

TRADE POLICY IN THE 1990S

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Trade was important in the 1990s. Both opponents and proponents agree that trade was much in our national consciousness, in our domestic politics, in our economic performance and in our diplomatic relations. Many of the major trade achievements of the 1990s will leave their mark for years to come.

Trade takes place at the interface of domestic politics, economic policy, and foreign policy, and has an intimate relationship with international finance. Below, I organize my reflections on trade in the 1990s around these poles, hopefully without losing the complexity of the interrelationship among them. I also provide a brief discussion of the process of trade policymaking in the 1990's, which reflected the multifaceted nature of the enterprise to a degree not achieved earlier.

The 1990s opened with the US in a defensive crouch on competitiveness and a broad political consensus that the US needed to be more aggressive in promoting its commercial interests. This posture changed dramatically over the decade, as the US regained international preeminence in the industries emerging as growth drivers and in macroeconomic performance. By the end of the 1990s, America had compiled one of the most impressive records seen in decades on forging trade agreements with key regional and bilateral partners and providing leadership on the multilateral trading system, with profound implications for economic and foreign policy.

In security policy, the big event of the last decade was the collapse of the Soviet Union and the end of the Cold War. In international economics, the big event of the 1990s was the decline of Japan and the associated "Asian model" of capitalism. By the middle of the decade, the US found itself in an unexpectedly dominant -- some would say hegemonic -- position in the international economy, due to a combination of unexpected, rapid decline in Japan and resurgence at home. At the same time, the "Washington consensus" recipe for growth was increasingly adopted around the world. This presented the US with opportunities that scarcely could have been imagined in the previous decade, but equally with responsibilities on the global stage. In parallel, the domestic debate on trade grew increasingly polarized, in great part because of the very success of the trade agenda and America's newfound dominance. So the United States concluded the decade in a position of unchallenged economic dominance on the global scene, but simultaneously beset by popular opposition to trade.

The result was unevenness. Sometimes, the United States seized the opportunities and took ambitious leadership positions, finalizing the Uruguay Round, NAFTA, and global agreements in telecommunications, financial services, and information technology, launching the Free Trade Area of the Americas (FTAA), elevating the Asia-Pacific Economic Cooperation (APEC) forum, driving the international financial rescue of Mexico and later of East Asia, negotiating the US-Jordan Free Trade Agreement (FTA) and the US-Vietnam bilateral trade agreement, and brokering China's entry into the World Trade Organization (WTO). But sometimes, the

polarization at home led to paralysis abroad, most notably with the collapse of WTO negotiations in Seattle and the symbolically important defeat of fast track in 1997. And in those instances where US domestic politics got in the way of exerting leadership, rivals were only too happy to step in, most notably the European Union (EU) on the WTO and Japan in Asia.

Economic Policy

The course of trade policy over the 1990s was integrally shaped by the interaction with the overall state of the economy -- as it had been, in mirror image, during the 1980s. When the Clinton administration entered office in 1993, the overriding imperative was the "economy, stupid." America's economic posture abroad was overwhelmingly colored by the realities of the 1980s: severe macroeconomic imbalance associated with loose fiscal policy and tight monetary policy and severe erosion of international market share and "competitiveness" in key manufacturing sectors. Japan was seen as the major competitive threat to be challenged where possible and imitated where not. In fact, one of the main points of agreement among the Clinton administration's new economic team coming into office was that with the Cold War over, American policymakers could take off their gloves vis-a-vis Japan.

But just as in the 1980s', America's twin deficits and dollar overshooting contributed centrally to a loss of competitiveness vis-à-vis Asian rivals, so too in the 1990s, trade developments were heavily conditioned by the Clinton administration's commitment to fiscal discipline and the stunning performance of the information technology sector in the United States, as well as the deepening economic slump in Japan. By the mid 1990s, US economic performance was strong - with trade making a significant contribution. On a sectoral level, it was becoming clear that the industries where the US was on the cutting edge were increasingly dominating economic performance all over the globe.

The resulting confidence left room for trade advances across a variety of fronts. And it put the US in a position to act as a stable anchor in the international financial system, first in the Mexican peso crisis of 1995 and later in the Asian financial crisis of 1997-8, helping to support accelerated recoveries and to maintain the commitment to open trade regimes.

And expanding trade in turn contributed centrally to America's stellar performance. In the early to mid 1990s, trade was an important stimulant to growth. But as the decade progressed, trade's contribution was increasingly as a brake on inflation, probably providing the Federal Reserve a little more leeway in navigating its way through the financial crisis in 1998.

Trade Policy

It is also important to assess progress on the goal of advancing open trade as an economic policy in its own right. The record of the Clinton administration on trade is very strong -- perhaps not compared with the economist's ideal of free trade but certainly when compared with previous administrations facing similar political constraints. Although the administration's early rhetoric could have been construed as favoring results-oriented managed trade, in fact the record is strongest on forging market opening agreements and quite respectable on managing trade disputes and trade remedies. By any measure, the trade record in the 1990s stacks up very well

against the 1980s -- despite polarization in the domestic debate. A combination of factors contributed to this record of achievement, including America's economic resurgence and the sea change in attitudes towards trade in Latin America and other developing countries, but some credit must be given to President Clinton and the extraordinary group of people he selected to make trade policy.

Market Opening

When it comes to market opening agreements, it is hard not to recognize the momentous achievements of the 1990s. The Reagan Administration initiated the Uruguay Round and negotiated the US-Canada FTA and the US-Israel FTA, and the Bush Administration initiated NAFTA. In comparison, the Clinton administration concluded negotiation and achieved legislative passage of both NAFTA and the Uruguay Round, concluded WTO agreements on telecommunications, financial services, and information technology, launched negotiations toward the FTAA and a free trade agreement with Chile, negotiated a free trade agreement with Jordan, secured legislative approval of significantly expanded Caribbean trade preferences and a generous new trade preference program with Africa, and negotiated and won legislative approval for China's entry into the WTO.

Free trade purists tend to critique the Clinton administration's market opening record as too ambitious rather than too modest, citing the eager pursuit of a "spaghetti bowl" of free trade agreements. In fact, there were two big developments on this front: NAFTA and the commitment to pursue an FTAA starting with Chile. In both cases, the agreements would seem to meet all of the criteria that economists believe make trade agreements more likely to be building blocks than stumbling blocks to multilateral free trade. Although the US-Jordan agreement does not fit this mold, surely it should be seen primarily as an instrument of foreign policy rather than of trade policy, like the US-Israel FTA that went before it.

Trade Remedies and Protection

Many economists judge any implementation of trade remedies as effectively protectionist and antitrade. Those who live in the world of policy and politics make finer distinctions. First, there is a vast difference between implementing protectionist measures on an ad hoc basis and doing so in accordance with US trade laws and WTO rules. Second, there is a strong political rationale for our trade remedy statutes as a safety valve, helping support a remarkably open trade regime overall. Indeed, it is likely that the only politically feasible alternative would be a regime that builds in comparable insurance by maintaining higher levels of bound protection across the board.

With these provisos, the Clinton Administration's performance was strong -- especially in contrast to the 1980s. The 1980s witnessed a series of ad hoc mechanisms restricting imports in a number of politically important industries: steel quotas covering 27 countries, quotas on Japanese car imports, a worldwide price cartel on semiconductors, restraints on machine tool imports, and quotas on Canadian softwood lumber imports (although the Reagan administration also ended the Orderly Marketing Agreement in the footwear industry). In nearly all cases, the

protection was instituted outside the framework of US trade laws, and in many cases, findings under the statutory processes were ignored or rejected.

In contrast, the Clinton administration early on made clear that it saw strong implementation of US trade laws -- in accordance with international obligations -- as an integral component of sustaining domestic support for the international trading system. In practice, this meant that the President took action in all cases where the ITC recommended it, from the minute broomcorn broom industry to the powerful steel industry. But the Administration refrained from imposing protectionist measures outside the context of the legal process (with the sole exception of two agricultural cases with Canada, where it extended negotiated solutions established under previous administrations).

Perhaps the most prominent example differentiating the Clinton administration's approach is the case of steel. The Asian financial crisis was in full swing when the US steel industry was thrown into crisis, with layoffs affecting fully 10 percent of the workforce, capacity utilization plummeting, and firms filing bankruptcy. The industry pursued a strategy centered on antidumping cases, in parallel with an all-out effort to secure legislation imposing worldwide quotas on steel imports. The Clinton administration responded with aggressive implementation of the antidumping laws and intense engagement on industry adjustment measures, but early on made clear they would veto any quota legislation inconsistent with WTO rules. Because of concern over the fragility of international financial markets, the Clinton administration steadfastly resisted taking any extralegal measures or even self-initiating a safeguards case -- even when the steel quota legislation passed in the House by a bipartisan vote of 289 to 141. President Clinton's position -- which would later have consequences for America's negotiating position in Seattle and for the China Permanent Normalized Trade Relations (PNTR) vote -- stands in sharp contrast to actions by previous administrations.

Trade Disputes and Unilateralism

During the 1980s, there was increasing sentiment in Congress and among policy experts that the multilateral trading rules were inadequate to address key foreign barriers faced by US firms because the dispute settlement system was weak, "hidden" barriers were not subject to trade disciplines, and key trade partners such as China remained outside the rules. Indeed, the single biggest piece of trade legislation produced during the 1980s, the 1988 Omnibus Trade Act, mandated action to address systematic unfair trade barriers under the so-called Super 301 provision. This legislation and US attempts to deal with barriers in Japan and South Korea led to growing international concern about US unilateralism in the late 1980s and early 1990s.

When the Clinton administration assumed office in 1993, it placed significant emphasis on taking aggressive action to deal with trade barriers abroad. And indeed, 1993 to 1995 witnessed several high profile bilateral negotiations, first with Japan in the context of the US-Japan Framework, and then with China. Concerns about US unilateralism spread to Europe and Canada with the passage of the Helms-Burton Cuba sanctions legislation in 1996, whose provisions were alleged to impose a burden of extraterritoriality.

But beginning with the passage of the Uruguay Round legislation in 1994 and the associated strengthening of the WTO dispute settlement system, there was an important change in America's approach. The Clinton administration determined to pursue trade disputes through the WTO system; although the administration continued to invoke Section 301, in fact all Section 301 actions were pursued in parallel with -- and subject to -- WTO rulings. Perhaps the most striking example is the Kodak-Fuji case, where the Administration terminated the action under Section 301 following a WTO loss. Exceptions to this rule were limited to cases against China, because it remained outside the WTO, as well as intellectual property cases mandated under the statutory "special 301" standards, where eligibility requirements for US trade preference programs exceed WTO standards.

Some free trade purists have criticized the aggressive use of the WTO dispute settlement system. However, the Clinton administration consciously adopted a policy of availing itself of the mechanisms available under international law in order to affirm the primacy of the multilateral system and to demonstrate to domestic critics that the United States could use the new system to advance its interests. This strategy came under attack from Congress and domestic interests when the US won cases at the WTO only to find its trade partners, and particularly the EU, opting for retaliation rather than implement changes to the disputed provisions. For its part, the US established a record of coming into compliance with adverse WTO rulings, but this may prove more difficult in the months ahead.

Foreign Policy and International Financial Policy

The Clinton administration entered office with a stated determination to end the perceived subordination of trade policy to security, reflecting the end of the Cold War and the need to address America's relative economic decline. In the early years, this policy was given concrete expression in a series of high profile trade disputes with Japan. But over the course of eight years in office, several new developments pushed in the direction of mutual reinforcement between international economic policy and security policy (with notable exceptions in the areas of sanctions and export controls). Perhaps most important, the turnaround in the US economic position permitted a reorientation of the trade agenda more in the direction of pursuing opportunities rather than redressing inequities. Second, President Clinton, who entered office with a much stronger vision and mandate on domestic and economic policy than on foreign policy, gradually developed a strong interest in foreign policy and a keen instinct for using economic tools to advance US interests abroad. And third, the international financial system presented critical challenges that dominated trade policymaking at several key junctures.

Ultimately, the Clinton administration was able to advance US core economic and security interests in tandem on several fronts: in the Western Hemisphere, in East Asia, and to some degree with Africa. The relationship with Japan improved over time, because of the sharp change in the relative economic positions of the US and Japan and due to a course correction by the Administration. The Clinton administration can also be credited with providing important international leadership on systemic issues, helping to strengthen the multilateral trading system and to galvanize international financial stabilization. But the administration ended with some notable failures as well, bequeathing to its successor a dispute-riddled relationship with the EU

and doubt abroad about whether America could muster the political will to continue providing international leadership on trade.

Mexico

The early years of the Clinton administration were a defining time for the US relationship with Mexico -- America's most important economic relationship with a middle income country because of the 2000 mile shared land border. The first challenge confronting the new Administration was determining how to handle the endgame on NAFTA given a hostile Congress and strong opposition within the Democratic Party. The Clinton administration followed a strategy of elaborating the agreement to address areas of particular concern to Democrats and then waging an all-out effort to secure passage, on the strength of claims about NAFTA's job creation potential in the US. Scarcely a year later, Mexico plummeted into the most severe financial crisis in its history. With the support of the congressional leadership, President Clinton used executive authority to assemble the biggest ever financial rescue package, in the face of broad opposition from the American people and Congress. Mexican President Zedillo's tenacity and strong economic policies made the investment one of the best of its kind. Moreover, the framework of rules mandated by NAFTA held strong throughout the financial crisis, helping Mexico to recover in record time.

From a foreign policy vantage point, these policies were a clear win. They fundamentally transformed the relationship with Mexico, putting in place an economic framework that will govern relations for years to come and will form the basis for a hemisphere-wide system of trade and investment rules. But the fight over NAFTA and the sharp deterioration in trade balances following the peso crisis galvanized a powerful coalition of trade opponents and generated a fierce backlash on trade that, perhaps more than any other single factor, helped defeat fast track in 1997 and undermine the Seattle trade talks in 2000.

Western Hemisphere

Spurred in part by the competitive dynamic set off by NAFTA and in part by a profound change in Latin American attitudes toward market liberalization, the US was able to put in place an ambitious negotiating agenda towards the goal of achieving FTAA by 2005. Although hard issues such as agriculture subsidies and antidumping will not be addressed until the endgame of the negotiations, the ambitious trade goals and the initiation of a regularized hemisphere-wide Summit process are major achievements in US relations with the Caribbean, Central America and Latin America, in a clear case where trade and security interests proceed in tandem.

Japan

In the early days of the administration, the policy that most united the international economic team was broad determination to achieve concrete sectoral results with Japan. Major emphasis was placed on the US-Japan Framework negotiations aimed at addressing impediments in important Japanese sectors where US market share was low. There is little doubt that this put strains on the overall relationship with this key ally. But even as the Clinton administration approached the moment of peak tension with Japan, threatening the threat of punitive sanctions

to exact concessions on opening Japan's auto and auto parts market, Japan's economy was slipping into a severe and protracted slump.

The turnaround in the relationship to Japan and the trade agenda bears analogy to the breathtaking demise of the Soviet Union and end of the Cold War. Starting with the rapid turnaround in the relative economic positions of Japan and the US, and reinforced by the challenge to the Japanese model of capitalism posed by the Asian financial crisis, America's trade agenda was turned on its head. By early 1998, trade disputes had taken a back seat to the imperative of prodding Japan's supine economy back to life. Although trade negotiations continued on key areas of US priority (telecommunications, pharmaceuticals, insurance and autos) the tenor became more muted, and greater weight was placed on the overall relationship and the common security agenda. The contrast can be seen in President Clinton's bookend visits to Japan in 1993 and 2000. When President Clinton traveled to Japan in 1993 for his first G7 meeting, Japan's trade barriers and US imbalances topped the agenda. When President Clinton traveled to Japan in 2000 for his final G7/8 meeting, the US and Japan collaborated closely on a major new effort to address development challenges including HIV/AIDs, the digital divide, primary education and debt relief and a showcase agreement on information technology.

China

The Clinton administration also made a major breakthrough on relations with China through trade policy, after several years of rocky relations on the security and trade fronts. The early years were characterized by a series of high profile trade disputes that culminated in a landmark intellectual property agreement signed under the threat of sanctions. Although the administration early on identified WTO accession as one of the few levers available to the US for influencing China's development and advancing the rule of law, negotiations did not intensify in earnest until the Chinese leadership, in particular Premier Zhu Rongji, embraced WTO membership as a critical complement to the domestic reform agenda and determined that the US would be the key broker of a deal.

The terms of China's entry into the WTO will have a profound impact on US-China relations, on the terms of China's integration into the international economy, and on the WTO itself for years to come. On the other hand, several interactions between trade and foreign policy are worth noting. First, President Clinton's decision to actively pursue Congressional approval for PNTR before the WTO accession process was completed and during his final year in office, which was critical to the breakthrough with China, incurred heavy political costs and displaced other trade legislation priorities such as fast track. Second, as is common in trade negotiations, the twists and turns in the negotiations with China -- reflecting domestic politics on both sides -- severely strained the relationship. Third, it is clear that the endgame on the China WTO negotiations, coming as they did in November 2000, distracted high level attention from the Seattle WTO preparations at a critical time.

South Korea and ASEAN

With respect to relations with South Korea and the ASEAN nations, President Clinton early on signaled the importance he attached to these relationships by elevating APEC to an annual

summit process and by pursuing an ambitious trade liberalization agenda within APEC. But ultimately, it was the Asian financial crisis that defined the tenor of US relationships in East Asia and to some degree even APEC.

Three things are notable here as they relate to the interaction of international economic and foreign policy. First, although it is widely recognized that the US played a key leadership role on financial stabilization in Asia, foreign perceptions of America's role suffered from the highly partisan debate over the US financial contribution to the IMF and America's inability to pledge financing for Thailand, a treaty ally, due to restrictions on the Exchange Stabilization Fund imposed during the peso crisis. Second, analogous to the course of many trade negotiations, although our security agenda is well served by coming to the aid of friends and allies at times of financial crisis, the "take your medicine" tenor of America's involvement implicates America in the onus associated with strict IMF conditionality, which can place strains on our relationships. Third, trade policy was an integral part of the rapid recovery from crisis. Although there was some experimentation with financial conditions, no crisis country deviated significantly from its open trade commitments. And the strength of the US economy, coupled with President Clinton's commitment to maintain open markets, made a central contribution to recovery -- despite recession in Japan and low growth in Europe.

The Poorest Nations

Over the course of the 1990s, trade preference programs for developing countries were significantly expanded, starting with expansion of the Generalized System of Preferences for the poorest countries, extending to the proposal for Southeast Europe Trade Preferences and culminating in the expansion of Caribbean Basin preferences to approximate parity with NAFTA and the creation of a new preference program for Africa. Africa deserves particular attention; the Clinton administration elevated trade and investment relations with the nations of Africa to a degree not seen before as part of a broader effort to develop a new framework of partnership with Africa. Moreover, these efforts were complemented by initiatives on debt forgiveness for the poorest, massive increases in spending on the infectious disease crisis in developing countries, and modest increases in spending on basic education. But it is worth noting that it took years to bring the trade initiatives to fruition because of opposition from key domestic interests. And the Clinton administration was unable to obtain congressional approval for sufficient funding to help the poorest countries realize the full potential of expanded trade access or to make sufficient offers of expanded market access to turn the tide in Seattle.

Europe

With respect to the EU, the best that might be said is that the Clinton administration succeeded in deepening and broadening the overall relationship with the EU and key European allies at a time of deepening integration, *despite* a series of high stake trade disputes. The US and EU have a pattern of testing the limits of the world trade dispute settlement system and then trying to fix the system in a subsequent negotiating round. The past decade was no exception. But the escalation to the point where America now faces a WTO ruling reaching into the minutiae of domestic tax law that could result in billions of dollars of retaliation despite an apparent lack of any clear EU

constituency who is harmed by the alleged violations puts some strain on the relationship and on domestic support for the trading system more generally.

Separately, substantial progress was made on identifying policies that could significantly facilitate trade and investment ties across the Atlantic. The launch of the Transatlantic Economic Partnership, the efforts of the Transatlantic Business Dialogue, and the substantial progress on achieving mutual recognition of product standards have yielded commercially important outcomes.

Domestic Politics

Many see the 1990s as a watershed in the politics of trade. But any such analysis should make a distinction between politicization of the public debate as opposed to congressional activity. My assessment is that there was much greater intensity around trade issues in the public debate and greater activism on globalization generally, but the congressional politics of trade were not greatly changed.

Certainly, public awareness of trade rose in the 1990s, as did activism among NGOs and students. In the United States, this trend reflected two converging forces. First, a powerful alliance of interests was formed in the crucible of the fight against NAFTA, bringing together disparate groups from the left and right. NAFTA provoked intense opposition and backlash because it was the first attempt at deep integration with a low wage country, Mexico's geographical proximity made the consequences more concrete, and the public conflated NAFTA's impact with the surge in imports and immigration associated with the peso crisis. Subsequently, the same coalition succeeded in defeating fast track in 1997 (although they did not prevail in the votes on fast track in 1994, the Uruguay Round, or China PNTR). What is most interesting about the NAFTA and fast track debates is that trade opponents -- and particularly the labor union movement -- struck a chord that resonated with the American people by raising questions about the distributional consequences of trade agreements.

Second, there was a striking increase in activism among groups opposing globalization. Initially, the activism was organized around particular goals, such as the anti-sweatshop movement on college campuses, debt forgiveness for the poorest countries, and addressing the HIV/AIDS crisis in Africa. But starting with the Seattle WTO protests in 2000 and continuing with every international meeting since then, anti-globalization has become a rallying cry for a much more diffuse set of interests. Ironically, this loose movement is itself a product of the globalization of ideas.

It is more difficult to see evidence that the congressional politics of trade were much changed in the 1990s or that partisanship increased. If anything, the partisan lineup may have softened modestly, with greater numbers of moderate Democrats voting in favor of trade and greater numbers of Republicans voting against trade for ideological or constituency reasons. For instance, 42 percent of House Republicans voted in favor of steel quotas in 1998 and 26 percent opposed China PNTR in 2000.

TRADE VOTES IN THE 1990'S

House of Representatives								
	Yes				No		Total ¹	
	Dem	%Dem	Rep	%Rep	Dem	Rep	Yes	No
Disapprove Fast Track 91	170	65%	21	13%	91	140	191	231
NAFTA	102	40%	132	75%	156	43	234	199
Fast Track 94	145	59%	150	87%	102	23	295	125
Uruguay Round	167	65%	121	68%	89	56	289	145
Fast Track 98	29	15%	151	68%	171	71	180	243
Steel Quota	197	94%	91	42%	13	128	289	141
WTO Withdrawal Sec. 125	21	10%	33	15%	181	182	56	363
China PNTR	73	35%	164	74%	138	57	237	197

Senate								
	Yes				No		Total ¹	
	Dem	%Dem	Rep	%Rep	Dem	Rep	Yes	No
Disapprove Fast Track 91	31	57%	5	12%	23	36	36	59
NAFTA	26	48%	35	78%	28	10	61	38
Fast Track 94	39	76%	37	90%	12	4	76	16
Uruguay Round	41	75%	35	78%	14	10	76	24
Fast Track 97	26	58%	42	78%	19	12	68	31
Steel Quota	27	60%	15	28%	18	39	42	57
IMF Quota	43	96%	41	75%	2	14	84	16
China PNTR	37	84%	46	85%	7	8	83	15

Although critics allege that the congressional trade consensus eroded during the 1990s, it is worth noting that the singular accomplishment of this so-called consensus during the 1980s was the 1988 Omnibus Trade Act, whose provisions were more notable in the area of fair trade than that of trade opening. Moreover, the partisan lineup on fast track does not look enormously different between the Bush and Clinton administrations. Contrasting the Bush fast track vote of 1991 with the Clinton fast track vote of 1994, it is worth noting that only 13 percent of Democrats in the House and 43 percent in the Senate supported fast track in 1991, compared with 59 percent in the House and 76 percent in the Senate in 1994. Republican support in the House held steady at 87 percent and rose slightly in the Senate from 88 to 90 percent. (Fast track never came to a vote in the House in 1997, so there are no official tallies, and the 1998 fast track vote in the House is not a useful benchmark, since it was widely recognized to be a political vote and there was no concerted effort to build support).

¹ Includes independents

Indeed, when one compares the tallies for trade votes in the 1990s, the most important factor distinguishing successes from failures appears to be whether there were calculable concrete benefits in the offing sufficient to galvanize supporters. A simple comparison makes the case. In 1997, with no trade agreement pending, fast track failed in the House, but in 1994, when the hard won gains of the Uruguay Round hung in the balance, the vote was 295 to 125 in the House, with 59 percent of Democrats in support. Similarly, in 2000, the China PNTR vote succeeded, despite the unpopularity of trade votes in election years, because of the strength of the underlying trade agreement with China.

Policymaking Process

Finally, it is worth noting briefly the distinctive way in which trade policy was coordinated during the Clinton administration. President Clinton entered office determined to strengthen international economic policymaking by establishing a new White House coordinating body. Despite numerous turf battles, variations in leadership styles and structure, and limited resources, the National Economic Council evolved a viable, effective model for integrating the competing considerations that go into international economic policymaking and coordinating the diverse institutional actors. The quality of the process and the participants helped ensure an overall logic and consistency between policies, strengthened the voice of policy officials within the overall decisionmaking process, and elevated the profile of trade issues. Over the course of the administration, the International Economic Deputies evolved as a policy development body that helped tee up policy recommendations and oversee consistent implementation. And at the Principals level, coordination evolved over time as a shared responsibility between the National Economic and National Security Advisers in close consultation with the Chief of Staff.

Lessons of the 1990s

The last decade presents a rich period for the study of trade policy. Below, I briefly suggest several lessons that can be drawn from the experience of the 1990s, although more systematic study in the future will no doubt yield a more definitive list:

- Negotiating a trade agreement is like planning a wedding. Although economic and security interests may be closely aligned at the outset, the process of negotiating the agreement tends to be dominated on each side by domestic commercial and political considerations (the in-laws) that can at least temporarily strain diplomatic relations. And the ultimate agreement may have some negative foreign policy consequences or generate domestic political backlash that makes future trade liberalization more difficult. For that reason, it is important for a new administration to prioritize and sequence carefully.
- Don't go for fast track unless there is a locomotive. Fast track in the abstract is a hard sell. Asking Congress for an open-ended grant of authority to pursue trade agreements whose benefits are as yet undefined and far into the future is a recipe for trouble. A powerful coalition of trade opponents has demonstrated that they can mobilize effectively to oppose trade legislation. But supporters are only galvanized to mount a full-fledged offensive when there are concrete benefits in the offing.

- The President is well served by instituting a White House process for coordinating international economic policy. Because of its growing complexity, trade policy affects a diverse set of interests and has a relatively large number of institutional players, making the payoff to coordination very high.
- It is very risky for the US to host major international ministerials or summits while at the same time pursuing an ambitious agenda. Far better for the US to work closely with a more neutral host.
- Don't create separate trade adjustment assistance programs associated with particular trade agreements. Trade adjustment assistance is a critical complement to any trade liberalization initiative, particularly in light of the inadequacy of America's general social insurance for dealing with the distributional consequences of trade. However, there are both political and efficiency reasons to maintain a single overarching trade adjustment assistance program.