Caving In To Foreign Bureaucrats

Dec. 17, 2003

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The Bush Administration tried to camouflage its 180-degree reversal of its tariffs on imported steel with happy talk about an improved economy and efficiency efforts by the domestic steel industry. But nobody's fooled; the Bush Administration ceded control of U.S. trade policy to a bunch of bureaucrats in Geneva who meet and decide in secret, and from whose ukases there is no appeal.

Regardless of whether one sides with the steel producers in favor of tariffs on imported steel, or with the steel consumers who want cheap imported steel, we have to cringe at how the United States was humiliated. The Bush cave-in means a significant loss of American sovereignty to govern our own affairs.

If the SAT test hadn't abandoned its section on analogies, here is one that could have been used on the next exam. Marbury v. Madison is to making the Supreme Court the final arbiter of the Constitution as the Bush surrender on steel tariffs is to making the World Trade Organization (WTO) the final arbiter of U.S. foreign trade.

Bush imposed his steel tariffs 20 months ago with the promise they would last three years. He lifted the tariffs on December 4 to take effect immediately, not gradually, and without any government aid for the 187,000 steel workers and the 600,000 retired steel workers and their dependents who rely on the industry for their benefits.

The WTO ruled that our steel tariffs were illegal, and authorized European and Asian nations to devise $2.2 billion in retaliatory tariffs against the United States. Our so-called friends in Europe figured out how to apply the maximum hurtful pressure on President Bush.

Looking at the electoral map, the Europeans announced they would concentrate the $2.2 billion in sanctions against products made in states Bush needs to win in 2004. The targeted states were North and South Carolina, where textiles are manufactured, and Florida and the midwestern states that produce farm products.

That amounts to playing James Carville-style political hardball. The Europeans must still be gasping at how fast the man they thought was the Crawford cowboy turned and ran.

The global-economy cheerleaders relished their victory. The New York Times twice rejoiced in the "raw political fact" that the WTO is now dictating our trade rules.

Pascal Lamy, Europe's top trade official, gloated: "I am pleased to announce that all our efforts have worked." Remarking that the impending $2.2 billion in sanctions were "a tool for compliance," he condescendingly added that they will now disappear because the Americans "have complied."

Indeed, one of Bush's senior aides admitted, "Defiance had real costs." Bush let his trade representative Robert B. Zoellick float the fiction that the WTO ruling was only a minor consideration.

How did America get in the fix whereby the greatest economic power in the world was forced to obey the rulings of a bunch of foreign bureaucrats headquartered in Geneva? The U.S. Constitution grants Congress the power "to regulate commerce with foreign nations" and "to lay and collect taxes, duties, imposts and excises."

It happened in 1994 when the 14-page charter for the World Trade Organization was surreptitiously added to the 22,000-page GATT agreement (General Agreement on Tariffs and Trade) and scheduled for a vote on October 5. After receiving thousands of phone calls against GATT/WTO, President Clinton, Speaker Tom Foley and House Republican leader Newt Gingrich cooked up an insider deal to reschedule the vote in a lame-duck session after the November election, when defeated and retiring Members would be looking for jobs with the big corporations expected to benefit.

The vote on GATT/WTO bypassed our Constitution's requirement that treaties must get a two-thirds vote in the Senate to be valid. GATT/WTO was passed only by a simple majority in both Houses under Fast Track, a process that severely restricted debate and amendment.

Previous GATT agreements had been contractual relationships between sovereign nations, in which all members had to agree to any tariff changes or penalties. The 1994 GATT/WTO agreement locked us into a sort of Global Supreme Court of Trade empowered to make unappealable rulings, monitor national responses, compel enforcement of its decisions, impose sanctions and fines, and authorize retaliation against disobedient nations.

President Bush tried to mollify the steel workers by saying he would continue pressing other nations to stop subsidizing their own inefficient steel producers. That's a tacit admission that free trade forces American workers to compete with low-wage-no-benefits foreign workers whose industries are subsidized by their governments.

There is a fundamental difference between free trade as we know it in the great common market we enjoy in the United States, and the global free trade that is the goal of GATT/WTO. Our country survived the transfer of industries from the Rust Belt to the Sun Belt, but forcing American workers to compete with the pitifully low wages paid in the rest of the world is a very different matter.