly assertive House leadership, the White House's "trade warriors"[349] managed to win a narrow victory in a polarizing legislative battle. Like his predecessors, the Republican leadership used targeted side payments to buy precious congressional votes. Yet, beyond horse-trading practices, the president primarily drew his legislative power from the rally-around-the-flag effect of the 9.11 security crisis.

Setting the momentum for TPA

In early 2001, the Business Roundtable published a report on America's role in the world economy that provided the impulse for fast track renewal (Sek, 2002, 13). In its analysis, the BRT drew attention to a "New Era in trade negotiations" in which America's trading partners showed increased activism in the trade sphere, while the "United States [had] been falling off the pace in recent years." This lack of assertiveness constituted a departure from America's historic role in international economic affairs:

[349] Dryden (1995).

> The United States has, for more than 50 years, pushed for a rules-based, global system of trade agreements that serves to help all nations improve living standards through economic progress. This historic mission, stretching in an unbroken line over the service of every President from Franklin Roosevelt to George W. Bush, must not be lost (Business Roundtable, 2001, i).

A sign of this alleged lethargy was the limited number of free trade agreements that Washington had signed over the past decade: only two (the U.S.-Israel FTA and NAFTA) out of the 130 estimated FTAs in the world.[350] This simple fact became a recurrent argument of the TPA debates, as revealed by the testimonies of both business representatives and White House officials (Business Roundtable, 2001; Maury, 2001; Donohue, 2001). In March 2001, U.S. world economic leadership was the focus of a hearing of the House Ways and Means Subcommittee on Trade gathering prominent members of the business community. One after another, representatives from ECAT, the BRT and the USCC raised the alarm about the European Union's international economic activism, on-going negotiations among South-East Asian countries through the Association of South-East Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC), the economic and political expansion of Mercosur and the multiplication of bilateral trade agreements within the Western Hemisphere (Maury, 2001; McGraw, 2001). For the business community, America's exclusion from international trade agreements represented short-term and long-term threats to "U.S. businesses, workers and farmers." Corporate representatives were particularly concerned that they might lose business opportunities to foreign competitors because of discriminatory tariffs, or lose political leverage against new "blocked alliances" (Maury, 2001; McGraw, 2001; Donohue, 2001).

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[350] See appendix 10.

Hence, the private sector called decision-makers to give new impetus to a multi-faceted trade liberalizing agenda, including bilateral initiatives with Chile and Singapore, regional integration through the FTAA, and the completion of the "unfinished business of Seattle" at the multilateral level – i.e. a host of issue areas under consideration at the WTO, including services, intellectual property rights, investment, telecommunications, government procurement etc (Donohue, 2001; McGraw, 2001). For corporate interests, the renewal of fast track authority would be crucial to re-energize its trade-liberalizing agenda. "Without TPA," noted Business Roundtable President Samuel Maury, "our trading partners will be reluctant to engage in comprehensive and time-intensive negotiations with the United States" (Maury, 2001).

The business community's sense of urgency also stemmed from its feeling that that the postwar political consensus over the benefits of trade liberalization had been shaken by recent trade debates surrounding NAFTA and the WTO. During the TPA debates, some corporate organizations like the BRT adopted a new tone, with which they seemed to acknowledge the political necessity to address labor and environmental issues:

> International labor and environmental issues have emerged as the principal stumbling blocks [for the Executive Branch to move forward] (…). [T]he issue is no longer whether they should be addressed in international trade and investment negotiations, but rather how to address them constructively (Business Roundtable, 2001, ii).

After the 1997-1998 fast track fiascos and the stormy debates surrounding PNTR in 2000, corporate interests came to realize the political challenge that fair traders represented to the pursuit of America's trade liberalizing agenda. As the BRT noted, "we cannot allow this debate to sideline the United States (Business Roundtable, 2001, 16). This was the first time that the private sector seemed willing to reach a compromise with

fair traders before the political battle had even started. Thus, the idea of fair trade had not only spread to the Democratic and Republican elites, but had also infiltrated the rhetoric of the business community at the beginning of the TPA debates.

The business community's change in tone on environmental and labor provisions did not reflect a real change of heart. In fact, business associations remained at best ambivalent about the idea of finding a political compromise on what they saw as "extraneous non-trade objectives" (Donohue, 2001). As ECAT chairman Harold McGraw noted,

> my initial view is that – for the most part – these issues are best addressed through their own agendas in organizations with the appropriate technical expertise and not as add-ons to the trade agenda (underlined in the text – McGraw, 2001).

Similarly, U.S. Chamber of Commerce President Tom Donohue warned that the "other social agenda objectives" would require a considerably expanded level of technical expertise at the negotiating table (Donohue, 2001). In light of the increasing scope and complexity of international trade agreements – e.g. the inclusion of intellectual property rights, investment clauses and, to a large extent, the dismantlement of "non-tariff barriers" – it can seem ironic that the technicality of environmental and labor provisions was invoked as a factor for their exclusions from trade policies.

Despite its talk of compromise, the business community generally remained wary of strong labor and environmental measures, and particularly of the use of economic sanctions as enforcement mechanisms.[351] In this regard, it showed uneasiness, if not open opposition to the U.S.-Jordan FTA model that had won acclaims among labor and

[351] In Tom Donohue's words: "we must find a basis for addressing substantive labor and environmental concerns without holding U.S. competitiveness hostage to special interest efforts to achieve extraterritorial application of policy objectives that are not relevant to international commerce" (Donohue, 2001).

environmental advocates for its sanctions mechanisms.[352] The Business Roundtable instead recommended a "one size does not fit all approach" to labor and environmental issues that would give U.S. trade negotiators more flexibility.[353] The provisions of Thomas' TPA bill were in tune with the interests of the private sector.[354] Not only did the limited scope of environmental and labor provisions appease business advocates, but the language of HR 3005 also allowed them to claim support for fair trade. In a letter to members of the House Ways and Means Committee, the BRT wrote:

> We hope the environmental and labor communities will see the clear benefits of this legislation for the United States overall, and seize the opportunities provided by the legislation to promote improved labor and environmental conditions across the globe (Business Roundtable, 2001b).

If the rising prominence of environmental and labor principles attested to the impact of fair trade mobilization, the business community's reluctance to give them more than symbolic consideration remained a major obstacle to the success of unions and their allies. This time, however, corporate interests did not exploit their privileged access to the executive branch, as was usually the case for the negotiations of free trade agreements (NAFTA, PNTR), but instead relied on its close relationship with the Republican party leadership to control the terms of the TPA bill.[355]

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[352] The U.S. Chamber of Commerce explicitly cast the U.S.-Jordan FTA as a "dangerous" precedent and vowed to oppose "any trade agreement that includes labor and environmental provisions and accompanying sanctions in the agreement" (Donohue, 2001).

[353] According to one political commentator, the BRT threatened to oppose the renewal of presidential trade authority if FTA's labor and environmental provisions were to be enforced by sanctions (Koffler 2001).

[354] The private sector initially supported the "clean" Crane bill (Dougherty, 2001).

[355] A year later, the Senate debates on the Durbin Amendment, designed to strengthen the enforcement of core labor standards, would revive business's opposition to enforceable provisions, once again revealing their limited support for fair trade, and more specifically their fear that the extension of the labor-environmental agenda might foster regulatory reforms in the United States (ECAT, 2002a; ECAT, 2002b; Magnusson, 2002).

Corporate countermobilization and its impact

With Republicans in control of both the House and the White House, the business community was confident that the fast track bill would be in sync with its interests. However, the private sector took no chances and began to mobilize months before the first legislative proposal even emerged in Congress. As early as March 2001, lobbyists and business groups planned a broad-based effort focusing on local constituencies and selling the benefits of trade to workers (Pethel, 2001). The final lobbying campaign came on the heels of the AFL-CIO's advocacy efforts in July 2001, and would last, intermittently until the Senate's approval of the bill in May 2002.

This time, corporate organizations formed the "U.S. Trade" coalition involving as usual NAM, the U.S. Chamber of Commerce and the BRT, while the latter two launched their own multi-million dollar efforts (Stone, 2001). Committed to fast track renewal since the first months of Bush's presidency, BRT's new chairman John Dillon promised an aggressive effort on behalf of TPA. He pledged that his group would spend "what it takes to do the job" – with an initial budget of approximately $10 million, according to one BRT insider.[356]

As in 2000, business operatives emphasized the need to build grassroots support for trade liberalization. The BRT perceived that its local advocacy efforts had been crucial to gain congressional approval of PNTR. As a BRT spokeswoman noted: "We found it was in the districts where we were really winning the war" (cited in Koffler, 2001). Thus in less than three years, the BRT dramatically expanded its grassroots operations. From 11 congressional districts in 1998 to 89 districts during the PNTR battle, its "GoTrade"

[356] The quote is from Koffler, (2001, 3), the budget estimate is drawn from Pethel (2001).

programs would operate in 167 districts during the TPA debates (Maury, 2001; Koffler, 2001). The BRT's increasing focus on outside lobbying added to the U.S. Chamber of Commerce's long experience with grassroots operations. Their activities consisted of:

- establishing locally organized, pro-trade networks comprising businesses, workers and academics;
- generating letters and phone calls to members of Congress[357];
- conducting statistical and qualitative studies on the local impact of international trade, information that would be exploited by member companies during congressional office visits;
- organizing community events and forums to raise awareness on trade issues.
- working with the news media to generate positive coverage of local trade successes.

Other efforts included TV and radio ads by both the BRT and the U.S. Chamber of Commerce in sixty to eighty congressional districts. The business community also sought to obtain the blessing of prominent political figures like Colin Powell and former Secretary of Commerce William Daley to improve the appeal of its print advertising campaign (Maury, 2001; Business Roundtable, 2001c; Stone, 2001).

As part of its new rhetoric about fair trade, and in response to Americans' disatisfaction with free trade agreements, the business community sought to reframe its discourse in a more worker-friendly tone. First, business representatives presented America's failure to negotiate new free trade agreements over the past few years as a source of lost opportunities for U.S. workers (Maury, 2001). In other words, not only

[357] NAM also mobilized their members to generate phone calls and letters.

American companies, but also workers and farmers would pay the price for America's alleged retreat from global leadership (Business Roundtable, 2001b). Second, the private sector acknowledged the dislocating effects of free trade and stressed the need to assist workers hurt by import competition. Thus, the BRT called for "new investments in the American worker" to "help those who lose today gain the skills and training needed to win tomorrow" (Business Roundtable, 2001d). Along similar lines, ECAT proposed a detailed reform of the Trade Adjustment Assistance program (McGraw, 2001; ECAT, 2001c). This policy proposal, which would become a hallmark of the 2002 TPA Senate bill, was not only a side payment to rally Democrats to the free trade cause, but an explicit attempt by the private sector to press the government to respond to American workers' anxieties about free trade without creating new obligations for American companies. As Frank Vargo from the National Association of Manufacturers argued: "Nothing generates as much public support for new trade agreements as the idea that workers who might be adversely affected by trade will get government help" (cited in Magnusson, 2002).

These grassroots tactics were paired with conventional lobbying tactics on Capitol Hill. The U.S.-Trade coalition sponsored fly-ins of hundreds of executives from small-to-medium sized companies in a variety of sectors (Stone, 2001; Business Roundtable, 2002). As usual, business groups promised that they would reward TPA supporters with financial support.[358] Overall, their efforts targeted nearly 70 Democrats and two dozen Republicans considered swing votes (Kahn, 2001b). On the one hand, they sought to convince centrist Democrats by praising the labor and environmental provisions of the

[358] For instance, the Information Technology Industry Council told lawmakers that it would count their vote on TPA twice when assessing their support to the high-tech cause.

trade bill and calling for TAA reform. On the other, they reassured conservative Republicans that future trade agreements would not infringe upon America's national sovereignty.

What influence did business countermobilization exert over the TPA vote? The rare study of the TPA vote by Biglaiser and his colleagues finds that corporate countermobilization had a moderate impact on Democrats, who represented a majority of business's congressional targets. According to them, House Democrats receiving greater than average support from business PACs were 12 % more likely to vote for TPA than those receiving average support (Biglaiser, Jackson & Peake, 2004, 688-689). This means that business advocates were hardly more effective at mobilizing support among their Democrats than unions were among Republicans. However, in a close vote like TPA, every vote matters. Thus, even the minimum influence that the business community might have had on a few centrist Democrats could have made a difference.

More difficult to evaluate is the actual impact of business PAC donations on Republican votes. As Biglaiser, Jackson and Peake note, the effect of this factor is obscured by the predominant influence of the legislative support for the president on GOP votes. Indeed, Republicans were intensely cross-pressured by the White House. This does not mean, of course, that business interests had no influence on the Republican vote. Such a conclusion would be hard to sustain in light of the ever-closer relationship that the Republican Party nurtured with the business community from the mid-1990s. Once again, congressional analyses can reveal only part of the complex confluence of factors that shape trade votes and cannot be abstracted from their political context. Likewise, it is difficult to measure the exact impact of the businesses' "grassroots" efforts

on TPA votes, to the extent that no analysis of vote determinants to this day has attempted to test their effect – e.g., using the number of phone calls, letters or visits to congressional offices. However, the more decentralized tactics adopted by free traders since PNTR seem to have at least partly offset the grassroots efforts of fair traders. Reflecting on the importance of free trade countermobilization, the USCC Senior Director for International Policy, a former congressional staff member remarked:

> At the end of the day, members of Congress need to be hearing from supporters of these [business] groups, especially from constituents. Having worked on Capitol Hill, I remember, (…) during TPA, my boss at the time had said 'Let me see all of our letters that have come into our office, pro and con." He had me stack them up in front of him just so he could see… He knew he was gonna vote for TPA but it was always an important thing for him to do (Wenk, 2008*).

This means that grassroots countermobilization may not have been the decisive factor influencing congressional votes, but rather functioned as a validator for free-trade leaning lawmakers under heavy pressure from fair trade pressure groups.

In sum, business groups played a key role in launching the debates on fast track renewal in the very first months of Bush's presidency. Their alarming tone over the decline of U.S. global leadership created momentum for the administration's trade agenda. From the beginning of the debates, the business community and its Republican allies, despite their rhetorical support for a bipartisan compromise on trade policy, still strove to limit the scope of fair trade issues to ad hoc, non-enforceable provisions. In response to the strong mobilization of labor and its allies against the TPA bill, corporate interests once again launched a sophisticated campaign to save the trade bill. If their lobbying efforts helped to offset the inside and outside lobbying efforts of fair traders, their role in the TPA victory came only second to that of the president, who, with the help

of the Republican leadership, managed to rally congressional votes and save fast track from a legislative defeat.

The White House saves the day

The political context in which the Republican administration lobbied for TPA differed from the environment in which its Democratic predecessor promoted its trade agenda. As previous chapters have shown, Bill Clinton's leadership in the trade sphere operated under the constraints of divided government and often consisted of compromising with the opposition while intensively lobbying party members. In contrast, George Bush could count on a majority of partisan supporters in the House of Representatives and showed little interest in reaching any consensus with labor- and environment-friendly lawmakers. This partisan approach to trade politics was only one example of Bush's presidential style, a way of governing that became increasingly confrontational in the aftermath of 9/11. Capitalizing on the "rally-around-the-flag effect" that succeeded the terror attacks, the Republican leader departed from his bipartisan approach to policy-making – displayed on behalf of education reform and the extension of prescription drug benefits for Medicare – and shed his campaign pledge to be "a uniter, not a divider." The short-lived period of "hyperbipartisanship" (Fortier & Ornstein, 2003, 156) soon became an era of hyperpartisanship, a dramatic political change foreshadowed by the bitter partisan debates.

Although these partisan dynamics are a crucial element of the TPA debates, this dissertation seeks to highlight the larger institutional forces that structured the involvement of the executive branch in the legislative battle and its relationship with the

constellation of trade policy stakeholders. Regardless of his party affiliation, President Bush, like his predecessor, utilized his institutional capabilities to counter the mobilization of fair traders and defend the interests of the private sector under the "free trade" banner. To save the controversial TPA bill, the free-trader-in-chief coordinated a lobbying campaign with the business community and resorted to a common combination of policy concessions and pork-barrel deals. Although the 9/11 terror attacks distracted the President from the nitty-gritty of trade politics, the new climate of fear also considerably empowered the chief executive, allowing him to exploit his position as commander-in-chief to galvanize support for a business-friendly trade policy.

In the aftermath of 9.11, President Bush and his Republican allies were prompt to cast trade liberalization as instrumental to Washington's "War on Terror." At the forefront of these framing tactics was USTR Robert Zoellick, who barely two weeks after the terror attacks, wrote a controversial editorial for the *Washington Post*:

> Earlier enemies learned that America is the arsenal of democracy; today's enemies will learn that America is the economic engine for freedom, opportunity and development. To that end, U.S. leadership in promoting the international economic and trading system is vital. Trade is about more than economic efficiency. It promotes the values at the heart of this protracted struggle (…). Congress, working with the Bush administration, has an opportunity to shape history by raising the flag of American economic leadership. The terrorists deliberately chose the World Trade towers as their target. While their blow toppled the towers, it cannot and will not shake the foundation of world trade and freedom" (Zoellick, 2001).

The "trade warrior"[359] thus called for Congress to enact trade promotion authority to allow Washington to negotiate "agreements that advance the causes of openness, development and growth." For Zoellick, America's trade leadership could build "a coalition of countries that cherish liberty in all its aspects" (ibid). Similarly, the

[359] This is the title of Dryden's book on the USTR (Dryden, 1995).

Republican House leadership warned its party members that a legislative defeat would undermine the president's authority in a dangerous time of war (Martinez, 2001).

The administration's tactical use of the "politics of fear" was, of course, not confined to the trade sphere. On the domestic front, the administration repeatedly referred to 9.11 to legitimize its political agenda, a "war at home" on behalf of corporate interests (Piven, 2004). At the international level, it is now common wisdom that 9.11 terror attacks were invoked to justify policies that went far beyond Washington's struggle against al-Qaeda – the Iraq war being only the most obvious example of these framing tactics. The ramifications of the politics of fear in the trade sphere have received little attention,[360] but are crucial to understand the key role that the president played in the TPA battle.

Most analysts agree that the "rally-around-the-flag" effect of 9/11 considerably helped George Bush.[361] The national security crisis enhanced the president's capacity as party leader. Unlike in 1997, when certain GOP lawmakers had given in to the pressures of their labor constituencies in dissent from President Clinton's trade-liberalizing agenda, Republican lawmakers in 2001 faced an unavoidable dilemma: alienate voters or betray a popular president at war. As a result, several long-time opponents of fast track and trade liberalization like Cass Ballenger (R-FL), Duncan Hunter (R-CA), Frank Wolf (R-VA) and Dana Rohrabacher (R-CA) switched their position to back TPA (Destler, 2005, 335). The latter justified his decision in these words: "I was sad. I would have preferred not to be put in that situation, but I think it was bin Laden who put me in that situation" (cited in

[360] Destler (2005, 279) is a notable exception.
[361] This is true for trade analysts such as Destler (2005) and Shoch (2002), as much as journalists such as Dougherty (2001b) and Martinez (2001).

Martinez, 2001, 2919). Thus, the president exploited his role as commander-in-chief to rally party followers behind his trade agenda.

However, the White House's 9/11 tactics had a polarizing effect on the legislature. This can seem surprising considering the general bipartisan atmosphere in the aftermath of the terror attacks. Yet, while new national security threats temporarily unified Congress in support of the national security leader, trade politics did not stop at the water's edge. Far from swaying Democratic lawmakers, the Bush administration's fear tactics infuriated them. For fair trade leader Lori Wallach, "[the] bogus, silly linkage [between terror and trade] has solidified Democratic opposition to the fast-track bill in a way that all the best work of the Seattle coalition over the past decade could not achieve" (cited in Blustein, 2001, 1). A key supporter of previous free trade initiatives, the influential Charles Rangel vehemently attacked Robert Zoellick's attempt to "wrap [the] trade promotion authority bill in the flag" and demanded a public apology from the USTR for implicitly questioning the patriotism of Democrat congressmen. According to Rangel, even two (of the three) junior House Ways and Means Democrats who supported Thomas' bill disapproved of Zoellick's framing tactics (Rangel, 2001). Far from apologetic, the USTR displayed little concern for building bipartisan consensus: "I've never believed that close votes aren't good votes, as long as you pass things" (cited in Blustein, 2001). Instead, the Republican Party focused its efforts on bringing its members in its ranks.

If the national security crisis of 9.11 empowered the Republican president, it also considerably constrained his ability to lobby for trade promotion authority. During the first months following the terror attacks, the mind of the White House was clearly more

focused on the World Trade Center than the World Trade Organization. The president did not throw himself into the legislative battle until the week before the vote, when he finally devoted himself to phone calls and meetings with congressional members (Dale, 2001; Koszczuk, 2001). Days before the scheduled vote, some political commentators were alarmed by "Bush's slow track" on behalf of TPA and asked "Where is George?" (FT, 12/03/01; Dale, 2001). In an interview on the lobbying efforts of the president for trade promotion authority, Press Secretary Ari Fleischer admitted that, two days before the vote, the president had met with only 41 House and 8 Senate members from both parties (19 Republicans and 30 Democrats) over a period of 6 months (Fleischer, 2001). The next day's press briefing on the same topic brought the number of meetings and phone calls to "probably about 75 to 90 members of Congress" (Fleischer, 2001b). Whatever the real tally of Bush's lobbying efforts, it is clear that President Bush spent far less time lobbying for fast track than Bill Clinton had for PNTR in 2000 (Kahn, 2001a). Nevertheless, the president's distraction from trade politics differed from Bill Clinton's leadership failure in a crucial respect. While President Clinton's protracted neglect of fast track would jeopardize the backing of his party members, George Bush's focus on national security galvanized Republican support for a plethora of legislative proposals. Speaking of the president, Bill Thomas declared: "He'll move as many people as he talks to" (cited in Eilperin, 2001a). While the House Ways and Means chairman might have overstated the persuasive powers of the Oval Office, it is clear that the White House had been instrumental in the conversion of many Republican members to the free trade cause. As the 1997 revolt of Democrats against Clinton's trade agenda had shown, in the contentious era of the new politics of trade, party allegiance could no longer be taken for

granted. Commenting on the forces moving America's trade policy agenda, one business insider confided: "Do not ever, ever underestimate the bully pulpit that the president occupies" (Goudie, 2007*).

And to pursue his trade policy agenda, the president was not alone. As chief executive, he could count on the support of Republican House leaders Dennis Hastert, Tom Delay and Bill Thomas to convince GOP members to follow the party line (FT, 12/03/01; Shoch, 2002). In addition, the White House's lobbying operations were tightly coordinated with the free trade campaign of the business community. USTR Robert Zoellick and Secretary of Commerce Don Evans, [362] both of whom had strong connections with the business sector, were at the center of presidential-corporate countermobilization. Under the Bush administration, the Office of the U.S. Trade Representatives continued to play a leading role in rallying congressional support for trade initiatives. The budget of the USTR had increased 41 percent during Barshefsky's tenure and its staff had grown by 22 percent (Stokes, 2001a). At the beginning of the 21st century, the USTR had moved far beyond the role of interagency coordinator that Dryden had described in his historical narrative of "Trade Warriors" (Dryden, 1995). Zoellick's advocacy for trade promotion authority borrowed heavily from the arguments developed by the Business Roundtable and its allies. As mentioned earlier, the administration repeated *ad libitum* that the United States was a signatory of only two out of 130 free trade agreements in the world, and saw fast track renewal as crucial to reassert Washington's international economic leadership: "We cannot afford to stand still, or be mired in partisan division, while other nations seize the mantle of leadership on trade

[362] Don Evans was a former businessman from the oil and gas industry and a close Texan friend of the Bush family (Armbruster, 2001; see also New, 2001).

from the United States" (cited in Edmonson, 2001). Although Zoellick understood that rebuilding a bipartisan consensus on trade would be crucial to the president's trade promotion authority (Clatanoff, 2007*), his views on labor and environmental issues hardly helped to build Democratic support. His "one-size-does-not-fit-all" on labor standards bore great resemblance to the recommendations of business groups (Samet, 2001; Pethel, 2001).

The Department of Commerce was also central to the administration's lobbying efforts, operations that the Office of the USTR was technically not allowed to execute.[363] Secretary of Commerce Don Evans was instrumental in reaching out to business organizations. By the time the TPA bill came to a vote, Don Evans had met with about 100 Congress members to rally support for the president's trade agenda (Eilperin, 2001; Armbruster, 2001; see also New, 2001). This would be much more than the "war-time president" would ever be able to do. Asked about his role at the beginning of the TPA campaign, Evans replied that he would be "the one who's a big advocate for the American business community" (cited in Memmott, 2001). Through its extensive network of regional offices, the DOC was also a great source of economic data, offsetting the USTR's lack of resources.

Like corporate organizations, the USTR and the Commerce Department emphasized the need to build local support for trade liberalization before lobbying Congress.[364] As a

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[363] An official of the USTR noted that Bob Zoellick was very conscious of the restrictions imposed on advocacy activities (Clatanoff, 2007).

[364] At a luncheon with Business Council for International Understanding, Evans' remarks echoed the concerns of his business audience:

> "Frankly, we have done a very poor job of explaining the tremendous benefits we enjoy in this country thanks to our presence in the world marketplace. We have decades of results confirming the universal rewards of expanding trade and commerce, yet it is still not clear to Americans that increasing trade opportunities is in their best interests." (cited in Armbruster, 2001).

USTR official remarked: "You gotta have a unified front, you gotta get your shit together before you go to Congress" (Clatanoff, 2007*). In this prospect, the Bush administration used its institutional capabilities – the trade advisory committee system and the multiple branches of the Department of Commerce – to reach out to the business community (ibid.). To coordinate these lobbying efforts and build momentum for TPA, the president invited BRT executives at the White House (Labaton, 2001).[365] The special relationship was key to the free traders' inside lobbying to the extent that the private sector provided the USTR with crucial information to identify the "vulnerabilities" of House representatives. According to Assistant USTR on Labor William Clatanoff,

> [Business coalitions matter] because they have the resources and the knowledge, if you will, to know who in Congress needed to be leaned on for any particular issue. (…) They would know, their members would know who, in Congress, would be susceptible to their pressure. And we [the USTR] were just too small (Clatanoff, 2007*).

To optimize the impact of presidential-corporate countermobilization, the chief executive, like his Democratic predecessor, relied on a cornucopia of policy concessions and pork-barrel deals. As other case studies have shown, protectionist side-payments are often an integral part of a president's "free trade" agenda or, more adequately, of his business-friendly trade policies. By providing little scope to the consideration of environmental and labor provisions and invoking security arguments to legitimize its economic agenda, the Bush administration and its congressional allies had alienated House Democrats. Politically, this meant that the White House would have to broaden support within its own party and reach out to the most ardent protectionists in Congress – those representing steel, farm and textiles interests (FT, 12/05/01; Kahn, 2001b).

[365] In this case, trade policy was not the only policy on the agenda of this event.

The first step of the Bush administration's deal-making strategy occurred in the early months of George Bush's presidency. In March 2001, the administration considered imposing three-year restrictions on steel imports. Three months later, briefly after Republican congressman Phil Crane submitted his trade proposal, the president took an initial step toward raising steel tariffs by filing a Section 201 "escape clause."[366] George Bush requested that the U.S. International Trade Commission investigate whether the U.S. steel industry – which had been going through a severe crisis since 1998 – had been harmed by a surge in the import of steel products (WT, 06/25/01; Shoch, 2002).[367]

Political analysts have offered a number of explanations of the White House's move, none of which are mutually exclusive. Often cited is the idea that George Bush's willingness to protect the steel industry stemmed from a desire to increase his popularity in steel-producing states such as Ohio, West Virginia and Pennsylvania in the anticipation of the 2004 elections (Murray, 2001; Shoch, 2002, Hubbard, 2007*). What is rarely explained, however, is why the President took this step only six months into his first term instead of waiting until the presidential campaign. More credible is the conjecture that George Bush might have sought to reward the steel industry for its support during the 2000 election. Yet, here again, it seems questionable that the administration would have inaugurated its trade agenda with a blunt protectionist move without any other political calculation. More likely, the White House's decision to protect

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[366] The escape clause is a provision of both GATT articles and U.S. law authorizing import relief as a temporary safeguard designed to protect American producers injured by import competition. Cases are filed by industries or unions in front of the U.S. International Trade Commission, after which the president approves whether temporary protection serves the "national economic interest." Congress may override the president's decision through enactment of a joint resolution (Destler, 2005, 346).

[367] George Bush's initiative represented a break from the inaction of the Clinton administration that had constantly resisted the protectionist calls of both steel labor and management (Hubbard, 2007). Although the steel industry won a number of antidumping cases, it never obtained comprehensive protection granted under escape clause cases (Destler, 2005, 248).

the steel industry was an integral part of its lobbying efforts on behalf of trade promotion authority. With the steel sector in serious disarray since 1998, support for trade liberalizing initiatives among steel-friendly representatives remained uncertain. President Bush's tactical move aimed to provide Rustbelt lawmakers with political cover to support future trade initiatives (Murray, 2001). According to Institute of International Economics trade expert Gary Hufbauer, "Basically, [USTR] Zoellick is a strategic thinker, and he's saying, 'Steel, well, that's the price to pay for fast track'" (cited in Cooper & Phillips, 2001).

This strategy proved particularly fruitful among GOP congressmen. Indeed, 46 of 52 Republican members of the House Steel Caucus voted in favor of TPA (Shoch, 2002). On the Democratic side, the effect of President Bush's steel deal appeared more limited (Cooper & Phillips, 2001).[368] This was partly due to the little substance given to labor standards in the TPA bill and the Steelworkers' refusal to endorse TPA – despite the import protection that it temporarily enjoyed.

Beyond the steel industry, the Republican administration also sought to appease agricultural interests. While the farm lobby had provided critical political muscle to win congressional backing for NAFTA, the Uruguay Round and PNTR, it seemed, this time, to suffer from a "trade fatigue" due to increased international competition for a range of fruit and vegetables, as well as declining prices for many U.S. commodities. In a typical replay of President Clinton's public relations tactics, the agriculture department released a letter signed by 10 former secretaries of agriculture that called Congress to back trade

[368] A spokesman for steel-friendly Indiana Democratic Representative Peter Visclosky reflected the intransigence of "old" Democrats: "Nothing the administration may or may not do (…) would in any shape or form influence Mr. Viclosky's opposition to fast track" (WT, 06/25/01).

promotion authority, warning that American farmers "have too much to lose if Congress fails to seize this opportunity" (Alden, 2001). Like his Democratic predecessor, the president also relied on his executive prerogatives to persuade two Republicans on a trip to Florida aboard Air Force One – a second case of "first-class arm-twisting at 37,000 feet" (Eilperin, 2001; Martinez, 2001)[369] Furthermore, the administration's support for the generous farm bill of October 2001 is likely to have appeased ambivalent lawmakers (Destler, 2005, 294). Finally, the White House offered a range of policy concessions that included a pledge to protect the Florida citrus industry from import surges from Latin America and a promise to create a Task Force on Florida Agricultural Trade in charge of finding new markets for Florida's farm products. While it is always difficult to trace the impact of such deal-making tactics, it is important to note that despite long-lasting doubts about the outcome of the TPA vote, a large majority of Republican representatives close to farm interests – 32 out of 34 Republican members of the House Agriculture Committee and the House Agriculture Appropriations Subcommittee – backed George Bush's bid for TPA (Shoch, 2002).

The third pillar of the White House's deal-making strategy targeted representatives from textile states. As George W. Bush sought fast track renewal, the U.S. textile industry was alarmed by declining employment and textile mill shipments partly due to the increased competition of Asian imports.[370] Once again, the president would act as a trade lobbyist, inviting representatives from hard-hit textile states to the White House (Koszczuk, 2001). To appease half a dozen Republican lawmakers from textile districts,

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[369] In the end, however, the two Republicans decided to oppose TPA. The details of the vote are available at: http://www.ecattrade.com/keytrade/content.asp?ID=220

[370] The textile industry sought to emulate the recent success of the steel sector and called the White House for protection. Read Hong Kong Trade Development Council (2001).

the chief executive committed not to increase Pakistan's market access in the U.S. textile and apparel market via an increase or reallocation in Pakistan's quotas (Public Citizen, 2005, 45). The Bush administration and its congressional allies eventually managed to convince two reluctant House representatives from North Carolina, Cass Ballenger and Robin Hayes, both of whom had claimed that they would oppose the trade bill as the floor debate began (Kahn, 2001a). According to the *New York Times*, the former saw it as his duty to support the president (ibid). The latter representative is sometimes credited with tipping the vote in favor of TPA and was rewarded by an immediate presidential statement endorsing his stand, as well as textile trade concessions (Destler 2005, fn. 34, 295).[371] But the most dramatic moment on the textile front came several minutes into the actual vote on TPA, when Republican Jim DeMint (R-SC) joined the free traders' side after obtaining a concession on textile imports. This concession, strongly opposed by House Ways and Means chairman Bill Thomas, came in the form of a letter signed by President Bush, who promised that any trade bill would have to ensure that Caribbean and Andean garment imports would use fabric finished and dyed in the United States (Destler, 2005, 295; Public Citizen, 2005, 43). DeMint's vote broke the 214-214 status quo and gave the Bush administration the narrowest trade victory it could win (Eilperin, 2001b; Martinez, 2001a). The White House was indebted to the strong arm-twisting methods of the Republican House leadership, which played a key role in assisting the administration in its deal-making efforts.

Despite the limitations of the "bipartisan" compromise negotiated with Cal Dooley and his two colleagues – three precious votes considering the narrow margin of the

[371] The Bush administration pledged to add 72 new customs inspectors to fight textile/apparel transshipment, a promise that it never kept (Public Citizen, 2005, 43).

legislative victory – the Bush administration proved slightly more conciliatory toward Democratic lawmakers as the vote came closer. The White House's bait for Democratic lawmakers included an economic-stimulus package to help workers affected by 9.11 and a promise to reform Trade Adjustment Assistance (TAA) and increase its budget to at least $3 billion.[372] Of course, the administration's labor-friendly concessions were always attuned to the priorities of the private sector. As mentioned earlier, ECAT and its allies had shown constant support for government aid to displaced workers since the first hearings on TPA, while opposing the enforcement of international labor and environmental standards. The White House's side payments to Democratic lawmakers reflected these preferences. This does not mean that the administration's outreach to the opposition was totally ineffective. According to Cal Dooley, these measures, fine-tuned during a meeting between George Bush and 12 Democrats helped unlock a few Democratic votes for TPA. Dooley, who had himself met with the President, estimated Democratic support at about 20 votes the day before the vote, an estimation that proved close to the final 21 Democratic votes in favor of TPA (Dougherty, 2001b; Kahn, 2001b; Destler, 2005, 295).[373]

Most of the vote-buying measures delivered by the Bush administration and the Republican leadership were policy concessions that were directly related to trade liberalization. Unlike its predecessor, the Republican president granted pork-barrel deals in only a few cases.[374] These included an increase in immigration staffing at U.S. border-

[372] The reform of TAA would become the focus of the Senate vote on TPA in 2002.
[373] According to Destler, TAA reform in the Senate the following year added four Democratic votes in favor of the final House TPA bill (2005, 298).
[374] One Republican member expressed his regret for not trading his support for a pet project: "it was just plain stupidity", "this is 'Santa Claus is coming to town' time" (cited in Eilperin, 2001a).

bridges in Texas and an allocation of $10 million for a Center for Disease Control in Colorado. Overall, the practices of the Bush administration mirrored the horse-trading tactics on which President Clinton had relied to overcome the opposition of fair traders.

In the end, the lobbying efforts of the White House and its congressional allies proved effective. Republican votes reached 89%, a remarkable increase from the Republicans' average 65%-to-75% support to free trade measures in the previous decade. This included 28 members who had opposed fast track renewal in 1998 (Shoch, 2002). Particularly significant was the conversion of the conservative wing of the Republican Party (Biglaiser, Jackson & Peake, 2004, 689), a group constantly opposed to trade liberalizing initiatives during the previous decade that likely responded to national security arguments. Their conversion offset the strong mobilization of Democrats against President Bush's free trade agenda.

Undeniably, the advocacy efforts of the corporate-White House alliance benefited from the unconditional support of the House leadership. After all, without the determination of Tom "the Hammer" Delay, the Bush administration might have backed down at the last minute. Yet, of even greater significance for the passage of the vote was the president's ability to draw allegiance from Republican lawmakers. Overall, GOP members who had voted with the president on roll calls in 2001 were particularly likely to back TPA. According to Biglaiser and his colleagues, legislative support for George Bush in 2001 was by far the strongest determinant of support for trade promotion authority – with a maximum relative effect of positive 47% (Biglaiser, Jackson & Peake 2004, 689). The authors' comparison of the 1997 and 2001 votes on fast track renewal

reveals that the party of the President can actually eliminate the effects of labor's influence – stemming from blue collar constituencies and unions' PAC donations. This fact provides statistical evidence that presidential countermobilization can thwart both inside and outside tactics of mobilizers. Magee (forthcoming) reaches a similar conclusion, showing, with a counterfactual analysis, that a Democratic President would have been unable to gather enough support for the TPA vote.

What must be added to this static picture of intra-branch relations is the active role that the executive branch must play to rally congressional support for trade bills in jeopardy, and the power implications of presidential lobbying. As previous case studies have shown, when congressmen are under heavy pressure to oppose trade liberalization, the executive branch cannot take partisan loyalty for granted and must utilize its institutional capabilities to counter the effects of fair trade mobilization. The Bush administration, like its Democratic predecessor, closely collaborated with the business community to win support among GOP members. It also relied on a conventional arsenal of policy concessions and pork-barrel deals – with fewer of the latter – to win approval of the vote with a narrow margin. Peculiar to the Bush administration's advocacy efforts was its use of "fear tactics," whereby the commander-in-chief invoked security objectives to promote its international business-friendly agenda and overtake the fair trade coalition on the finish line.

Conclusion

The interest groups dynamics of the TPA debates mirrored the fierce trade battles of the Clinton era. Although the prospect of defeating a united Republican government first seemed out-of-reach, the fair trade alliance came one vote short of achieving this daunting task. To fair traders' credit, environmental and labor issues occupied the center of the trade debates, sometimes even infusing the rhetoric of Republican leaders. More importantly, fair traders managed to rally an unprecedented majority of centrist Democrats behind their cause, bringing the TPA bill to the brink of collapse. Yet, once again, the executive branch joined the lobbying efforts of the business community to cement congressional support for trade liberalization – and import protection. In a context of partisan polarization, the president utilized his institutional prerogatives on behalf of the private sector. By collaborating with the business community and granting targeted side payments to the steel, textile and agricultural sectors, George Bush and his allies managed to keep Republican lawmakers loyal to the president's agenda. As in 1997, the special relationship between the executive branch and the private sector did not occur during the negotiating phase but at the final lobbying phase. Key to the success of the free trade coalition was President Bush's ability to capitalize on the "rally-around-the-flag" effect of the 9/11 terror attacks. By using trade liberalization as a policy tool for the "war on terror," the Bush administration managed to obtain the support from an unprecedented majority of his party followers. These fear tactics offset George W. Bush's distraction from the nitty-gritty of domestic trade politics. With the help of an assertive House leadership and a militant duo at the helm of the USTR and DOC, the White House and its corporate allies delivered a new blow to labor and environmental advocates. The

partisan polarization in Congress and the perennial conflicts surrounding trade debates led trade insiders to interpret the tight passage of the trade promotion authority bill as "a pyrrhic victory" or a "recipe for trouble" that would jeopardize the passage of future free trade agreements.[375] The next legislative battle would test their predictions – and the political significance of the special relationship.

[375] The first expression was Charles Rangel's verdict on the TPA vote (cited in Kahn, 2001b). The second was Destler's analysis as reported in the Washington Times (Dougherty, 2001b).

CHAPTER 7: The Dominican Republican - Central American Free Trade Agreement

After its protracted battle to renew trade promotion authority, the Bush administration shifted gears to pursue its trade-liberalizing agenda, starting with the negotiations of small bilateral free trade agreements (FTAs) with Chile and Singapore. The administration's penchant for bilateral routes was partly driven by the "competitive liberalization" strategy of United States Trade Representative Robert Zoellick, who saw these initiatives as building blocks for larger regional agreements like the Free Trade Agreement of the Americas (FTAA). Following this logic, the United States concluded negotiations with El Salvador, Guatemala, Honduras and Nicaragua to establish a Central American Free Trade Agreement (CAFTA) in December 2003. Later in 2004, Costa Rica and the Dominican Republic announced their intention to join the agreement. The U.S.-Dominican Republic-CAFTA – hereafter referred to as CAFTA – became the largest of the FTAs that entered into force under the Bush administration (Heiser & Swann, 2005).[376] Designed on the same lines as the controversial NAFTA, CAFTA was bound to generate much political heat. More than a small regional agreement, CAFTA represented another referendum on the rules of globalization as defined by the NAFTA model (Meyerson, 2005; WP, 07/26/05; Engler, 2004).

Like the TPA battle, the CAFTA debates took place in an increasingly partisan context dominated by the Republican Party, which consolidated its House majority in both 2002 and 2004, while also asserting its dominance in the Senate. While important to

[376] This was true in 2005 as it is at the end of President Bush's tenure. The list of these FTAs includes: Jordan, Singapore, Chile, Jordan, Morocco, Australia, CAFTA, Bahrain and Peru.

the outcome of the vote, the partisan context of the TPA debates did not alter the larger institutional dynamics of the trade policy process. Once again, this political fight pitted a coalition of civil society groups against an alliance between the private sector and the executive branch. As in previous case studies, the institutional prerogatives of the business community constituted a major obstacle to the fair trade cause, whether during the negotiating phase (as the first section will show) or during the lobbying phase (as the second section will demonstrate).

I) SHAPING THE TERMS OF THE CAFTA DEBATES

CAFTA's business-friendly design

The interests of the business community in the negotiations of CAFTA mirrored the enthusiasm that the private sector had shown a decade earlier. At first sight, it can seem surprising that a set of such small countries – with the combined size of the Czech Republic (Meyerson, 2005) – would draw such strong support from corporate organizations. Yet, as the latter would repeatedly argue during the CAFTA debates, Central American countries were avid consumers of American exports, importing more U.S. goods and services in 2001 than India, Indonesia and Russia combined (U.S. Chamber of Commerce (USCC) & Association of American Chambers of Commerce in Latin America (Chamber of Commerce of the USA & Association of American Chambers of Commerce in Latin America (AACLA), 2002; CCUSA, 2005).[377] In terms of market size, CAFTA was also the largest FTA negotiated under the Bush

[377] The five Central American countries purchase about 70 % of their non-oil imports from the United States (CCUSA & AACCLA, 2002).

administration (Erikson, 2004/2005). At the turn of the century, Central America stood as America's second-largest market for U.S. exports in Latin America (McGraw, 2005). One third of these exports constituted textile and apparel products; another third was computers and electronics; and another large part was farm goods (Fendell, 2005).

Before the negotiations, bilateral trade between Central America and the United States operated within the framework of the Caribbean Basin Initiative (CBI), which unilaterally – albeit conditionally – opened America's market to Central American exports.[378] Large business associations saw CAFTA as an opportunity to "level the playing field" between all trading partners (USCC, 2005) and boost American exports of both manufacturing (e.g. textile, chemicals, auto products, machinery etc.) and agricultural goods, as well as services like telecommunications, insurance and banking (Castellani, 2005; Sowinski, 2006).

As with NAFTA, the business community's interests in CAFTA went beyond trade in goods and services. Once again, investment ranked at the top of the private sector's agenda. In manufacturing sectors, particularly in the textile and auto industries, some companies hoped to exploit new investment opportunities to consolidate their business operations on a regional scale. These transnational processes were reminiscent of corporate restructuring under NAFTA. In the business magazine *World Trade*, the Executive Director of the Pro-Nicaragua Investment Promotion Agency declared: "Everybody is talking about China, but you can have 'China-type' cost structures within a two-hour flight from the U.S." (cited in Sowinski, 2006, 68). Needless to say that auto and textile workers did not see these "cost structures" in the same light. This means that,

[378] See chapter 2.

once again, capital liberalization would split industries along class lines: while American capital hoped to increase its competitiveness through offshoring, labor was likely to be the first victim of these restructuring processes.

In the service sector, CAFTA promised to create new opportunities for U.S. firms in a wide range of sectors including consulting, banking or IT services in the Central American countries – opportunities that could be safeguarded by a strong, NAFTA-like dispute settlement mechanism (Sowinski, 2006). Finally, intellectual property rights had become integral part of America's "free" trade agenda. Building upon success achieved at both regional (NAFTA) and multilateral (WTO) levels, business organizations pressed U.S. negotiators to adopt strong provisions for intellectual property rights.

Drawing from the NAFTA model, CAFTA would meet most, if not all, of the grievances formulated by the internationalist business community. Not only would CAFTA expand market access beyond the WTO government procurement agreements,[379] but it would also protect American investors in Central American countries in the same fashion as NAFTA's controversial chapter 11 (Castellani, 2005). As for intellectual property rights, CAFTA was so generous that it would raise new concerns about access to affordable medicine among development NGOs. CAFTA's chapter 15 on intellectual property rights was, indeed, designed to delay or restrict competition from generic medicines. As such, it creates new obstacles for the use of compulsory licenses[380] and extends patent protection beyond the 20 years granted to corporations under the WTO's

[379] None of the CAFTA countries were signatories of the WTO agreements.
[380] Governments issue compulsory licenses to temporarily override a patent so as to protect the public interest (Oxfam America, 2003).

Trade-Related Aspects of Intellectual Property Rights (TRIPs) (Oxfam America, 2003).[381]

CAFTA also met the expectations of American exporters by immediately eliminating tariffs on 80 % of U.S. manufactured goods and 50 % of U.S. farm products with the rest phased out over longer periods (USCC, 2005). But as Central American delegates would soon realize, Washington's agenda had less to do with "leveling the playing field" than aggressively defending American business interests. Under the pressure of U.S. textile industries, Washington included strong rules of origin to restrict Central American textile industries' ability to import yarn from China and Southeast Asia. These rules of origin would ensure the pivotal support of the textile industry for CAFTA,[382] which stood in stark contrast with the vehement opposition of UNITE.

By forcing Central American countries to use only regional – i.e. U.S. – textile components, U.S. trade negotiators imposed higher costs on an industry increasingly challenged by Asian competition. Second, owing to the fierce lobbying efforts of the powerful U.S. sugar lobby,[383] CAFTA imposed strict limits on sugar exports to the United States. Thus, after fifteen years, Central America will get only a market access quota amounting to 1.7 percent of total U.S. production.[384] More than anodyne addenda to a complex agreement, these provisions undermine the comparative advantage of

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[381] In addition, CAFTA restricts the use of test data for pharmaceutical products for 5 years, thereby denying generic manufacturers important information for the release of new drugs (Oxfam America, 2003).
[382] For more details on the rationale behind the textile industry's interests in CAFTA's rules of origins, see National Council of Textile Organizations (2005).
[383] Although sugar only represents 1 percent of U.S. farm revenues, the industry has accounted for 17 percent of agriculture's political donations since 1990 (Erikson, 2004/2005, 20).
[384] In contrast, Washington – under the pressure of the business community – rejected the demands of Central American countries for sectorial exceptions. Read Business Coalition for U.S.-Central America Trade (2003).

Central American economies in two pivotal sectors (Erikson, 2004/2005, 21; Griswold & Ikenson, 2004, 6).[385] Thus, Washington's official commitment to lift CAFTA countries out of poverty through trade liberalization contrasts with the unleveled playing field of U.S.-Central American trade under CAFTA. This revealed that, once again, the voice of American businesses had largely dominated trade and investment negotiations, a reality confirmed by the narrow scope of environmental and labor provisions.

The labor and environmental smokescreen

From the beginning of the negotiations, the business community resisted the linkage between trade, labor and the environment. In a November 2002 report, the U.S. Chamber of Commerce declared it "inappropriate to address these issues in the text of a trade agreement" and denounced fair trade as "protectionism by another name" (USSCC & AACLA, 2002). As in previous debates, business associations continued to favor a voluntary, low-enforcement approach to environmental and labor provisions that would exclude trade sanctions as punitive mechanisms. They reaffirmed the positive impact of trade liberalization on environmental and labor standards and recommended separate "capacity-building" measures to assist Central American nations in these fields (Business Coalition for U.S.-Central America Trade, 2003b).

To protect themselves from accusations of opposing social and environmental progress, key members of the pro-CAFTA business coalition formed the "Business

[385] The textile industry represents one fifth of the region's jobs (Erikson, 2004/2005, 25).

Coalition for Capacity Building" in the second half of 2003[386] – at the same time as their advocacy efforts on behalf of CAFTA took shape. The organization consisted of a "private, non-partisan coalition of companies that work with governments, international organizations, and NGOs to promote effective capacity building in the developing world" with a core focus on "the rule of law and good governance, labor standards, economic development, education and environmental stewardship" (BCCB, 2003). Without a doubt, this business initiative aimed to de-link trade from environment and labor issues – like the "clean" TPA bill designed by the Republican leadership a few years earlier. It was also part of the free trade communications campaign devised by the private sector.

To what extent did the Bush administration follow the low-enforcement formula prescribed by the business community? At first sight, the inclusion of both environment and labor chapters in the core text of CAFTA – an innovation from NAFTA's side agreements – seems to show that the White House did not heed the private sector's exhortations. Yet, a closer examination of the language of CAFTA's blue and green provisions reveals that the administration's promises did not go much further than the table of contents.

In fact, CAFTA's text follows the low-enforcement prescriptions established under the Trade Promotion Authority. The agreement only requires the enforcement of each country's national labor and environmental laws, whether or not these are consistent with international standards. As in the Chile and Singapore FTAs, the signatory countries ostensibly reaffirm their commitment to the ILO's "Declaration on Fundamental

[386] Members are Gap, AIG, Exxon Mobil, Intel, Limited Brands, Microsoft, Pfizer, and Procter & Gamble. For more details, see the BCCB's website: http://bccb.info/pages/who.htm

Principles and Rights at Work" and recognize that it is "inappropriate to encourage trade or investment by weakening or reducing the protections afforded in domestic labor laws". However, the only obligations subject to the dispute settlement mechanism pertain to the failure to enforce *national* laws, not the ILO's core labor standards[387] (like the U.S.-Jordan FTA). Even this restrictive clause gives the negotiating parties "a reasonable exercise of discretion" for investigatory and compliance matters. Most importantly, the violation of labor and environmental provisions can only be remedied through monetary assessments, not sanctions – a crucial distinction for business advocates (CAFTA-DR, articles 16.2 & 17.2). The treatment of labor and environmental issues contrasts with the violation of commercial provisions, which can lead to sanctions or punitive fines to compensate for financial damages. In sum, the low-enforcement of CAFTA's labor and environmental chapters was clearly in sync with the priorities of the business community (Elliott, 2004).

The administration's emphasis on capacity-building also mirrored the preferences of the private sector. In one of its CAFTA policy briefs, the USTR highlighted its financial commitments to raise environmental and labor standards through capacity-building. Its efforts to protect workers' rights in Central America included, among other things, a pledge to help CAFTA countries modernize their labor justice system and improve their ability to monitor and enforce labor laws. On the environmental side, the USTR praised the merits of its new Environmental Cooperation Agreement, an entity that would allegedly help Central American nations strengthen their environmental institutions and

[387] The ILO's four core labor standards are 1) the freedom of association and the right to collective bargaining; 2) the elimination of forced and compulsory labor; 3) the abolition of child labor; and 4) the elimination of discrimination in the workplace. See ILO (1998).

comply with international environmental treaties (USTR, 2005b). CAFTA members also established a new Environmental Affairs Council to promote cooperation among representatives from environmental ministries and agencies in annual meetings. Yet, the fact that CAFTA, unlike NAFTA, did not establish a permanent institution to foster environmental cooperation meant that environmental advocates would have even greater difficulties to promote conservation in Central America than they had in Mexico.

The joint praise of CAFTA's blue and green provisions by the USTR and the private sector during the CAFTA campaign was a clear sign of their agreement. Business advocates hailed CAFTA as "a strong catalyst for promoting improved working and environmental conditions in the region" (Castellani, 2005). "Free" traders based their claims on two assumptions that stood in stark contrast with the criticisms raised by fair trade advocates. First, they argued that CAFTA's blue and green provisions, and particularly its "robust" capacity-building mechanisms went beyond those of previous agreements (McGraw, 2005). Second, business organizations depicted CAFTA's "binding commitments" to enforce national laws as strong guarantees for the protection of labor and environmental standards (McGraw, 2005; Castellani, 2005). They held the ratification of the ILO's eight core conventions by 5 out of 6 Central American countries as solid proof that workers' rights would be respected (McGraw, 2005; Chamber of Commerce of the United States of America & Association of American Chambers of Commerce in Latin America, undated).[388]

[388] Raising a taboo for the private sector, one business advocate implied that the U.S. labor law may not be as compliant to ILO standards as Central American countries:

If the business community often exaggerated the merits of CAFTA's environmental and labor package, the policy briefs of the USTR were even less nuanced. First, the USTR remained silent over NAFTA's controversial legacy in both labor and environmental fields. Second, it emphatically defended CAFTA's labor provisions as "world class, best ever" and its "environmental firsts" as "strong procedural guarantees" for the respect of environmental laws (USTR 2005c; USTR 2005). Third, the USTR misleadingly stated that CAFTA's environmental and labor provisions were superior to both NAFTA and the U.S.-Jordan FTA – an assumption contested both by fair traders and policy analysts.[389] The hyperbolic tone of the USTR and its partiality toward corporate interests was not merely a manifestation of President Bush's political agenda. In fact, it resembled the eulogistic reports that the USTR had produced on NAFTA under the Clinton administration (USTR, 1999), despite the agreement's mixed economic record in the three NAFTA countries.[390]

Fair traders' views on CAFTA's package

While the administration's voluntary approach to labor and environmental issues won acclaim within the business community, it drew fierce criticisms from fair traders. Soon, the White House's "enforce-your-own-laws" formula occupied the center of the debates

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> Speaking as both a former member of the United Auto Workers and a former manager in the U.S. offices of an airline whose workers were members of the International Brotherhood of Teamsters, my experience is that the laws on the books in these countries are more protective of workers' rights than union contracts in the United States today (Fendell, 2005).

[389] For labor provisions, read Elliott (2004). For environmental ones, read Audley (2003) and Gallagher (2005).

[390] NAFTA had a modest impact on the U.S. and Canadian economies, yet had generated serious adjustment shocks for Mexican agriculture. For more details, read Polasky (2006) and Azuelos, Cosio-Zavala & Lacroix (2004).

on CAFTA. To refute free traders' optimistic assessments of the state of labor laws in Central American countries, American labor unions – in conjunction with their Central American counterparts and human rights advocates like Human Rights Watch and Oxfam – garnered evidence of the pervasiveness of worker rights violations in each of the CAFTA countries.[391] The AFL-CIO and its allies underlined the inability and/or unwillingness of Central American governments to meet the ILO's international labor standards (AFL-CIO, 2004).

For them, CAFTA fell short of improving Central America's respect of workers' rights in any substantive way. Far from being the "best ever" – as claimed by the USTR – the agreement's labor provisions represented a step back from the U.S.-Jordan FTA, whereby the dispute settlement mechanism could – at least officially[392] – address violations of ILO core standards as opposed to national laws (AFL-CIO, 2005; Trumka, 2005). More unsettling for labor unions, CAFTA eliminated the sanction-based enforcement provisions contained in the General System of Preferences (GSP) and the Caribbean Basin Initiative (CBI) (Levinson, 2005, 7; Trumka, 2005). As explained in chapter two, these had been pioneering institutions for the linkage between trade and labor rights (Charnovitz, 1987, 573-4; Compa & Vogt, 2001, 202).[393] For unions, CAFTA's weak enforcement system would undermine this system of preferences and

[391] Frequently reported among workers' rights violations were inhuman working conditions and faulty work inspections, delays and obstructions in law enforcement by labor ministries, a collusion between the latter and employers to deny workers' rights to organize, and procedural impediments to calls for strikes (Lee, 2002; AFL-CIO, 2005b; AFL-CIO, 2004).

[392] See chapter 6, fn. 337, page 295.

[393] At a hearing before the House Ways and Means Committee, AFL-CIO Secretary-Treasurer Richard Trumka described the GSP's legacy in hyperbolic terms:
"Nearly every labor law reform that has taken place in Central America over the past fifteen years has been the direct result of a threat to withdraw trade benefits under our preference programs" (Trumka, 2005, 5).

give employers and governments "more freedom to deny workers their fundamental human rights" (AFL-CIO, 2005b).

In addition, labor advocates rejected the Bush administration's preference for technical cooperation or "capacity building" as a means of strengthening Central American labor laws. For the AFL-CIO, the millions of U.S. dollars spent on labor rights programs over the past few years had done little to protect Central American workers. Labor advocates were all the more skeptical of these programs since labor rights funding to CAFTA-countries had fallen by 43 percent between 2003 and 2004. George W. Bush's repeated efforts to shrink the budget of the Department of Labor's (DOL) International Labor Affairs Bureau (ILAB) undermined the credibility of his commitment to worker rights (AFL-CIO, 2005c).[394]

Environmentalists and consumer organizations raised similar criticisms over CAFTA's green package. Once again, a chorus of green organizations, joined by the vocal Global Trade Watch, expressed their disapproval of what they deemed as an "anti-environmental trade agreement."[395] First, environmentalists rejected CAFTA for its failure to build on the institutional gains achieved over the previous decade. If they criticized Washington for applying the NAFTA-model to CAFTA's investment rules, they also saw the Central American accord as a "step back" from NAFTA's environmental innovations. This was primarily due to the absence of a permanent

[394] During his presidency, George W. Bush has constantly requested dramatic cuts in the ILAB budget. Although Congress rejected his proposals, it did cut the ILAB budget from more than $140 million in 2002 to $72 million in 2007 (AFL-CIO, 2005C; see also Elliott 2004). George W. Bush's request for 2009 would cut the ILAB budget by 81% (OMB, 2008, 759).

[395] This coalition included former NAFTA-backers like the National Wildlife Federation and the Natural Resources Defense Council. Other prominent actors included the Sierra Club, Friends of the Earth, the League of Conservation Voters, Defenders of Wildlife, Earthjustice and the Center for International Environmental Law (Defenders of Wildlife et al, 2005).

environmental cooperation institution like the North American Commission on Environmental Cooperation (NACEC) (Center for International Environmental Law (CIEL) et al, 2004; Defenders of Wildlife et al, 2005). Second, like labor and human rights advocates, green organizations denounced the shortcomings of the Bush administration's capacity-building approach to trade-environment questions. While acknowledging modest progress in the CAFTA's public submission process, most environmentalists questioned the government's willingness to produce concrete environmental gains. Drawing from the lessons of the implementation of previous bilateral free trade agreements,[396] they warned Congress that it would be unable to meet its environmental objectives without adequate funding for its capacity programs (CIEL et al, 2004; TEPAC 2004, 5). Third, unlike labor and human rights advocates, environmental and consumer advocates were not concerned as much by Central American countries' weak law enforcement as by the administration's failure to reform NAFTA's investment model (CIEL et al, 2004).[397] Once again, environmental and consumer organizations were alarmed by the "harmful anti-environmental suits," whereby investors could challenge domestic regulation in front of international tribunals (CIEL et al, 2004; Wallach, 2005; Defenders of Wildlife et al, 2005). Public Citizen also drew attention to CAFTA's wording on "indirect expropriation" and the intrusive nature of its government procurement clauses. According to Lori Wallach, CAFTA would not

[396] The Bush administration never followed through on its commitment to provide technical assistance and establish a cooperative trade and environment agenda with its FTA partners – Jordan, Chile and Singapore (Audley 2003, 3).

[397] CAFTA's investment provisions were defined in chapter 10. Given the controversies that had surrounded NAFTA's chapter 11 over the decade, one can surmise that the change in number – like the change from fast track to trade promotion authority – was not fortuitous.

only restrict a country's ability to give preference to local firms or workers in government contracts, but also prohibit the imposition of "performance requirements" on contractors like the implementation of environmental or labor standards (Wallach, 2005, 3-5).

Not all environmental organizations opposed CAFTA, however. Amidst a chorus of criticisms, the Humane Society International (HSI) became an isolated yet prominent supporter of the trade agreement. In testimony to the House Ways and Means Committee in April 2005, its president Patricia A. Forkan reminded her audience of her participation in the Seattle protests[398] and criticized other green organizations for not acknowledging "the far reaching and innovative provisions of DR-CAFTA." In dissent from the stance adopted by other environmental organizations, she insisted that the obligations of CAFTA-countries under the accord had "teeth" (Forkan, 2005, 6, 5). HSI's defection from the green ranks drew severe criticism from other environmental groups and eco-friendly Democrats, some of which attributed HSI's support of CAFTA to a $500,000 United States Agency for International Development (USAID) grant the organization received in October 2003 to conduct projects in Central America. HSI's critics pointed out that before receiving the grant, the Humane Society had opposed all major trade-liberalizing bills including NAFTA and PNTR. They also accused HSI of illegally using some of its grant money to lobby in favor of CAFTA and demanded investigations by the GAO (Blustein, 2005).[399]

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[398] The Humane Society allegedly created the famous turtles costumes (Forkan, 2005, 2).

[399] Forkan denied accusations of corruption, claiming that she changed her position after participating in a capacity-building committee sponsored by the USTR in late 2002: "When you're offered a seat at the table, as Ambassador Zoellick did, it didn't make any sense to not at least try to improve the situation" (cited in Blustein, 2005, 1).

HSI's apostasy was a clear example of the decentralized nature of the environmental movement: despite years-long efforts to formulate a political consensus on the trade-environment linkage, each green NGO remained free to pursue its own interests. Regardless of the real motives behind HSI's support for CAFTA, its mutiny bore little resemblance to the split that the environmental movement had experienced during the NAFTA debates. Not only was the green organization isolated in its support for CAFTA but, as a whole, environmental groups never became the pivotal constituency they had been in the early 1990s. This was due to two factors. First, labor unions, while reaching out to other fair trade advocates continued to play a central role in the mobilization against free trade. As a result, their concerns over job losses and workers' rights prevailed – as had fears of a "giant sucking sound" a decade earlier. Second, environmental problems in Central America were never as tangible to Congressmen or to the press as air and water pollution in the Mexican *maquiladoras.*

For the purpose of this study, what is important is that most U.S. environmental and consumer organizations involved in the CAFTA debates saw the terms of the trade agreement as largely inadequate – in contrast with administration officials and business advocates who had worked together to restrict the scope of CAFTA's labor and environmental provisions.

Tracing the institutional roots of CAFTA's skewed design

As with previous trade agreements, the private sector's privileged access to trade negotiations largely accounted for CAFTA's skewed design. Once again, the special relationship between the executive branch and the business community operated through both formal and informal channels. The institutional bias of the trade policy process was exacerbated by the close ties between the Republican Party and the business community, and particularly by the deliberate attempts of the White House to misrepresent or simply ignore the voice of labor, environmental and consumer interests.

In December 2002 – a few months after the Senate ratification of Trade Promotion Authority – the Bush administration announced its list of appointments for the 2003-2004 membership of the Advisory Committee for Trade Policy and Negotiations (ACTPN), the most influential tier of the TAC pyramid. According to the non-polemical *Inside U.S. Trade*, the thirty-two appointments of the White House represented "a mix of major Republican campaign donors, free trade theologians and a few people with close ties to USTR Robert Zoellick" (IUST, 12/13/02). As the PNTR case study has shown, the fact that the Bush administration rewarded political donors was not unusual in the trade policy sphere. Unprecedented, however, was, the complete overhaul of the ACTPN – the dismissal of all of President Clinton's appointees – and the White House's refusal to include *any* labor, environmental or consumer in the trade policy process. In this case, President Bush exerted his political leeway not to broaden the range of stakeholders taking part in the decision-making process, as his two predecessors had done, but to exacerbate the corporate bias of the trade government machinery. In the words of a

former ACTPN member: "There's been no effort to try to provide a diversity of opinion. It really takes away any credibility from the process" (cited in IUST, 12/13/02).

George W. Bush's decision to exclude fair traders from the TAC system elicited strong reactions from the labor community. The AFL-CIO filed a lawsuit in the U.S. District Court for the District of Columbia to demand that the White House comply with the provisions of the Trade Act of 1974 requiring that the committee "include representatives of non-Federal governments, labor, industry, agriculture, small business, service, industries, retailers, nongovernmental, environmental and conservation organizations, and consumer interests" (Trade Act 1974 § 2155(f); IUST 12/20/02).[400] According to AFL-CIO President John Sweeney, the Bush administration's restructuring of the ACTPN membership "defeats the entire purpose of the advisory committee system, which – at its best – could help shape U.S. trade policy so that it would serve the broad public interest, rather than simply forward an exclusively corporate agenda" (AFL-CIO, n.d.). What was surprising in the AFL-CIO's response was not the fact that it contested its total exclusion from the policy process but the fact that it sometimes seemed to defend the logic of the TAC – in contradiction with earlier criticisms that labor advocates had raised against the shortcomings of this institutional apparatus.

In response to these grievances, President Bush appointed two additional members to the ACTPN: Teamsters President James Hoffa and a representative of "Citizens for a Sound Economy," an industry-funded organization promoting free market policies (Source Watch, nondated). The latter was arguably appointed as a "phony" consumer organization – to use the words of AFL-CIO Legislative Director Thea Lee – to

[400] I am grateful to AFL-CIO Legislative Director Thea Lee for raising this point.

complement the representative of the "Global Environment & Technology Foundation," a business consultant standing for environmental interests. Even after these additional appointments, 28 out of 34 members – more than 80% – were representatives from the business sector. A few months later, a coalition of NGOs addressed a letter to the USTR demanding that CAFTA be postponed because of the inadequate input of civil society groups (IUST, 12/20/02).

The private sector's domination of the policy process allowed it to tailor the free trade agreement to its interests, whether this pertained to investment, IPR provisions, or the scope of labor and environmental clauses. At the end of the negotiations, ACTPN members almost unanimously praised the terms of CAFTA: "We believe the agreement fully meets the negotiating objectives laid out in the Trade Act of 2002, and believe it to be strongly in the best economic interest of the United States" (ACTPN, 2004, 1). James Hoffa submitted the only dissenting opinion within ACTPN, declaring that "CAFTA simply replicates the flawed trade policies of the past." (ibid, 8).

The membership of the second tier of advisory committees was even more biased toward business interests, giving hardly any opportunity of participation to either labor, environmental or consumer advocates. As during the 1990s, the vast majority of Industry Sectoral Advisory Committees (ISAC) members were representatives from the business sector. According to a study by Darves and Dreiling (2007), ISAC members in 2003 had the following characteristics: they were commonly the largest firms in their sectors, politically very active through high levels of PAC donations, and highly interconnected with other firms and corporate alliances like "the Business Coalition for U.S.-Central

America Trade."[401] Thus, during the CAFTA debates as during the NAFTA and PNTR battles, many firms played the roles of both trade "policymakers" and lobbyists, first participating in the negotiations of the trade agreement with the White House, before lobbying intensively for its ratification in Congress – with the help, once again, of the Oval Office.

In contrast, the role of fair traders in the policy process was confined to the lobbying phase. Unions continued to be excluded from ISACs. The absence of labor delegates in the ISAC tier was notable considering the divergence between producers' interests – in favor of developing a "strong and successful supply chain between the U.S. and Central America" (ISAC-8, 2004) – and those of workers who might lose their jobs as a result of these economic processes. Despite clear class cleavages within sectors like the textile or auto sectors, labor did not have even a single representative in the trade advisory committees on textiles and apparel (ISAC-15), transportation, construction, mining and agricultural equipment (ISAC-16)[402] or footwear, leather and leather products (ISAC-8). Thus, it was not only the political appointments made by the Bush administration but, in a more systemic manner, the sectoral structure of the TAC system that, through another case of path dependence, continued to be ill-adapted to the class conflicts corollary to capital liberalization.

Environmentalists were hardly better represented in this institutional maze. Not until they filed another lawsuit against the executive did they manage to obtain a permanent

[401] This coalition led the business campaign on behalf of CAFTA. The second section of this chapter describes its lobbying activities in greater details

[402] During the CAFTA negotiations, the ISAC-16 represented primarily the motor vehicles and motor vehicle parts and equipment industries (ISAC-16, 2004, 3).

seat on the industry sector advisory committee on chemicals. This added to the two seats they had won in the ISAC for paper and paper products (ISAC-12) and for lumber and wood products (ISAC-10) – once again, after a court injunction. Also absent from the negotiating table were consumer or public health advocates, who had become alarmed by CAFTA's far-reaching scope, particularly in regard to its provisions on intellectual property rights. In a diatribe entitled "Public Health and the Rigged U.S. Trade Advisory System", Joseph Brenner and Ellen Shaffer, co-directors of the Center for Policy Analysis on Trade and Health denounced the corporate bias of the trade policy process:

> Business and trade association representatives dominate [trade advisory] committees. But international trade agreements do not just affect narrow commercial interests. There is growing recognition that these trade deals can significantly shape public health-related policies both in the United States and in other countries, by requiring changes in laws and regulations and especially by foreclosing policy options that countries may wish to pursue in the future (Brenner & Shaffer, 2004).

Thus, the structure of the TAC membership was ill-adapted to the far-reaching scope of free trade agreements, allowing corporate interests to dominate the trade policy process to the detriment of the growing pool of trade policy stakeholders such as environmental, consumer and public health advocates. Brenner and Shaffer (2004) listed a number of advisory committees whose mandate had clear ramifications with public interest issues, but where corporate advocates faced no constraints from civil society groups: the Intellectual Property Rights advisory committee (Industry Functional Advisory Committee – IFAC – 3), largely dominated by the pharmaceutical industry; the Tobacco, Cotton and Peanuts ATAC (Agricultural Technical Advisory Committee for Trade), striving to reduce barriers and taxes on tobacco products; and perhaps more

ironically, the Consumer Goods advisory committee (ISAC-4), which excluded representatives from consumer organizations.

Even in the third tier of the trade advisory committee system, supposed to represent labor and environmental interests, the voices of fair traders were muffled. In the Trade and Environment Policy Advisory Committee (TEPAC), only 6 of the 28 members came from independent environmental groups, while 2 represented consumer interests. In contrast, 15 members – a majority – belonged to the business community (TEPAC, 2004). This explains why there were such divergences within the final TEPAC report. On the one hand, a majority of TEPAC's members declared that CAFTA "meets Congress's negotiating objectives as they relate to environmental matters" and declared "that trade agreements can create opportunities to enhance environmental protection" (TEPAC, 2004, 3). On the other, almost all environmental and consumer NGOs dissented from the committee's final report, explaining the reasons for their opposition to CAFTA and their broader concerns with American trade policy in the report's appendixes. United or divided, the TEPAC remained an isolated voice in the trade policy process, a form of "window dressing" – in the words of a member of the committee (Magraw, 2008*)[403] – that dealt with questions of marginal significance to trade policymakers. Admittedly, the TEPAC's recommendations did lead CAFTA-members to sign a supplemental "Environmental Cooperation Agreement" to encourage environment capacity-building through a new allocation of $1 million in addition to regular USAID funding (Hornbek, 2005, 27). Yet, as is often the case, this promise stood in stark contrast with the sharp

[403] Another interviewee on the labor side used the same expression to describe the role of labor representatives in the TAC system (Levinson, 2008*).

funding cuts of USAID environmental programs that the Bush administration had undertaken since the beginning of its term.[404] Center for International Environmental Law President Daniel Magraw, a member of TEPAC expressed its disillusions with the policy process:

> Right now, the system is not working very well. I don't think, as I said, that this government cares about health and the environment, except as something to trade off… so they don't really want to listen much. (Magraw, 2008*).

The members of the Labor Advisory Committee (LAC) faced similar challenges to make their voices heard in the trade policy process. Unlike the TEPAC, however, the LAC was united in its opposition to CAFTA, declaring that "the agreement repeats many of the same mistakes of the North American Free Trade Agreement (NAFTA), and is likely to lead to the same deteriorating trade balances, lost jobs, and workers' rights violations that NAFTA has created" (LAC, 2004, 1). In a clear display of the class dimension of trade conflicts, the LAC did not release any dissenting – i.e. pro-CAFTA – views, despite the large variety of unions represented in the advisory committee – from traditional protectionists like the Steelworkers to more internationalist sectors such as the International Longshoremen and Warehousemen's Union and others less affected by trade including the American Federation of State, County and Municipal Employees (AFSCME) or the American Federation of Teachers (AFT) (LAC, 2004). For all its unity, however, the LAC was only a lonely voice in the chorus of trade advisory committees praising the economic merits of CAFTA.

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[404] Programs for managing natural resources and protecting the global environment represented the largest area of funding cuts in U.S. foreign aid since the beginning of President Bush's first mandate, plunging 20% below their levels of 2001 (Tarnoff & Lowells, 2004).

The private sector's overwhelming domination of the TAC system allowed it to exert key influence on the terms of the trade agreement. With the assistance of the executive branch and through "constant monitoring of the negotiations" (Wenk, 2008*), business associations managed to tailor CAFTA to their needs. As with the negotiations of NAFTA and PNTR, the private sector's prerogatives went beyond the formal structure of the TAC to take more informal forms. Through a routinized process of consultation (emails, faxes, ad hoc meeting, etc.), the executive branch sought constant guidance from the private sector, allowing it to shape the terms of CAFTA and limit the scope of labor and environmental provisions (Brenner & Shaffer, 2004).

Some have argued that the scope of CAFTA's blue and green package was the result of a difficult compromise between the demands of fair trade advocates, business representatives and America's trading partners, who feared that Washington might invoke environmental and labor protection for protectionist purposes (Schott, 2005). Yet, this argument is hardly more convincing as an explanation for what happened in 2005 than it was for the NAFTA outcome. Here again, there is little doubt that American trade negotiators could have imposed much stronger labor and environmental conditions on their Central American counterparts: the intrusive nature of CAFTA's intellectual property rights provisions is only one example of the significant concessions that America's trading partners were willing to accept to conclude the CAFTA negotiations.

Conclusion

In sum, during the CAFTA negotiations, the private sector overwhelmingly dominated the three tiers of the TAC system, allowing business associations to shape the agreement in accordance with their interests. As with previous trade agreements, the structure of trade advisory committees remained ill-adapted to the far-reaching implications of the CAFTA, leaving out important stakeholders from the policy process. First, trade negotiations continued to be conducted under the rationale that capital and labor share the same interests, despite the intra-industry class conflicts corollary to investment liberalization. The executive branch excluded union representatives from the negotiating phase and, for both institutional and political reasons, provided little scope to labor provisions. Second, the TAC system continued to marginalize or simply exclude environmental, consumer and public health interests from the decision-making process, leaving business interests in full charge of designing policies that went far beyond the narrow scope of customs duties: from intrusive provisions on government procurement to a constraining IPR regime and a controversial investment regime with the potential to undermine domestic regulation etc. Thus, as Brenner and Shaffer (2004) note, "industry influence is structured into the very machinery of the U.S. governmental trade bureaucracy." To control the terms of the trade agreement, the private sector relied on its privileged access to the executive branch. The latter pursued a particular conception of the U.S. national interest, one that empowered corporations through various policy concessions but ignored the grievances of a variety of civil society actors, among them labor unions and public interest advocates. To use the words of *Washington Post*

columnist Harold Meyerson, the U.S. Trade Representative acted as a "sales representative," not only for the pharmaceutical industry – as CAFTA's strong intellectual property rights regime reveals – but for the business community as a whole (Meyerson, 2005). Hence, by granting trade promotion authority to the president in 2002, Congress did not exactly isolate the policy process from the pressures of local constituencies but instead exacerbated the inequalities of power embedded in the institutional apparatus, by giving more leeway to the executive branch to conduct its business agenda to the detriment of the fair traders' cause.

As this section has shown, there were more than institutional obstacles blocking the progress of the blue-green alliance. Corporate interests also drew their power from the Republican administration's deliberate efforts to kow-tow to the political and economic demands of the private sector. President Bush's anti-environmental and anti-labor agenda seriously exacerbated the corporate bias of the institutional apparatus, as witnessed by his early attempt to exclude all NGOs from the ACTPN, or his decision to include "phony" business-friendly members to represent environmental and consumer interests. Lori Wallach highlighted the privileged access that corporations enjoyed under George W. Bush's presidency:

> CAFTA is the linchpin of a trade agenda written by Bush campaign backers representing utility companies, drug companies and Wall Street, and carried out by its servants in the Office of the U.S. Trade Representative (cited in Mekay, 2004).

Thus, under the Bush administration as under Bill Clinton's presidency, the special relationship between the executive branch and the private sector hinged both on the

institutional design of the policy process and on the political will of the White House to maintain or exacerbate its corporate bias.

II) MOBILIZATION AND COUNTERMOBILIZATION

The first section of this chapter has shown that the private sector's close collaboration with the executive branch gave fair trade advocates little chance to influence the policy process during the trade-negotiating phase. The following section analyzes the constraining effects of this special relationship at the end of the policy process, i.e. during the lobbying phase that preceded the House vote on CAFTA. As in previous debates, the mobilization of labor and its allies did alter the course of the debates. First, labor and human rights occupied the center of the CAFTA controversies, thereby raising the prominence of the fair trade cause. Second, capitalizing on partisan divisions, the blue-green alliance managed to rally a vast majority of House Democrats behind their cause. Once again, their mobilization seriously threatened the passage of CAFTA. Yet, the uncertainties surrounding CAFTA's passage triggered the joint countermobilization of the business community and the White House, which launched a powerful campaign to rebuild confidence in trade liberalization.

Mobilization and its impact

The mobilization of fair trade advocates during the CAFTA debates resembled their previous advocacy efforts in many regards. This was certainly due to the clear parallels that fair traders – and congressmen – could draw between CAFTA and the unpopular

NAFTA, a communication strategy that was at the crux of their lobbying campaign. If, in the early 1990s, unions and their allies had relied on ominous predictions on the socio-economic impact of NAFTA, a decade later they used NAFTA's record – or, at least, their interpretation of its record – to prophesize CAFTA's effects. The AFL-CIO denounced CAFTA as a "two-way street to job loss in the Americas." In other words, the free trade agreement would be a source of unemployment for both the United States and Central American countries. For the United States, organized labor based its prognosis on America's growing trade deficit with its NAFTA partners – a twelve-fold increase from $9 billion in 1993 to $111 in 2004) – and on the 900,000 net job losses allegedly resulting from this imbalance.[405] Citing a study by the U.S. International Trade Commission anticipating an increase in America's trade deficit with Central American countries, the AFL-CIO predicted a new wave of job losses in the United States (AFL-CIO, 2005d, 1-2; Levinson, 2005, 3). New to the AFL-CIO's communication tactics was the use of detailed state-by-state fact sheets on the dislocating effects of NAFTA on U.S. manufacturers. Entitled "CAFTA and Job Loss in …" (e.g. Tennessee), these fact sheets reported the number of workers certified under the NAFTA-Trade Adjustment Assistance program and listed the names of the closing firms, their location, the number of employees laid off, and the cause of their closing (increased competition from or shift in production to Canada or Mexico).[406] Labor's tactical use of state-by-state economic data mirrored the decentralized information tactics used by the Business Roundtable and the U.S. Chamber of Commerce since the end of the 1990s and focused on sensitive states where the

[405] This estimate was based on Scott (2003).
[406] Although outsourcing to Mexico was logically more frequent, some business restructuring operations involved shifts in production to Canada.

support of lawmakers would be pivotal for CAFTA's defeat (TN, PA, OH, NY, NJ, MO, MI, IN, AL, WI).[407] Another innovation among labor's decentralized communication tactics was its listing of all state-level legislative initiatives – joint resolution by state legislature/chamber, dissenting opinions from governors etc. – adopted in opposition to CAFTA.

In contrast with the NAFTA debates, the Federation predicted net job losses not only for America but also for its trading partners. This was primarily due to NAFTA's devastating impact on Mexican farmers, many of whom had not withstood the large influx of heavily subsidized farm goods from the United States (ibid, 5).[408] According to the AFL-CIO, Central American farmers would follow the path of Mexican corn producers, a concern echoed among experts on Central American economies (ibid, 5-6).[409] Perhaps as prominent as the now common debates on "NAFTA-math" were controversies surrounding the situation of workers in Central American countries, a subject of conflicting interpretations on both fronts of the trade battle. This communication war was, of course, directly related to the terms of CAFTA's labor provisions, which promised to enforce the national labor laws of Central American countries.

In addition to these framing tactics, the AFL-CIO and Global Trade Watch reached out to a variety of environmental, human rights and religious groups with a history of

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[407] See appendix 11.

[408] In a 2006 testimony in front of the Senate Finance Committee, trade expert Sandra Polaski estimated Mexican job losses in the agricultural sector at 2 million and job creations in the *maquilas* falling from 800,000 in 2001 to 700,000 in 2006 (Polaski 2006, 5, 8).

[409] See Erikson (2004/2005). Oxfam (2004) was also particularly critical of CAFTA for this reason. The World Bank, although more optimistic about the overall economic benefits of the free trade agreement, similarly anticipated potential dislocating effects for Central American farmers (World Bank 2005, chapter 5).

involvement in Central America (e.g. within the framework of the Caribbean Basis Initiative). Although never united under a single formal alliance, these civil society groups collaborated within different fora, whether for informal coordinating meetings, joint press conferences or anti-CAFTA rallies (IUST, 12/03/04). Under the joint leadership of Carl Pope and Leo Gerard, the Sierra Club and the U.S. Steelworkers consolidated their bilateral "Blue-Green Alliance"[410] via joint declarations and protests. These coalition-buildings efforts added to the separate grassroots efforts undertaken by a number of large organizations like the Sierra Club, Public Citizen and dozen of individual labor unions, at times coordinated by the AFL-CIO (Strand, 2007*; Hubbard, 2007*). Fair traders also benefited from the support of the sugar and textile industries, which at least until they were appeased through trade concessions by the Bush administration, heavily lobbied representatives from both parties (IUST, 13/03/04).

In a more innovative mix of coalition-building and public relations tactics, the AFL-CIO invited a delegation of Central American unions' representatives[411] and launched a "CAFTA We Don't Hafta," tour across the United States. This transnational labor alliance was scheduled to visit a number of congressional offices in Washington in May 2005 (AFL-CIO, 2005e).

U.S. unions' solidarity with Central American unions was somewhat ironic considering that the U.S. textile industry had pressed Washington to impose rules of origin on America's trading partners. These rules of origins would precisely undermine

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[410] This formal entity differs from the informal and broader "blue-green" alliance between environmentalists and labor. See: http://www.bluegreenalliance.org

[411] The major unions' federations in Central America opposed CAFTA. For more details, read ART (2004). and Meyerson (2005).

the competitiveness of Central American manufactures by restricting imports of yarn from China and Southeast Asia and imposing the purchase of higher-priced U.S. components (Erikson, 2004/2005, 21).

Finally, unions relied on conventional "inside" tactics to convince undecided lawmakers to oppose CAFTA. Their lobbying efforts focused on House Democrats and a minority of Republicans with whom labor had a working relationship (IUST, 12/03/04). This time, labor promised to "get tough" on any House Democrat who would support the Republican free trade initiative. Labor sent Democratic leaders a letter of warning signed by a surprisingly large variety of unions that went far beyond manufacturing organizations:

> Simply put, there must be real and measurable consequences for opposing labor on this issue. The stakes are too high for the workers of America. We cannot and will not give any Democrat a pass on CAFTA.[412]

More specifically, unions threatened to withhold financial support to "frontline candidates" – i.e. vulnerable incumbents supported by the Democratic Congressional Campaign Committee (IUST, 07/29/05). They also concentrated their lobbying efforts on the members of the Hispanic Caucus, especially from districts without a clear benefit or with the potential of suffering a loss from CAFTA. According to one NGO source, these votes were "pretty much up for grabs", and were, therefore, political magnets for both fair traders and free traders (IUST, 12/03/04).

As during previous debates, the prominence of environmental and labor standards in the CAFTA debates was a tribute to the impact of fair traders' mobilization. At the end of the battle, John Sweeney stressed the "tremendous progress in bringing the issues of

[412] A sample of the letter is available in IUST (07/29/05).

fairness and workers' rights to the center of the trade debate" (Sweeney, 2005b).[413] Over the course of a decade, the rhetoric of the fair trade alliance had redefined debates on trade policy and influenced traditional supporters of trade liberalization like Sander Levin, who declared: "For us [who have favored expanded trade and have helped to pass trade agreements (…) in the past decade], CAFTA is a line in the sand regarding the future of globalization" (Levin, 2005). Indeed, for many Democrats, the CAFTA vote represented a new referendum on the merits of NAFTA-like initiatives that fair trade advocates had so vehemently criticized, a cross-roads between a corporate-driven process of economic liberalization and a more socially and environmentally friendly trade policy (Meyerson, 2005; Engler, 2004; Delta Fram Press, 05/06/05; WP, 07/26/05). Even a Republican member conceded that debates had taken a new turn: "I think a lot of members have moved away from simply saying they are pro-free trade to saying they favor trade but want to look at the deals themselves" (cited in Nichols, 2005).

In addition, the fair trade cause continued to enjoy the overall support of American citizens, as revealed by a 2005 study of American public opinion on CAFTA and American trade policy. While only one of two Americans supported CAFTA (against 39% who opposed it) in June 2005, 65% said they would support the agreement "if the U.S. government were to increase federal spending on trade adjustment assistance and to make sure that Central American countries enforce health and safety standards for their workers." Furthermore, only 16 % of Americans approved of the way Washington conducts trade policy, whereas a majority of them supported fair trade principles that

[413] Similarly, Lori Wallach spoke of a "dramatic shift in US trade politics" attesting that the "NAFTA trade model is dead" (Wallach, 2005).

both Democratic and Republican administrations had been reluctant to implement: 90% of Americans considered that minimum labor standards (including freedom of association and a ban on child labor) should be required for free trade agreements; 93% favored the inclusion of environmental standards; and 63% thought the government should increase TAA funding (Kull, 2005). A survey conducted by Ipsos for AmericansforFairTrade.org found even lower support for CAFTA among Americans – 51 % of opponents versus 32% of supporters (Ayres & McHenry, 2005).[414]

Another sign of the impact of fair trade advocacy on the CAFTA debates was the delay of the House vote. Like most major trade bills since the early 1990s, CAFTA long remained a divisive issue with an uncertain outcome. In early 2005, the conventional wisdom in Washington was that the agreement was going down, attesting, once again, to the impact of fair traders' mobilization (Caruso & Vaida, 2005). Less than two weeks before the vote, CAFTA still appeared short of the votes needed for its ratification (Norton, 2005). In fact, the Republican House leadership delayed the formal filing of the committee report until July 21 to ensure that lawmakers could not move the trade bill to the floor before enough votes had been gathered (IUST, 07/22/05; Stokes, 2005b). In the end, the Republican leadership decided to postpone the House vote until the end of July 2005 – even though the accord was signed in May 2004 (Nichols, 2005).

[414] However, the poll also revealed that 83% of the respondents had not heard about CAFTA. Once defined, however, CAFTA hardly gained any support from Americans. Instead, opposition to the trade agreement would rise after respondents were briefed about the purpose of the accord: "As you may know, the CAFTA issue is about a possible free trade agreement between the U.S. and Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republican. CAFTA would eliminate almost all restrictions on imports, exports, and business investments between the countries in the agreement." (Ayres & McHenry, 2005, 12).

Predictably, the final vote was another ferocious battle whose dynamics resembled those of previous case studies. This time, the vote took almost an hour as some Republicans, many from textile states, waited for their fellow party members to give the president their crucial votes. On July 28, 2005, CAFTA eked through the House 217 to 215, while two CAFTA opponents "failed" to vote or abstained from voting. Like the renewal of fast track authority a few years earlier, the narrow margin of CAFTA's passage showed how contentious trade policy had become (NYT, 07/29/05; Public Citizen, 2005b, ECAT, 2006).

The dearth of congressional studies of the CAFTA vote makes it difficult to assess the impact of fair trade mobilization. Magee's analysis (forthcoming) does factor in a wide array of voting determinants, but its results focus on presidential support and partisan affiliation. Until new congressional analyses of the CAFTA vote are published, one must rely on alternative primary and secondary sources to gauge the impact of fair trade mobilization.

Perhaps the most significant outcome of the CAFTA debates was the erosion of support for trade liberalization among House Democrats, only fifteen of whom – the "CAFTA 15" – voted for the agreement. In the end, 90% of Democratic representatives voted against the trade agreement. The dissent of centrist Democrats was a clear shift away from the line of the Democratic Leadership Council (Weisman, 2005) and seemed like a great, albeit insufficient, accomplishment to fair traders. If centrist Democrats had granted pivotal support for trade liberalization in the 1990s, they repeatedly demanded that the Bush administration renegotiate CAFTA's labor and environmental provisions

and/or increase support for worker-retraining programs, education and aid to dislocated workers (Edsall, 2005; Vaughan, 2005b; Weisman, 2005; Becker 2005). Thus, it seems that work-related issues were a primary factor behind their strong opposition to the Central American accord, a sign that labor's advocacy efforts did have an impact on congressional votes. Labor and its allies also seemed to strike a chord among members of the Hispanic Caucus, a large majority of whom voted against CAFTA, despite free traders' promises that the agreement would improve the lives of Central Americans.

To a certain extent, the fair traders' coalition-building efforts also mattered. According to the legislative director of Rep. Mike Michaud, a leader of the anti-CAFTA campaign in the House:

> KG: When [labor and environmentalists] got involved in CAFTA, when we were having rallies almost every single day up here on the Capitol, their voices of labor and environmentalists] added to the debate and also gave some members some backing of huge constituencies. It wasn't like members were just going off on their own (…) There was this overwhelming fact that there so many groups opposed across different…different Hispanic groups, different environmental groups, labor group, religious groups… every sort of constituency that you could think of, that gives members the backing that they need. And some members who are undecided… sometimes that's a make or break. How are the unions standing? Where are the environmental[ists]? Those are some of the first questions they ask when we're whipping. Where are these groups?
>
> JBV: Then, do you believe that this alliance…that coalition-building really matters?
>
> KG: Absolutely. It's key. It really is. (Glas, 2008*).

In short, the backing from such a variety civil society groups provided political cover for many Democrats, whether they were genuinely pro-fair trade or simply protectionist. The CAFTA debates confirmed that strong labor and environmental provisions had become indispensable to building broader support for trade pacts (Cardenas & Vyborny 2005, 9).

The mobilization of fair traders, however, did not always prove to be successful. The dissent of the "CAFTA 15" – the 15 Democrats that supported CAFTA – was clear evidence that trade liberalization still hinged on a modicum of bipartisan support. In this case, labor's open threat to punish CAFTA supporters[415] did not convince what one critic called the "Bush-Democrats," who supported the agreement either because of ideological convictions or to reap financial rewards from business donors (Nichols, 2005b).

On the Republican side, the fair traders' advocacy efforts had an even more limited impact. Despite the Republicans' "trade agreement fatigue" and the heavy pressures from labor constituencies in heavily trade-impacted districts (IUST, 07/15/05), only 27 eventually dissented from the party line (plus two who did not vote). Most undecided Republican members finally caved in under the heavy pressures of the administration and the House leadership. Once again, the countermobilization of free trade advocates in both the business community and the executive branch proved fatal to the lobbying efforts of the blue-green alliance.

Business countermobilization

The business community was closely involved in the CAFTA debates long before the protracted House vote of July 2005. As explained at the beginning of this chapter, the private sector had privileged access to the negotiations process through the Trade Advisory Committee system. Before the last round of negotiations in October 2003, the CAFTA business coalition started to reorganize and shift its focus from negotiations to

[415] Organized labor sent a letter to the Democratic House leadership to identify and warn three CAFTA supporters (IUST, 07/29/05).

mobilizing congressional support. Corporate organizations established a new steering-committee of Washington-based business representatives with four companies as corporate co-chairs: Procter & Gamble, Sarah Lee, Pfizer and Intel, while ECAT served as secretariat, coordinating the group's lobbying activities and its communication strategy. The members of the steering committee included executives from the Business Roundtable, the U.S. Chamber of Commerce, the National Foreign Trade Council, the Grocery Manufacturers of America and the American Apparel and Footwear Association (IUST 10/31/03). Together they officially formed "the Business Coalition for U.S.-Central America Trade", a typical free trade alliance of more than 400 companies and trade associations (Caruso & Vaida, 2005). As mentioned before, support for CAFTA within the business community was broad, including major farm and manufacturing organizations, as well as the high-tech and pharmaceutical industries (Edsall, 2005; IUST, 10/31/03).

As in previous legislative battles, business counter-mobilization was largely decentralized through a complex confluence of networks, with different business associations managing their own lobbying initiatives. Both the Business Roundtable and the U.S. Chamber of Commerce coordinated "grasstops" lobbying efforts – e.g. calls from CEOs –to counterbalance the outside tactics of the fair trade coalition. U.S. Chamber of Commerce Senior Director for International Policy Christopher Wenk recognized both the challenges and the necessity of grassroots operations:

> The sad reality is… I think that trade supporters, especially business groups… it's hard for us to match the grassroots that they have. It's on a different level. It's also hard to equate what they do with what we do. I think it's very, very different. Like I

> said, this is a big challenge that business supporters have right now is 'how do we keep this sustained effort? (Wenk, 2008*).

To mobilize local support for CAFTA, the Chamber was ready to play big. In an unprecedented display of its financial and organizational resources, the U.S. Chamber organized a tour across the country for Central American presidents in May 2005 – ironically, within a week of labor's own tour with Central American unions. The group of presidents attended events in major U.S. cities to promote CAFTA before being escorted to Washington, DC, where they would meet with Congress members and finally with the president and the USTR.

One major objective of business communication efforts was to temper growing anxieties over the disruptive effects of trade liberalization. To do so, the private sector launched a series of "education programs" designed to highlight the benefits of free trade – a remake of the PNTR campaign. Relying on its extensive organizational network, the U.S. Chamber released a series of state-by-state economic impact studies that revealed "substantial economic gains for American workers and the economy from CAFTA" (cited in Fendell, 2005). Similarly, the Business Roundtable launched an interactive map highlighting state-specific benefits from CAFTA. In addition, the BRT pushed its trade-liberalizing agenda though a national Internet campaign called "Americans for Growth Through Trade." Its director of international trade and investment policy Brigitte Gwyn described it as a "grassroots trade information program that educates people about the benefits of free trade." These temporary campaigns complemented the more sustained education programs that the U.S. Chamber had developed with TradeRoots (Wenk, 2008*; Fendell, 2005).

Beyond reassuring the public, the communication strategy of the business community also aimed to situate CAFTA within the framework of America's national economic and security interests. As during the TPA debates, business advocates portrayed CAFTA as a "strategic nexus" between NAFTA and FTAA (Rasmus, 2005). For ECAT Chairman McGraw, congressional approval of CAFTA would send a positive message to Latin American countries showing that Washington is serious about regional integration (McGraw, 2005). In addition, and in tune with the White House's rhetoric, free traders highlighted the political virtues of free trade and the perils of turning America's back on fragile American democracies. In a letter to Congress, the Business Roundtable went as far as to claim that "CAFTA is needed to prevent a return to the violent political and social conditions of the 1970s and 1980s" (BRT, 2005).

On the Hill, the free trade coalition launched another intensive lobbying offensive to counterbalance the heavy pressures exerted by fair trade advocates. Business organizations held daily meetings with dozens of lawmakers and their staff members to coordinate their lobbying efforts (Wenk, 2008*). According to Brigitte Schmidt Gwyn, Business Roundtable Director of International Trade and Investment Policy: "We are leaving no stone unturned," and spending "way in the millions" (Caruso & Vaida, 2005). The pro-CAFTA coalition sought support in both parties. According to *Inside U.S. Trade,* it targeted 78 House members – 46 Republicans and 32 Democrats (IUST, 07/15/05).

As usual, they combined "sticks and carrots" – i.e. threats to CAFTA opponents and promises of financial rewards to trade supporters. For instance, U.S. Chamber of Commerce President Tom Donohue openly warned congress members: "we're going to

key vote this issue and we're going to count it twice. If you're going to vote against it, it's going to cost you" (cited in Heiser & Swann, 2005). In contrast, the "CAFTA 15" would be generously rewarded for their steadfast support for free trade (Confessore, 2005; Weisman, 2005b). After the passage of CAFTA, NAM, the Electronic Industries Alliance (EIA) and the Business Roundtable organized a fund-raising event hosted by NAM President John Engler as a "thank you" to the 15 heretics (Schor, 2005).

The inside tactics of the Business Coalition for U.S.-Central America Trade were tightly coordinated with the Bush administration through weekly meetings between corporate members, USTR officials and cabinet members from the Departments of State, Commerce and Agriculture, as well as delegates from the six signatory countries (Caruso & Vaida, 2005). These meetings allowed free traders to exchange crucial information about the specific concerns of swing voters and the current steps taken both by the business community and the executive branch to rally support for CAFTA (Wenk, 2008*). Linda Menghetti describes this process as follows:

> There are formal structures like that… where there are weekly meetings, or every other week, something like that, which usually happens right when you're in that last two months or so of the vote. Leading up to that and going forward on that, you know, the business coalitions, we all do our lobbying, we write reports, and there's someone in the coalition who shares that information with people in the administration. 'Member so and so is leaning this way,' 'Member so and so would like to hear about this'. And then the same thing comes back to us. We hear from the administration, 'Member so and so says they've never heard from business about this free trade agreement' 'Member so and so would like to hear from someone in his or her district about this or "It's nice to hear from people in Washington, we'd like to hear people back in Seattle or Maine or whatever the locality is" (Menghetti, 2008*).

Did the inside lobbying efforts of the business community make a difference for the final vote? Although the answer to this question must be partly hypothetical, a number of

elements tend to prove that corporate countermobilization mattered. First, the influence of business PAC donations on CAFTA votes emerges from a study published by Public Citizen a year after the vote. According to this report, a group of Democratic and Republican congressmen deemed most unlikely to support CAFTA – based on the economic constituencies they represented – had received a total of $2.8 million in donations from pro-CAFTA business groups between January 2005 and September 2005 (Public Citizen, 2006, 3-4).

Of course, one cannot always differentiate the effect of presidential lobbying – more closely examined at the end of this section – from the influence of business interests. However, the close coordination between the White House and the business community means that their lobbying efforts should be seen as complementary rather than mutually exclusive. As USCC Senior Director for International Policy Christopher Wenk explains,

> It is very much a team approach … because they are things that the administration can't do in terms of advocating on these trade agreements, that the business community can… and there are things that the business community can't do, you know, that the administration can (Wenk, 2008*).

In many cases, K Street lobbying and grassroots efforts served mainly to provide political cover for Republicans to follow George Bush's lead (Vaughan, 2005). Thus, the lobbying efforts of the business community seem to have made a difference on Republican votes – or in a rarer case, on a member's "failure" to vote.[416]

Given the limited efforts of the president to reach across the party line, the influence of the free trade coalition was particularly important on the Democratic side. A week

[416] Under heavy pressures from both fair traders and free traders, Charles Taylor (R-NC), long-time public opponent of CAFTA, "failed" to vote on CAFTA. He blamed his "lost" vote on a machine error. For more details, see Public Citizen (2005b).

before the vote, business lobbyists said they had locked in the support of 7 Democratic members and were confident that they could ultimately secure 15 to 16 for the vote. This prediction, more optimistic than the prognosis of Democratic leaders who expected no more than 10 or 12 dissenters, proved to be well on target, and crucially so, given the extremely narrow margin of the CAFTA vote (IUST, 07/22/05).

Of course, the support of the "CAFTA 15" may not have resulted entirely from the lobbying efforts of the Business Coalition for US-Central America Trade. As this dissertation has repeatedly shown, a complex interplay of factors – partisanship, ideology, sectional interests – shape trade votes. However, business efforts made a difference in a number of cases. Most commonly cited among analysts of the CAFTA vote are the unexpected reversals of Melissa Bean (D-IL), Eldophus Towns (D-NY), and Gregory Meeks (D-NY), all of whom had raised serious concerns about CAFTA's social impact in the United States and abroad. In each case, the evidence of intense pressures from free trade advocates – Boeing, Caterpillar and Wrigley for Bean; Pfizer and other drug companies for Meeks and Towns – as well as the increase in CAFTA industry PAC contributions after the vote seem to show that the business lobbying efforts did make a difference (Vaughan, 2005; Wenk, 2008*; Public Citizen, 2006; Public Citizen, 2005c; Public Citizen, 2005d; Public Citizen, 2005e).[417]

Of course, the small pool of CAFTA supporters among Democrats also reveals that the free trade coalition was far from almighty in the contentious arena of post-NAFTA politics. Yet, in an era of ferocious partisan wars, in which the president had little sway

[417] Most notably, Rep. Melissa Bean, who received almost no pro-CAFTA industry PAC money in her first election campaign saw contributions from these sources increase by 550 percent in 9 months (Public Citizen, 2006, 13).

across the aisle, the free trade coalition's ability to gain even a few Democratic votes was invaluable. In this sense too, the lobbying efforts of the business community and the executive branch were complementary.

Presidential countermobilization

The partisan politics of CAFTA's renewal strongly resembled the TPA battle. Once again, the administration's refusal to make any concession to Democrats meant that the CAFTA fight was predestined to be bitterly partisan or "ugly" – to borrow the words from a business representative (Goudie, 2007*). Facing a united Democratic front against NAFTA's sister accord, the Bush administration would have to mobilize all Republican votes, even if this required compromises with protectionist members.

The final countermobilization of the president and his trade team once again proved crucial to obtaining a narrow legislative victory. In close collaboration with the business community, the White House put ambivalent members under heavy pressure. To win this decisive victory, the administration employed a familiar set of strategic tools: a communications' campaign coordinated with the business community and endorsed by prominent politicians; policy concessions to appease cross-pressured members; and pork-barrel projects to seal the deal.

To round up support for CAFTA, the White House mobilized cabinet officials and political heavyweights inside and outside the government. Within President Bush's circle, the new Secretary of Commerce Carlos Gutierrez and Agriculture Secretary Mike Johanns played a prominent role alongside the USTR and worked incessantly to reassure

congressional members of the benefits of CAFTA. Also involved were Secretary of State Condoleeza Rice, her deputy, former USTR Robert Zoellick and the National Security Adviser Stephen Hadley. During the final week of the vote, Vice-President Dick Cheney joined the battle by holding meetings with undecided lawmakers and praising CAFTA supporters, while Laura Bush and Karl Rove reassured wavering members of the administration's support (IUST, 07/29/05; Public Citizen, 2005f; Strand, 2007*; Public Citizen, 2005g; Public Citizen, 2005h).

Perhaps the most important change in the president's team came from the USTR, where the affable Rob Portman replaced the more divisive Bob Zoellick in May 2005. A former Ohio congressman, Portman was the "right person at the right time," according to former (Democratic) USTR Mickey Kantor (Stokes, 2005b, 3186). In a Congress polarized by the abrasive behavior of the Bush administration, Portman's pragmatic and bipartisan approach surprised free trade advocates and opponents alike. Even before his confirmation as USTR, Portman was allegedly working the halls and hideaways on Capitol Hill. His compromising approach to trade politics won him the title "hero of CAFTA"[418] in the business community. One trade lobbyist credited Portman for "stopping the hemorrhaging" of votes on the free trade side (IUST, 05/27/05). Perhaps as important as Portman's consensual nature was the good relationship he enjoyed with President Bush. According to NAM Vice President Frank Vargo, "he got the president

[418] This is the term that U.S. Chamber of Commerce Senior Vice President for International Affairs Daniel W. Christman used to introduce Rob Portman at a recent convention at the U.S. Chamber of Commerce ("Next Steps for the American Trade Agenda", U.S. Chamber of Commerce, January 17, 2008, Washington, DC).

involved to a degree the president hadn't been involved before. He was brilliant on CAFTA" (Stokes, 2005b, 3188).

Indeed, the president was much more involved in the CAFTA debates than he had been during the TPA battle, during which he was still dealing with the domestic and international consequences of the terror attacks. In the case of CAFTA, the president fully joined the battle two months before the vote, multiplying congressional visits and personal phone calls until the final days. George W. Bush also made ample use of the bully pulpit to convince his party members to follow his lead on free trade. His commitment to CAFTA culminated in an extraordinary appeal to dissident members on the day of the vote.

To save CAFTA from the brink of legislative defeat, the administration launched a two-pronged communication strategy. First, in an appeal reminiscent of the Cold War era, yet clearly alive under its Democratic predecessor, the Bush administration linked free trade with the promotion of democracy and regional stability.[419] Similarly, Bob Zoellick – before leaving his position – presented CAFTA as a panacea that would "strengthen democracy by promoting growth and cutting poverty, creating equality of opportunity, reducing corruption and strengthening the role of civil society" (Zoellick, 2005; see also Portman, 2005).

If the administration did not exploit 9/11 as it had during the TPA battle, the specter of the war on terror sometimes lurched into the CAFTA debates. Thus, Defense Secretary Donald Rumsfeld claimed that CAFTA would help combat the threat of "an antisocial

[419] "For the Western Hemisphere, CAFTA would bring the stability and security that can only come from freedom" (Bush, 2005).

combination of gangs, drug traffickers, smugglers, hostage takes, and terrorists" in Central America (Becker, 2005). More explicitly, in the final weeks before the vote, administration officials warned that a vote against CAFTA would make the president a lame duck while he is engaged in a war on terrorism (IUST 07/15/05).

Second, to respond to criticisms over CAFTA's disregard for social and environmental issues, the USTR published multiple reports and factsheets. The administration praised the accord's "strong protections for labor rights" and its "tough, effective enforcement provisions" (USTR, 2005a; USTR, 2005b). It also countered – or obscured – the negative analyses of human rights and labor organizations. In one controversial case, the Department of Labor, which had commissioned the International Labor Rights Fund (ILRF) to draft reports on Central American labor laws and working conditions, prevented their release to Congress after they turned out to contradict the administration's optimistic diagnosis (Forero, 2005). This action revealed the corporate bias of the executive branch and its tight control on the trade policy process.

The White House also coordinated its communication strategy with the business community by exchanging information to refute the accusations of CAFTA opponents. According to ECAT's Vice President Linda Menghetti, this collaboration allowed free traders to respond to specific concerns raised by congressmen and consolidate trade support through the release of detailed fact sheets or reports by the USTR or business organizations. It was particularly useful to the extent that civil society groups had formulated a wide array of attacks ranging from CAFTA's impact on national sovereignty to its effect on access to dental care (Menghetti, 2008*).

Another classic lobbying tool that the White House-corporate alliance used to temper anti-CAFTA criticisms was political endorsements. As during the NAFTA campaign, the administration launched its lobbying offensive in a theatrical manner. The visit of Central American presidents to Washington – coordinated by the U.S. Chamber of Commerce – served as a kick-off for the administration to increase the visibility of CAFTA (IUST, 05/20/05). The administration's endorsement tactics were primarily designed to draw support from Democratic members. First, administration officials asked former president Jimmy Carter to put his free trade cap back on to promote CAFTA. Although ambivalent about the progress accomplished in the labor field, the ex-president echoed the Bush administration's discourse by defending the Central American accord on security grounds: "Our own national security and hemispheric influence will be enhanced" (Weisman, 2005). Other supporters on the Bush administration's endorsement list included an army of former Clinton administration officials, among them National Security Adviser Sandy Berger and cabinet members Warren Christopher, Henry Cisneros, Dan Glickman, William Perry and Donna Shalala (ibid).

If communication and endorsement tactics were an integral part of the White House's broad lobbying strategy, they were less important than the political bargaining that would take place in the final weeks before the vote. As mentioned earlier, in early 2005, fair trade advocates were on the right track to derail CAFTA. This meant that congressional ratification of the Central American accord would require a tremendous push by President Bush's lobbying team. According to Lori Wallach,

> Those trying to pass the CAFTA signed by President Bush in 2004 recognize that either they must renegotiate to develop an agreement that meets the demands of a

> majority in Congress, or they must abandon hope of selling CAFTA on its merits and try to buy the votes with more pork barrel deals, arm twisting, and assorted promised policy covers (cited in Public Citizen, 2005, 32).[420]

In early June, political insiders speculated that, based upon a firm whip count, the Bush administration would decide which deals it would have to cut to get enough CAFTA votes. Policy concessions sought to address two types of concerns emanating, from, first, members close to the textile and sugar industries worried by foreign competition and second, from centrist Democrats anxious about the limited scope of CAFTA's labor provisions.

Even before the beginning of the CAFTA negotiations, the importance of the textile sector in Central American countries had been a concern to American industries and their representatives in Congress. Although Washington's negotiators had spent considerable time reaching an agreement on rules of origins with its trade partners, the support of lawmakers from textile constituencies remained uncertain. Expecting to obtain additional policy concessions or simply hoping that their fellow party members would provide the missing votes, House Republicans from textile states remained "undecided" until the day of the vote (IUST, 07/15/05).

To gain their precious support, the White House delivered a cornucopia of side payments. First, the Bush administration committed to a rules-of-origins change to ensure continued U.S. sales of pocketing and lining to Central America. Amidst controversies surrounding the administration's ability to impose this change on CAFTA countries, USTR Rob Portman secured a series of letters signed by CAFTA ambassadors as

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[420] Anticipating another series of last-minute bargains, Public Citizen warned legislators against political bargaining by publishing a report retracing the broken promises made by President Clinton during the NAFTA debates (Public Citizen, 2005).

evidence of the administration's good will. According to *Inside U.S. Trade*, these letters were said to have brought the votes of at least five Republicans from textile states (IUST, 07/15/05; IUST, 07/22/05b; IUST, 07/29/05). Second, the Bush administration also secured textile votes by declaring that Nicaragua had agreed to use a tariff-preference level under the agreement in a way that would minimize economic damage to U.S. companies that ship fabric to Central American countries. This commitment was similarly expressed in a letter to the U.S. government by the Nicaraguan ambassador. Third, in a letter to Republican members, the USTR offered to delay a provision in the CAFTA that would have allowed Mexico to ship two kinds of fabric to Central America as inputs for apparel production (IUST, 07/29/05; IUST, 07/29/05b).

Targeted side-payments went beyond the scope of U.S.-Central America trade relations. To temper lawmakers' anxiety about the disruptive effects of trade liberalization, Republican leaders in both the White House and Congress played the "China-card." Amidst negotiations with CAFTA countries, the administration announced in November 2003, that it would stem the flow of certain textile imports from China. When the CAFTA vote lurked on the congressional agenda, the Chinese bogeyman unexpectedly reappeared. One day after the administration's kick-off of the CAFTA campaign, President Bush announced that it would restrict Chinese clothing imports by imposing new quotas on cotton shirts, trousers and underwear. According to Kimberly Elliott, trade specialist at the Institute for International Economics, this aimed to appease the textile industry so as to win support for CAFTA (Becker, 2005b).

A month later, a handful of House members withheld support from CAFTA in an effort to get GOP leaders to agree first to vote on legislation attacking alleged unfair practices by China. In response to these concerns, two weeks before the CAFTA vote, House Ways and Means Chairman Bill Thomas unveiled a bill that allowed the imposition of countervailing duties on imports from non-market economies (Vaughan, 2005b; Vaughan, 2005c; IUST, 07/15/05b). While the administration officially distanced itself from this legislation,[421] Portman and Gutierrez paradoxically promised Republican lawmakers to offer them additional protection from Chinese imports (Gutierrez & Portman, 2005).[422] In a letter to Robert Aderholt (R-AL) co-signed by Gutierrez and Portman, the administration pledged to protect the socks industry from competition by renegotiating a 10-year phase-out period for U.S. tariffs on sock imports instead of immediate duty free treatment (Gutierrez & Portman, 2005). Despite the administration's official position on import protection, President Bush himself kept Aderholt in line by calling him before the vote (IUST, 07/29/05).

The administration's stunt seemed to bear its fruit. According to Republican sources, the China bill increased support for CAFTA by as much as five members (IUST, 07/22/05).[423] In general, the administration's targeting of textile interests through side-payments also proved to be effective. According to *Inside U.S. Trade*, Republican members from southern textile states like South Carolina, Alabama and Georgia were

[421] Portman declared: "It was not my [China] bill, it was not the administration's bill." (IUST, 07/29/05).
[422] U.S. Trade Representative Portman declared: ""If we don't solidify our trade relationship with this region through CAFTA, these factories are likely to move to Asia." (Portman, 2005)
[423] These included Robin Hayes (R-NC), who had cast a vote against CAFTA soon after the roll call began before switching to approve the deal (IUST 07/15/05; Public Citizen, 2005, 17; IUST, 07/29/05; Public Citizen, 2005g). According to one political reporter who covered the CAFTA debates in Congress, Robin Hayes was under such pressure from the Republican leadership that he burst into tears after the end of the vote (Cohen, 2008*).

largely swayed by the White House's side payments. Overall, the administration and the congressional leadership managed to rally nine Republican lawmakers they had counted as no votes, according to one textile industry source. They were less successful among representatives from North Carolina – only two of whom eventually backed CAFTA. Yet, it is highly probable that the White House's scorecard also included two "undecided" Republican members from Virginia and North Carolina who were registered present but ended up not voting on CAFTA (IUST, 07/29/05).

However generous it may have been with the textile sector, the Bush administration proved less patient with the powerful and obstructive sugar industry. Like textile interests, the sugar lobby had obtained protections from Central American competition. Owing to persistent pressures from sugar interests, Agriculture Secretary Mike Johanns reassured representatives by promising that he would not let sugar imports flood the U.S. market.[424] After Johanns' letter, however, the dialogue between White House officials and sugar interests turned increasingly bitter (IUST, 07/22/05; Vaughan, 2005b). Unwilling to grant additional side payments to sugar representatives, President Bush adopted a more threatening tone declaring that the next farm bill "could look awful bad" for sugar interests if CAFTA was not approved (IUST, 08/12/05). Whether through threats or promises, the administration managed not only to convert decisive members like Mark Foley (R-FL), but also to secure the support of members from several states with sugar beet producers including Nebraska, Montana and Minnesota as well as the

[424] More specifically, in a letter to the Senate, he pledged that he would not let sugar imports exceed 1.532 million tons if the U.S market could not absorb them (IUT, 07/22/05).

majority of Republican members from Florida and Louisiana (IUST, 08/12/05; IUST, 07/29/05).

This mix of carrots and sticks was mostly designed for Republican members. To lure centrist Democrats to back CAFTA, the Bush administration adopted a different, "fair trade-leaning" approach: it emphasized its commitment to labor and environmental issues. This was destined to be an uphill battle. Not only had the government exacerbated partisan tensions throughout five years of uncompromising governing, but it had, for TPA as for CAFTA, literally ignored the grievances of centrist Democrats.

Portman's arrival at the USTR marked a turn toward a more compromising approach to trade politics. According to Bill Thomas, Portman was "indefatigable in trying to work with Democrats on CAFTA," listening attentively to their concerns without ever taking no as a definite answer (Stokes, 2005b, 3188). The Ohioan's congeniality would re-establish a dialogue across the partisan divide.

In the last months before the vote, the administration aggressively reached out to a block of 11 undecided House Democrats – in parallel with its campaign to gain Democratic votes in the Senate. In early June, Rob Portman announced that he would seek to increase funds for labor standards enforcement in Central America and consider establishing a monitoring system (IUST, 06/10/05). In what was perhaps its most theatrical stunt, the White House and U.S. trade officials organized a donor's conference sponsored by the Inter-American Development Bank and featuring vice ministers of labor from several CAFTA countries. Held a week before the vote, the event was designed to gather Democratic support for CAFTA by unveiling how the administration would spend

the funds appropriated for labor and environmental capacity-building provisions. USTR Portman declared: "I hope people realize that a no vote for CAFTA means the possibility of not having those additional enhanced worker rights protections. If they want to see better worker rights, vote for CAFTA" (cited in IUST, 07/22/05). In parallel, the GOP also exhorted the business community to boost its efforts to gain Democratic support for CAFTA (ibid).

The administration's belated attempt to reach across the aisle did little to convince prominent Democrats like Sander Levin, who declared that "[b]etter enforcement of inadequate [labor] laws is not the solution" (Vaughan, Smallen & Mitchell, 2005). Although six of the targeted Democrats ended up supporting CAFTA, it is more likely that they did so out of ideological conviction or under the influence of business pressures than in response to the White House's newfound commitment to the labor cause (Nichols, 2005b).

Finally, in the tradition of congressional trade politics, the CAFTA vote had its quota of last-minute pork barrels. Here, the commitment of the House leadership was as crucial as the president's backing. With dozens of Republicans "wavering" until the last minute, party leaders once again put on their Santa Claus costumes. They hinted at trade-offs by pointing out that both energy and highway bills were on the floor on the same month as the CAFTA vote (IUST, 07/22/05; IUST, 07/29/05). One Republican lawmaker estimated the cost of buying the CAFTA votes at between $75 and $100 billion. Although he did not explain his estimate, some speculated that he may have been referring to the projects in the highway bill that Congress passed after CAFTA (IUST, 08/12/05).

Conclusion

In sum, the White House once again played a decisive role in gathering congressional support for CAFTA. The president relied on his capacity as party leader to rally GOP members behind a highly unpopular free trade agreement. As the *National Journal* reported after the CAFTA vote, "According to observers, the real drivers behind Republican support for CAFTA, which passed the House 217-215, were the personal influence of President Bush and the desire among GOP members to give him a win on an issue that he said would enhance regional stability" (Vaughan, 2005, 2532). According to Magee's counterfactual analysis (2007), the importance of party leadership was such that a Democratic president could not have obtained enough votes to pass CAFTA. As this chapter has shown, however, the Bush administration's ability to deliver on the CAFTA vote went beyond the fortuitous context of a united government. Overcoming the "trade agreement fatigue" among Republicans required a pro-active lobbying strategy. Through a sophisticated communication campaign, a myriad of policy concessions and pork barrels, the president acted as a "chief lobbyist" to turn "firm nos", "leaning nos" and "undecided members" from his party into pivotal CAFTA supporters.

However effective, these lobbying efforts would not have been successful without the assistance of the private sector. While consolidating Republican support for CAFTA, the countermobilization of the business community was even more decisive in gaining votes among centrist Democrats whose backing was beyond the reach of a polarizing administration. The private's sector campaign contributions and its "grasstops" efforts convinced more Democrats than both the party leadership and fair traders had expected. This means that, once again, the lobbying efforts jointly undertaken by the executive

branch and the business community were complementary. While the Bush administration secured the backing of a vast majority of GOP members through policy concessions, pork barrels and appeals to national security, the private sector managed to woo centrist Democrats with both "inside" and "outside" tactics. As one corporate lobbyist commented, for major – i.e. more controversial – trade bills to be successful, "it has to be all hands on deck," not only on the Hill, but also in the executive branch, including the president and his cabinet officials, in the business community and across the country (Wenk, 2008*; Eissenstatt, 2008*).

Thus, once again, corporate-presidential countermobilization saved another trade bill from the brink. The achievement of the White House-corporate alliance was all the more remarkable given the Democrats' overwhelming opposition to CAFTA – their "retreat from global engagement" in the words of the DLC chief executive (cited in Weisman, 2005) – and the general ambivalence of the American public about free trade agreements. Yet, as during the NAFTA and PNTR debates, the influence of the special relationship was not confined to the lobbying phase of the trade battle. If the private sector owed its legislative victory to the intense lobbying efforts of the "First Free Trader" and its officials, its ability to control the terms also hinged on its privileged access to the executive branch. Exploiting its dominance of the trade advisory committee system, business associations shaped CAFTA according to their interests. The Bush administration's deliberate pursuit of an anti-labor, anti-environmental agenda exacerbated the business bias of the trade institutional apparatus, which was already ill-suited to incorporate the grievances of civil society groups. These inequalities of power,

embedded in the trade bureaucratic machinery, engendered another trade agreement that expanded corporate rights – e.g. through a strong intellectual property rights regime, extensive investment opportunities and new market openings – with little consideration for the social and environmental implications of these new prerogatives, as witnessed by the limited scope given to CAFTA's blue and green provisions.

CHAPTER 8: Conclusion

This research project has analyzed the effects of more than a decade of mobilization on behalf of "fair trade." I have sought to explain the factors that hampered the progress of the growing coalition of civil society groups fighting for a more socially and environmentally responsible U.S. trade policy. My close examination of both secondary and primary sources – including interviews with numerous trade policy actors – led me to broaden my initial work on the blue-green alliance and undertake a more comprehensive analysis of interest groups dynamics in the trade policy sphere. As a result, the five case studies have provided a broader picture of the "new politics of American trade," shedding light on the crucial role played by so-called "free" traders in both public and private spheres.

The central premise of this dissertation is that the special relationship between the executive branch and the private sector has been a key obstacle to the progress of the fair trade alliance. As such, each case study – NAFTA, fast track renewal (1997), PNTR, TPA and CAFTA – is structured in a way that highlights the mechanisms and effects of the White House-business alliance, at the risk of sometimes overemphasizing the role of this hybrid political entity. This dissertation has also given great importance to political context and alternative explanations – whether this applies to partisan dynamics or international affairs. In other words, the objective of this research project is less to provide a monocausal interpretation of recent trade policy outcomes than to shed light on an understudied facet of the American trade politics kaleidoscope: the tendency of the executive branch to favor business interests over civil society groups. As my case studies

have shown, this phenomenon is at play during the entire duration of the trade policy process: during the negotiating phase of free trade agreements, when the executive and the private sector jointly shaped the scope of trade laws; and during the lobbying phase that precedes trade votes, when presidential-corporate countermobilization can neutralize the lobbying efforts of fair traders and rally congressional support for trade-liberalizing bills.

During trade negotiations, structural constraints have relegated labor, environmental, and consumer advocates to the margins of trade negotiations. This is primarily due to the skewed design of the institutional apparatus, a legacy of the Trade Act of 1974. The latter established a complex system of trade advisory committees that has proven to be ill-adapted to the new challenges of globalization in two main regards. First, the TAC pyramid is organized along sectoral lines, under the assumption that employers and workers share the same economic interests in the trade policy sphere. However, free "trade" agreements have given increased importance to the liberalization and protection of transnational investment, creating new offshoring opportunities for American industries threatened by international competition. Outsourcing has different meanings for employers and workers, being synonymous with cost-savings for the former and layoff for the latter. Despite these pervasive conflicts of interests, the TAC system has continued to operate under a sectoral logic, following the guidance of its overwhelming majority of business representatives while ignoring the grievances of the minority of labor members.

Second, the structure of the trade advisory committee was not designed to give a strong say to civil society groups, whose interests were long deemed marginal to the conduct of trade policy. As Sander Levin's trade analyst Tim Reif notes, when the Trade Act of 1974 was designed, "trade was about trade" (Reif, 2008*). Over the past decades, however, trade agreements have gone far beyond the scope of import duties to intrude on tax policy, domestic regulation, investment and intellectual property rights protection. Despite these significant changes and the extensive ramifications of recent trade laws, the TAC system continues to underrepresent or simply exclude public interests from the trade policy process.

This means that the Trade Act of 1974 has generated both access and exclusion from the trade policy process. It has created corporate "policy clienteles," giving them considerable control over the terms of trade debates while, at the same time, leaving labor and public interests on the sidelines. My analysis of the NAFTA, PNTR and CAFTA negotiations reveals that the skewed design of the trade bureaucratic machinery has allowed the business community to shape trade agreements according to its interests, to control the "rules of the games" (Levinson, 2008*)– to use the words of one labor advocate – offering them generous markets openings, iron-clad investment regimes, and strong intellectual property rights protections while, at the same time, relegating environmental and labor provisions to supplemental and often voluntary provisions.

The study of TAC membership during the negotiations of each of these trade initiatives explains why fair traders never had much weight. First, the business community represented typically 80% or more of the membership of the ACTPN, the

most influential trade advisory committee of the TAC pyramid, under both President Clinton and his successor. Labor, consumer and environmentalists shared only a handful of seats to express their dissatisfaction with the terms of the agreement.

Even more skewed against fair traders is the membership of Industrial Sectoral Advisory Committees (ISACs). All three trade agreements under consideration promised to facilitate offshoring through investment liberalization – whether to Mexico, China, or Central America – yet ISACs constantly excluded labor representatives, even in labor-intensive sectors such as the auto or textile sectors that were inherently more prone to outsource production units. Likewise, environmentalists were excluded from ISACs until 2000, when they won a lawsuit requiring that the Clinton administration grant them seats on two advisory committees. In 2003, green interests challenged President Bush under similar circumstances, winning an additional seat in the ISAC system. Overall, however, the voice of public interests remained largely absent from ISACs, despite the far-reaching implications of these committees' policy prescriptions in the realm of public health, environmental regulation or consumer protection.

The only committees where labor and environmental advocates could raise their concerns were the Labor Advisory Committee (LAC) and the Trade and Environment Policy Advisory Committee (TEPAC). Amidst the 26 corporate-friendly committees shaping U.S. trade policy, these voices – as formulated in LAC and TEPAC's reports – went largely ignored. Moreover, even the TEPAC was not exempt from corporate dominance. For instance, during the CAFTA negotiations, almost two thirds of the

committee members appointed by the Bush administration were representatives of the private sector.

Business representatives involved in the committee were usually large, highly politically active multinational corporations that often took part in intensive advocacy efforts to defend the policies they had helped design. In other words, corporate interests combined the roles of policymakers and lobbyists, first shaping trade agreements in conjunction with the chief executive, before lobbying Congress, once again, with the help of the White House. In the case of PNTR, the ACTPN explicitly declared that the promotion of the U.S.-China agreement in Congress was its sole agenda for 2000, despite lingering controversies among its labor representatives.

As the NAFTA, PNTR and CAFTA case studies reveal, these institutional factors transcend party politics, operating under Democratic and Republican presidents alike. This means that political analyses of contemporary U.S. trade politics, then, should go beyond a focus on partisan politics to acknowledge the inequalities of power embedded in the policy process and their consequences for policy outcomes. The control that the private sector exerts over the terms of trade policy is reinforced by fast track authority, a procedure that circumscribes Congress's intervention in the policy process. Through a process of "path dependence", the trade bureaucratic apparatus creates both access (for private interests) and exclusion (of fair traders), thereby constraining the ability of unions and environmentalists to influence policy outcomes.

The business-White House partnership, however, is more than the product of a "path dependence" process set in stone since 1974. As this dissertation has repeatedly shown, it

also hinges on the political will of the president – whether Democratic or Republican – to pursue a "free trade" agenda or, more exactly, a business-friendly trade policy. State power and business influence are, in this case, truly interactive: the collaboration between the public and the private sectors serves their respective political and economic interests. In the case of NAFTA, both George H. W. Bush and Bill Clinton sought to broaden the scope of ACTPN members by inviting environmentalists to the negotiating table to begin a dialogue on the trade-environment linkage. These, however, were mostly symbolic gestures that resulted in few substantive political gains for environmentalists, who continued to be largely marginalized from the trade policy process – as were their consumer and labor allies. In contrast to his two predecessors, George W. Bush used his power of appointment to restrict the already limited access of fair traders to the advisory committee system, prompting strong reactions within the fair trade community. If the policies of Bill Clinton and George W. Bush did not fundamentally alter the trade policy process or the scope of trade negotiations, they also showed that the chief executive could utilize his institutional prerogatives to preserve, exacerbate or challenge the corporate bias of the trade policy process. In a conversation over the institutional constraints faced by fair traders, AFL-CIO Legislative Director Thea Lee raised the idea that the skewed design of the TAC system may be a symptom as much as a source of corporate power (Lee, 2008*). Similarly, Mark Levinson, chief economist at UNITE HERE, argues that trade advisory committees are used to shape the agenda that the administration – whether Republican or Democratic – seeks to implement (Levinson, 2008*). This does not negate the importance of the trade advisory committee system, but rather confirms the idea that

the president deliberately chooses to maintain a close relationship with the private sector. As Tichenor (Tichenor, 2003, 330-1) notes, the chief executive always retains the power to "alter the prevailing interest group system [he] encounter[s]." In fact, at the end of his term, President Clinton briefly considered – or, at least, feigned to consider – an overall reform of the TAC system, which he might have undertaken had he been more committed to it. The point here is that the institutional constraints that block fair traders from the trade policy process should not obscure the political decisions that recent presidents have made to preserve – or exacerbate – this status quo.

Of course, one could argue that presidents make these choices on ideological grounds, guided by the belief that free trade serves the national interest. This argument, however, tends to obscure power dynamics that undergird the conduct of American trade policy and that this dissertation has sought to disclose. In addition, "free" trade agreements are neither truly free, as the negotiations of NAFTA, PNTR and CAFTA have demonstrated.

The executive branch's bias toward the private sector is not confined to the negotiating phase but also manifests itself during the lobbying phase of the trade policy process. Here again, the president makes ample use of his institutional capacities on behalf of his "free" trade agenda and, not incidentally, that of the business community. In the contentious era of post-NAFTA trade politics, the special relationship between the private sector and the executive branch has proven to be a decisive element in presidential legislative victories. All the major trade battles analyzed in this dissertation reveal a similar interest group dynamic, despite the changing partisan contexts between 1991 and 2005. In all cases, a coalition of civil society groups including labor,

environmental, consumer and human rights advocates mobilized against what it deemed as a skewed trade proposal that would empower corporations to the detriment of American or foreign citizens. To challenge the passage of each bill in Congress, this loose alliance, dominated by labor unions, launched a communication campaign to denounce the environmental and social pitfalls of the trade agreement in question. It relied on a combination of "outside" (i.e. grassroots) and "inside" (on Capitol Hill) lobbying tactics to convince congressmen from both parties to reject the trade bill.

In all cases, the mobilization of fair traders had a significant impact on the legislative *debates*. First, starting with NAFTA, the blue-green alliance managed to bring social and environmental questions to the front of the political scene, forcing congressmen to acknowledge the expanding ramifications of trade liberalization. Under both Democratic and Republican administrations, the scope of environmental and labor provisions often monopolized the debates on free trade. Second, unions and their allies not only raised the prominence of the fair trade cause but, more often than not, gained the support of many American citizens. As numerous polls have shown, the latter have generally become increasingly skeptical of trade-liberalizing bills and very supportive of the inclusion of strong labor and environmental standards in trade agreements. Third, in most case studies, except perhaps PNTR, the political mobilization of fair traders seriously threatened the passage of the trade bill, forcing decision-makers to postpone the vote until they could rally enough support in Congress. In the case of fast track (1997), the administration decided to cancel the vote after realizing that it hadn't secured the

necessary votes. Finally, the unions' lobbying efforts had a significant impact on trade votes as illustrated by the series of regression analyses consulted for each case study.

Although the mobilization of fair traders altered the course of trade debates from NAFTA to CAFTA, the countermobilization of free traders prevented the blue-green alliance from winning legislative victories on most occasions. In each trade battle, the White House and the business community joined forces to consolidate support for free trade in Congress. Corporate interests systematically formed ad hoc coalitions – USA*NAFTA, Americans Lead on Trade (ALOT), the Business Coalition for U.S. China Trade, GoTrade and the Business Coalition for U.S.-Central America Trade – to coordinate their lobbying campaign on behalf of trade liberalization. These coalitions of business organizations typically involve the U.S. Chamber of Commerce, the Business Roundtable, ECAT, the National Foreign Trade Council and the National Association Manufacturers as well as large independent corporations. Each of these actors played its part to promote trade bills through an informal division of labor. As one business insider explains: "The Business Roundtable's got the money, the Chamber provides the people and the meeting room and the NAM's got the ideas."[425] Of course, the division of labor of free trade coalitions is never this straightforward, as the interviewee acknowledged. However, it is clear that these cross-sector business coalitions coordinate their lobbying efforts in a way that is far from the fragmented, sectoral picture of business interests that is common in economists' studies of American trade policy. As this dissertation has shown, business interests are often united in support of free trade agreements partly because the latter are neither "free" nor simply about trade. In other words, the various

[425] The author asked not be cited.

provisions of these agreements – from market openings and strong protection of intellectual property rights, to investment liberalization and sector-specific protection through rules of origin – can satisfy a wide range of private actors (including both import-competing and export-oriented industries).

Business interests rely on the same lobbying tactics as the fair trade alliance with three notable differences. First, the private sector enjoys much larger financial resources, as cost estimates of the NAFTA and PNTR campaigns illustrate. Second, it generally benefits from the overall support of the mainstream media, which considers free trade to be in the interests of the nation. Another major difference between fair trade and free trade advocacy resides in their respective human resources: while unions and their allies often capitalize on an extensive grassroots network, business groups found it more difficult to elicit enthusiasm for trade liberalization among local constituencies. As this dissertation has shown, this has been a constant concern for the private sector, which, since the end of the 1990s, has multiplied its efforts to generate grassroots support for its trade agenda.

In conjunction with the lobbying campaigns of the private sector, the executive branch has been the key broker in the stormy legislative battles over trade during the past decade. In pursuit of its trade agenda, the White House collaborated with corporate interests to counter the lobbying efforts of the fair trade coalition and consolidate congressional support for free trade. Peculiar to this process of corporate-presidential countermobilization is the constant exchange of information between representatives of the business community and executive officials. Under both Democratic and Republican

administrations, both public and private wings of the free trade alliance looked for the lawmakers' Achilles' heel, running the risk of transgressing U.S. legal lobbying restrictions on the executive branch. If legality issues only emerged during the PNTR debates and more briefly during the CAFTA battle, the close coordination between the executive branch and the private sector is endemic to presidential-corporate countermobilization, as all interviews with business representatives illustrate – USTR officials being logically more cautious in describing these lobbying processes. As ECAT Vice President Linda Menghetti notes, a successful lobbying campaign depends on information sharing between different members of the free trade coalition.

However important, information sharing is only one of the many weapons on which the president relies to consolidate congressional support for trade-liberalization. First, his position as party leader is a key determinant of his success in Congress. Thus, President Clinton's inability to win the allegiance of House Democrats in 1997 was fatal to his attempt to renew fast track authority. In contrast, President Bush's legislative victories during the TPA debate owed more to the post-9.11 "rally-around-the-flag effect" within the Republican Party than his own presidential lobbying efforts. Here lies a second card the chief executive can play in the trade policy arena: his ability to use his status of commander-in-chief to invoke security necessities. If the Bush administration monopolized "fear tactics," the Clinton administration also frequently emphasized the linkage between free trade, national security and the promotion of democracy abroad. In addition, both presidents made ample use of the "bully pulpit" on behalf of trade

liberalization, capitalizing on the positive media coverage that the leader of the nation typically enjoys in controversial congressional debates (Rankin, 2006).

To convince "undecided members," under heavy lobbying pressure from fair traders, to back his free trade agenda, the president can take neither his persuasive powers as party leader nor his role of chief executive for granted. In the contentious era of the new politics of American trade, complacency can result in legislative defeat, as President Clinton experienced in 1997. This means that the White House must make full use of its institutional capabilities to rescue fledgling trade bills from the brink. The most common tactics employed for presidential countermobilization are the vast array of side-payments that the White House uses to target specific lawmakers. These include promises of policy concessions, which are adopted in response to trade-related concerns and range from import protection (quotas, rules of origin, longer phase-out periods etc.) to symbolic policies on labor and environmental issues (NAFTA's side agreements or the Bereuter-Levin amendment to PNTR). Another type of the president's deal-making tactics is campaign support. This form of side payment is tailored to the needs of vulnerable incumbents, but usually consists of campaign events featuring the president or a prominent member of his cabinet. Finally, the chief executive can also win votes through pork-barrel deals, i.e. promises to fund pet-projects that are unrelated to trade. Of course, as Public Citizen has shown, these promises are rarely kept.[426] However, they provide important political cover for representatives anxious about voting against the will of their constituents. As such, they can neutralize the lobbying efforts undertaken by fair traders.

[426] Public Citizen's study of 2005 revealed that between 1992 and 2004 (before the CAFTA vote), presidents had made 92 deals with congress members, 82.6% of which were "unkept, reversed or meaningless." Read Public Citizen (2005, appendix).

Both Democratic and Republican administrations also exploited the general consensus around the benefits of free trade among media sources, political figures and academia. Both presidents launched sophisticated communication campaigns to defend trade liberalization, winning endorsements from a wide range of economic and political actors, including economists, former secretaries of state, agriculture and/or the treasury and even former presidents. Perhaps as theatrical, the administration, in conjunction with the private sector, organized well-orchestrated trips for congressional delegations to witness working and environmental conditions in America's trading partners (e.g. during the NAFTA and PNTR debates).

Although it is always difficult to assess the exact impact that this set of lobbying tactics might have had on congressional votes, both primary and secondary accounts of congressional trade battles show that presidential countermobilization played a key role in consolidating support of trade liberalization. Often, the lobbying efforts of the administration proved complementary to those of the private sector. This was not only true for the crucial exchange of information between the White House and the business community, but also because their alliance allowed them to reach out to both parties. For instance, corporate lobbying efforts often proved crucial to secure a minority of Democratic votes that were pivotal to the passage of trade-liberalizing bills, either because these efforts made the lawmakers more vulnerable to President Clinton's pressure, or because they mitigated the polarizing effects of the Bush administration's partisan style on centrist Democrats. On the other hand, President Bush's fear tactics helped rally his party behind him, particularly right wing Republicans who had turned

against free trade under the Clinton administration. In sum, the combined powers of the White House and the business community – deployed under the process of corporate-presidential countermobilization – proved instrumental in defeating the lobbying efforts of organized labor and its environmental, consumer and human rights allies.

From a theoretical standpoint, the very existence of a special relationship between the executive branch and the private sector runs against conventional analyses of American trade politics. In fact, the corporate bias of the executive branch during both negotiating and lobbying phases contrasts with the common idea that the president, unlike Congress, pursues a free trade agenda free from domestic interference (Destler, 1986a; Pastor, 1980; Goldstein, 1994; Bailey, Goldstein & Weingast, 1997). In fact, the empowerment of the executive branch over the legislature – initiated with the Reciprocal Trade Agreements Act of 1934 and perpetuated through the Trade Act of 1974 – has not merely allowed decision-makers to shift American trade policy away from protectionism, but has also given a privileged access to the internationally-oriented business community over other political actors. Instead of rising above domestic politics, the President gives priority to the corporate segment of the interest groups constellation, to the detriment of the ever-larger pool of trade policy stakeholders that fair traders seek to represent. In a globalized era when investment liberalization can divide industries along class lines and "trade" agreements have far-reaching social and environmental ramifications, "what's good for General Motors" may no longer be "what's good for the country."[427] The point here is not to start a lengthy debate about what really constitutes America's national interest. Rather, this dissertation seeks to challenge conventional views about the role of the chief

[427] For a discussion, see Reich (1992, chapters 11 and 12).

executive as "disinterested referee" and shed light on the inequalities of power embedded in the trade policy process.

The political implications from this analysis of contemporary trade politics are clear. Unless trade policy makers decide to adapt the trade institutional apparatus to the new challenges of globalization and allow a broader range of stakeholders to provide input in the decision-making process, American trade policy will continue to serve the interests of the business community, whether or not these are compatible with the respect of worker and human rights, the protection of the environment or the enforcement of public health standards. Absent a comprehensive reform of the TAC system, trade advisory committees will likely continue to represent the interests of the private sector, with few obligations vis-à-vis American or foreign consumers, workers and citizens.

Of course, if Washington is to adopt a more "balanced" trade policy – i.e. one that accommodates a broader range of stakeholders – institutional reforms must be paired with genuine political will. In other words, the chief executive must not work to undermine political reforms – as President Bush did by depriving the ACPTN of its new public interest representatives.

Today, after more than a decade of bitter legislative battles, the executive may have to adopt a more compromising approach to trade politics. As the narrow votes on Trade Promotion Authority and CAFTA revealed, the polarizing manners of the Bush administration can hardly sustain bipartisan support for trade liberalization. A more consensual trade policy model has become all the more necessary since the Democrats

regained the control of both houses of Congress in 2006 – a legislative victory that was partly due to candidates' criticisms of George W. Bush's trade policies.[428]

In the face of the growing support of fair trade among Democrats, both business representatives and government officials acknowledged that more substantive concessions were needed if Washington was to pursue its trade-liberalizing agenda. The result was the "May 10th deal" (U.S. Bipartisan Compact on Free Trade Agreements) reached in 2007 by the Bush administration and the Democratic Congress and supported, albeit with some reluctance, by the business community.[429] The compact promises a series of critical changes to pending agreements with Peru and Panama, addressing issues long raised by fair trade advocates. These issues fall under six categories: labor, environment, patents and intellectual property rights, government procurement, investment and adjustment assistance. The May 10th Deal goes far beyond the minor concessions granted to labor and its allies since the NAFTA debates and attest to the long-lasting impact of fair trade mobilization.[430]

Yet, if the May 10th deal marks a political shift among both Republican officials and business members, it also falls short of remedying the intrinsic inequities of the institutional system that this dissertation has sought to reveal. Another initiative recently undertaken in the House of Representative, however, reveals a greater awareness of the structural constraints limiting the participation of civil society groups in the trade policy

[428] According to Evenett and Meier (2006), voters replaced 16 "free trade" House Republicans and 5 similar GOP Senators with Democratic critics of the current trade policy model. On the campaign trail, these Democratic candidates made an election issue of CAFTA and promised to include labor and environmental standards in future trade agreements.
[429] Both the administration and the business community were initially reluctant to include a provision guaranteeing certain rights for labor in the trading partner countries, including a ban on child and slave labor and the right to organize (Weisman, 2007).
[430] For more details, see Cosbey (2007).

process. Designed by congressional supporters of the fair trade cause in consultation with a wide array of labor, environmental and consumer organizations,[431] the Trade Reform, Accountability, Development and Employment (TRADE) Act of 2008 represents a significant departure from the current model trade policy model to the extent that it constricts the trade-negotiating powers of the executive branch and establishes strong social and environmental benchmarks for both existing and future trade agreements.[432] These recent changes (particularly the May 10th Deal) attest to the progress accomplished by fair traders since the NAFTA debates. Not only have American lawmakers – particularly in the Democratic Party – begun to address key grievances of labor, environmental, and consumer advocates, but they have also become increasingly cognizant of the extent to which "process shapes substance" (Stokes & Choate, 2001). However, without more congressional support,[433] this initiative has little chance to correct the imbalance of the trade policy process to the benefit of a wider range of trade policy stakeholders.

Such a reform could depend on the new president's decision to reform the trade policy process. Nevertheless, a deliberate move by the chief executive to curb his own power vis-à-vis Congress would be an unprecedented step in the era of the modern presidency. The fact that president-elect Barack Obama, despite the exhortations of the labor organizations (Tasini, 2008), has remained silent on the TRADE Act of 2008 is

[431] Long-time fair trade advocates Sen. Sherrod Brown (D-Ohio) and Rep. Mike Michaud (D-Maine) led the negotiations with civil society groups. The TRADE Act was cosponsored by 70 House members and 7 Senators. Among fair trade organizations, supporters include Public Citizen, the Citizens Trade Campaign, the Sierra Club, Friends of the Earth, the AFL-CIO, Change to Win and most of the unions involved in trade debates.
[432] For more details, see (H.R. 6180, §7, ¶b, 6).
[433] The bill has 72 co-sponsors but has not been scheduled for debate.

indicative of the dilemma that fair traders face: not only is the new president unlikely to abandon his institutional prerogatives, but he may also refrain from alienating powerful business interests. Thus, if "Change" is to come in the trade policy sphere, the presidency will most likely have to retain its institutional prerogatives on the policy process. The real challenge for fair traders will be to win the favor of the president-elect and convince him to forge a more balanced trade policy in which all stakeholders have their say. Unless the White House acknowledges and vows to alter the skewed design of the policy process, the executive branch is likely to retain its special relationship with the private sector, thereby maintaining the obstacles that have hampered the progress of the fair trade cause from NAFTA to CAFTA.

APPENDIX 1: The origins of the fair trade coalition

January 15, 1991

Announcement of Citizens Group Forum Regarding U.S.—Mexico Free Trade

U.S.-Mexico Free Trade — Opening Up The Debate:

Agricultural, Environmental and Labor Dimensions of North American Integration

Citizens groups will present a one-day Capitol Hill forum to discuss social and environmental concerns created by the proposed U.S.-Mexico Free Trade Agreement negotiations on January 15 in the hearing room of the U.S. House of Representatives Committee on Ways and Means, 1100 Longworth House Office Building. The forum is open to Congressional members, their staff, and the general public. The purpose of the forum is to stimulate and broaden debate around some environmental and social impacts of a free trade agreement prior to Congressional approval for negotiations to proceed.

During the morning session, which will begin at 9:00, three panels comprised of U.S., Mexican and Canadian representatives will discuss agricultural, environmental and labor issues raised by the proposed free trade agreement. In the afternoon, a series of workshops will examine in greater detail these and other issues related to the free trade pact. Probable topics to be addressed in the afternoon include: human rights, gender discrimination, health and safety issues, consumer protection, the "maquiladora" industry, transboundary pollution, sustainable agriculture, child labor, immigration and labor mobility.

The forum is organized by agricultural, environmental, labor, consumer, development, human rights and religious organizations concerned that preparations for a U.S.-Mexico Free Trade Agreement are proceeding with little or no public debate over the effects of such an agreement. U.S. groups initiating the forum include:

AFL-CIO
Amalgamated Clothing & Textile Workers Union
Arizona Toxics Information Project
Association of Farmworker Opportunity Programs
Child Labor Coalition
Community Nutrition Institute
Council on Hemispheric Affairs
The Development Group for Alternative Policies
Fair Trade Campaign
Institute for Policy Studies
International Labor Rights Education and Research Fund
International Ladies Garment Workers Union
International Union of Food and Allied Workers
U.S.-Mexico Dialogos
National Consumers League
National Family Farm Coalition
National Toxics Campaign
National Wildlife Federation
United Auto Workers
United Methodist Board of Church and Society

FOR QUESTIONS ABOUT THE FORUM, PLEASE CALL:
Pharis Harvey, International Labor Rights Education and Research Fund, (202) 544-7198; or
Stewart Hudson, National Wildlife Federation, (202) 797-6602

Source: Magraw (1995, 644-5).

APPENDIX 2: Sample questions for interviews

1) What has changed in U.S. trade politics from NAFTA to CAFTA?

2) Has the mobilization of labor and environmentalists made any difference over the past decade?

3) What are the key factors influencing trade votes in Congress according to you?

4) What explains the erosion of support for free trade agreements among Democrats?

5) What factors have constrained the progress of fair trade advocates?

6) What role do political parties play in trade debates? Do they really matter or is trade too much of a cross-cutting issue?

7) It seems to me that the executive branch has been a crucial actor to gather support for free trade agreements and fast track. Do you agree?

8) Could you give me a few examples about the role played by the USTR / the Executive branch in recent debates (fast track, PNTR, TPA, CAFTA)?

9) Do free trade business coalitions matter? What role do they play?

10) How do these free trade coalitions operate?

11) Could it be that it is the coordination of the Executive branch and free trade coalitions has been crucial to save America's trade policy from its opponents? If so, how does this coordination work?

12) How important are the current debates on the renewal of fast track authority? What do you think of the new trade deal?

13) Do you think future trade agreements will have to give more room to non-trade issues?

15) Are there people from the business community or Congress you would recommend that I contact for this research project?

APPENDIX 3: ACTPN membership list (1990-1991)

Advisory Committee for Trade Policy and Negotiations (ACTPN)
1990-1991

John Akers	IBM Corporation
Robert E. Allen	AT&T
Edwin L. Artzt	Proctor & Gamble
Roger Baccigaluppi	RB International
Curtis H. Barnette	Bethlehem Steel Corporation
Lawrence A. Bossidy	Allied-Signal, Inc.
W. L. Lyons Brown	The Brown-Forman Corporation
Don Butler	National Cattlemen's Association
A. W. Clausen	BankAmerica Corporation
Trammell Crow	Trammell Crow Company
Donald G. Fisher	The Gap, Inc
Barbara H. Franklin	Franklin Associates
Robert W. Galvin	Motorola, Inc.
Stanley C. Gault	Rubermaid Incorporated
Maurice R. Greenberg	American International Group, Inc.
James Houghton	Corning Inc.
Allen F. Jacobson	Minnesota Mining & Manufacturing Co.
David K. Karnes	The Fairmont Group
Dean Kleckner	American Farm Bureau Federation
Philip E. Lippincott	Scott Paper Company
Richard M. Morrow	Amoco Corporation
Allen E. Murray	Mobil Corporation
N. J. Nicholas	Time Warner, Inc.
Paul Oreffice	DOW Chemical
Rudolph A. Oswald	AFL-CIO
John J. Phelan	New York Stock Exchange, Inc.
Edmund T. Pratt	Pfizer, Inc.
L. R. Pugh	VF Corporation
James D. Robinson	American Express, Co.
John A. Rollwagen	Cray Research, Inc.
G. A. Schaefer	Caterpillar, Inc.
Jack Sheinkman	ACTWU
Frank Shrontz	Boeing
Harry E. Sloan	New World Pictures
Richard Snyder	Snyder General Corp.
Linda J. Wachner	Warnaco, Inc.
George H. Weyerhaeuser	Weyerhaeuser Company
Marina Whitman	General Motors Corporation
John A. Young	Hewlett-Packard Company
Gordon B. Zacks	R.G. Barry Corporation

Source: Office of the U.S. Trade Representative (1991)

Appendix 4: The origins of the fair trade coalition (2)

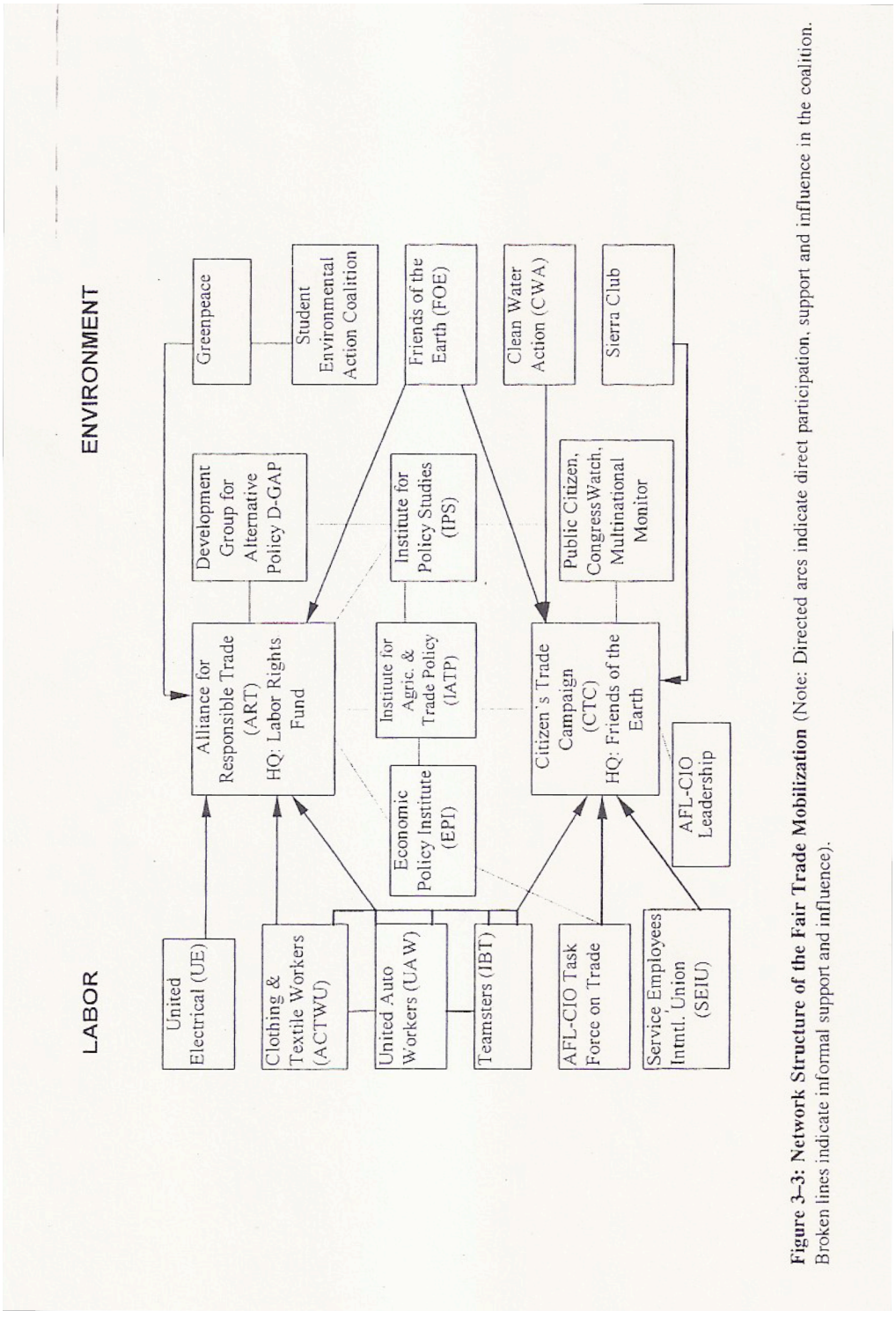


Figure 3–3: Network Structure of the Fair Trade Mobilization (Note: Directed ares indicate direct participation, support and influence in the coalition. Broken lines indicate informal support and influence).

Source: Dreiling (2001, 59).

APPENDIX 5: Characteristics of USA*NAFTA State Captains

Table 5-1: Characteristics of State Captains

State Captains	1992 PAC $	Board Centrality	Business Roundtable	Trade Advisory	Total '91 Sales $1000	Primary Market Sector	Mexican Subsidiaries	Employees 1991
Air Products-Chemical	73450	.027	1	2	2931100	Chemicals	5	14600
Allied Signal	196000	.056	1	2	11831000	Aerospace	5	98300
ALCOA	45450	.052	1	1	9884100	Metals	12	65600
American Express	141425	.201	1	2	25763000	Diversified financials	8	110728
American Intl Group	189190	.020	1	3	16883913	Ins: prop. & casualty (stock)	0	32000
AT & T	1303035	.181	1	3	63089000	Telecommunications	3	317100
ASARCO	24769	.050	0	1	1910000	Mining, crude-oil production	4	9100
Ashland Oil	186311	.057	1	2	10211000	Petroleum refining	2	33682
Bankamerica	279377	.057	1	3	12268000	Commercial banks	6	62609
Caterpillar	45473	.031	1	2	10182000	Industrial and farm equipment	4	53636
Chase Manhattan	282013	.162	1	1	3345000	Commercial banks	4	36210
Citicorp	346852	.284	1	2	7265000	Commercial banks	4	86000
CSX	10750	.018	0	1	8636000	Railroads	0	49937
Ei DuPont De	91798	.067	1	2	38695000	Chemicals	12	132578
Eastman Kodak	26450	.116	1	1	19419000	Scientific, photo., control	9	133200
Eli Lilly	195530	.050	1	1	5725700	Pharmaceuticals	6	40700
Fluor	333058	.028	1	1	6741700	Engineering, construction	0	40593
FMC	261760	.009	1	1	3899400	Chemicals	5	23150
General Electric	683350	.108	1	4	60236000	Electronics, electrical	7	284000
General Motors	232480	.144	1	2	123056000	Motor vehicles and parts	14	756300
Halliburton	90512	.077	1	1	7018800	Engineering, construction	6	73000
Howlett Packard	58800	.127	1	2	14494000	Computers, office equipment	10	89000
IBM	NA	.116	1	3	64792000	Computers, office equipment	3	377553
Intl. Paper	218860	.145	1	2	12703000	Forest and paper products	2	70500
ITT	101300	.013	1	4	20241000	Hotels, casinos, resorts	7	110000
3M	76750	.117	1	1	13340000	Scientific, photo., control	4	88477
Monsanto	113955	.069	1	3	8864000	Chemicals	4	39300
Nalco Chemical	25900	.011	0	1	1237300	Chemicals	4	6832
NationsBank	NA	.038	0	0	3799000	Commercial banks	0	57177
Nike	46369	.005	0	1	3405211	Wholesalers	0	7800
Phelps Dodge	84800	.011	1	1	2434300	Metals	4	13931
Procter & Gamble	77200	.067	1	3	29362000	Soaps, cosmetics	4	106000
Textron	398850	.023	0	3	7840100	Aerospace	4	52000
TRW	153175	.040	1	3	7913000	Motor vehicles and parts	14	71262
United Technologies	285540	.035	1	1	20840000	Aerospace	0	185100
Warnaco Group	NA	.002	1	1	562500	Apparel	3	11500
(State Captain Means)	(185570)	(.073)	(.833)	(1.86)	(18356059)	NA	(4.97)	(103873)
Sample Means n=228	140008	.043	.28	.754	8402295		2.67	51253

Source: Dreiling (2001, 94)

APPENDIX 6: Anti-fast track flyer (1997)

Source: AFL-CIO archives.

APPENDIX 7: AFL-CIO lobbying materials (2000)

Sample Letter to the Editor #4

The Rules of the Game

To the Editor:

The question isn't whether we should trade with China because we already do that — in fact, U.S. trade with China last year totaled $95 billion dollars.

Instead, the debate is over how we should trade with China and what the rules of the game should be.

Today, there are no rules looking out for people and the environment. That's why U.S. workers are being forced to compete with prison labor and sweatshop labor in China, at wages as low as 13 cents an hour. That's why China competes, unfairly, as one of the worst human rights violators and one of the worst environmental polluters in the world.

Congress must do all it can to correct this moral and economic imbalance. And giving the Chinese government a blank check to continue violating its citizens basic freedoms by granting China permanent free trade status with no annual reviews of its human rights and trade record is not the answer.

Sincerely,

Name
Title
Organization
Address
Phone Number

Source: AFL-CIO archives.

APPENDIX 8: AFL-CIO lobbying materials (2000)

Sample Letter to the Editor #5

China Denies Its Citizens Religious Freedom

To the Editor:

China flagrantly violates its citizens religious freedom. According to a recent report by the U.S. State Department, the Chinese government continues to crack down on the activities of "unapproved" Catholic and Protestant churches by using threats, interrogation, arrest and extortion, destroying property, and at times beating and torturing Christian religious leaders and believers.

Chinese authorities force priests and believers to "choose" between joining the government-sanctioned church or facing punishments like fines, job loss, arrest, and having their children barred from school.

Yet, Congress is now considering a plan to scrap its annual review of China's human rights and trade record, and reward Beijing with a permanent trade deal — even though the Chinese government brutally suppresses not only its citizens freedom of religion, but freedom of speech and association as well.

Congress should give a decisive thumbs-down to this deal and refuse China permanent access until it shows that it plays by the rules -- by respecting and protecting its citizens basic freedoms.

Sincerely,

Name
Title
Organization
Address
Phone Number

Source: AFL-CIO archives.

APPENDIX 9: AFL-CIO lobbying materials (2000)

Sample Letter to the Editor #6

China is One of the Biggest Polluters in the World

To the Editor:

Five of the world's ten most polluted cities are in China, and an estimated two million people die each year in China from air and water pollution. Water pollutants are so potent and toxic that 80 percent of China's rivers are no longer safe to fish. The water in Shanghai is so polluted that ITT Industries has to treat it before using it for industrial processes.

Yet Congress is considering a proposal which would end the current system of annual reviews of China's human rights, environmental practices and trade record and give China permanent free trade status.

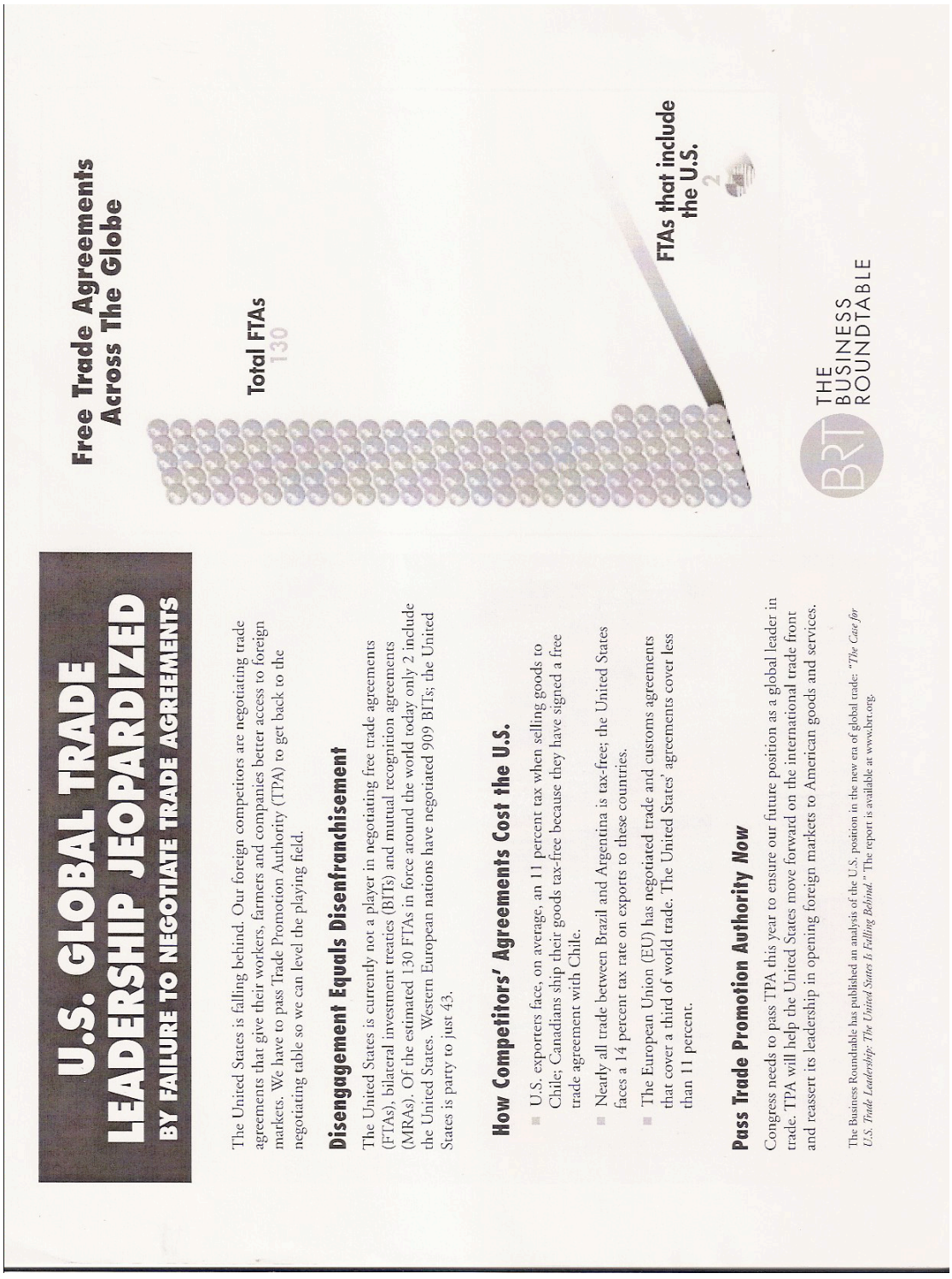
Until China cleans up its act, Congress should not even think about giving the Chinese government a blank check to continue their atrocious environmental practices.

Sincerely,

Name
Title
Organization
Address
Phone Number

Source: AFL-CIO archives.

APPENDIX 10: Business Roundtable flyer (2001)



U.S. GLOBAL TRADE LEADERSHIP JEOPARDIZED

BY FAILURE TO NEGOTIATE TRADE AGREEMENTS

The United States is falling behind. Our foreign competitors are negotiating trade agreements that give their workers, farmers and companies better access to foreign markets. We have to pass Trade Promotion Authority (TPA) to get back to the negotiating table so we can level the playing field.

Disengagement Equals Disenfranchisement

The United States is currently not a player in negotiating free trade agreements (FTAs), bilateral investment treaties (BITs) and mutual recognition agreements (MRAs). Of the estimated 130 FTAs in force around the world today only 2 include the United States. Western European nations have negotiated 909 BITs; the United States is party to just 43.

How Competitors' Agreements Cost the U.S.

- U.S. exporters face, on average, an 11 percent tax when selling goods to Chile; Canadians ship their goods tax-free because they have signed a free trade agreement with Chile.
- Nearly all trade between Brazil and Argentina is tax-free; the United States faces a 14 percent tax rate on exports to these countries.
- The European Union (EU) has negotiated trade and customs agreements that cover a third of world trade. The United States' agreements cover less than 11 percent.

Pass Trade Promotion Authority *Now*

Congress needs to pass TPA this year to ensure our future position as a global leader in trade. TPA will help the United States move forward on the international trade front and reassert its leadership in opening foreign markets to American goods and services.

The Business Roundtable has published an analysis of the U.S. position in the new era of global trade: *"The Case for U.S. Trade Leadership: The United States Is Falling Behind."* The report is available at www.brt.org.

Free Trade Agreements Across The Globe

Total FTAs 130

FTAs that include the U.S. 2

THE BUSINESS ROUNDTABLE

Source: Business Roundtable (2001).

APPENDIX 11: AFL-CIO lobbying materials (2001)

For Immediate Release Contact: (include all contact names and #s here)

Broad (City Name Here) Coalition Denounces Fast Track Legislation
Urging (Your Member of Congress Here) to "Get on the Right Track," Groups Warn of Fast Track's Harm to Working Families, Environment and Consumers

(City; Date) - - "Fast Track" trade legislation which Congress is expected to consider this month will cost jobs, hurt the environment and lower consumer standards, according to a broad local coalition of working people, students, environmental activists, consumer groups, and religious leaders. The groups held a (event type) to urge (name of your Member of Congress here) not to grant the President Fast Track trade negotiating authority and to "Get Off the Fast Track and Get on the Right Track."

"Fast Track gives too much priority to rushing through trade deals quickly, when really there's no hurry," pointed out (name of coalition member here.) "It gives too much power to the President, without checks and balances."

Fast Track would mean that Congress would only be able to vote trade agreements the President makes up or down, and couldn't exercise oversight by making amendments.

Speakers at the (event type) included: (name and organizations here.)

(If you're doing a creative twist to your event, describe it here.)

Fast Track was defeated in Congress in 1997 and 1998 when groups pointed out that despite including hundreds of pages of protections for business interests, it didn't include any enforceable protections for workers' rights and the environment. The current proposed legislation, which the Administration is calling 'trade promotion authority,' does nothing to remedy these issues.

The group raised concerns that the legislation ignores concerns about the impact of trade on workers, the environment, family farmers, consumers, small and mid-sized business, people of color and women here in the United States and around the world.

"Trade must take into account real people's needs, not just those of corporations," said (name of coalition member here.) "Congress should meet its responsibility to carefully consider trade deals."

The (event type) in (city) is one of dozens of such events across the nation being held this month by similar coalitions.

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Source: AFL-CIO archives

APPENDIX 12: Local data on trade-related job losses

CAFTA AND JOB LOSS IN PENNSYLVANIA

In the fight to push through the Central America Free Trade Agreement (CAFTA), the Bush administration and corporate lobbyists have argued that the trade deal will create jobs both in the U.S. and the six other nations party to the agreement. The legacy of the North American Free Trade Agreement (NAFTA), which was also sold as a job-creating deal, casts significant doubt on these dubious claims.

Like NAFTA before it, CAFTA will do much more than just reduce barriers to the flow of goods and services – it will establish a new legal regime that increases safeguards for multinational investment and reduces protections for workers' rights. Thus ***CAFTA creates a double incentive for American companies to ship jobs overseas*** and produce abroad for export back into the U.S. market. Also like NAFTA, the accord could result in large displacements of subsistence farmers in Central America, creating masses of unemployed whose numbers may swamp the few jobs created in export-oriented manufacturing. Finally, like NAFTA, the Central America agreement would do little to build a middle class and stimulate consumer demand in the region, leading to increased dependence on exports to the U.S. market and greater economic instability.

Under NAFTA, the U.S. trade deficit with Canada and Mexico exploded. ***Our NAFTA trade deficit is now twelve times bigger than it was before NAFTA began.*** Our combined trade deficit with the NAFTA countries was $9 billion in 1993; in 2004 it had jumped to $111 billion. The U.S. International Trade Commission predicts that ***CAFTA will also increase the U.S. trade deficit with Central America***. This prediction is confirmed by two private studies commissioned by the administration and included in its employment impact report on CAFTA – one study found that the accord could increase our trade deficit with CAFTA countries by $1.7 billion, or by 63 percent.

As imports rise faster than exports, and our trade deficit grows, jobs and job opportunities in the U.S. are destroyed. The Economic Policy Institute estimates that ***1,015291 net jobs and job opportunities were lost due to the growth in the NAFTA trade deficit*** through 2004. Increased trade under NAFTA destroyed jobs in every state, including Pennsylvania.

- While increased NAFTA exports from Pennsylvania created 42,346 new jobs in the state by the year 2004, NAFTA imports increased much more rapidly, destroying 86,519 jobs and job opportunities in the state.
- Altogether, ***NAFTA deficits resulted in a net loss of 44,173 Pennsylvania jobs through 2004.***
- Only six states in the nation lost more jobs to NAFTA trade deficits than Pennsylvania did.

The U.S. Department of Labor certified 525,094 workers for NAFTA trade adjustment assistance through 2002 because their jobs were lost due to NAFTA imports or shifts in production to Canada or Mexico under NAFTA. The ***U.S. Department of Labor certified 37,701 Pennsylvania workers who lost their jobs due to NAFTA*** in this same period, before the NAFTA-TAA program was merged and NAFTA-related job loss was no longer tracked separately.

- This number drastically undercounts the full extent of NAFTA-related job loss, since it only includes those workers who know about the Trade Adjustment Assistance program, apply for it, and meet the program's very strict eligibility requirements.
- Yet the certifications do provide a glimpse of the wide range of sectors hurt by unfair trade in Pennsylvania, including agriculture, appliances, auto and railcar parts, chemicals, dinnerware, electronics, food products, paper goods, steel, and textiles and apparel.

Job loss due to trade is clearly a contributing factor to the overall loss of manufacturing jobs in the state, and ***Pennsylvania's manufacturing workers have lost 169,700 jobs overall since 2001***. Even those who are lucky enough to find a new job often are forced to take a substantial pay cut and lose benefits.

- During the recent economic recovery, those sectors adding jobs have tended to pay significantly less than the sectors losing jobs. According to a 2004 analysis by the Economic Policy Institute, ***in Pennsylvania the average wage in expanding industries is 23 percent less than the average wage in contracting industries such as manufacturing***. Expanding industries are also less likely to provide health care coverage to their employees.
- Workers who lose their jobs due to trade – even those who are lucky enough to access income support and retraining benefits through TAA – are many times unable to find new work, and if they do find it, take significant pay cuts. According to the Department of Labor, ***only 63 percent of 2004 TAA recipients were able to find new employment, and their wages fell by 26 percent on average***.

Sample Pennsylvania Plant Closings Due to NAFTA

Source: NAFTA-TAA Certifications reported by the Department of Labor and Public Citizen's Global Trade Watch

Company	City	State	Product	Jobs Lost	Cause	TAA Cert. Date
Burns Philip Food	Bethlehem	PA	food colors and the famous sauce line	10	Shift in production to Canada	11/27/1996
Trinity Industries	Butler	PA	railroad cars	50	Shift in production to Mexico	5/30/2000
Tyco Electronics	Carlisle	PA	electroplated connector components	125	Increased customer imports from Canada/Mexico, both countries	12/11/2001
Plaid Clothing Group	Chambers-burg	PA	men's suits	350	Shift in production to Mexico	12/16/1996
Triboro Electric Co.	Doylestown	PA	electrical wiring devices	73	Shift in production to Mexico	3/31/1998
General Electric	Erie	PA	locomotive parts	1,500	Shift in production to Mexico	11/21/1995
Spectrum Control, Inc.	Erie	PA	AC and DC power distribution units	219	Shift in production to Mexico	10/4/2002
B.W. Manufacturing	Indiana	PA	ladies' skirts and slacks, vests, tops	46	High and rising aggregate U.S. imports from Canada/Mexico	6/25/1998
Bristol Tank & Welding Co, Inc.	Langhorne	PA	fuel oil tanks	14	Increased company imports from Canada	5/21/2002
HH Smith	Meadville	PA	electronic connectors	62	Increased company imports from Canada/Mexico, both countries	3/8/2002
Bender Shoe company	Somerset	PA	western boots, work shoes	134	Increased company imports from Mexico	3/11/2002
American Standard Apparel Corp	Williamsport	PA	women's, men's and children's apparel	220	High and rising aggregate U.S. imports from Canada/Mexico	12/15/1997
Pfaltzgraff Company	York	PA	stoneware and dinnerware	123	Increased company imports from Mexico	7/30/1998

Source: AFL-CIO archives.

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