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**CLINTON AND THE PROCESS TO PASS NAFTA: MAKING SAUSAGE**

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## **CLINTON AND THE PROCESS TO PASS NAFTA: MAKING SAUSAGE**

President George Bush hurried the North American Free Trade Agreement (NAFTA) negotiations to a conclusion in 1992 in time for the Republican National Convention. Although NAFTA still required congressional approval, the Bush campaign believed the ensuing debate would divide the Democratic Party and make candidate Bill Clinton appear weak and vacillating on trade issues. NAFTA was a divisive issue that unleashed nationalistic, xenophobic, and demagogic currents throughout the United States. One year later, however, the newly elected Clinton Administration embraced NAFTA and deftly crafted a triumphant political strategy that ensured the passage of the free trade initiative through the U.S. Congress against overwhelming odds. An examination of how Clinton congealed a bipartisan alliance and influenced the political process--akin to making sausage--to secure ratification of NAFTA is provided.

### **Background**

Hundreds of politicians and political organizations took a stand on NAFTA. The idea for a NAFTA originated in June 1990 between George Bush, president of the United States, and Carlos Salinas, president of Mexico. Later, Canada joined the process, and in June 1991, formal negotiations on a NAFTA were initiated.<sup>1</sup> The NAFTA document itself was 1.5 inches thick, consisted of more than one thousand pages of text organized into twenty-two chapters, with numerous annexes, plus supplemental agreements on the environment and labor. Negotiated in the midst of a recession, the agreement touched off a major debate in the United States, where fears of a flood of imported goods produced with low-cost labor generated widespread attacks from labor organizations, environmentalists, and import-sensitive industries.<sup>2</sup>

NAFTA was an expansion of a 1989 trade agreement already in place between the United States and Canada. The pact called for the gradual removal of tariffs and other trade barriers on

most goods produced and sold in North America. NAFTA formed the world's second largest free-trade zone, bringing together 365 million consumers in Canada, Mexico, and the United States in an open market. NAFTA eliminated duties on half of all U.S. goods shipped to Mexico and gradually phased out other tariffs over a period of fourteen years. The treaty also protected intellectual property rights (patents, copyrights, and trademarks) and outlined the removal of restrictions on investments among the three countries.

The first hurdle President George Bush faced in the NAFTA ratification process was getting fast-track negotiating status. In Canada and Mexico, the head of state can commit his country to negotiate a trade agreement. In the United States, however, the president is required to obtain permission to negotiate from Congress. Therefore, President Bush asked Congress, and was granted, fast-track negotiating status in 1991 and later received a two-year extension. In granting fast-track authority to the president, Congress expedites the negotiation of trade agreements by permitting the president to negotiate international trade treaties and submit them to Congress for approval without congressional amendments. Still riding on the crest of his early popularity following the Gulf War, President Bush was able to get fast-track authority through a Democratically-controlled Congress.

### **1992 Presidential Campaign**

*I think he [Clinton] is the candidate of Wall Street, not Main Street.*<sup>3</sup>

Congresswomen Mary Kaptur

The 1992 U.S. presidential campaign gave life to the debate over NAFTA. As President Bush's poll ratings fell precipitously in early 1992, and the prospect of a Clinton victory became a possibility, the dynamics of the NAFTA radically changed. Interest groups, like organized labor and environmentalists, knew they could demand more concessions from a Democrat in the White House. In response, the U.S. Congress postponed consideration of the NAFTA until

1993, after the election. Therefore, the presidential candidates--George Bush, Bill Clinton, and Ross Perot--were forced to take a stand on free trade in North America.

President George Bush wanted to have the NAFTA deal done before the Republican National Convention in August 1992. He hoped that NAFTA could be sold as good news to bolster his re-election bid at a time when an economic slump made him vulnerable to the criticism that he had neglected domestic affairs. Also, the Bush campaign believed the NAFTA debate would divide the Democratic Party, force its leadership to take compromise positions, and pit two major Democratic voting constituencies--the Hispanic vote and the union vote--against one another.

Candidate Clinton wanted to establish himself as a "New Democrat." Elements of the centrist New Democrat coalition, particularly in the business community, urged him to support the agreement. Although there might be political costs, particularly in Michigan, a key primary state, backing NAFTA would signify that Clinton was tough enough to stand up to interest groups. In October 1992, Bill Clinton announced he was supporting NAFTA. Clinton said that the agreement Bush had negotiated had problems, but they could be fixed without starting over. If elected, however, he would not sign a bill implementing NAFTA unless it included additional agreements that protected labor and the environment.<sup>4</sup>

The most independent and outspoken critic of NAFTA was Ross Perot. During the 1992 election, the Texas billionaire appeared suddenly and rose rapidly in the polls. Perot was very adept at diagnosing and articulating the nation's ills. Paradoxically, as a businessman, Perot stood to benefit from NAFTA. However, his arguments lacked the sophistication and depth of research that the opponents had from think tanks and advocacy groups linked to labor and the Democratic Party.<sup>5</sup> Nonetheless, he used his substantial resources to buy television adds to

present a distinctly negative image of Mexico and the future of the U.S. under NAFTA--to include a 30 minute infomercial aired on CNN. Perot also published an anti-NAFTA book that tapped into a prevalent concern about foreign influence in US politics, economic insecurity, and U.S. nationalism. Although Perot did not win a single electoral vote in the presidential campaign, he gained 19 percent of the popular vote--a strong anti-NAFTA force to be reckoned with after the election.<sup>6</sup>

### **Interest Groups**

*Clinton screwed us and we won't forget it.*<sup>7</sup>

William Bywater, President of the International Union of Electrical Workers

The NAFTA debate forged a marriage of convenience between nongovernmental organizations that had learned to leverage Congress expertly. The interest groups that most influenced Congress to accept or reject NAFTA were business, labor unions, and environmentalists. The anti-NAFTA forces selected August 1993 as the month to defeat the free trade agreement--Congress was on recess and making the rounds in their home districts. The interest group strategy was to defeat NAFTA outside the Beltway by bringing the issue directly to the constituents in the districts. Across the country, union locals, chapters of Ross Perot's United We Stand, and an extraordinary network of grassroots environmental, human rights, and other groups packed town meetings, tied up phone lines to local Congressional offices, held rallies, and generally vented their fury at NAFTA.<sup>8</sup>

There was no doubt that American business was squarely behind NAFTA. Jim Robinson, the CEO of American Express, prodded his fellow CEOs and Business Roundtable members to support NAFTA. Robinson tasked each member to talk to at least three members of Congress each day. Robinson's colleagues sponsored the creation of the National Foreign Trade Council, a group of 500 companies and trade associations. The organization implemented a lobbying

effort that produced a considerable number of personal visits and letters to Congress and editorials in major newspapers.<sup>9</sup>

Organized labor was the main interest group opposed to NAFTA. The AFL-CIO argued that NAFTA would result in hundreds of U.S. companies relocating to Mexico to take advantage of cheap labor, which would result in a loss of jobs in the U.S. Organized labor believed that many of the jobs lost to NAFTA would be unionized jobs while non-unionized workers would migrate northward.<sup>10</sup> Nonetheless, organized labor was in a difficult position. Its membership had been declining for many years and its public image was not very good. Furthermore, an aggressive position on NAFTA could drive U.S. Hispanic workers away from the union. The AFL-CIO, however, still had some “veto power” on many issues in Washington and several politicians were unwilling to stake out positions unfavorable to organized labor. Politicians were aware that the AFL-CIO provided major voting blocks and financial support in election campaigns, and its leadership could target a recalcitrant member of Congress with sufficient numbers of hostile voters to cause an election defeat.<sup>11</sup>

Likewise, the environmental interest groups were strongly against NAFTA and carried considerable political clout. Fearing Mexico would become a haven for industrial polluters, the environmental groups launched the opening salvo of the “stop-NAFTA” process. Three environmental groups--Ralph Nader’s Public Citizen, Friends of the Earth, and the Sierra Club--brought a case against NAFTA on environmental grounds to a U.S. District Court. In June 1993, the judge ruled that the Clinton Administration would have to submit an environmental impact statement before NAFTA could be submitted to Congress which would, in effect, kill the treaty. Clinton was furious and his Administration filed an appeal. The suit was dismissed in September 1993.<sup>12</sup>

## Congress

*...the NAFTA debate shows no damn difference between Republicans and Democrats.*<sup>13</sup>

U.S. Representative James A. Traficant

Within the Congress, and particularly the Democratic majority, NAFTA was a tricky issue. Most of the congressional Democrats were in favor of free trade. These same congressional Democrats wanted good relations with Mexico, understood the dangers of a destabilized Mexico, and wanted to see Mexico achieve stability and economic growth.<sup>14</sup> However, within Congress, other concerns influence a congressional vote. Many members were torn between free trade proclivities and the protectionist demands of their constituents. They did not want factories to close in their districts, especially when the U.S. economy was in a depressed state. Also, many members sensed an opportunity to get political mileage out of NAFTA.

The focal point for the ratification of NAFTA was in the House of Representatives. Based on the evidence of the fast-track vote in 1991, NAFTA would have an easier time in the Senate than the House. The lead House Democrat in the fight to stop NAFTA was Majority Whip David Bonier. The Democrats hoped President Clinton would back down and not expend the political capital on NAFTA and risk passage of health care. Bonier's strategy targeted the Black Caucus, the freshman class, and the liberal Democrats. Further, Bonier hoped to sway Democrats with strong agricultural constituencies--like Florida, California, and Louisiana--where sugar, citrus, and vegetable growers were likely to face competition from Mexican growers if NAFTA passed.

The pursuit of Dick Gephardt's vote was a strategic part of the Clinton Administration's plan. As the House Majority Leader and the most outspoken member of Congress on trade issues, Gephardt was thought to have considerable influence over other House Democrats who might constitute the swing votes. Although the White House negotiated with Gephardt as much



as they did with the Canadians and Mexicans, his link to organized labor was too strong to support NAFTA.<sup>15</sup>

On the Republican side of the aisle in the House of Representatives, NAFTA was an easy sell. NAFTA was originally a Bush Administration proposal and congressional Republicans were supportive. Newt Gingrich, the Minority Whip, was tagged to provide the Republican pro-NAFTA votes in the House.<sup>16</sup> Gingrich, an aggressive supporter of NAFTA, promised the president 120 Republican votes, which meant the Administration had to muster 100 pro-NAFTA Democrats for the treaty to pass. Initial White House dithering, however, led the Republican Whip to fire a warning shot across the Administration's bow. Reflecting the fears of his colleagues that Clinton would blame the Republicans if NAFTA failed, Gingrich termed the President's efforts pathetic. Unless Clinton could come up with 100 Democratic votes, Gingrich said he could not deliver the 120 Republican votes needed for victory. At an October 1993 meeting with Clinton, Gingrich said, "I want our GOP members to see you [President Clinton] personally engaged so your prestige is at stake. Only if you put everything on the table will the GOP votes hold."<sup>17</sup> Clinton agreed and promised to defend Republicans from Democrat attacks for pro-NAFTA votes in the 1994 election. Clinton's promise won Gingrich the confidence of his own skeptical rank and file.

In the Senate, where members are elected every six years, NAFTA was never really a hot issue. Both political parties were content to let the House wage the political fight. The Senate's most forceful NAFTA supporter was Senator Bill Bradley. He took the unusual step of organizing Senators to lobby House members directly. In meetings at the Capital, Bradley made lists of NAFTA supporters and made phone calls and personal visits to House members to get their support.

### Clinton Administration

*I courted some of these congressmen [for their NAFTA vote] longer than I courted my wife.*<sup>18</sup>  
Secretary of the Treasury Lloyd M. Bentsen

Once energized, the Clinton Administration worked feverishly to secure ratification of NAFTA. The first-year president was busy with other significant initiatives--budget, health care, and reinventing government. In the NAFTA process, the first step for Clinton was to appoint a new U.S. Trade Representative (USTR). Clinton selected his 1992 campaign manager, Mickey Kantor, to serve as the USTR. It was Kantor's responsibility to re-negotiate the Bush side agreements with Canada and Mexico promised by candidate Clinton. Next, Clinton appointed a NAFTA Czar, Bill Daley, to organize the domestic part of the ratification process. In a highly visible event, President Clinton kicked off the NAFTA campaign with a signing of the side agreements joined by three former U.S. Presidents. Finally, Clinton coveted each congressional vote with more deals to satisfy member concerns.

As the process gained momentum, the USTR was under considerable pressure to successfully re-negotiate the NAFTA deal. Kantor had to find labor and environmental solutions that were acceptable not only to the Mexicans and the Canadians, but also to enough domestic interests to make passage of NAFTA possible.<sup>19</sup> The labor and environment side agreements were required by the Clinton Administration in order to secure ratification of NAFTA in the U.S. Congress. The accords had to be sufficiently strong to sway domestic environmentalists to enable traditional Democrats to vote for an agreement that was created by conservative governments. But, the accords could not be so strong as to alienate core Republican supporters of NAFTA and their business allies.<sup>20</sup> In August 1993, an exhausted Kantor announced the completion of the supplemental negotiations. The agreement, Kantor said, fixed the major flaws in the NAFTA that Clinton inherited from Bush.<sup>21</sup>

The concessions Kantor made to organized labor were far weaker than concessions made to environmentalists. The USTR knew that labor interests in the U.S. had less leverage in the domestic-level bargain. Although a strong political force, labor lost their ability to influence the action--they would not support any NAFTA proposal.<sup>22</sup> However, Kantor needed mainstream environmentalists, like Senator Max Baucus, to support NAFTA. To show his constituents that he advocated the environmentalist agenda, Baucus demanded that NAFTA include trade sanctions on Mexico if they violated the environmental provisions. Kantor agreed, and received Senator Baucus' vote.<sup>23</sup>

The White House did not get organized for the NAFTA fight until mid-September 1993. Clinton planned a two-month strategy where he would slowly ratchet up his activity on behalf of NAFTA until he was "in total immersion during the last ten days."<sup>24</sup> Since USTR Kantor was too busy negotiating the NAFTA deal with Mexico and Canada, the Clinton team organized a "war room" strategy and hired Bill Daley, son of the late Richard Daley of Chicago, to lead the charge. Daley solicited the help of former key Bush operatives who worked the original NAFTA deal, probing the veterans for ideas about whom to target and how to do so. Said Wayne Berman, a Republican consultant who worked closely with the Clinton White House, "it is a measure of how much the world and rules have changed when Republicans pitch in to help Bill Clinton realize George Bush's legacy."<sup>25</sup>

On 14 September 1993, the Kantor-negotiated side deals were signed at a White House NAFTA kickoff ceremony. Three former U.S. presidents (Ford, Carter, and Bush) attended the ceremony and were given an opportunity to speak--an image that wrapped NAFTA with living symbols of the American national interest. Jimmy Carter used the opportunity to lambaste Ross Perot, calling him a demagogue and liar. Carter's chilling comments benefited the pro-NAFTA

forces--it made it okay to criticize Perot in public.<sup>26</sup> Carter and Bush remained active in the NAFTA campaign, making phone calls and visiting House members to get them on board.

The Clinton Administration effectively employed the media to influence members of Congress. Clinton, himself, made a rare public appearance on Meet the Press and offered the claim that unions used “roughshod, muscle-bound tactics” in the NAFTA fight.<sup>27</sup> The Teamster’s president called on Clinton to apologize to every workingman and woman in America. The story, however, was pushed off the headlines due to the biggest drama of the season, the televised Gore-Perot NAFTA debate on CNN’s Larry King Live. Gore approached Clinton with the debate idea thinking he could beat Perot. The 9 November debate was scheduled just eight days before the vote in the House. Gore had gotten under Perot’s skin and Washington insiders scored it a knockout for Gore. The Gore victory changed the complexion of the NAFTA fight--it rendered Perot impotent and gave some people political cover who wanted to support NAFTA.<sup>28</sup>

As the vote for NAFTA neared, the White House employed every imaginable tactic to influence undecided members of Congress, demonstrating the political process at work in Washington. Representative Floyd Flake (D, NY) told Senator Bradley that if he got some White House support on an urban program of interest to him, he could support NAFTA. Flake met with Clinton, got what he wanted, and announced his support for NAFTA.<sup>29</sup> Other House members received pledges of campaign support from Bill or Hillary Clinton in the next election. But, the biggest block of remaining undecided legislators were from Florida and Louisiana. Roughly twenty House Republican and Democratic members were holding out for NAFTA changes on three agricultural issues: sugar, citrus, and winter vegetables. The Mexican government could count the NAFTA votes as well, and realized they had no choice but to re-

open negotiations. On 3 November 1993, Mexico conceded on the three commodities. The pro-NAFTA forces picked up 26 votes, and for the first time, felt they could actually win the NAFTA fight.<sup>30</sup> Remarkably, due to the requirement to satisfy congressional concerns, the U.S. got a better deal from Mexico without spending a penny.

On 17 November 1993, the formal House debate raged for eleven hours as over half the members rose to speak. The final House vote was 234 to 200, as 102 Democrats joined 132 Republicans in favor of NAFTA. The Senate approved the treaty four days later by a vote of 61 to 38.<sup>31</sup> On 1 January 1994, the North American Free Trade Agreement was activated by Canada, Mexico, and the United States.

### **Conclusion**

President Clinton's ability to master the political process to garner support in Congress for NAFTA was a clear victory for his then struggling presidency. Eager to demonstrate a willingness to pursue a "New Democrat" agenda in the 1992 presidential race, and unwilling to back down on his campaign pledge a year later, Clinton demonstrated remarkable political savvy as he created a broad coalition across traditional interest group and party lines. The NAFTA supplemental negotiations on labor and the environment provided a striking example of how domestic politics drove international negotiations.

NAFTA's legacy was a changed political landscape in the U.S.--a different presidency, a different Congress, a different public. The NAFTA ratification process caused a lot of blood to be spilled in the Democratic Party. A former Bush aide that helped Clinton push through NAFTA said, "the real question is whether Clinton has learned that the road to a successful presidency runs through the center of Congress and the best way to win is to put together bipartisan coalitions."<sup>32</sup> As President Clinton flew to Seattle to attend an economic summit

before the Senate vote was even complete, he was busy working the phones aboard Air Force One. Clinton had to mend the traditional Democratic constituencies that were torn by the political process to pass NAFTA. He had Hillary's health care initiative to pass and more sausage to make!

## ENDNOTES

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- <sup>1</sup> M. Delal Baer & Sidney Weintraub, *The NAFTA Debate*, (Boulder: Rienner Publishers, Inc., 1994), 3.
- <sup>2</sup> Maxwell A. Cameron & Brian W. Tomlin, *The Making of NAFTA*, (London: Cornell University Press, 2000), 33.
- <sup>3</sup> Michael Duffy & Lawrence Barrett, "Secrets of Success," *Time Magazine*, Vol 142 Issue 23 (11/29/93), 26.
- <sup>4</sup> Frederick W. Mayer, *Interpreting NAFTA*, (New York: Columbia University Press, 1998), 168.
- <sup>5</sup> Baer, 129.
- <sup>6</sup> Baer, 129.
- <sup>7</sup> Susan B. Garland and Richard S. Dunham, "Sweet Victory," *Business Week*, Number 3348 (Nov 1993), 34.
- <sup>8</sup> Mayer, 220.
- <sup>9</sup> Mayer, 87.
- <sup>10</sup> Baer, 125.
- <sup>11</sup> Baer, 126.
- <sup>12</sup> Cameron, 194.
- <sup>13</sup> Garland, 34.
- <sup>14</sup> Baer, 131.
- <sup>15</sup> Mayer, 173.
- <sup>16</sup> Baer, 135.
- <sup>17</sup> Duffy, 26.
- <sup>18</sup> Garland, 34.
- <sup>19</sup> Mayer, 169.
- <sup>20</sup> Cameron, 201.
- <sup>21</sup> Mayer, 204.
- <sup>22</sup> Mayer, 208.
- <sup>23</sup> Mayer, 209.
- <sup>24</sup> Duffy, 27.
- <sup>25</sup> Duffy, 27.

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<sup>26</sup> Mayer, 26.

<sup>27</sup> Mayer, 311.

<sup>28</sup> Mayer, 315.

<sup>29</sup> Mayer, 316.

<sup>30</sup> Mayer, 317.

<sup>31</sup> Mayer, 319.

<sup>32</sup> Duffy, 26.