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ORAL HISTORY OF THE WORLD TRADING SYSTEM

Interview of the Honorable William Frenzel

conducted by A. Jane Bradley

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1 **A. Jane Bradley:** This is an interview of the Honorable William Frenzel for an oral history of
2 the world trading system. This oral history of the world trading system is being compiled by the
3 Institute of International Economic Law of the Georgetown University Law Center. The date
4 today is Monday, August 25, 2003, and the interviewer is Jane Bradley. We are conducting this
5 interview at Mr. Frenzel's office at the Brookings Institution in Washington, DC. Mr. Frenzel,
6 thank you very much for participating in this oral history project. We very much appreciate your
7 time. To begin the interview I would like to ask you to provide some information about your
8 background, then we'll move on to your personal recollections and perceptions of the
9 multilateral trading system. First perhaps you could start with when and where you were born.

10 **William Frenzel:** I was born in St. Paul, Minnesota, I hate to tell you when: July 31, 1928.

11 **Bradley:** And do you want to tell us a bit about your educational background?

12 **Frenzel:** I was educated K through 12 in St. Paul. I have BA from Dartmouth College (1950)
13 and an MBA from Dartmouth College in 1951.

14 **Bradley:** Thank you. Mr. Frenzel, did any of your studies focus on international economic issues
15 or trade?

16 **Frenzel:** In business school some of them did, but there was no hard focus, no singling out of
17 trade as being of great interest. However, when I left school there was a war on and I was
18 obliged to join the Navy—I was a draft-compelled enlistee—and I served in the Korean War.
19 And in my travels there as a naval officer I spent some time in Japan and in Korea, some in Hong
20 Kong and some in the Philippines. And I became very interested in things and places
21 international during that period.

22 **Bradley:** And then if you could now give us a sort of brief overview of your career.

23 **Frenzel:** What I laughingly call my “career.” I returned to Minnesota and joined a company
24 called at the time the St. Paul Terminal Warehouse Company and I became a warehouse manager
25 storing other people’s goods, running truck lines, doing stevedoring of river transportation and
26 doing industrial real estate rentals and rentals of equipment. Our company operated in half a
27 dozen states. It was large in terms of the industry but small in terms of most businesses that
28 people think about. I became president and manager of several companies that were affiliated,
29 and a vice president of the principal company. However, I rapidly got to what seemed to be a
30 ceiling position for me because the company was family-owned and it was not my family.

31 And during that time I ran for the legislature while I was working. In those days the legislature
32 met for four months every two years and I served four terms, eight years in the Minnesota

33 legislature. I became, I suppose, incurably interested in politics and legislation. Then I had an
34 opportunity to run for Congress. I served notice of my intent to resign my job. I kept it, however,
35 during the campaign and resigned at the end of the year before I was sworn in.

36 I then served twenty years in Congress, beginning my service on the Banking Committee which
37 at the time had some international jurisdiction—the international development banks. And later I
38 moved to the Ways and Means Committee which, of course, has the principal trade jurisdiction
39 for the Congress. There I became increasingly interested in trade. Minnesota's biggest industry is
40 agriculture and so we have a huge interest in trade from that standpoint. But at the time our
41 largest companies, 3M, Cargill, Honeywell, were all very active overseas, and had been for many
42 years. So there was a fairly high degree of trade interest in my state and in my district.

43 **Bradley:** This was the early 1970s.

44 **Frenzel:** The year I raised my right hand was 1971.

45 **Bradley:** Prior to the 1974 Trade Act.

46 **Frenzel:** That is correct. But I must say I did not have an important role in the '74 Trade Act. I
47 was then serving on the Banking Committee. The bill was handled by the Ways and Means
48 Committee although we all were interested in that very important Kennedy Round.

49 **Bradley:** So you followed the developments more of the Tokyo Round and Uruguay Round than
50 during your—

51 **Frenzel:** I moved to the Ways and Means Committee at the end of 1974, the beginning of 1975,
52 just after the ratification—the congressional ratification—of the Kennedy Round. The Ways and

53 Means Committee at that time had no subcommittees, but one of its senior members, who later
54 became chairman, Dan Rostenkowski, had an informal select subcommittee, which met on
55 matters of trade and offshore taxation matters. That's really where I began my deep interest in
56 trade.

57 After the ratification of the Kennedy Round we sprang right into the Tokyo Round and as soon
58 as the committee established a formal trade subcommittee, I became a member and served
59 thereon through the rest of my congressional service. Prior to that I had already been appointed a
60 congressional delegate to the GATT [General Agreement on Tariffs and Trade] and while there
61 were—I don't know—half a dozen, maybe eight or ten Congressmen and Senators who had that
62 appointment, I took it fairly seriously and tried to go to Geneva with some regularity.

63 **Bradley:** Can you recall who some of those other members were during—

64 **Frenzel:** I can, of course, because they were members who dominated the congressional trade
65 scene on the House side during the next twenty years. The most prominent Republican was
66 Barber Conable, of upstate New York, who became the ranking member of the full committee
67 and, after retiring from Congress, the head of the World Bank. On the Democrat side the real
68 activists were Sam Gibbons, Tampa, Florida, who later became committee chairman for a while,
69 and head of the trade subcommittee for a long time. A chap from Cleveland by the name of
70 Charlie Vanik preceded Gibbons as the first chairman of the trade subcommittee and a fellow by
71 the name of Jim Jones, a congressman from Oklahoma, who later after his congressional service
72 became our Ambassador to Mexico. Those were the principal actors on the House side.

73 **Bradley:** The key players.

74 **Frenzel:** And Rostenkowski who was chairing the committee—and I think it is fair to say that
75 Dan Rostenkowski always took a subdued role with respect to trade from the standpoint of
76 public tolerance—but he was always there. This was important to him and I don't think we can
77 underestimate his role although he did not carry the bills on the floor or be the chief cheerleader.
78 I think it was, and this is wholly subjective thought on my part, but there was always the
79 difficulty that he had with union interests as a Democrat and as a person from Illinois. The same
80 problem Bill Daley later had as Secretary of Commerce. But he had a clear understanding of the
81 importance of trade to Illinois industry and agriculture. So he was a strong help on that
82 committee and on the committee during the next twenty years on trade legislation.

83 Those people from the Ways and Means Trade Subcommittee, Charlie Vanik, Sam Gibbons,
84 Barber Conable, Jim Jones and I, formed an enthusiastic and cohesive unit in support of an open
85 trading system. We traveled together to Brussels, Geneva, Tokyo, and wherever opportunities for
86 trade promotion could be identified. That group, or parts of it, was responsible for managing all
87 of the trade legislation emanating from the House between the completion of the Kennedy Round
88 in 1974 and the Uruguay Round of 1994.

89 They did not do it alone, but they were the driving forces. Other committees, which sometimes
90 had overlapping jurisdiction of bills, and other members of Congress, like Don Bonker of
91 Washington, and Jack Kemp of New York were important, too. During this period, no trade bills
92 failed, but many required much effort to pass. Two of them, the Trade Acts of 1984 and 1988,
93 could be described as at least partly protectionist.

94 On the Senate side, trade bills did not need quite as much attention. In general, during this period
95 (and I believe it's still true today) the Senate was far more supportive of open trade than the

96 House. That support level is largely due, I believe, to the difference in the size of the districts
97 represented by Senators, compared to the size of House districts. Senators tend to think in *macro*
98 terms; House Members in *micro*.

99 **Bradley:** And you remained on the trade subcommittee for the remainder of your tenure?

100 **Frenzel:** That's correct.

101 **Bradley:** Perhaps you could try to identify what the main issues or events were that you were
102 involved in that were important to the evolution of the trading system—important to the
103 development of multilateral trade relations for the moment (we can move later to bilateral or
104 regional), and describe your role in shaping some of those events.

105 **Frenzel:** I believe that the most important act of the late '70s was of course the ratification of the
106 Tokyo Round in 1979. After eight years of Republican tenure at the White House, Jimmy Carter
107 was elected in 1976. He appointed Bob Strauss as his United States Trade Representative
108 [USTR]. Bob was not a trade expert. He was, however, an expert negotiator and a marvelous
109 man who enjoyed universal respect. And he was a particularly effective USTR because the
110 people with whom he was negotiating understood that he had the full confidence of the
111 President.

112 There were some people who would say with deprecation that, well, the President didn't know
113 anything about trade but that did not matter because Bob was the president in that regard. That's
114 too strong a statement. It is fairer to say that Jimmy Carter knew that he was for free trade, and
115 that he trusted Bob to run it for him. Not only was Bob very good, but also there were still fairly
116 strong free trade majorities in both the House and Senate in those days. Bob understood the need

117 to work with Republicans because even in those days Republican majorities were very important
118 in passing trade bills. And so I enjoyed working with Bob. He was a first-class guy and the
119 ratification of the Tokyo Round in '79 was a big day. We all celebrated and got all excited.

120 **Bradley:** What were the major issues—perhaps the sticky issues—in developing the '79 Trade
121 Agreements Act?

122 **Frenzel:** You need a better historian than I to separate them out, but it seems to me that the first
123 four or five rounds after 1948 in the GATT were mostly tariff rounds although the Kennedy
124 round in 1974 began the more complicated agreements. The earliest rounds were fairly simple.

125 By the time you get to '79 other things are bugging us. There are rules and laws and common
126 practices that inhibit the movement of trade in goods and services that are becoming more
127 important than tariffs. Tariffs are still important in a lot of subjects, and even today we're still
128 arguing about zero tariffs which we should have had a long time ago. But there were many other
129 trade reducing restrictions, including investment restrictions.

130 I don't think intellectual property had dawned yet as an important issue at that time, but there
131 were many another sets of restrictions that kept trade from moving. They were harder to deal
132 with than tariffs because the tariffs are very open, everybody knows what the numbers are, you
133 pay them and weep.

134 But, many times you don't understand fully all the other restrictions until you try to sell
135 something. Because the government never sells anything it doesn't know about trade restrictions
136 until the complaints begin to roll in. The '79 round of the GATT was kind of a milestone where
137 the emphasis began to shift from tariff reduction to attempts to eliminate, or reduce, other trade

138 restrictive measures. One time we called them non-tariff barriers [NTBs]. Then they became
139 non-tariff measures [NTMs]. Whatever we call them, they continue to be of great importance.
140 Of course, the importance of them and the difficulty of dealing with them is what made the
141 Uruguay Round so difficult not only to complete but even to get started. I presume that you were
142 present for the Geneva ministerial of 1982¹ where Bill Brock took his gang over to Geneva. He
143 wanted to start the next round then. But he was stiffed by the EU [European Union] and other
144 countries which weren't ready for another round then.

145 **Bradley:** I was in Washington at the time.

146 **Frenzel:** We tried to kick off what was to be the next round, but the Europeans wouldn't budge,
147 at least that is what the Americans thought, sufficiently to make a beginning to negotiations. That
148 disappointment began what I would call a decade of US concern about trade from an internal
149 standpoint. Rather than looking to expand externally we began to look for ways to protect
150 ourselves. It was a real problem. As usual, the Common Agricultural Policy [CAP] was one of
151 the major places in which the European Union was not prepared to give ground.

152 To me, the history of GATT and WTO progress has been the United States and EU deciding
153 after a lot of pawing and stomping and snorting what is possible and then going to the rest of the
154 WTO members and getting them on board, one or two at a time, until you have the job done, and
155 then moving forward. At least that was the model in '79. We simply couldn't get started in 1982.

156 So the United States began to do other things. Now we didn't look at bilaterals as aggressively as
157 Bob Zoellick is doing them now. But we were thinking about them. But at the same time—this is

¹ Interviewer's note: The 38th Session of the GATT Contracting Parties was held at ministerial level in Geneva November 22–30, 1982.

158 in the tenure of USTR Bill Brock in the presidency of Ronald Reagan—we were getting a great
159 deal of resistance particularly from unions and from a lot of domestic industries. So whether it's
160 the steel or textile or footwear, the usual suspects, the cripples demand that the consumers of the
161 United States pay too much for things to protect these unhappy industries. And so we had a
162 period from '81 to '84 where the Congress struggled with what became the Trade Act of 1984.
163 Both houses over that period went through extreme gyrations trying to pass a trade bill that
164 protected all the cry-baby industries, but retained the fig leaf of pretense that the US still had an
165 open trade policy.

166 The legislative procedural problem, of course, was there was a little trade jurisdiction dripping
167 into every committee of the House and Senate. By 1984 we had about a dozen committees of
168 both House and Senate involved, and it took a long time, three years, to crank that bill out. Both
169 the House and Senate bills were, in my judgment, mischievous—more protectionist than trade
170 bills. And I believe the USTR, Bill Brock, did a very remarkable job of de-fanging the worst of
171 what was in those bills. But whatever was finally passed—which I voted for, because I thought it
172 had been sufficiently de-fanged—proved to be the beginning of a downward spiral on our anti-
173 dumping problem. As I recall there was a little bit of anti-dumping cumulation in that bill and a
174 few other things that I believe were harmful. I don't remember the details very much. I thought
175 at the time that the bill had been cured, but there were some bad things that set precedents.
176 Today, I wish I had voted "No."

177 It's now 1984, we're still not yet getting anywhere with the EU and with the GATT. So again the
178 Congress—the devil has work for idle hands. In this case the idle hands began work on the Trade
179 Act of 1988. Now this took four years to do because of the same jurisdictional problem. I can't
180 remember if it was '84 or '88 but in one of those wonderful years we had a House/Senate

181 conference committee of 212 people. The more people you have, the fewer people you have
182 making the decisions.

183 This time we were in real trouble. The principal problem was that Rep. Dick Gephardt of
184 Missouri, who has always seemed to me to be protectionist-inclined with respect to trade—which
185 is natural because he comes from the second largest UAW [United Auto Workers] district in the
186 United States—injected an anti-Japan amendment on the House side which was contrary to our
187 obligations in the GATT and strictly punitive. Japan’s greatest sin, of course, was that it was
188 manufacturing things well and selling them cheaply in the United States. Worse still, Americans
189 liked Japanese cars, and bought lots of them. The US had a huge trade deficit, much of it caused
190 by Japanese autos.

191 By this point American automobile manufacturers were beginning to be competitive because
192 they had to be. They were forced into it. President Reagan earlier had already negotiated the
193 VRA [Voluntary Restraint Agreement] on automobiles with Japan. I thought this was a mistake
194 but automobile companies will say it gave them a chance to catch up. I will say it just gave the
195 foreign makers a chance to beat us up in large cars as well as in small cars which they were
196 already doing.

197 Well, at any rate, this Gephardt amendment was replaced in the Senate by a thing called the
198 Bentsen amendment, also known as “Super 301.” In the conference committee the Bentsen
199 amendment prevailed, but there were a lot of other pernicious things in the ’88 bill. I think it was
200 worse than the ’84 bill. There was more of the anti-dumping cumulation. We had a thing called
201 the natural resources section which was intended I think basically to punish Mexico because they
202 had a lot of oil and could sell things cheaply in the United States like fertilizer, cement, and

203 asphalt. I thought that was a bad provision. At the request of Clayton Yeutter, who was then
204 USTR, I did vote for the bill, primarily because it included necessary negotiating authority for
205 either the Canada Free Trade Agreement or for NAFTA [North American Free Trade
206 Agreement]. I did not feel good about the bill. If I had to do it over again, I would have voted
207 against the bill because in my judgment, it was essentially protectionist. The negotiating
208 authority was the reason, I guess the principal reason, I voted for it.

209 **Bradley:** You mentioned jurisdiction of other committees and I assume Agriculture was always
210 one of the more active ones. And you also mentioned Senator Long and Senator Bentsen on the
211 Senate side. Could you identify others who were key in the Senate at that time?

212 **Frenzel:** Yes, there were a number of strong players in the Senate at that time. Senator Bentsen
213 of Texas at the time that act of 1988 was passed, I believe, was chairman of the committee, and
214 so he played an important role. Then, as today, Senator Baucus was quite active. On the
215 Republican side, Senator Bob Packwood of Oregon was a stalwart, Senator Bill Roth of
216 Delaware—later to become chairman of the committee—was a strong influence. He was thought
217 to be particularly expert in areas like trade adjustment assistance. He had a strong labor
218 constituency in the steel and auto area. So he was effective there.

219 On the House side, the people I mentioned before continued to be important and others arose
220 from time to time. I think particularly of Democratic congressman Don Pease of Ohio who also
221 was very big in the area of labor rights and trade adjustment assistance. Don was the kind of
222 person who had good inclinations about trade but was very nervous about his constituency and
223 wanted to see them protected as best he could. Over in the Senate, also Senator Bill Bradley of

224 New Jersey was interested, Senator Chris Dodd of Connecticut was interested, and Senator Bob
225 Dole of Kansas of course, particularly on the agriculture side, was extremely active.

226 **Bradley:** At the time, what impact do you believe that the legislation—or even the debate
227 leading up to the final legislation—was having upon our negotiations with our foreign trading
228 partners?

229 **Frenzel:** Well, obviously there were a lot of people that were upset with us. Everybody who was
230 anybody believed that our Super 301 was not GATT concordant, and the Japanese and the
231 Europeans and the Brazilians all argued vigorously against it. But it didn't stop the launching of
232 the Uruguay Round because it was not exactly simultaneous with, the Punta Del Este Ministerial
233 meeting which launched the Uruguay (WTO) round of negotiations. That Ministerial and the
234 Trade Act of '88 were very close together, within a year of each other. Apparently it didn't slow
235 the world down in its urge to move forward, but the US got a lot of grief, from people who didn't
236 like that particular bill.

237 When George Bush became president, Carla Hills became USTR. She immediately, if you
238 remember, made her famous statement that she would open markets by negotiation or with a
239 crow bar if necessary. That was her swearing-in statement. She filed Super 301 cases with a
240 number of our trading partners. A few of them, like Korea, conceded, and immediately said,
241 “Okay, we'll do what you want.” Some of the others were quite resistant. The EU rejected it, and
242 we sort of let that one die. We had a very famous one with Brazil. In that case we had more
243 complaints from American importers than we did from Brazilian exporters. In the end good
244 sense prevailed and we declared that the Brazilian economy had changed. The US said that it
245 was no longer the socialist republic of Brazil, and that it was becoming a liberated economy. So

246 we could let the Super 301 lapse. Subsequent to those original Super 301 cases, Super 301 went
247 to sleep. We've not had to worry about it. That is fortunate because we could not have defended
248 it against a challenge.

249 **Bradley:** If we could go back to the Punta del Este ministerial meeting—and I assume that was
250 not your first, as you mentioned you attended the Geneva ministerial in 1982—perhaps you could
251 talk a bit about what role a congressional advisor plays at those meetings.

252 **Frenzel:** I think the congressional advisors play the role that they want to play. And you know,
253 there was a time in Geneva—that I think began earlier than your time there but probably
254 extended through your time—where our negotiators would use the Congress as the bad guy.
255 They would introduce congressmen to their negotiating partners and say, “See how unreasonable
256 these dirty rascals are? Now if you don't be nice and negotiate with us, we'll turn these guys
257 loose and then the world will end.” And the congressmen would growl and snarl and snap a few
258 bones and break a few kneecaps, and that was what a lot of the early travels to Geneva consisted
259 of.

260 In later years, I believe particularly under Bill Brock and Clayton Yeutter, we used to go to
261 ministerials and be used almost as if they thought we were an Assistant USTR. We would move
262 around, we'd attend meetings just as though we were representing the USTR. No delegation that
263 we can send of competent USTR people could be large enough to cover all the meetings at a
264 ministerial. And I recall in Punta I was assigned to meet with certain groups, ASEAN
265 [Association of Southeast Asian Nations] was one of them, and with other business and labor
266 advisors also. I was the only member of Congress at Punta del Este. It's an awful long way to go,
267 and it was at a time when Congress was meeting. But I must say that I was often the only one

268 because to me it was hugely important, and I wanted to help. I took a cooperative attitude with
269 the USTR Office and did what they thought would best help their efforts.

270 The Punta del Este meeting, as you recall, turned out to be the launcher of the Uruguay Round.
271 We would have called it the Punta del Este Round but the foreign minister of Uruguay, Mr.
272 Iglesias (later to achieve fame at OAS [Organization of the American States]), pointed out that
273 Punta del Este was where all the rich Argentineans went, not where the Uruguayans went, so we
274 uplifted the designation from Punta del Este to the Uruguay Round. That was an interesting time
275 too, because we got down as usual to a problem of the Common Agricultural Policy. And in the
276 end USTR Yeutter had to say, “I’m leaving town, we can either start this or not. Let me know if
277 you guys can make a deal.” The European Union at the last moment said, okay, let’s go forward
278 with the negotiations. They had at that time, as they had later and earlier, absolutely no intention
279 of conceding an ounce on the CAP, but they at least let the negotiations go forward.

280 **Bradley:** Among the other issues that are featured in both of those ministerials—1982 and
281 1986—were trade in services, in particular, and I guess more so intellectual property.

282 **Frenzel:** By this time, services and intellectual property began to rise to the top.

283 **Bradley:** Can you recall any particular moment or event that may have helped break this long-
284 running stalemate on those issues?

285 **Frenzel:** No, but I remember some people that were terribly effective. One of the advisors for
286 both Brock and Yeutter, and for others, was a guy by the name of Jimmy Robinson who was then
287 the chairman of American Express and he was, I think, a very useful and powerful promoter of
288 trade in services. American Express had interests everywhere in all the service kinds of interests,

289 and Jim kept that front and center, but he also did it for everybody, not just for American
290 Express. He was at Punta del Este—just a very important person in that particular area. There
291 was one other chap by the name of Ed Pratt who was the chairman of the Pfizer Company. Ed
292 was also at Punta del Este. And he was a powerhouse in the intellectual property area because of
293 course he had much intellectual property to defend, patent rights and so on. But he also, like Jim,
294 tried to speak for everybody with interests in intellectual property (although the field is broad
295 including songs and Levis and other things). Both these men were very influential in helping put
296 things together in Punta del Este. Their strong individual efforts kept our negotiators focused and
297 kept our negotiating partners aware of the fact that the United States was very darn serious about
298 these things, and was not going to come up empty again if we were to have some kind of an
299 agreement. And I think in that way we moved ahead. Both of those people were around in '86 as
300 well.

301 At Punta also there were a couple of labor people, and I'm sorry to say I can't remember their
302 names, but I would also class them as great advisors.² They knew that labor was not going to
303 support an agreement, but they also knew there was going to be an agreement ultimately. I think
304 they handled their job with great diligence and I should say grace, maybe. They didn't get in the
305 way. They continued to raise the questions that they wanted to be raised. They never gave our
306 negotiating partners a chance to find a chink in the US armor, but they were very good advisors.

307 I look on the Punta meeting as being one of the most interesting places that I have ever been for
308 what I would call a public-private cooperative venture or partnership. I think Clayton Yeutter, as
309 the manager, used all of us and his own forces really very well. After we had been there two

² Interviewer's note: The two advisors from AFL-CIO who were on the US delegation of private sector advisors at Punta del Este were Thomas R. Donahue and Rudy Oswald.

310 days, my assessment was, "I may as well go home, we're not going to get anywhere." He turned
311 it around, and he deserves huge credit for pushing the Round forward, albeit somewhat under
312 false pretenses with respect to the Common Agricultural Policy. But we got an agreement which
313 the whole world has lived off of, and prospered under, ever since.

314 **Bradley:** The agenda then that was adopted at Punta for the negotiations, as we all know, took
315 many more years than was anticipated or targeted.

316 **Frenzel:** From the Geneva ministerial of Thanksgiving Day of 1982 until 1994 in the fall, almost
317 again Thanksgiving, twelve full years.

318 **Bradley:** What do you think were the most important achievements in the Uruguay Round by
319 the time it concluded in 1994?

320 **Frenzel:** Well, again tariffs had kind of faded. But there were tariff improvements. And there
321 were intellectual property improvements, there were improvements in services and I guess I
322 would say if there was an area that I thought was a bit of disappointment it was agriculture where
323 we could not break down the Common Agricultural Policy. But in all the other areas I think we
324 made excellent improvements.

325 At the time we ratified it in 1994, and now, the United States is the most efficient producer of
326 almost anything it wants to produce. The benefits of the Uruguay Round are out there for
327 Americans who want them and a lot of Americans did want them and found them and we
328 prospered. And I think the era of the '90s, which proved to be such great economic times for the
329 United States, was greatly advanced by the Uruguay Round and almost as much by the NAFTA
330 which preceded it by one year.

331 I think it gets less credit than it deserves from macro economists who look at our economy and
332 do not concentrate very hard on the trade aspects. Those were great days for the United States.
333 You know, when you go back to the beginning of that '82 ministerial, you include about three
334 presidents and you include I think at least four USTRs and a lot of different congressmen
335 involved along the way, a lot of different private industrialists and so on. It was a very active
336 period, and a very successful period, featuring legislative and executive branch, and bipartisan,
337 cooperation.

338 **Bradley:** During that period there were a number of disputes, bilateral disputes, some of which
339 were resolved through the dispute settlement process that was in the GATT, later to be replaced
340 by different procedures under the WTO. And there were some disputes also that were not taken
341 to the GATT, either because they weren't covered or for other reasons, but are there particular
342 disputes or confrontations on trade issues that you recall that may have had a significant impact
343 on the way negotiations unfolded? The way the agenda was—

344 **Frenzel:** I'm not exactly sure. My memory fails me a bit, but I do recall that prior to the
345 Uruguay Round and going right up to Punta del Este the feeling in the Congress and among
346 American business was that we were doing okay in the GATT grievance area, dispute settlement.
347 But, because the dispute settlement mechanism could be stonewalled in the end by the loser in
348 the case, that the United States was getting gypped by the rest of the world, and primarily by the
349 European Union with whom we had a lot of disputes. That was the reason that in the Uruguay
350 Round we insisted on the dispute settlement process that came to a conclusion. Of course, as
351 soon as we did that, a lot of the same people who were complaining that we couldn't come to a
352 conclusion began to complain that this is terrible because we don't like the conclusions.

353 And you will recall at the time that the Uruguay Round was passed in '94. Bob Dole, who was
354 then the Majority Leader in the Senate, invented some cockamamie amendment that said a group
355 of US appeals court judges will review all of the GATT findings or decisions and report to
356 Congress and see if they are kosher. Well, luckily that never got made into law, and maybe it
357 would have been illegal because the findings of this bunch of jurists didn't have any force and
358 effect. But, presumably it would cause the Congress to go into an uproar and change laws in
359 some way or another.

360 But I was interested in that change. We were bellyaching because we thought we were winning
361 and not getting our just rewards, and then in the end we thought we weren't winning and we
362 were getting our just sacrifices too fast. But I think that changing that dispute mechanism was an
363 excellent stroke on the part of all hands in the creation of the WTO rules.

364 Now there is a real problem. When I started fussing at GATT I think it had something like
365 twenty-four members, and, you know, all we had to do was negotiate with the EU and eventually
366 out-muscle Brazil and India who presumed to speak for everybody else and then you had a deal.
367 Well, what we have today is 144 contracting parties, I believe. Life is a lot more complicated.
368 We've got all kinds of internal groupings of member states and I'm not close to it any more but it
369 seems to me in the Uruguay Round we had at least three separate agricultural groups all working
370 not at cross purposes but at slightly different angles. That makes it exceedingly difficult to put
371 agreements together any more.

372 As I look at the dispute settlement area, I don't really see what's wrong with it. Well, I guess
373 there is something wrong with it. What's wrong with it is that the winning party wins the right to
374 retaliate against the losing party. But as we saw in the Brazil Super 301 case, retaliation is

375 sometimes more hurtful to the winner than to the loser. An additional thing that is wrong with it
376 is the retaliation always goes against the most productive, the best industrial or agricultural or
377 service interests of the country because you try to hurt the other guy where he is shipping good
378 stuff to you. And of course, that then penalizes your consumers brutally and makes them pay
379 more. So the penalties of a dispute settlement decision are really an inadequate way of
380 remedying the problem that exists.

381 There have been a lot of suggestions as to how you might change them, I suppose, in the Doha
382 Round. We'll get somewhere on that but other than that, the system itself, the dispute system, the
383 way it moves, I think is okay. There are some doubts as to whether we're getting the right people
384 to serve on the panel, but I think the appeals panel is a pretty good outfit.

385 But I don't know, it's hard to get people to give up their life. After I had worked for President
386 Clinton on the NAFTA Round, at some point in the game his trade minister, Ambassador
387 Mickey Kantor, suggested that maybe I would want to serve on one of those panels. Well, it was
388 easy for me to say no, because I didn't want to serve on one of those panels, but also I was pretty
389 sure that he had another good American in mind (who is still serving, by the way), and that he
390 wasn't going to get two appointments. So it was easy for me to say, no thanks. I didn't want to
391 do it and I probably wasn't going to get it. But if you look around at the people who might be
392 qualified to serve on those panels, I don't think it's the easiest thing in the world to find good
393 people and maybe that's another way we could improve it. We need a lot of incentives, and a
394 good set of standards for those jobs.

395 **Bradley:** It's becoming an almost full-time occupation now, to be a panelist or an appellate body
396 member.

397 **Frenzel:** Yeah, I think in the beginning they said the appeals group would probably sit in
398 Geneva six months a year. Well, that went by the boards right off.

399 **Bradley:** Could we—this has been so interesting, especially in terms of your involvement in the
400 multilateral institutions, but you’ve mentioned a couple of times NAFTA and even the Canada
401 free trade agreement.

402 **Frenzel:** During my political lifetime there were a number of bilaterals that were significant. The
403 first was Israel. And that was a fun one to do because everybody loves Israel in the United States,
404 and the complaints about the agreement were minuscule and our trade with Israel at the time was
405 minuscule. So who is going to complain, only the diamond cutters of the United States could
406 afford to because that’s about all Israel shipped to us. Now it may be quite different since the
407 Israeli high tech industry has developed some real dynamism, but that was the first.

408 Canada was very difficult. And what I think made that one work, got that one ratified, was the
409 existence of the automotive agreement between the two countries which was supported with
410 great energy and enthusiasm by labor unions on both sides of the border, both of whom were
411 very nervous about a new agreement. But with that kind of a successful precedent, the new
412 agreement had a great start. The other advantage was that if there was one other country in the
413 world besides Israel to have favorable rating in the minds of Americans on the street it was
414 Canada.

415 Americans would tell their members of Congress, “I don’t know what the free trade agreement
416 is, but whatever it is, if we can’t do it with Canada, we can’t do it with anybody.” So that
417 agreement ultimately got passed, and to be sure we’ve had lots of problems with it.

418 Then came the big one, NAFTA. Well, we had under Ronald Reagan: the Caribbean Basin
419 Initiative. That one, in my judgment, was inconsequential. What Congress did was to modify that
420 agreement to take away from the Caribbean its ability to enter our market with anything that it
421 could make. All the stuff it couldn't make we gave pretty good access to our market. So that was
422 a wasted motion. But then we got into NAFTA and, of course, again NAFTA is a product of
423 several presidents. Bill Clinton who actually got it ratified deserves great praise for having
424 completed both Uruguay and NAFTA. But, in fact, most of the negotiations were done by
425 predecessor administrations. Again, I don't diminish the job of the clinchers, President Clinton
426 and USTR Kantor. They got the job done.

427 It was obvious by this time, by the mid '80s, you had to have enormous congressional majorities,
428 perhaps 80–90 percent, of the minority party (Republicans) in the House of Representatives to
429 ratify a trade act. And the minority leaders of the House and Senate went to President Clinton
430 and said, "You are making deals with all our Democrat friends and yet you are going to want our
431 votes. Give us a representative in your administration who can deal with you." They suggested a
432 few people to the President, and I guess I was the only one in town so I agreed to enter the
433 Clinton administration, although I'm a sort of dyed-in-the-wool Republican.

434 To keep my purity ratio high, I worked without salary and I worked for Bill Daley who had been
435 one of Clinton's managers in the Midwest, maybe for the whole country, in his election, and who
436 was trusted by Clinton. Bill Daley is a good guy. I enjoyed working with him. We didn't get in
437 each other's way. When we needed each other's help, we asked and it was a very businesslike—
438 not particularly cordial, but a very satisfactory—relationship for me, and I hope for him. I had an
439 office in the EOB [Executive Office Building] and I had a little cell phone and a pager. I slipped

440 the cell phone and pager in the desk drawer and left EOB and didn't come back there until we
441 won the vote.

442 I took a little desk in the Ways and Means Committee office in the House and mostly worked
443 with Republicans and had two jobs: one was to carry their woes, to be their ombudsman in the
444 White House, and the other was to try to twist their arms and tell them this was perfectly good
445 Republican theology and they should go for it, and, in fact, it had been negotiated by Republican
446 administrations.

447 I had a wonderful time. I had a chap from Ohio who was a friend of mine who came out and
448 worked free right alongside me for three months. We had a goal of—I think the Democrats were
449 supposed to get 100 and we were supposed to get 118 or something like that—and that would
450 give us 218, which was a majority of the House.

451 We worked very hard to get the Republicans. Many of them, there weren't a lot of them, many of
452 them had difficulties with the bill. Actually their complaints with the administration and the
453 boons they wanted from the administration were insignificant. What they really wanted was a
454 little recognition. When they called a Cabinet member they wanted the Cabinet member to call
455 back, and that was easy to do.

456 And this was not like the Panama Canal Act; we did not have to buy materials into the strategic
457 stockpiles or build dams for people or do any of that stuff. That part was easy and by the time we
458 got to the vote in the House we got over 130 Republicans (about 80 percent). The Democrats got
459 about 100 (about 40 percent). Slightly less, but together we passed it. In the Senate a few weeks
460 later, majorities of both parties voted for it and it was easily passed.

461 It was a great time, and it was fun for me because the Clintons were very nice to me, both the
462 President and the First Lady. I got to run around the White House a lot, felt like a big shot for a
463 while, very nice.

464 **Bradley:** Beginning side two. [side two of tape]

465 **Frenzel:** The day that it passed the House was really the day that I moved over to the Senate,
466 although I had been over there a few times. There I had a very good group led by Senator
467 Bradley and Senator Baucus and Senator Dodd of Connecticut. Neither the Democrats nor the
468 Republicans were a problem over there. There was a sovereignty amendment by Senator
469 Stephens which was dispatched relatively quickly in a benign way. The Senate usually runs
470 about two-thirds for trade agreements, usually with majorities of both parties, or maybe a split
471 among Democrats and a heavy majority among Republicans. And the day that the Senate ratified
472 the NAFTA agreement, or rather the next morning after the day they ratified it, I had my letter of
473 resignation on the President's desk, or at least it was submitted to him and I became a pumpkin
474 again. And it was just a fun experience for me, resulting in some other assignments I did
475 unofficially for Mickey Kantor, who I enjoyed working with although we have very little in
476 common philosophically. You know, he had a great interest to get the trade job done and I had a
477 great interest in helping him, so we had a good relationship. And Mickey, of course, is a much
478 more cordial person than Bill Daley, who is very businesslike. Both of them were great
479 relationships. Mickey was maybe a little more fun.

480 **Bradley:** Well, this has been a very rich and full interview and first I should ask if there is
481 anything else that you can think of that I haven't suggested we cover.

482 **Frenzel:** Well, I have lived through one of the really interesting eras in our history of trade from
483 a political standpoint in the United States. When I came to Congress we were still basking in
484 what they used to call the post-war wall-to-wall coalition, Republicans and Democrats. Trade
485 was driven by national security. Even the unions were convinced that we had to give Asia some
486 textile markets, otherwise they would become Communists. Free trade was in its ascendancy,
487 and things went pretty well.

488 By the beginning of the '70s, labor had peeled off of the free trade coalition and the industry
489 cripples—the steel, footwear, textile people—were also getting to be a royal pain about that time.
490 And the unions turned out to be the real powerhouses because eventually they got an awful lot of
491 Democrats on the House side to vote with them. It got to where you couldn't have a trade bill
492 that was good enough; they would always find something they didn't like.

493 That didn't occur in the Senate largely because the Senate districts are larger and you have to
494 think in more macro terms as a Senator. And of course, when you get to be President, whether
495 you are a Republican or Democrat, you have to think in the ultimate macro terms and so there
496 has never been a problem. I remember from Franklin Roosevelt to Bill Clinton there's been a
497 free trade President. But when you get to subdividing the districts down and you have powerful
498 little union groups or maybe a business that is doing lousy or just recently a textile firm went out
499 of business and you close the mill, or you close whatever it is in that South Carolina town, there
500 are no other jobs and so Congressmen with these smaller districts tend to react much more in a
501 protectionist way. And unions really did a good job on convincing themselves and their friend
502 that trade was at best a mixed blessing and often not a blessing at all. And I think until probably
503 through the '80s, through the Reagan times, the exponents or proponents of free trade did a good
504 job in articulating their message. This is a good thing, better for the consumers. It allows

505 resources to flow where the market wants them to flow, not the way the government says to its
506 favorite pals. That system worked fine even with union and some industries in opposition.

507 Then we got to the end of the '80s and into the '90s. The people who purported to speak for free
508 trade were not winning the arguments. There weren't very many of them out there. The
509 American business community does not generally understand the economics of free trade, even
510 the ones who are living off it. If they do understand, they are so busy with their quarterly reports
511 they don't have the personnel or the time themselves to act as the Jimmy Robinsons and the Ed
512 Pratts used to act. The labor unions have a few economists that have the stage, the podium, and
513 they are making it extremely difficult.

514 The good news on this is that politically very few people have lost elections on trade. After every
515 trade agreement the unions say, anyone who voted for that we're going to get rid of them, and all
516 the guys who didn't vote for that we're going to re-elect them. Well, I am told that you can find
517 instances of people who have voted against trade bills and have lost. I can only find in my
518 searches one person who voted for a trade bill and lost. And that was a very fine guy from
519 Akron, Ohio, Tom Sawyer, a Democrat, who was beaten in a primary after a very radical
520 redistricting. His race was more complicated than just trade. But trade was a part of it and since
521 he was beaten narrowly it is a possibility that he could have been beaten on the trade issue. Or
522 that he would have won absent the trade issue.

523 But the amazing thing is the American public—ambivalent as it is, and by that I mean the
524 American public by 60 percent will say free trade is the right way to fly and by 80 percent they'll
525 say we've got to protect American jobs—in an election is almost always going with the free trade
526 candidate. I remember how badly Bob Dole did in one of those primaries in North Carolina.

527 When Bush was the free trade guy and Dole was the protectionist, he got slaughtered. I
528 remember when Dukakis got nominated out of a herd of Democratic candidates for President, he
529 was the most free trade of all the crowd, and he's the one who prevailed. So while I'm
530 discouraged about the way people who promote free trade are not winning the debate, perhaps
531 not even participating in the debate, I'm encouraged by the way the American public seems to
532 understand the question and to know where its best interests lie. So I'm going to end with that on
533 that high moral tone.

534 **Bradley:** Well, I very much appreciate our ending on a high note. But I also want to thank you
535 for sharing with us both your firsthand knowledge and your very important involvement in the
536 trading system over the years. Your recollections, I'm sure, will be of great interest and value to
537 scholars in this field and we very much appreciate your taking the time to give us this interview.
538 Thank you.

539

540 [END OF INTERVIEW]