

I can't tell you how happy I am to be speaking before you today with the knowledge that in just a couple weeks we'll have a new Congress, a new President, and a new Cabinet. Although I no longer believe in miracles, and therefore do not expect overnight improvement from this new government, ~~But~~ I do believe in the fundamental wisdom, strength, and persistence of the American people--as demonstrated by those of you here today who founded, sustained, and led the American Agriculture Movement. I am proud to be with you here today, at a time that truly feels like morning in America.

My assignment this particular morning, however, is to discuss some of the uglier remnants of the last 12 years, the NAFTA and GATT trade deals that President Bush is trying to sneak through at the very last minute. Let's start with the NAFTA, <sup>the</sup> so-called North American Free Trade Agreement between Canada, Mexico, and the U.S.

George Bush announced the completion of the NAFTA on August 17, right before the Republican Party Convention. His political strategy was to say that the solution to the domestic economic crisis was to expand trade, and that the NAFTA would be a key element of this strategy. He also believed that it would help him with Hispanic voters in the key electoral states of California, Texas, and Florida.

A few things went wrong. First, the deal wasn't actually done on August 17, so it became clear that the underlying motivation was strictly ~~electoral~~. Treasury Secretary nominee Senator Lloyd Bensten, in hearings that he called of his Finance Committee, expressed his personal anger about the purely electoral motivation behind this deal to U.S. Trade Representative Carla Hills.

A second <sup>o</sup> problem was that in his rush to <sup>conclude a</sup> ~~get a~~ deal before his convention, Bush had agreed to a bad deal, one that would mean the loss of millions of U.S. factory jobs and family farms, cause an enormous rise in immigration from Mexico, and one that would make even worse the serious environmental problems that already exist as a result of the current U.S.-Mexico free trade deal, the so-called Maquiladora program. Bush's attempts to tout the NAFTA as the key to U.S. economic recovery was lost, as most citizens figured out that NAFTA meant ~~the loss of~~ <sup>fewer</sup> jobs, not more.

In fact, it became clear to many people at the lower end of the economic ladder, those most hurt under Bush, that they were the ones who would be most affected. The manufacturing jobs that everyone knows will be lost under NAFTA are precisely the jobs where Hispanic, African-American,

and new immigrant workers have, in the past, been able to get a small portion of the American dream. Unfortunately for George Bush, his attempt to rush through a flawed NAFTA actually hurt him with Hispanic voters in many places. Even in San Diego, one of the few cities where more cross-border trade would at least create some jobs in truck stops, a majority of the residents were opposed to this deal.

President Elect Clinton recognized the potential flaws in any deal made by the Bush Administration and stated his concerns in a press release on July 27th of last year where he stated, and I quote, "We must sign a pro-growth, pro-jobs treaty with Mexico that does not sell out our workers or our environment. If I am President, that is exactly the kind of agreement we'll have." <sup>He continued,</sup> ~~and he said,~~ "From the outset of this campaign, I have stated that I will support a free trade agreement with Mexico so <sup>long</sup> ~~long~~ as it provides adequate protection for workers, farmers, and the environment on both sides of the border."

Once the final details of the Bush NAFTA deal became public, there was an intense debate among Clinton's senior advisors about what position to take. It became so controversial that Clinton took the final decision into his own hands, writing large parts of his major speech on NAFTA delivered on October 4th in Raleigh, North Carolina. In meetings with senior staff in Little Rock preparing for this speech, Clinton went over all of the various arguments--including I might add, what he had learned from a group of family farmers in Georgia whom he had met on one of the bus trip events. These farmers explained some of the serious problems that Bush's NAFTA would create for themselves and for the entire rural community, and had urged him to reject Bush's version of NAFTA.

Other agriculture voices who had weighed into this debate by this time including fruit and vegetable growers, including calls to reject the whole deal by the Governor and Secretary of Agriculture of Florida; family farm sugarbeet producers, backed by the Governor and Commissioner of Agriculture of North Dakota; Beef and wheat producers in Kansas, backed by their Governor; Dairy producers, including AMPI, Farmers Union Milk Marketing Cooperative and the National Milk Producers Federation; African-American farmers, represented by the Federation of Southern Cooperatives; California's family farmers, including the fruit and vegetable growers, California Association of Family Farmers, one of the largest dairy cooperatives, and, of course, AAM.

The list of farm and rural organizations critical of and opposing Bush's NAFTA goes on and on--unfortunately we don't have enough time for all of it this morning.

Clinton's speech was a compilation of all of the voices he was hearing. Most importantly, he was highly critical of George Bush's idea of a new agreement, citing it as fundamentally flawed in a number of important ways, including the following specific criticisms.

"If you look at the experience of the maquiladora plants, those who have moved to Mexico right across the border, there is certainly cause for concern. We can see clearly ~~that~~<sup>there</sup> that labor standards have been regularly violated; that environmental standards are often ignored, and that many people who have those jobs live in conditions which are still pretty dismal not just by our standards, but theirs."

He also states, that "there are critical issues which remain un-addressed, from workers' rights to farmers' needs to environmental protection."

He not only cited these flaws, but he spelled out the specific action that he would take to address them, promising to complete supplemental agreements to address these problems before any NAFTA would be signed.

(I should mention that although agriculture was mentioned specifically in President-elect Clinton's July press release and in this October speech, they have been missing in many of the subsequent statements by President ~~E~~<sup>a</sup>lect Clinton. I will return to this point later.)

The most controversial aspect of Clinton's position was his stated belief that all the major problems that were being identified could be addressed in supplemental agreements, not requiring re-negotiating Bush's deal. Based on this assumption, he announced that he would support the NAFTA, but only after the supplemental agreements were completed.

This mixed position, support NAFTA but require supplemental agreements, both helped and hurt the President~~a~~<sup>a</sup>elect in the media and among voters. Most everyone could find something that indicated that Governor Clinton heard their concerns and was acknowledging them, while at the same time everyone was not satisfied with the stated course of action.

Over half of the public who had heard of the NAFTA were opposed, according to the Wall Street Journal. Some voters moved <sup>their allegiance</sup> from Clinton to Perot, who opposed NAFTA, saying that all of his businessman friends who

he had talked to had said that they would move operations to Mexico in search of lower wages and weaker regulations. Perot, the businessman, knew that the NAFTA would touch-off a rash of plant closings in the U.S., ultimately causing the loss of hundreds of thousands, if not millions, of good jobs. ~~no matter what fairytales~~ the Bush Administration's economists might be telling about NAFTA creating jobs.

In the end, Bush was identified with the promotion of job-destroying free trade, and Governor Clinton was identified with caring about the victims of free trade.

Immediately following the election, Governor Clinton called Mexico's President Salinas and assured him that he would still support the deal but needed time to work out the supplemental deals. He also traveled to Austin, Texas this week to bring him the same message.

However, there is more than just the President involved in trade matters, the Congress is taking a very high-profile involvement in the NAFTA. A number of members were specifically defeated in the fall elections over their support for NAFTA. In particular, the farmers of North Missouri helped lead the effort that ultimately defeated ranking Republican on the House agriculture committee, Ron Coleman, over the issue of NAFTA, according to the Wall Street Journal. NAFTA and GATT were big issues in a number of critical Senate races, including California and Wisconsin. In Idaho, the NAFTA issues were so hot Senate Republican leader Robert Dole came to Idaho and promised that unless the sugar provisions of the NAFTA were changed that he would make sure the NAFTA got defeated.

And it wasn't just the farmers who expressed their opposition to NAFTA in the elections, it was ~~lots~~ <sup>a number</sup> of other industries as well, plus the environmental and consumer groups.

→ \* Many major companies in the textile industry, for example, have come out in strong opposition. The companies who buy our cotton may be forced to close or to move to Mexico to keep up with the Korean and Japanese companies who are rushing to set-up shop in Mexico and central America, some with financial assistance provided by the US taxpayers through the Agency for International Development. Will they still buy our cotton, grown under ~~the every~~ more strict environmental regulations, or will they buy cotton from Brazil and Guatemala, where the costs of production are extremely low--if you don't count the environmental and social destruction?

- \*The motion picture industry, Hollywood, is also deadset opposed to the NAFTA, believing it will set a bad precedent for future deals in the GATT and with other regions.
- \*The autoworkers unions see the handwriting on the wall, with four dollar per day wages luring more and more factories to Mexico, closing them in the U.S.
- \*Environmentalists have protested the loudest, pointing out the ways that Bush's deal perpetuates the terrible conditions that now exist on the border and makes matters worse by increasing damage to natural resources, fragile eco-systems, and depletion of genetic diversity.
- \*Consumer groups, already up in arms over attempts by the Bush Administration to use the GATT to undermine food safety laws, see the NAFTA as another backdoor attempt by a defeated President to deliver one final present to his friends in the food processing industry.
- \*Church leaders, responding to the call by their colleagues in Mexico who see this deal deepening the poverty and despair for Mexico's poorest people, have also spoken out strongly against Bush's deal.

The combined strength of all these NAFTA critics, Congress, businesses, unions, family farmers, environmentalists, consumer and church leaders makes NAFTA a stick of political dynamite for any President. Combined this strong opposition with the public opinion polls that show 2-1 opposition from among Americans and you have a very politically dangerous situation.

We don't know what Bill Clinton is currently thinking, but we may be able to piece together some of the views of those who he will <sup>be</sup> meeting every day in his cabinet. Congressman Mike Espy, our next secretary of agriculture and the first <sup>new</sup> secretary for agriculture in a long time, spoke on December 4th at the annual meeting of the Crystal Sugar Cooperative in North Dakota. On the issue of sugar beets, of which my home state of Minnesota is the nation's number one producer, he called for fair trade and he raised concerns about the dangers presented by Bush's NAFTA to both the sugar program and to Section 22 protection for our dairy, peanut, cotton, sugar and other producers.

A number of other Clinton appointments, including Laura Tyson who will head the Council of Economic Advisors and Robert Reich at the Labor Department, have voiced their opposition to the kind of thoughtless trade

deregulation promoted by the Bush Administration under the guise of free trade.

Laura Tyson in several Wall Street Journal editorials where they attacked Clinton and Tyson, they condemn as her biggest crime her explicit rejection of ideological free tradism.

But for each voice rejecting Bush's free tradism ideology there are others who support the soon to be former President's approach and who want Bill Clinton to rush through the NAFTA as soon as possible. Clinton advisor Robert Shapiro came to Minnesota the week of the election and stated that he did not support the alteration of the NAFTA and that he was pushing Clinton to pass it as quickly as possible.

So we have a few specific jobs to do <sup>to</sup> help the incoming Administration to meet their pledge to oppose those aspects of Bush's NAFTA <sub>bad for farmers, workers, and the environment.</sub> <sup>that are</sup>

The first is to inform the new Administration about the all of the problems Bush's NAFTA will create for family farmers, here and in Mexico and Canada, ~~and to convert this awareness into the~~ <sup>with the goal of adding</sup> addition of agriculture issues to the environmental and labor issues that <sup>Clinton</sup> he is on the record <sup>as</sup> being committed to solving through supplemental agreements before Bush's NAFTA will be accepted.

The second is to draft and present to the new President, <sup>just</sup> as soon after January 20th as possible, our version of the language for a supplemental agreement in agriculture, including environmental and consumer issues. We need to get out in front on this, so we are not simply reacting to a weak set of supplemental deals that gets cooked up by the Mexican government as a face-saving maneuver.

Third, we must prepare the grassroots for a giant legislative battle if the final outcome is going to be negative for family farmers in any or all of our three countries. Over the next few months we have to work like hell to get our concerns acknowledged by President Clinton, to get our ideas for a satisfactory text collected, put into treaty language, and effectively presented to the President, and we must build a gigantic grassroots movement to be prepared to fight to pass a good NAFTA or to defeat a bad one.

But let's take a look at the much bigger trade deal, the GATT, before we get into the specific work that we need to be doing over the next period of time.

The overall GATT deal has been completed now for over a year, including an absolutely terrible agriculture section that is exactly what George Bush wanted. You all know some of the details--elimination of Section 22 and Meat Import Act controls on imports, lowering of food safety standards for imported foods, elimination or reduction of many farm programs, increases in taxpayer outlays, and an institutionalization of the horrible, destructive export dumping that we have pursued under the Reagan/Bush ideology.

In October and November, right before the election, there was an attempt by Bush to sign a GATT deal on agriculture, hoping this would give him a boost among some voters. His original strategy, which was to claim that all of his international jet-setting had led to this wonderful GATT trade deal which would solve our nation's economic crisis, was pretty much in tatters but he still wanted to see what was possible.

There were intense negotiations going on over soybeans between the US and EC in Brussels. An team of negotiators from the Bush Administration, under orders to get a deal at any prices, had bargained away everything except your banker's new oldsmobile. Right at the last moment, however, an angry Dean Kleckner, from the American Farm Bureau Federation, called U.S. Agriculture Secretary Madigan out of the talks and bitterly attacked the just completed deal as a sell-out, and arguing that it would hurt the Farm Bureau, who had sold their souls to the Bush Administration in support of the GATT--not to mention hurting Bush among rural voters. The U.S. then backed out of the deal they had agreed to, with much embarrassment.

The fact that he was soundly defeated at the polls has not deterred President Bush from trying to give one last gift to his chosen group of friends, and loyal financial supporters, among the global corporations. He sent his negotiators back to the table right after the elections, and they agreed to a deal slightly worse than the one they had back before the election.

Even though this deal was being made between a defeated President and a European commissioner with only a few days left in office, there was the hope that it could be taken seriously enough to give momentum to the rest of the talks. The Bush Administration started to work in high gear in hopes

of settling the whole deal before the inauguration, trying to box in the new President <sup>on</sup> in GATT the way they did <sup>on</sup> in NAFTA.

Unfortunately for them, <sup>y</sup> and fortunately for us, the farmers in Europe didn't like the last minute deal that had been cut any more than we did, and were willing to go into the streets to protest against the deal. Huge demonstrations, some including representatives from US, Canadian, Korean, and Japanese family farm groups, were held all over Europe. The rest of the world looked at the opposition in the US and in Europe and decided that this GATT deal cooked up by the Bush Administration was doomed, and they all decided to hold back on the rest of the talks.

When the Bush Administration began to seve <sup>gg</sup> that they could not roll the rest of the GATT member nations fast enough, to beat the inauguration of a new President, they decided to shift strategies. Instead of pushing for immediate and complete approval of the entire GATT, they suddenly began raising concerns about the final draft text language of almost every major section of GATT, including motion pictures, textiles, intellectual property, environmental issues, anti-dumping, subsidies, and <sup>g</sup> surprisingly, the proposed replacement of GATT with a new institutions, the Multi-lateral Trading Organization, or MTO as it is called. Consciously or unconsciously, the Bush Administration was opening up a dozen pandora's boxes within the GATT, touching off a flurry of other demands from other nation's about sections of the final draft that they want re-negotiated.

When asked why the U.S. needs so major last-minute changes, their answer is that they do not have the votes to pass the current version in Congress now, and need to eliminate some of the critics and opposition before they could gain a majority in both Houses. Groups like AAM should take pride in the effectiveness of our efforts to stop Bush's GATT--but we cannot let up the pressure.

Governor Clinton will be under tremendous pressure to get some kind of GATT deal. You've all read the newspapers, about how a GATT deal is needed to save western civilization. Many want any GATT deal at any price. This strictly ideological view is quite strong in some quarters.

A more common position, even expressed unconvincingly at times by George Bush, is that, "No GATT deal is better than a bad GATT." This is obviously true, but in my opinion not good enough.



I have been arguing that President Clinton needs to say that no GATT deal is not good enough--we must have a GATT deal and it has to be a good one. Why do I say this?

First, we already have a GATT, which has a number of existing problems that need to be fixed. Here are a few examples:

Article <sup>VI</sup> of GATT says you can't export items at prices below the cost of production, which is defined as including marketing costs and a reasonable profit. The US and Europe, among others, dump agricultural products at prices <sup>at?</sup> one the cost of production, not including a reasonable profit for the farmers. This dumping has destroyed family farmers and peasants around the world, leading to untold starvation, environmental destruction, and crushing external debt for many of the poorest countries.

The only way to phase out this terribly destructive and expensive practice is through a negotiated deal--not the Bush deal which would make this worse, but in a new, Clinton GATT deal.

Another existing problem that must get fixed is the confusion around import controls. Under Article XI of the current GATT, countries can "legally" control the import of farm goods as long as these are tied to domestic production control programs, like we have in the US in peanuts, sugar, tobacco, and at times in dairy, corn, wheat, cotton, and other crops. The rules are vague and have many loopholes, so that the major countries, like the U.S. and Europe, ignore them.

Article XI needs to be strengthened and clarified, and then all of the GATT countries need to follow the rules, not ignore them.

A recent GATT panels of judges ruled that U.S. laws that prohibit our fishing companies from fishing in certain regions where dolphins get killed in the process could not be used to block imports of tuna caught in these very same regions by fishing companies based in other countries. Essentially, GATT ruled that although state legislatures or Congress may tell you what you can and cannot do on your farm, you will face imported foods produced without having to meet the same rules. This disaster for U.S. farmers is part of the current GATT, and must be fixed through successful negotiations of a good GATT by President Clinton.

But how to get from here, a bad GATT, to there, a good GATT, is a big question. There are many different economic sectors and constituency groups totally opposed to the current GATT. It will not be enough to just

solved the problems in the agriculture text, all problems must be addressed in a new Clinton GATT. This is not only a matter of justice, that all problems should be addressed, but it is also a matter of politics. It is the entire coalition together that leads the U.S. Ambassador to GATT to say he does not have the votes to get this through Congress. It is the combined force that gives each individual perspective the strength to be recognized and heard.

As with the NAFTA, we have to get out ahead on the GATT. We need to be sitting down with family farmers from around the world, but especially from France, Canada, Brazil, Japan, Argentina, and the other big players and coming to a "win-win" deal that we all can take to our governments as an acceptable compromise.

And we need the other sectors to be doing this as well. In fact, the textile industry is already ahead of us on this. The US and the EC textile companies and unions met in Washington and developed a compromise package that they took to the public on December 14, in a Washington DC press conference, presenting what they called "a charter of principles which both the United States and the European industries believe should guide international trade in textiles and apparel." This charter included a wide range of issues, including human rights, environment, market opening, and enforcement of trade rules and laws.

U.S. farmers need to take their lead, calling together a meeting as <sup>soon as</sup> possible with our colleagues from around the world.,

As with NAFTA, we have three main tasks in relation to GATT. Getting the President to understand the major problems facing family farmers in the current Bush's GATT, completing substitute language and delivering this to Clinton in an effective way, and the preparation of a grassroots campaign ready to fight for a good GATT and to kill a bad one.

So what does this mean for AAM, and for each of our individuals over the next period?

First, we have to get our concerns made know to the Clinton team and to members of Congress. You need to write, phone, and meet in person with as many members of the new Administration and Congress as you can, preferable in conjunction with your allies in other industries; environmentalists, church leaders, etc. Second, we have to write supplemental treaty language for NAFTA and GATT and get it to the government in as quickly and as effectively as possible.

Third, we have to build local coalitions in each of our states and cities. Fair Trade Coalitions, who are working to inform the public, meeting with editorial boards, getting resolutions passed in town councils and state legislatures, getting commitments out of Senators and Representatives and getting all organizations possible to take strong positions in opposition to Bush's GATT and NAFTA and in favor of the supplemental and substitute language we develop.

The only real problems that I see is timing. If President Clinton tries to push either of these two deals in the next six months, no one will be ready for developing positive new ideas, so only a major battle is possible, one that will divert the new Administration from real domestic problems and one ~~that~~ <sup>in which</sup> there can be no winner, only lots of losers.

If, however, consideration is put off until the second half of the year, it would give the time needed to put into motion our positive ideas, and for Congress to find a compromise path that most of us could support.

If we get out and do a good job right away, it will be clear to the Clinton Administration that this is a lose-lose fight if it comes anytime soon, and they will, I hope, decide to postpone consideration until later in the year. If we do a good job, they will accept our suggestions for supplemental and substitute language and incorporate these into a successful re-negotiations of both NAFTA and GATT.

If we do a good job, then we will have an easy job of building grassroots support. If we aren't very successful, we will have the unfortunate job of mounting a gigantic campaign to stop GATT and/or NAFTA.

I voted for Governor Clinton because I am worried about the future of this nation, for myself and for ~~daughter~~ <sup>other</sup> generations. Bill Clinton will not bring about change--that is up to us. He can help or he can hurt, as George Bush did, but ultimately it is up to all of us here in this room. We have two jobs, no matter how good the President, summarized well in a story told about President Roosevelt, who told a group pushing a specific point of view that "they had convinced him, but now they needed to go out and make him do something about it."

It is exactly the same today. We have to convince the new President, cabinet, and Congress about the course of action that we want pursued, on both domestic and international policy, and then we need to make them do something about it. It's up to us.