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ABSTRACT

INFORMING TRADE POLICY: INTEREST GROUP INFLUENCES ON U.S. CONGRESSIONAL AND EXECUTIVE STEEL TRADE PROTECTION

by Diana L. Liu

This research contributes to the current scholarship regarding the influence of domestic interest groups on United States (U.S.) foreign trade policy and it is unique in that it specifically considers the likelihood for approval of protectionist trade policy by an executive administration. It investigates this question: What is the relationship of influence between domestic interest groups and presidential trade policy protection? Research that considers this research question may have important policy implications in that it allows scholars, citizens, and state officials to better understand how interest groups influence foreign trade policy. Specifically, one may find the following contributions from this work: scrutiny of the relationship between interest groups and presidential foreign trade policy output, unique interest group operationalization, specific case study analysis of the Bush Administration's aberrant favor toward protectionist trade policy during the World Trade Organization (WTO) Dispute Settlement Body (DSB) case of *United States--Countervailing duty measures concerning certain products from the European Communities (WT/DS212)_2002*, and insight into the influence of interest groups of various kinds as I apply my theory in a time series analysis of administrations from 1964-1992 in order to observe the accuracy of my theory across time and when considering various administrations and industries of trade.

INFORMING TRADE POLICY: INTEREST GROUP INFLUENCES ON U.S. CONGRESSIONAL AND EXECUTIVE STEEL TRADE PROTECTION

A DISSERTATION

Submitted to the Faculty of

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fulfillment of the requirements

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by

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This work is dedicated to my husband, Jack,

My daily source of greatest inspiration

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CHAPTER 1: INTRODUCTION

The Bush Administration's decision to implement a Section 201 steel tariff in 2002 is one that prompted controversy and questions. While some argued that the tariff was not steep enough, others opined that it was a monumental step away from the free trade policies of the Bush Administration. This dissertation provides analysis and description of influences on this decision which may appear puzzling. My specific findings on interest group and consuming industry influences in this case lead me to further study of their influences on U.S. steel trade policy decisions across time. I report those results as I study them within two policy-making institutions—Congress and the presidency—in this dissertation.

The introductory chapter commences with a review of the scholarship on interest groups and foreign policy with emphasis on how scholars have studied interest group relations with foreign policy decision-makers, literature on the relations between interest groups and two institutions—Congress and the presidency—, and scholarship on measures of interest group influence. Additionally, this chapter reviews literature on steel trade interest groups and consuming industries. Finally, this first chapter provides discussion of the research question, research design, and organizational outline for the consequent chapters.

REVIEWING THE LITERATURE ON INTEREST GROUPS AND FOREIGN POLICY

INTEREST GROUPS AND FOREIGN POLICY DECISIONS

In 1935, E.E. Schattschneider[1] presented his book *Politics, Pressures, and the Tariff,* in which he argues that interest groups help to influence U.S. foreign policy decisions. I.M. Destler[2] later reintroduces this argument in his 2005 work, *American Trade Politics.* Still, little work has since been done to fill in the large gap in the literature which explores the relations of interest groups to foreign policy decisions. Though these works are a catalyst to much further

[1] Schattschneider, E.E. 1935. *Politics, Pressures, and the Tariff.*
[2] Destler, I.M. 2005. *American Trade Politics.* Washington, D.C.: Peterson Institute for International Economics.

development in the field, I reveal that little research builds directly from those challenges to explore how interest groups influence foreign trade policy decisions.

Many scholars recognize this existing gap in the literature and call for further work to be done to consider the effects of interest group behavior on foreign policy.[3] However, much of the response to this challenge centers about an effort that is primarily due to debates as to whether or not private property members[4] and interest group representatives[5] should be present and heard at Hearings such as their disputed participation in the Hearing for the *United States—Import Prohibition of Certain Shrimp and Shrimp Products.*[6] One path of academic research leads to assertions that NGO's will become more directly involved in the foreign trade policy decision-making process due to the progress of technology.[7] Other scholars warn against such direct NGO

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[3] Petersmann, Ernst-Ulrich. 2003. *Transatlantic Economic Disputes: the EU, the US, and the WTO.* Oxford University Press.

[4] Trachtman, Joel P. 2003. "Private Parties in EC-US Dispute Settlement at the WTO: Toward Intermediated Domestic Effect." In *Transatlantic Economic Disputes: The EU, the Us, and the WTO,* Ernst-Ulrich Petersmann and Mark A. Pollack, eds. Oxford: Oxford University Press.

[5] See the following works:

Almqvist, Jessica Mmarie. 2005. "The Accessibility of European Integration Courts from an NGO Perspective." In *Civil Society, International Courts, and Compliance Bodies,* Tullio Treves, Marco Frigessi di Rattalma, Attila Tanzi, Alessandro Fodella, Cesare Pitea, and Chiara Ragni, eds. The Hague: TMC Asser Press.

Distefano, Marcella. 2005. "NGOs and the WTO Dispute Settlement Mechanism." In *Civil Society, International Courts, and Compliance Bodies,* Tullio Treves, Marco Frigessi di Rattalma, Attila Tanzi, Alessandro Fodella, Cesare Pitea, and Chiara Ragni, eds. The Hague: TMC Asser Press.

Guatier, Philippe. 2005. "NGOs and Law of the Sea Disputes." In *Civil Socie4ty, International Courts, and Compliance Bodies,* Tullio Treves, Marco Fregessi di Rattalma, Attila Tanzi, Alessandro Fodella, Cesare Pitea, and Chiara Ragni, eds. The Hague: TMC Asser Press.

Johnson, Lise, and Elisabeth Tuerk. 2005. "CIEL's Experience in WTO Dispute Settlement: Challenges and Complexities from a Practical Point of View." In *Civil Society, International Courts, and Compliance Bodies,* Tullio Treves, Marco Frigessi di Rattalma, Attila Tanzi, Alessandro Fodella, Cesare Pitea, and Chiara Ragni, eds. The Hague: TMC Asser Press.

[6] *United States—Import of Certain Shrimp and Shrimp Products,* Report of the Panel of 15 May 1998, Doc. WT/DS58/R, adopted as modified by the Report of the Appellate Body of 12 October, 1998, Doc. WT/DS58/AB/R on 6 November, 1998.

[7] See these works:

Gamble, John King, and Charlotte Ku. 2003. "International Law—New Actors and New Technololgies: Center Stage for NGOs?" *International Law: Classics and Contemporary Readings.* Boulder, CO: Lynne Rienner Publishers.

Shelton, Dinah. 2003. "The Impact of Economic Globalization on Compliance." In *Economic Globalization and Compliance with International Environmental Agreements,*Alexandre Kiss, Dinah Shelton, and Kanami Ishabashi, eds. New York: Kluwer International.

involvement, but they additionally argue that there is interest group influence upon foreign trade policy state compliancy outcomes with third party rulings and understandings.[8]

Although much of the work which looks at interest group influence on foreign policy decisions examines NGO influence, Goldstein and Martin[9] claim to build directly from Schattschneider's[10] work—which theorizes that protectionist interests are concentrated while free-trade interests are diffused—and to extend its implications as they argue that informed interest groups are more likely to endorse a protectionist mobilization effort. These scholars explain that legalization enhances rules and procedures which cause interest groups to inform themselves more than they otherwise would, and as a result, this leads to a decline in liberal trade as informed anti-trade forces become more influential.

Interest Groups and Congress

This dissertation studies interest group influence on Congressional trade policy decisions. In this section, I will describe the ways in which the findings on the influence of interest group financial contributions lead some recent research to suggest that financial contributions alone do not explain enough about Congressional foreign trade policy voting behaviors without consideration of informational contributions.

Much of the early research regarding interest group influence on Congressional decisions was in response to concerns that those interest groups which contributed the most campaign financing would have the most policy influence.[11] Some[12] more recent research reports findings that support modest financial influence of interest groups on Congressional foreign trade policy decisions. Other scholars suggest that campaign finance implies a competitive market for

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[8] Keohane, Robert O., Andrew Moravcsik, and Anne-Marie Slaughter. 2000. "Legalized Dispute Resolution: Interstate and Transnational." In *International Law and International Relations,* Beth A. Simmons, and Richard H. Steinberg, eds. Cambridge: Cambridge University Press, 2006.

[9] Goldstein, Judith, and Lisa L. Martin. 2000. "Legalization, Trade Liberalization, and Domestic Politics: A Cautionary Note." In *International Law and International Relations,* Beth A. Simmons and Richard H. Steinberg, eds. Cambridge: Cambridge University Press, 2006.

[10] Schattschneider, E.E. 1935. *Politics, Pressures, and the Tariff.*

[11] Ansolabehere, Stephen, John M. de Figueiredo, and James M. Snyder Jr. 2003. "Why is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives,* Vol. 17: 1, Winter 2003: 105-130.

[12] Burstein, Paul, and C. Elizabeth Hirsh. 2007. "Interest Organizations, Information, and Policy Innovation in the U.S. Congress." *Sociological Forum,* Vol. 22, No. 2 (Jun 2007): pp. 174-199.

benefits from policy and politicians.[13] Still others suggest that this competitive market enables legislators to act as gatekeepers who may threaten regulatory oversight against those interest groups that do not contribute.[14] Researchers within this area also explore who may be more likely to receive interest group finance contributions and find that it is those with more powerful and influential Congressional duties, such as chair positions or significant committee membership placement, who receive the most finance contributions.[15]

Still, while some scholars do suggest the influence of interest groups on Congressional decisions, many other researchers find the contrary. Burstein and Linton,[16] for example, found that half their coefficients intended to gauge the effect of interest groups on policy showed no effect and only one third produced significant results. Other scholars also find this same puzzling result that campaign finance contributions are not significantly linked consistently to Congressional decisions.[17] An abundance of inconsistent or insignificant findings for support of the influence of campaign finance contributions as positively related to Congressional decisions leads scholars to determine the research itself is flawed.[18]

Thus, despite some research which suggests that interest group finance contributions do influence Congressional decision-making, more recent research still finds this "inconclusive" at best[19] while many other scholars find that interest group contributions are not a consistently

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[13] See the following:
Baron, David P. 1989. "Service-Induced Campaign Contributions and the Electoral Equilibrium." *Quarterly Journal of Economics.* 104:1, pp. 45-72.
Snyder, James M. Jr. 1990. "Campaign Contributions as Investments: The House of Representatives, 1980-1986." *Journal of Political Economy.* December, 98:6, pp. 1195-227.
Grier, Kevin B., and Michael C. Munger. 1991. "Committee Assignments, Constituent Preferences, and Campaign Contributions." *Economic Inquiry.* January, 29, pp. 24-43.

[14] Grossman, Gene, and Elhanan Helpman. 1994. "Protection for Sale." *American Economic Review.* September, 84:4, pp 833-50.

[15] Ansolabehere, Stephen, and James M. Snyder Jr. 1999. "Money and Institutional Power." *Texas Law Review.* June, 77, pp. 1673-704.

[16] Burstein, Paul, and April Linton. 2002. "The Impact of Political Parties, Interest Groups, and Social Movement Organizations on Public Policy." *Social Forces,* 81: 380-408.

[17] Ansolabehere, Stephen, John M. de Figueiredo, and James M. Snyder Jr. 2003. "Why is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives,* Vol. 17: 1, Winter 2003: 105-130.

[18] Potters, Jan, and Randolph Sloof. 1996. "Interest Groups: A Survey of Empirical Models That Try to Assess Their Influence," *European Journal of Political Economy* 12: 403-42.

[19] As assessed in these reviews:
Baumgartner, Frank R., and Beth L. Leech. 1998. *Basic Interests.* Princeton, NJ: Princeton University Press.
Smith, Richard A. 1995. "Interest Group Influence in the U.S. Congress." *Legislative Studies Quarterly* 20: 89-139.

significant influence on Congressional decisions. Ansolabehere et al., for example, suggest that the findings thus far only prompt a revisitation to Tullock's puzzle.[20] Tullock[21] asserts that campaign finance alone cannot explain the influence of interest groups because the economic yield is disproportionate to the anticipated investment return. That is, a theory which relies upon campaign finance as the sole explanation for interest group influence is an irrational one, which does not fit with economic theory due to its defiance of basic cost-benefit assumptions, yet, when interest groups tend to give, they appear as rational actors.[22] Ansolabehere et al. [23] conducted their own study of interest group financial influence, and upon finding return to this "puzzle", suggest that campaign contribution should be viewed as a form of consumption—synonymous with political participation—that also indicates the consumer is "disproportionately likely to participate in other ways."

Many scholars agree that those who participate through financial contribution are much more likely to participate in other ways than those who do not,[24] and one such way is in attempting to influence through provision of information. Several scholars argue that congressmen are in a constant search for information that helps to determine their decisions[25] and

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[20] Ansolabehere, Stephen, John M. de Figueiredo, and James M. Snyder Jr. 2003. "Why is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives,* Vol. 17: 1, Winter 2003: 105-130.
[21] Tullock, Gordon. 1972. "The Purchase of Politicians." *Western Economic Journal.* 10, pp.354-55.
[22] See for examples:
Ansolabehere, Stephen, and James M. Snyder Jr. 2000. "Money and Office." In *Continuity and Change in Congressional Elections.* David Brady and John Cogan, eds. Stanford, CA: Stanford University Press, pp. 65-86.
Kroszner, Randall S., and Thomas Stratmann. 1998. "Interest Group Competition and the Organization of Congress: Theory and Evidence from Financial Services Political Action Committees." *American Economic Review.* December, 88:5, pp. 1163-187.

[23]Quoted from:
Ansolabehere, Stephen, John M. de Figueiredo, and James M. Snyder Jr. 2003. "Why is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives,* Vol. 17: 1, Winter 2003: 118.
[24] See the following works on political participation:
Rosenstone, Steven J., and John Mark Hansen. 1992. *Mobilization, Participation, and Democracy in America.* New York: MacMillan Publishing Co.
Verba, Sidney, Kay Lehman Schlozman, and Henry E. Brady. 1995. *Voice and Equality: Civic Voluntarism and American Politics.* Cambridge, Mass.: Harvard University Press.
[25] See the following:
Krehbiel, Keith. 1991. *Information and Legislation Organization.* Ann Arbor: University of Michigan Press.
Rucht, Dieter. 1999. "The Impact of Environmental Movements in Western Societies." In Marco Giugni, Doug McAdam and Charles Tilly, eds. *How Social Movements Matter:* pp. 204-224. Minneapolis: University of Minnesota Press.

that will help them to prioritize their issue agendas.[26] Additionally, officeholders require and seek information which helps them to better ascertain policy effectiveness.[27] Furthermore, legislators seek persuasive informational projected results of their roll call vote on their reelection likelihood which may also be supplied by an interest group.[28] Such findings lead Burstein and Hirsh to argue that the variable that the omitted variable from most models in explanation of the importance of interest group influence is informational influence, which they conceptualize as committee hearing information provision.[29] Nonetheless, while this research is moving towards the conclusion that the omitted variable—information—must be included in an explanatory model of interest group influence, there is yet little research in this direction, though much scholarship begins to call for it.

Interest Groups and the Presidency

Another relationship which this research examines is that between interest groups and presidential foreign trade policy decisions. There is much area for further development in presidential studies on this particular line of research. Though this area has much room for development, it is one of certain importance with several substantive contributions to the scholarly understanding of the relationship between interest groups and the Executive.

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[26] See these works:
Kingdon, John W. 1981. *Congressmen's Voting Decisions,* 2nd ed. New York: Harper and Row.
Hilgartner, Steven, and Charles Bosk. 1988. "The Rise and Fall of Social Problems." *American Journal of Sociology.* 94:53-78.
[27] As in the following :
Burstein, Paul, and Marie Bricher. 1997. "Problem Definition and Public Policy." *Social Forces* 76: 135-68.
Gamson and Modigliani. 1989. "Media Discourse and Public Opinion on Nuclear Power." *Research in Political Sociology* 95: 1-37.
Baumgartner, Frank R., and Bryan D. Jones. 1993. *Agendas and Instability in American Politics.* Chicago: University of Chicago Press.
Riker, William H.1986. *The Art of Political Manipulation.* New Haven: Yale University Press.

[28] See these works:
Hansen, John Mark. 1991. *Gaining Access: Congress and the Farm Lobby, 1919-1981.* Chicago: University of Chicago Press.
McCammon, Holly J., Karen E. Campbell, Ellen M. Granberg, and Christine Mowery. 2001. "How Movements Win: Gendered Opportunity Structures and U.S. Women's Suffrage Movements, 1866-1919," *American Sociological Review* 66: 49-70.
[29] Burstein, Paul, and C. Elizabeth Hirsh. 2007. "Interest Organizations, Information, and Policy Innovation in the U.S. Congress." *Sociological Forum,* Vol. 22, No. 2 (Jun 2007): pp. 174-199.

Truman,[30] in a fundamental work on this topic, explains the great significance of political interests as they relate to the political process. A review of the presidential studies literature further reveals two primary means of interest group influence on presidential foreign policy decisions—through finance contributions and through informational access. Pika,[31] for instance, states that interest groups have become increasingly influential in presidential policy due to their financial contributions and states that this relationship must be further scrutinized.

The second primary method for interest group influence discussed in the presidency studies literature is informational access. Orman[32] studies interest group access to the presidency but does not look at the varying effects this phenomenon and further, studies it at the aggregate rather than the firm level of analysis. However, the core assumption of his study—that interest group informational access is significantly related to presidential foreign trade policy decisions—is a catalyst to a hypothesis which my research tests.

A minimal amount of the existing presidential studies literature considers and suggests the importance of campaign contributions and informational access for interest group influence; however, there is not yet a study to see which of these is more influential. Additionally, this question has thus far been studied at aggregate rather than firm level of analysis in presidential studies and is a second contribution of this dissertation. Thus, this research model offers unique contributions to the understanding of the institution of presidency as it considers the influence of interest groups on Executive Branch decisions.

[30] Truman, D.B. 1951. *The Governmental Process: Political Interests and Public Opinion.* New York: Knopf.

[31] Pika, Joseph. 1983. "Interest Groups and the Executive." In A Cigler and B. Loomis, eds. *Interest Group Politics.* Congressional Quarterly Press.

[32] Orman, John. "The President and Interest Group Access." *Presidential Studies Quarterly.* Vol. 18, No. 4, (Fall 1988) pp. 878-891.

INTEREST GROUP INFLUENCE OPERATIONALIZED

Moe once opined that "very little is actually known about the nature of interest groups as organizations."[33] His concern helped to prompt a jettison in research on interest group intra-organizational operations as survey research developed in analysis of large-n datasets.[34] In this body of research collected on interest groups, Cigler[35] identifies two kinds of research questions—those about aggregate demand and those about group impact, and he argues that it is those about group impact, or the ways and degrees to which groups influence, for which there is the greatest need for further research development. In much of the work on interest group influence, interest groups are broadly defined as "voluntary associations independent of the political system that attempt to influence the government."[36] Perhaps, then, little is known about how interest groups influence foreign policy chiefly because little is known about influence itself and how it may be best operationalized in a study. As a result, while many researchers answered Moe's challenge for further research on interest groups, there is still much area for further gain.

I submit that the discipline could benefit from significantly more research on how and to what extent interest groups influence presidential foreign trade policy, but such research must first begin with some conceptualization of influence to be used for operationalization of the variable.[37] Some scholars conceptualize the dependent variable influence as interest group

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[33] Moe, Terry M. 1980. *The Organization of Interests.* Chicago: University of Chicago Press. P.219.
[34] See the following works:
Berry, J.M. 1989. *The Interest Group Society.* Glenview, IL: Scott, Foresman & Little, Brown. 2nd ed.
Heinz, J.P., E. O. Laumann, R.L. Nelson, and R.H. Salisbury. 1993. *The Hollow Core: Private Interests in National Policy Making.* Cambridge, MA: Harvard University Press.
Schlozman, Kay L., and John T. Tierney. 1986. *Organized Interests and American Democracy.* New York: Harper and Row.
[35] Cigler, A.J. 1991. "Interest Groups: A Subfield in Search of an Identity." In *Political Science: Looking to the Future,* ed. W. Crotty, pp. 99-135. Evanston, IL: Northwestern University Press.
[36] This quote is borrowed from p.481 of the following work:
Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.

[37] See these works:
Kingdon, J.W., 1984. *Agendas, Alternatives and Public Policies.* New York, NY: Harper Collins.
Amenta, E., D. Halfmann, and M.P. Young. 1999. "The Strategies and Context of Social Protest: Political mediation and the Impact of the Townsend Movement in California." *Mobilization* 4:1-23.

influence on the public agenda.[38] Other researchers operationalize the dependent variable influence as interest group influence on participation in decision-making.[39] However, this dissertation research employs a third type of conceptualization.

I accept the conceptualization chosen by some scholars who find that "the most visible and celebrated indicator of influence in the policy process is achievement of favorable policies."[40] Such scholars conceptualize interest group influence as something that may be observed in the achievement of favorable policy outcomes, such as favorable decisions, votes, rhetoric, endorsements, or legislative ratification. Current research results, however, offer mixed conclusions as to the significance of interest group influence. I suggest that this is due not to a flaw in the conceptualization of the dependent variable, but to the existence, in some cases, of omitted variable bias. Specifically, much of this previous work on influence considers only a single source of interest group influence—monetary incentives or interest group promises for political endorsements[41]—while neglecting the importance of informational access influence. Some also observe the ways in which interest group protests may influence policy, such as Congressional voting on war,[42] and find strong evidence for influence but little evidence for the influence of such collective action on Congressional hearings and roll-call votes.[43] I find this

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[38] Cress,D., and D. Snow. 1996. "Mobilization at the Margins: Resources, Benefactors, and the Viability of Homeless Social Movement Organizations." *American Sociological Review.* 61: 1089-1099.

[39] See the following:
Jaynes, A. 2002. "Insurgency and Policy Outcomes: The Impact of Protest/Riots on Urban Spending." *Journal of Political and Military Sociology.* 30:90-112.
Schlozman, Kay L., and John T. Tierney. 1986. *Organized Interests and American Democracy.* New York: Harper and Row.
Knoke, D. 1986. "Associations and Interest Groups." *Annual Review of Sociology.* 12:1-21.

[40] Quoted from page 497 of the following work:
Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.

[41] Gerber, E.R., and J.H. Phillips. 2003. "Development Ballot Measures, Interest Group Endorsements, and the Political Geography of Growth Preferences." *American Journal of Political Science.* 47: 625-39.

[42]See the following:
Burstein, Paul, and W. Freudenburg. 1978. "Changing Public Policy: The Impact of Public Opinion, War Costs, and Anti-War Demonstrations on Senate Voting on Vietnam War Motions."*American Journal of Sociology.*84: 99-122.
McAdam, D., and Y. Su. 2002. "The War at Home: Anti-War Protest and Congressional Voting, 1965 to 1973." *American Sociological Review.* 66: 49-70.

[43] Soule, S., D. McAdam, J.D. McCarthy, and Y. Su. 1999. "Protest Events: Cause or Consequence of State Action?" *Mobilization* 4: 239-56.

inconsistency is in part due to lack of study of whether or not policy issues are actually presented to the elected official for informational purposes.[44]

RESEARCH DESIGN

A review of the literature, therefore, leads me to conclude that an investigation into the research question at the core of this dissertation will offer four principle contributions to the current scholarship. First, it will help to bridge the gap in the literature on the relationship between interest groups and foreign trade policy output. Next, it provides a unique interest group operationalization in its study of interest group influence that will offer clarity for final results and conclusions. Furthermore, its specific case study analysis of the Bush Administration and trade policy during the World Trade Organization (WTO) Dispute Settlement Body (DSB) case of *United States--Countervailing duty measures concerning certain products from the European Communities (WT/DS212)_2002* will offer insight into the Administration's aberrant policy for protectionism, and it will offer unique insight into the influence of interest groups of various kinds. I will apply my theory in a time series analysis of administrations from 1964-1992 in order to observe the accuracy of my theory across time and while considering the influence of the steel industry across various administrations. These contributions offer the potential to inform policymakers and scholars further as to the ways in which domestic interest groups influence foreign trade policy.

My literature review informs my theory that interest groups influence trade policies. Specifically, I expect to find the following: a positive relationship between interest group contributions of information and finances, that each will influence presidential and Congressional actions to favor protectionist trade policy, and that when both are combined, there will be a greater likelihood for protectionist policy response than when only a finance contribution is given.

[44] Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.

THE HYPOTHESES

This dissertation reports results that stem from this research question: What is the relationship of influence between domestic steel interest groups and protectionist trade policy decisions? My review of the literature and development of theory leads me to the following hypotheses which I intend to test through use of two models—constrained and unconstrained. **Model I**, then, is a constrained model that represents the probability that indicators such as party association and interest group demographics influence presidential foreign trade policy decisions. **Model II** is an unconstrained model that represents the probability that party association, interest group demographics, and informational access influence presidential foreign trade policy decisions. **Model III**, then, is a constrained model that represents the probability that indicators such as PAC contributions, party association, and interest group demographics influence foreign trade policy decisions amongst congressional members. **Model IV** is an unconstrained model that represents the probability that PAC contributions, party association, interest group demographics, and informational access influence foreign trade policy decisions amongst congressional members.

Model I is represented in this formal equation :

$$\boldsymbol{Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs +\ \mu_i}$$

, **Model II** is represented by this formal equation:

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \sum_n \hat{\beta}_{5n}\, x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o}\, x_{60}\, Un\_Prod +\ \mu_i}$$

Model III is represented by this formal equation:

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l + \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_m + \mu_i}$$

<u>Model IV</u> is represented by this formal equation:

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l + \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_m + \sum_n \hat{\beta}_{5n} x_{5n} InfoAISI_n + \mu_i}$$

Models I and III are *constrained* approximations of reality and Models II and IV are an *unconstrained* approximation of reality where

$\boldsymbol{Yi}$ **is the protection positive or protection negative output by an observed official**

$\boldsymbol{x_{1\,j}\,PARTY}$ **is the party to which the observed official j belongs**

$\boldsymbol{x_{2k\,ProdInfo}}$ **is the known time for direct information access to the president by a steel**

producing interest

$\boldsymbol{x_{2k}\,ContTrans}$ **is the sum of transportation industry Political Action Committee (PAC)**

contributions paid to the official within a campaign election

$\boldsymbol{x_{3lConsInfo}}$ **is the known time for direct informational access to the president by a steel consuming industry**

$x_{3l}\,ContCons$ **is the sum of construction industry Political Action Committee (PAC)**

contributions paid to the official within a campaign election

$x_{4m}\,yrs$ **the number of years an executive has been in office**

$x_{5m}\,Un\_Cons$ **is the known time for direct information access to the president by a steel**

union consuming interest

$x_{5m}\,Cont\_Prod$ **is the sum of steel producing industry Political Action Committee (PAC)**

contributions paid to the official within a campaign election

$x_{6n}\,Un\_Prod$ **is the known time for direct information access to the president by a steel**

union producing interest

$x_{6n}\,InfoAISI$ **is the total known of known access opportunities for direct informational**

access to an official by steel industry representatives

that prompt the following hypotheses:

Model I, H_1: There is a positive relationship between executive party membership (x_1) and the probability for protectionist favorable trade policy output[45] (Yi).

[45] In Models I, II, III, and IV the (Yi, ii, iii, iv) output is operationalized uniquely for the study of Congress and the study of the Executive. The dependent variable output observed for Congress is the member roll call vote while the dependent variable output observed as these Models are applied to study of the presidency is the statements for protective foreign trade policy by a president.

$$Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i$$

$$, \hat{\beta}_1 \neq 0$$

Model I, Ho: There is no relationship between executive party membership **(x_1)** and the probability for protectionist favorable trade policy output **(Yi)**.

$$Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i$$

$$, \hat{\beta}_1 = 0$$

Model I, H$_2$: There is a positive relationship between the number of years an executive has spent in office **(x_4)** and the probability for protectionist favorable trade policy output **(Yi)**.

$$Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i$$

$$, \hat{\beta}_1 \neq 0$$

Model I, Ho: There is no relationship between the number of years an executive has spent in office **(x_4)** and the probability for protectionist favorable trade policy output **(Yi)**.

$$Yi = \boldsymbol{\alpha_0} + \sum_j \widehat{\boldsymbol{\beta}}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\boldsymbol{\beta}}_{2k}\, x_{2k}\ ProdInfo + \sum_l \widehat{\boldsymbol{\beta}}_{3l}\, x_{3l}\, ConsInfo + \sum_m \widehat{\boldsymbol{\beta}}_{4m}\, x_{4m}\, yrs + \boldsymbol{\mu_i}$$

$$,\ \widehat{\boldsymbol{\beta}}_1 = 0$$

Model I, H$_3$: There is a positive relationship between the known times for direct informational access to an executive by steel production interest group representatives **(x_2)** and the probability for protectionist favorable trade policy output **(Yi)**.

$$Yi = \boldsymbol{\alpha_0} + \sum_j \widehat{\boldsymbol{\beta}}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\boldsymbol{\beta}}_{2k}\, x_{2k}\ ProdInfo + \sum_l \widehat{\boldsymbol{\beta}}_{3l}\, x_{3l}\, ConsInfo + \sum_m \widehat{\boldsymbol{\beta}}_{4m}\, x_{4m}\, yrs + \boldsymbol{\mu_i}$$

$$,\ \widehat{\boldsymbol{\beta}}_1 \neq 0$$

Model I, Ho: There is no relationship between the known times for direct informational access to an executive by steel production interest group representatives **(x_2)** and the probability for protectionist favorable trade policy output **(Yi)**.

$$Yi = \boldsymbol{\alpha_0} + \sum_j \widehat{\boldsymbol{\beta}}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\boldsymbol{\beta}}_{2k}\, x_{2k}\ ProdInfo + \sum_l \widehat{\boldsymbol{\beta}}_{3l}\, x_{3l}\, ConsInfo + \sum_m \widehat{\boldsymbol{\beta}}_{4m}\, x_{4m}\, yrs + \boldsymbol{\mu_i}$$

$$,\ \widehat{\boldsymbol{\beta}}_1 = 0$$

Model I, H_4: There is a positive relationship between the known times for direct informational access to an executive by steel consumer interest group representatives $(\boldsymbol{x_3})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yi})$.

$$\boldsymbol{Yi} = \boldsymbol{\alpha_0} + \sum_j \boldsymbol{\widehat{\beta}_{1j}}\ \boldsymbol{x_{1j}}\ \boldsymbol{PARTYj} + \sum_k \boldsymbol{\widehat{\beta}_{2k}}\,\boldsymbol{x_{2k}}\ \boldsymbol{ProdInfo} + \sum_l \boldsymbol{\widehat{\beta}_{3l}}\,\boldsymbol{x_{3l}}\,\boldsymbol{ConsInfo} + \sum_m \boldsymbol{\widehat{\beta}_{4m}}\,\boldsymbol{x_{4m}}\,\boldsymbol{yrs} + \boldsymbol{\mu_i}$$

$$,\ \boldsymbol{\widehat{\beta}_1} \neq \mathbf{0}$$

Model I, Ho: There is no relationship between the known times for direct informational access to an executive by steel consumer interest group representatives $(\boldsymbol{x_3})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yi})$.

$$\boldsymbol{Yi} = \boldsymbol{\alpha_0} + \sum_j \boldsymbol{\widehat{\beta}_{1j}}\ \boldsymbol{x_{1j}}\ \boldsymbol{PARTYj} + \sum_k \boldsymbol{\widehat{\beta}_{2k}}\,\boldsymbol{x_{2k}}\ \boldsymbol{ProdInfo} + \sum_l \boldsymbol{\widehat{\beta}_{3l}}\,\boldsymbol{x_{3l}}\,\boldsymbol{ConsInfo} + \sum_m \boldsymbol{\widehat{\beta}_{4m}}\,\boldsymbol{x_{4m}}\,\boldsymbol{yrs} + \boldsymbol{\mu_i}$$

$$,\ \boldsymbol{\widehat{\beta}_1} = \mathbf{0}$$

Model I, H_5: There is a positive relationship between the known times for direct informational access to an executive by steel production interest group representatives **(x_2)**—when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yi)**.

$$\boldsymbol{Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i}$$

$$, \ \boldsymbol{\hat{\beta}_1 \neq 0}$$

Model I, Ho: There is no relationship between the known times for direct informational access to an executive by steel production interest group representatives **(x_2)**—when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yi)**.

$$\boldsymbol{Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i}$$

$$, \boldsymbol{\hat{\beta}_1 = 0}$$

Model I, H_6: There is a positive relationship between the known times for direct informational access to an executive by steel consumer interest group representatives (x_3)—when controlled for executive party membership (x_1) and the number of years an executive has spent in office (x_4)—and the probability for protectionist favorable trade policy output (Yi).

$$Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \mu_i$$

$$, \hat{\beta}_1 \neq 0$$

Model I, Ho: There is no relationship between the known times for direct informational access to an executive by steel consumer interest group representatives (x_3)—when controlled for executive party membership (x_1) and the number of years an executive has spent in office (x_4)—and the probability for protectionist favorable trade policy output (Yi).

$$Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \mu_i$$

$$, \hat{\beta}_1 = 0$$

Model II, H₁: There is a positive relationship between executive party membership (x_1) and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj\; + \sum_k \hat{\beta}_{2k}\, x_{2k}\; ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo$$
$$+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \sum_n \hat{\beta}_{5n}\, x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o}\, x_{6o}\, Un\_Prod + \mu_i$$
$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 \neq 0$$

Model II, Ho: There is no relationship between executive party membership (x_1) and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj\; + \sum_k \hat{\beta}_{2k}\, x_{2k}\; ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo$$
$$+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \sum_n \hat{\beta}_{5n}\, x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o}\, x_{6o}\, Un\_Prod + \mu_i$$
$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0$$

Model II, H_2: There is a positive relationship between the number of years an executive has spent in office (x_4) and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l}\ ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m}\ yrs + \sum_n \hat{\beta}_{5n} x_{5n}\ Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o}\ Un\_Prod + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 \neq 0$$

Model II, Ho: There is no relationship between the number of years an executive has spent in office (x_4) and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l}\ ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m}\ yrs + \sum_n \hat{\beta}_{5n} x_{5n}\ Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o}\ Un\_Prod + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0$$

Model II, H$_3$: There is a positive relationship between the known times for direct informational access to an executive by steel production interest group representatives $(\boldsymbol{x_2})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yii})$.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo}$$
$$\boldsymbol{+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \sum_n \hat{\beta}_{5n}\, x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o}\, x_{6o}\, Un\_Prod + \mu_i}$$
$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 \neq 0}$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel production interest group representatives $(\boldsymbol{x_2})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yii})$.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k}\, x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ConsInfo}$$
$$\boldsymbol{+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, yrs + \sum_n \hat{\beta}_{5n}\, x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o}\, x_{6o}\, Un\_Prod + \mu_i}$$
$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0}$$

Model II, $\mathbf{H_4}$: There is a positive relationship between the known times for direct informational access to an executive by steel consumer interest group representatives $\boldsymbol{(x_3)}$ and the probability for protectionist favorable trade policy output $\boldsymbol{(Yii)}$.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \widehat{\beta}_{3l} x_{3l} ConsInfo}$$
$$\boldsymbol{+ \sum_m \widehat{\beta}_{4m} x_{4m} yrs + \sum_n \widehat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \widehat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4,\ \widehat{\beta}_5,\ \widehat{\beta}_6 \neq 0}$$

Model II, Ho: There is no between the known times for direct informational access to an executive by steel consumer interest group representatives $\boldsymbol{(x_3)}$ and the probability for protectionist favorable trade policy output $\boldsymbol{(Yii)}$.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \widehat{\beta}_{3l} x_{3l} ConsInfo}$$
$$\boldsymbol{+ \sum_m \widehat{\beta}_{4m} x_{4m} yrs + \sum_n \widehat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \widehat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4,\ \widehat{\beta}_5,\ \widehat{\beta}_6 = 0}$$

Model II, H_5: There is an inverse relationship between the known times for direct informational access to an executive by steel production interest group representatives (x_2)—when controlled for executive party membership (x_1) and the number of years an executive has spent in office (x_4)—and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\; ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m}\, yrs + \sum_n \hat{\beta}_{5n} x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o}\, Un\_Prod + \mu_i$$

$$, \hat{\beta}_1, \hat{\beta}_2, \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5, \hat{\beta}_6 \neq 0$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel production interest group representatives (x_2)—when controlled for executive party membership (x_1) and the number of years an executive has spent in office (x_4)—and the probability for protectionist favorable trade policy output (Yii).

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\; ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l}\, ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m}\, yrs + \sum_n \hat{\beta}_{5n} x_{5n}\, Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o}\, Un\_Prod + \mu_i$$

$$, \hat{\beta}_1, \hat{\beta}_2, \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5, \hat{\beta}_6 = 0$$

Model II, H_6: There is a positive relationship between the known times for direct informational access to an executive by steel consumer interest group representatives **(x_3)**— when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yii)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo}$$
$$\boldsymbol{+ \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$
$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 \neq 0}$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel consumer interest group representatives **(x_3)**— when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yii)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo}$$
$$\boldsymbol{+ \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$
$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0}$$

Model II, H$_7$: There is a positive relationship between the known times for direct informational access to an executive by steel union production interest group representatives **(x_6)** and the probability for protectionist favorable trade policy output **(Yii)**.

$$\begin{aligned} Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo \\ + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i \end{aligned}$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 \neq 0$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel union production interest group representatives **(x_6)** and the probability for protectionist favorable trade policy output **(Yii)**.

$$\begin{aligned} Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo \\ + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i \end{aligned}$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0$$

Model II, H_8: There is an inverse relationship between the known times for direct informational access to an executive by steel consumer union interest group representatives **(x_5)** and the probability for protectionist favorable trade policy output **(Yii)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6\ \neq 0}$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel consumer union interest group representatives **(x_5)** and the probability for protectionist favorable trade policy output **(Yii)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0}$$

Model II, H_9: There is a positive relationship between the known times for direct informational access to an executive by steel union production interest group representatives **(x_6)**—when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yii)**.

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6\ \neq 0$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel union production interest group representatives **(x_6)**—when controlled for executive party membership **(x_1)** and the number of years an executive has spent in office **(x_4)**—and the probability for protectionist favorable trade policy output **(Yii)**.

$$Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0$$

Model II, $\boldsymbol{H_{10}}$: There is an inverse relationship between the known times for direct informational access to an executive by steel consumer union interest group representatives **($\boldsymbol{x_5}$)**—when controlled for executive party membership **($\boldsymbol{x_1}$)** and the number of years an executive has spent in office **($\boldsymbol{x_4}$)**—and the probability for protectionist favorable trade policy output **($\boldsymbol{Yii}$)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6\ \neq 0}$$

Model II, Ho: There is no relationship between the known times for direct informational access to an executive by steel union production interest group representatives **($\boldsymbol{x_5}$)**—when controlled for executive party membership **($\boldsymbol{x_1}$)** and the number of years an executive has spent in office **($\boldsymbol{x_4}$)**—and the probability for protectionist favorable trade policy output **($\boldsymbol{Yii}$)**.

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj\ + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4,\ \hat{\beta}_5,\ \hat{\beta}_6 = 0}$$

Model III, H_1: There is a positive relationship between a congress members' party membership (x_1) and the probability for protectionist favorable trade policy output $(Yii\text{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 \neq 0$$

Model III, Ho: There is no relationship between a congress members' party membership (x_1) and the probability for protectionist favorable trade policy output $(Yii\text{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 = 0$$

Model III, $\mathbf{H_2}$: There is an inverse relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)** and the probability for protectionist favorable trade policy output **(Yiii)**.

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ \ x_{1j}\ PARTYj + \sum_k\ \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l\ \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m\ \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} +\ \mu_i}$$

$$,\ \hat{\boldsymbol{\beta}}_{\mathbf{1}} \neq \mathbf{0}$$

Model III, Ho: There is no relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)** and the probability for protectionist favorable trade policy output **(Yiii)**.

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ \ x_{1j}\ PARTYj + \sum_k\ \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l\ \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m\ \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} +\ \mu_i}$$

$$,\hat{\boldsymbol{\beta}}_{\mathbf{1}} = \mathbf{0}$$

Model III, $\mathbf{H_3}$: There is an inverse relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **($\boldsymbol{x_3}$)** and the probability for protectionist favorable trade policy output **($\boldsymbol{Yii}$)**.

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \mu_i}$$

$$,\ \boldsymbol{\hat{\beta}_1 \neq 0}$$

Model III, Ho: There is no relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **($\boldsymbol{x_3}$)** and the probability for protectionist favorable trade policy output **($\boldsymbol{Yii}$)**.

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \mu_i}$$

$$,\ \boldsymbol{\hat{\beta}_1 = 0}$$

Model III, H_4: There is a positive relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election (x_4) and the probability for protectionist favorable trade policy output $(Yii\text{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 \neq 0$$

Model III, Ho: There is no relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election (x_4) and the probability for protectionist favorable trade policy output $(Yii\text{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 = 0$$

Model III, H_5: There is an inverse relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiii)**.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 \neq 0$$

Model III, Ho: There is no relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiii)**.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$,\ \hat{\beta}_1 = 0$$

Model III, H_6: There is an inverse relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_3)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiii)**.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$, \hat{\beta}_1 \neq 0$$

Model III, Ho: There is no relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_3)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiii)**.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \mu_i$$

$$, \hat{\beta}_1 = 0$$

Model III, H_6: There is a positive relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election (x_4)—when controlled for congress member party membership (x_1)—and the probability for protectionist favorable trade policy output $(Yii\mathrm{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l + \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_m + \mu_i$$

$$, \hat{\beta}_1 \neq 0$$

Model III, Ho: There is no relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election (x_4)—when controlled for congress member party membership (x_1)—and the probability for protectionist favorable trade policy output $(Yii\mathrm{i})$.

$$Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l + \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_m + \mu_i$$

$$, \hat{\beta}_1 = 0$$

Model IV, $\mathbf{H_1}$: There is a positive relationship between a congress members' party membership $(\boldsymbol{x_1})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \widehat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4, \widehat{\beta}_5 \neq 0}$$

Model IV, Ho: There is no relationship between a congress members' party membership $(\boldsymbol{x_1})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \widehat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4, \widehat{\beta}_5 = 0}$$

Model IV, $\mathbf{H_2}$: There is an inverse relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_2})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 \neq 0}$$

Model IV, Ho: There is no relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_2})$ and the probability for protectionist favorable trade policy output **($\boldsymbol{Yii}$i)**.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 = 0}$$

Model IV, $\mathbf{H_3}$: There is an inverse relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_3)** and the probability for protectionist favorable trade policy output **(Yiv)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 \neq 0$$

Model IV, Ho: There is no relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_3)** and the probability for protectionist favorable trade policy output **(Yiv)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 = 0$$

Model IV, $\mathbf{H_4}$: There is a positive relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_4})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5\ \neq 0}$$

Model IV, Ho: There is no relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_4})$ and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5\ = 0}$$

Model IV, H_5: There is an inverse relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yvi)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 \neq 0$$

Model IV, Ho: There is no relationship between the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_2)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiv)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 = 0$$

Model IV, $\mathbf{H_6}$: There is an inverse relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_3})$—when controlled for congress member party membership $(\boldsymbol{x_1})$—and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \widehat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \widehat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \widehat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4, \widehat{\beta}_5 \neq 0}$$

Model IV, Ho: There is no relationship between the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a campaign election $(\boldsymbol{x_3})$—when controlled for congress member party membership $(\boldsymbol{x_1})$—and the probability for protectionist favorable trade policy output $(\boldsymbol{Yiv})$.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \widehat{\beta}_{1j}\; x_{1j}\; PARTYj + \sum_k \widehat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_m + \sum_n \widehat{\beta}_{5n}\, x_{5n}\, InfoAISI_n + \mu_i}$$

$$\boldsymbol{,\ \widehat{\beta}_1,\ \widehat{\beta}_2,\ \widehat{\beta}_3, \widehat{\beta}_4, \widehat{\beta}_5 = 0}$$

Model IV, H_7: There is a positive relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_4)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiv)**.

$$\boldsymbol{Yiv = \alpha_0 + \sum_{j} \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_{k} \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_{l} \hat{\beta}_{3l}\, x_{3l}\, ContCons_l}$$
$$\boldsymbol{+ \sum_{m} \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} + \sum_{n} \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\ n} + \mu_i}$$

$$,\ \boldsymbol{\hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 \neq 0}$$

Model IV, Ho: There is no relationship between the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election **(x_4)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiv)**.

$$\boldsymbol{Yiv = \alpha_0 + \sum_{j} \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_{k} \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_{l} \hat{\beta}_{3l}\, x_{3l}\, ContCons_l}$$
$$\boldsymbol{+ \sum_{m} \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} + \sum_{n} \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\ n} + \mu_i}$$

$$,\ \boldsymbol{\hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 = 0}$$

Model IV, H_8: There is a positive relationship between the total access opportunities for direct informational access to a congress member by steel interest group representatives **(x_5)** and the probability for protectionist favorable trade policy output **(Yiv)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l$$
$$+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\ n} + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 \neq 0$$

Model IV, Ho: There is no relationship between the total access opportunities for direct informational access to a congress member by steel interest group representatives **(x_5)** and the probability for protectionist favorable trade policy output **(Yiv)**.

$$Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l \hat{\beta}_{3l}\, x_{3l}\, ContCons_l$$
$$+ \sum_m \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\ m} + \sum_n \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\ n} + \mu_i$$

$$,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_4, \hat{\beta}_5 = 0$$

Model IV, H_9: There is a positive relationship between the total access opportunities for direct informational access to a congress member by steel interest group representatives **(x_5)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiv)**.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k\ \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l\ \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m\ \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n\ \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_{4,}\, \hat{\beta}_5\ \neq 0}$$

Model IV, Ho: There is no relationship between the total access opportunities for direct informational access to a congress member by steel interest group **(x_5)**—when controlled for congress member party membership **(x_1)**—and the probability for protectionist favorable trade policy output **(Yiv)**.

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k\ \hat{\beta}_{2k}\, x_{2k}\, ContTrans_k + \sum_l\ \hat{\beta}_{3l}\, x_{3l}\, ContCons_l + \sum_m\ \hat{\beta}_{4m}\, x_{4m}\, Cont\_Prod_{\,m} + \sum_n\ \hat{\beta}_{5n}\, x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$$\boldsymbol{,\ \hat{\beta}_1,\ \hat{\beta}_2,\ \hat{\beta}_3, \hat{\beta}_{4,}\, \hat{\beta}_5\ = 0}$$

RESEARCH DESIGN AND METHODS

I test my hypotheses through both qualitative and quantitative methods. For the qualitative portion of the study, I specifically study the more recent US Steel Tariffs of the

George W. Bush Administration.[46] I will not employ STATA for this portion of the study, but beyond that, my sources used and hypotheses tested are the same and so may be discussed the same here to further show that qualitative and quantitative research need not be divergent beyond the tools that are used for analysis.

OPERATIONALIZED VARIABLES AND DATA SOURCES

Though they will be employed uniquely, the operationalized variables and data sources are to be employed in both portions of this study; however, I will collect data for different time periods in these two portions of the study. The quantitative time-series analysis observes data from the years 1964-1992 while the qualitative study observes the first four years of the George W. Bush Administration from 2001-2005. Beyond this, our variable operationalization and data sources may be discussed simultaneously as follows next.

Steel firm PAC Contribution ($x_{5\ Cont\_Prod}$): This is a USD measure of the total Political Action Committee (PAC) contribution paid by a steel firm or labor organization within a given year. Thus, it is a ratio-level measure. I will collect this data from the Federal Election Commission.

Transportation Firm PAC Contribution ($x_{2k}\ ContTrans$): This is a USD measure of the total Political Action Committee (PAC) contribution paid by transportation industry firms to the elected official within an election year. This is also a ratio-level measure. I will also collect this data from the Federal Election Commission.

[46] Please see the section on the US-EU Steel Conflict in the literature review. You may note that for this qualitative work I will delve more into the WTO and CRS documents specific to the conflict as well as the sources mentioned in this section which are common to both portions of the study. Additionally, I intend to visit the history of influence of the steel industry as part of the research on this case which will look at the Bush Administration's interaction with interest groups across the four years of the first term of his administration and influence on foreign policy.

Construction Firm PAC Contribution (x_{3l} $\boldsymbol{ContCons}$): This is a USD measure of the total Political Action Committee (PAC) contribution paid by construction industry firms to the elected official within an election year. This too, then, is a ratio-level measure. I will also collect this data from the Federal Election Commission.

Consuming Interest Group Informational Access (χ3 ConsInfo): I measure this as the sum number of meetings, visits or phone calls between the president and a consuming steel firm. This is interval level data that I acquire through the *Diary of the President*.

Producing Interest Group Informational Access ($x_{2k\,ProdInfo}$): I measure this as the sum number of meetings, visits and phone calls between the president and a steel producing interest. This is interval level data that I acquire through the *Diary of the President*.

Consumer Union Interest Group Informational Access (x_{5m} $\boldsymbol{Un\_Cons}$): I measure this as the sum number of meetings, visits or phone calls between the president and a consumer union representative. This is interval level data that I acquire through the *Diary of the President*.

Producer Union Interest Group Informational Access (x_{6n} $\boldsymbol{Un\_Prod}$): I measure this as the sum number of meetings, visits or phone calls between the president and a steel producer union representative. This is interval level data that I acquire through the *Diary of the President*.

Producer Interest Group Informational Access (x_{6n} $\boldsymbol{InfoAISI}$): I measure this as the sum number of access opportunities for meetings, visits or phone calls between an elected official and a steel producer firm representative. This is interval level data that I acquire through the *Diary of the President*.

PARTY: This is a control variable in which I measure the party of officials elected to Congress and presidency nominally as Democrat, Republican, or Independent. I also acquire this information through the Federal Election Commission.

YEARS (x_{4m} $\boldsymbol{yrs}$): I measure this control variable as the number of years an executive has been as of the year of observation. I gather this data from the U.S. Office of the White House.

<u>IG Favorable Foreign Trade Policy Output (Yi, Yii, Yiii, Yiv):</u> This is my dependent variable and is the likelihood or probability for favorable policy output—as evident in presidential statements or congressional votes—for protective foreign trade policy by an elected official—president in Model I and Model II **(Yi and Yii)** and congress in Model III and Model IV **(Yiii and Yiv).** The **(Yi and Yii)** data is acquired by coding of the *Papers of the President,* in which I will find spoken or written words by the Executive advocating or criticizing U.S. protectionist steel trade policy. This is an interval level measure. The **(Yiii and Yiv)** data source is the U.S. Congress' Congressional roll call voting record.

ANALYTICAL TOOLS AND TECHNIQUES

I quantitatively test my hypotheses and their application with the presidential data through use of STATA Ordinary Least Squares. For quantitative analysis of the congressional data, I empirically test my hypotheses (described in the previous section of this chapter) through a STATA Multinomial Logistic Regression analysis. Then, I intend to apply the Log-Likelihood Ratio Test to analyze the following hypotheses regarding the significance of my results. This test will test for difference between these models:

<u>Model I (Constrained Model I) for the Presidency:</u>

$$\boldsymbol{Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i}$$

Model II (Unconstrained Model) for the Presidency:

$$\boldsymbol{Yii = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \widehat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \widehat{\beta}_{4m} x_{4m}\, yrs + \sum_n \widehat{\beta}_{5n} x_{5m}\, Un\_Cons + \sum_o \widehat{\beta}_{6n} x_{6n}\, Un\_Prod + \mu_i}$$

Model III (Constrained Model) for Congress:

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k} x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l} x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m} x_{4m}\, Cont\_Prod_{\,m} + \mu_i}$$

Model IV (Unconstrained Model) for Congress:

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \widehat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \widehat{\beta}_{2k} x_{2k}\, ContTrans_k + \sum_l \widehat{\beta}_{3l} x_{3l}\, ContCons_l + \sum_m \widehat{\beta}_{4m} x_{4m}\, Cont\_Prod_{\,m} + \sum_n \widehat{\beta}_{5n} x_{5n}\, InfoAISI_{\,n} + \mu_i}$$

$\boldsymbol{HA_1}$**:** The unconstrained model (Model II) fits the data better than the constrained model (Model I).

Ho: The unconstrained model (Model II) fits the data no better than the constrained model (Model I).

$\boldsymbol{HA_2}$**:** The unconstrained model (Model IV) fits the data better than the constrained model (Model III).

Ho: The unconstrained model (Model IV) fits the data no better than the constrained model (Model III).

I expect, then, that Model I does not explain as much as Model II because it does not include analysis of interest group organizational influence. Additionally, I expect that Model III does not explain as much as Model IV because it does not include analysis of informational access as an indicator for interest group influence. The Log-likelihood Test explains the significance of this additional variable within Model II.

ORGANIZATIONAL STRUCTURE

Chapter 2 of this dissertation provides an overview discussion of types of protection linked to the historical development of the steel trade. In order to meet this objective, the chapter specifically focuses its description on three sources of steel trade protection: EC, unfair, and informal. Chapter 3 builds upon this knowledge base as it provides specific steel industry examples.

In Chapter 3, then, I provide description of the history of protection of the U.S. steel industry. The purpose of this chapter is to provide a deeper understanding of the strong but varying influence of this industry across time within the qualitative evidence as we later see it also demonstrated in its quantitative results. Specifically, this chapter focuses its elaboration on the history of the trade years since 1963 and considers its history of success and loss across time.

Chapter 4 provides discussion of two consuming industries'—the auto and construction industries—reactionary responses to steel trade policies during the years 1963-1992. Chapter 4 further informs our understanding of the steel industry variance at the firm level of analysis as we see the unique function of the steel consuming firms.

Chapters 5 and 6 provide quantitative and qualitative results that describe steel firms' influence on U.S. foreign trade policy. First, I report the results of a quantitative time-series analysis of the years 1963-1992 in which I study how steel firms influence presidential U.S. foreign trade policy decisions. I then examine trade decisions made by officials in two institutions—Congress and the presidency—regarding the U.S. Steel Tariff of 2002. However, in Chapter 5 I specifically report the results regarding the influence of steel producing firms. In chapter 6, I report the unique results of the steel consuming firms and contrast the two.

Chapter 7 summarizes the conclusions that arise from the results of this research. It further suggests possible related directions for future research. Finally, this chapter identifies a few key points that may inform policymakers.

"We are committed to moving forward with free trade, but, like Brazil, we have to manage support for free trade at home. We have to create coalitions."

—Former U.S. Trade Representative Robert B. Zoellick[47]

CHAPTER 2: TRADE PROTECTION

Chapter 2 of this dissertation provides an overview discussion of types of protection linked to the historical development of the steel trade. In order to meet this objective, the chapter specifically focuses its description on three sources of steel trade protection: EC, unfair, and informal.

FORMAL UNFAIR TRADE AND PROTECTION

As we consider types of formal unfair trade practices, we may observe two broad categories of formal unfair trade. One such category is of those unfair trade practices resulting from quantitative restrictions, such as certain uses of import quotas, licensing, voluntary restraints, and prohibitions. First, however, we will discuss unfair trade practices that may result from import taxes and border charges, such as certain temporary surtaxes, general tariffs, tariff rate quotas, countervailing duties, and antidumping duties.

IMPORT TAXES AND BORDER CHARGES

[47] Qtd. In Rich, Jennifer L. "U.S. Admits that Politics Was Behind Steel Tariffs." *The New York Times.* March 14, 2002. <http://www.nytimes.com/2002/03/14/business/us-admits-that-politics-was-behind-steel-tariffs.html>.

Tariffs—taxes collected on goods entering a country from abroad—are one form of protectionist measure that is an import tax.[48] General tariffs place this tax on all number of a certain good entering a country. Tariffs may be designed to serve two primary goals: to collect revenues for the government or to protect a domestic industry from foreign competition.[49] Of these tariffs, we must be aware of both general tariffs and tariff-rate quotas and what is considered fair and unfair use of each. We begin, then, with discussion of general tariffs before we continue with our discussion of import taxes that also include tariff-rate quotas, temporary surtaxes, countervailing duties, and antidumping duties.

GENERAL TARIFFS

First, in order to explain what is considered an unfair general tariff, we review the World Trade Organization's (WTO) reasoning behind its evaluation of the fairness of a general tariff and then additionally consider an example in which the WTO assessed the fairness of a given tariff policy in the case of *European Communities—Conditions for the Granting of Tariff Preferences to Developing Countries (DS 246).*[50] The WTO outlines these basic "Principles of the Trading System" as rules which define the objectives of the WTO: freer trade through negotiation, predictability through binding and transparency, fair competition promotion, augmentation of economic and developmental reformation, and trade without discrimination.[51] As I explain, these basic principles are at the core of the reasoning behind what is determined as unfair use of a protectionist measure.

In order to understand WTO assessments of trade practice fairness or unfairness, we must understand the organization's core principle that emphasizes the importance of negotiation that is inherited from its original GATT understanding. Like the 1947 GATT, the WTO values

[48] Rothgeb, John M., Jr. 2001. *U.S. Trade Policy: Balancing Economic Dreams and Political Realities.* Washington D.C.: CQ Press.
[49] Root, Franklin R. 2000. *International Trade and Investment.* 7th ed. The Wharton School University of Pennsylvania: Southwestern Publishing Company.
[50] *European Communities — Conditions for the Granting of Tariff Preferences to Developing Countries*, WTO Doc WT/DS246/R_ (2003).

[51] For further elaboration on each of these basic principles, visit:
World Trade Organization. 2011. "Understanding the WTO: Principles of the Trading System." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.

negotiation as a preferred and more effective channel to reduce both tariff and non-tariff barriers to free trade. Since GATT's 1947 beginning, there have been nine negotiation rounds.[52] According to the WTO, "for almost half a century, the GATT's basic legal principles remained much as they were in 1948."[53] However, additions to those legalities provided a section on development in the 1960's and 1970's and efforts to reduce tariffs that occurred through these trade negotiation rounds which provided "the biggest leaps forward in international trade liberalization."[54] Early trade negotiations—the 1947 Geneva, Annecy, Torquay, 1956 Geneva, and Dillon Rounds— primarily sought and succeeded in reducing tariffs.[55] The Kennedy Round, however, continued efforts to reduce tariffs but while also contributing a new Anti-Dumping Agreement and a section on development.[56] Still, it was the Tokyo Round that was the first trade negotiation round to continue furthering these previous goals but also place a new emphasis on reducing non-tariff barriers to trade.[57] GATT was provisional and was limited in its action potential, but it is clear that it was successful in dramatically liberalizing international trade during its first 47 years.

However, by the 1980s, GATT's credibility seemed to be undermined by the international political economy. As states began subsidy-based strategies for economic return

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[52] I note here, for clarification, that 8 of those are complete and the ninth (Doha Development Agenda) is in progress as of 2011.

[53] This includes the four plurilateral Tokyo Round agreements—*Agreement on Trade in Civil Aircraft, Agreement on Government Procurement, International Bovine Meat Agreement, and International Dairy Agreement*—that had a more narrow group of signatories. All other—non-plurilateral or multilateral—Tokyo Round agreements became multilateral obligations—obligations for all WTO members—with the 1995 WTO establishment.

[54] For the quote source, see this article:
World Trade Organization. 2011. "Understanding the WTO: The GATT Years from Havana to Marrakesh." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm#rounds>.

[55] See this web source for further discussion:
World Trade Organization. 2011. "The WTO: 50 Years." *World Trade Organization.*
<http://www.wto.org/english/thewto_e/minist_e/min98_e/slide_e/slide_list.htm>.

[56] See these works:
Curtis, Thomas B. 1971. *The Kennedy Round and the Future of American Trade.* New York: Praeger.
Finger, J.M. 1976. "Effects of the Kennedy Round Tariff Concessions on the Exports of Developing Countries." *The Economic Journal,* vol. 86 (March 1976).

[57] Winham, Gilbert R. 1986. *International Trade and the Tokyo Round Negotiation.* Princeton, N.J.: Princeton University Press.

from recession, GATT's success in tariff reduction began to diminish, and governments—including those of the U.S. and Western Europe—began to pursue bilateral market-sharing arrangements with competitors.[58] By the conclusion of the Tokyo Round, it was also evident that it was inadequate in its current capacity to address the concerns of an increasingly globalizing international community, such as those specific concerns of less developed members, the increasing exploitation of agricultural and textile subsidies, and the lacking dispute settlement mechanism, and it is these inadequacies that culminated in the provisions of the Uruguay Round including the creation of the WTO.[59] At the core of the WTO still remains the key GATT principles, which include negotiation. As a result, the organization maintains a negotiation agenda and schedule for planned negotiation meetings. The results of these negotiating rounds inform member trade policy and also inform the decisions of the WTO dispute settlement body (DSB) as it must assess the fairness of certain trade and state business policies.[60] The most recent round, the Doha Round, is also known as the Doha Development Agenda because its agenda is formed about a chief objective to address one particular area in which the pre-1994 GATT system was found lacking: the provisions for less developed member states. The Doha Development Agenda ministers state that they "'seek to place developing countries' needs and interests at the heart of the Work Programme adopted.'"[61]

Each of these nine GATT/WTO trade rounds demonstrate evidence of one of the most central ways in which we see that the principle of negotiation is implemented in the contemporary WTO, and we also see that how it is employed is as an essential method for the enhancement of its other primary aims for the international trade system. Through negotiation,

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[58] See these sources:
Martin, Will. 1996. *The Uruguay Round and the Developing Countries.* Cambridge: Cambridge University Press.
World Trade Organization. 2011. "Understanding the WTO: The GATT Years from Havana to Marrakesh." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm#rounds>.
Hudec, Robert E. 1980. "GATT Dispute Settlement after the Tokyo Round: An Unfinished Business." *Cornell International Law Journal,* 13:2 (Summer 1980).
[59] Hudec, Robert E. 1980. "GATT Dispute Settlement after the Tokyo Round: An Unfinished Business." *Cornell International Law Journal,* 13:2 (Summer 1980).

[60] For discussion of this principle, see:
World Trade Organization. 2011. "Understanding the WTO: Principles of the Trading System." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.
[61] Quoted in:
World Trade Organization. 2011. "The Doha Round." *World Trade Organization.*
< http://www.wto.org/english/tratop_e/dda_e/dda_e.htm>.

the WTO works to reduce tariff and non-tariff forms of unfair protectionist trade and to also enhance fair competition while considering the needs and interests of its various member states[62]. The conclusions of these negotiations are an important variable in member policy decision-making and, when necessary, dispute settlement decisions. Thus, negotiation itself is one fundamental WTO contribution to the international system that must be understood in order to grasp the conceptualization of unfair trade within that system.

A second basic principle of the WTO is to augment predictability in the international economy. The WTO thus encourages binding and transparency while discouraging the use of quotas. For example, the WTO endeavors to bring further stability to the international system through the enhancement of transparency which is an element of the system that the WTO aims to increase through its encouragement of states to publicize their trade rules. Additionally, WTO member countries that agree to open a market for goods or services "bind" their commitments. Such binding commitments act as ceilings on custom tariff rates for goods. While it is possible for a state to change its binding, it must negotiate this change with its trading partners and may be required to compensate them for trade loss.[63] Therefore, as Gervais and Lapan state, "WTO membership can be interpreted as adopting a trade policy regime which is (very) costly to revise."[64]

This allegation of costliness is one which concerns some scholars that this aspect of the WTO foundation is one which is too soft in its support for less developed states. Finger and Nogués suggest that the post-Uruguay Round system augmenting binding commitments is extremely unbalanced and unfavorable to less developed states. However, they also conclude this is largely due to lack of state participation in the system and its benefits.[65] Similary, Hoekman

[62] Hoekman, Bernard M., and Will Martin. 2001. *Developing Countries and the WTO: A Pro-Active Agenda.* Wiley-Blackwell.
[63] World Trade Organization. 2011. "Understanding the WTO: Principles of the World Trading System." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.
[64] I further note that these scholars continue to explain that it is precisely this limitation that provides consistency and predictability for the equilibrium of the international political economy.
For the referenced quote see page 923 of this article:
Gervais, Jean-Philippe, and Harvey E. Lapan. 2001. "Optimal Production Tax and Quota Under Time Consistent Trade Policies." *American Journal of Agricultural Economics.* 83:4 (Nov. 2001), 921-933.
[65] Finger, J. Michael, and Julio J. Nogués. 2002. "The Unbalanced Uruguay Round Outcome: The New Areas in Future WTO Negotiations." *The World Economy,* 25:3, 321-340.

and Mavoidis[66] argue that the system is not harmful to less developed states nor to least developed states, but that its benefits thus far are more frequently experienced by those more developed states. They argue that the WTO is augmenting transparency levels in the system and also helping to maintain binding commitments that are bringing greater stability, and yet they additionally find that some states are not experiencing as much of this stability as others, and some are less participatory in the WTO's system for stability. Therefore, Hoekman and Mavoidis argue that it is less an organizational flaw than a problem of lacking enfranchisement. Ultimately, despite some criticism of inequity of binding use for benefit, the WTO finds that there is greater predictability and stability in the international system since the Uruguay Round talks significantly increased the amount of trade under binding commitments. For example, a 100% increase of bound tariffs for agricultural producers supplies a much more secure agricultural trade market.[67]

A third principle at the core of the WTO is that of fair competition. An assessment of the WTO as an absolute free trade institution is incomplete in that the system does actually allow protective measures, such as tariffs, to exist. Thus, the WTO describes itself as a "system of rules dedicated to open, fair and undistorted competition." [68]This ambition to promote fairness in the international system is the reason for the WTO's rules on non-discriminatory practices—such as most favored nation treatment and national treatment—on dumping, and subsidies. One such example of a WTO effort to augment fair competition is evident in the *Agreement on Government Procurement*. This Agreement was originally negotiated during the Tokyo Round and promulgated in 1981, and its present version is one adopted during the Uruguay Round of negotiations.

This fair competition principle is inextricably linked to a basic WTO principle to augment trade without discrimination that is also codified in the *Agreement on Government Procurement*. One such provision intended to promote non-discriminatory fair competition is the

[66] Hoekman, Bernard M., and Petros C. Mavroidis. 1999. "WTO Dispute Settlement, Transparency, and Surveillance." World Bank and CEPR. < http://www.ppl.nl/bibliographies/wto/files/1416.pdf >.

[67] World Trade Organization. 2011. "Understanding the WTO: Principles of the World Trading System." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.

[68] World Trade Organization. 2011. "Understanding the WTO: Principles of the World Trading System." *World Trade Organization.* < http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.

most-favored nation (MFN) treatment specified in WTO agreements, which makes clear that countries cannot typically discriminate between their trade partners. As a result, a country that wishes to grant a special trade favor to one trade partner is bound to do the same for all its partners regardless of those other states' political or economic strength or weakness statuses in the system.[69] Rules on national treatment further require that imported and domestic goods are treated equally once the foreign goods enter a market.[70] Thus, in order to promote fair competition in the international system, the WTO incites rules for a promulgated principle of non-discriminatory trade practice.

Finally, the WTO identifies economic and developmental reformation as one of its basic principles. This is one principle which is often contested by many critics and scholars as a failure of the WTO. Still, the WTO responds that "three quarters of WTO members are developing countries and countries in transition to market economies. During the seven and a half years of the Uruguay Round, over 60 of these countries implemented trade liberalization programmes autonomously."[71] Due to a 1996 ministerial plan, less-developed member states are expected to receive greater flexibility, and face fewer barriers to trade,[72] and to receive greater joint technical assistance.[73] Still, the WTO's provisions for weaker states are still developing and are one of the key Doha Round agenda items.

In the case of *European Communities—Conditions for the Granting of Tariff Preferences to Developing Countries (DS 246)*[74], a complaint was brought to the WTO Dispute Settlement Body (DSB) by India and against European Communities (EC). India presented its request for consultations with the EC concerning EC accords tariff preferences to developing countries—under its generalized tariff preferences or GSP[75] scheme—pursuant to Article 4 of the

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[69] See the *General Agreement on Tariffs and Trade (GATT), Article I*, the *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Article 4,* and the *General Agreement on Trade in Services (GATS), Article 2.*

[70] See the *General Agreement on Tariffs and Trade (GATT), Article 3*, the *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Article 3,* and the *General Agreement on Trade in Services (GATS), Article 17.*

[71] World Trade Organization. 2011. "Understanding the WTO: Principles of the World Trading System." *World Trade Organization.* <http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm>.

[72] See World Trade Organization. 1996. "A Plan of Action for Least-Develop Countries." *World Trade Organization.*

[73] See World Trade Organization. 1997. "Integrated Framework." *World Trade Organization.*

[74] *European Communities — Conditions for the Granting of Tariff Preferences to Developing Countries*, WTO Doc WT/DS246/R (2003) [7.161] (Report of the Panel) ('*Tariff Preferences Panel Report*').

[75] The Generalised System of Preferences (GSP) is one GATT/WTO mechanism used to increase the role played by developing countries in international trade. The 1979 Enabling Clause introduced the GSP and allows "developed"

Dispute Settlement Understanding, Article XXIII:1 of the GATT 1994 and paragraph 4(b) of the Enabling Clause. India argued that the tariff preferences under the EC's special arrangements for combating drug production and trafficking and for protection of labor and environmental rights create an undue burden for India's exports to the EC and that the EC's GSP scheme nullified India's most favored nation provisions of Article I:1 of the GATT 1994 and the Enabling Clause. The WTO's Dispute Settlement Body report illustrates one key criterion for evaluation of the fairness of a protective tariff. The panel ruled that the EC's tariffs were unfair, in part due to their failure to demonstrate that the Drug Arrangements were justified under paragraph 2(a) of the Enabling Clause, which requires GSP provisions to be provided in a "non-discriminatory" way.

TARIFF RATE QUOTAS

Tariff rate quotas (TRQs) set a tariff duty rate for those quantities imported such that those imported outside the quota are met with a higher duty rate than those within the quota. The TRQ was introduced in the Uruguay Round of negotiations as compromise for countries seeking additional policy flexibility after conversion of nontariff barriers into bound tariffs.[76] Abbott, however, argues that TRQs fail to achieve the proposed intent of the members of the Uruguay Round as he states that they are not improving market access for sensitive commodities and managed trade regimes. The scholar contends that the solution is to eliminate these through a gradual lowering of most favored nation tariffs.[77] Many argue that large cross-country differences in tariffs make it possible for farmers in some countries to benefit much more than others from the tariff protections. Researchers, for example, report the results of their cross-

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countries to grant preferential tariff treatment to products originating in developing counties. Without such a provision, those developed countries which adopted such a policy would be breaching the most favored nation (MFN) responsibility of GATT 1994 Article I. However, developed countries have since begun to include GSP schematic conditions that developing countries must meet for preferential tariff treatment.

[76] See the following:

Abbott, P.C., and B.A. Morse. 2000. "Tariff Rate Quota Implementation and Aministration by Developing Countries." *Agrecultural and Resource Economics Review* 29(1): 115-24.

Boughner, D.S., H. e Gorter, and I.M. Sheldon. 2000. "The Economics of Two-Tier Tariff Rate Imports." *Agricultural and Resource Economics Review* 29(1): 58-69.

[77] See Abbott, Philip C. 2006. "The Economics of Administering Import Quotas with Licenses-on-Demand in Agriculture." *American Journal Agricultural Economics* 88(2):338-350.

sectional study of agricultural tariff rate quotas and find that inflated average tariffs create significant market barriers to U.S. and other farmers.[78]

TRQs may be employed through various channels including licensing according to historic shares, bilateral agreements, auctioning, and first-served allocations, and many scholars study the varying effects of TRQ use. In one such study, the authors use mixed-complementarity-problem programming to apply TRQs in the global computable general equilibrium (CGE) LINKAGE model and specifically apply it to sugar markets in Organization for Economic Cooperation and Development (OECD) states. Mensbrugghe, Beghin, and Mitchell find that certain TRQs are further allowing bias among states to such a degree that bias significantly overshadows any desired opened market access outcomes.[79] However, the WTO finds that the increase in the use of TRQs is a move toward its goal of containing protectionist behavior; it also finds that there is opportunity for innovation with TRQ methods to move yet further from protectionist bias. A U.S. Department of Agriculture report reaches this same conclusion and further researches to determine the preferred method for a less biased TRQ. In this report, Skully suggests that first-served allocations and historic shared licensing are the two least biased TRQ methods and thus ought to be augmented by the WTO[80]. While there is still debate on the best TRQ implementation method for a non-bias result, many concede that TRQ increases in international trade policy are the best approach to achieving a decrease in protection while still simultaneously promoting fair competition.

TEMPORARY SURTAXES

While binding rules regarding tariff and non-tariff barriers have been negotiated multilaterally through GATT and the WTO, rules regarding taxation have been determined unilaterally or negotiated bilaterally. Bilateral tax negotiations have been based primarily upon

[78] Gibson, Paul, John Wainio, Danial B. Whitley, and Mary Bohman. 2001. "Profiles of Tariffs in Global Agricultural Markets." *Agricultural Economics Reports.* Washington, D.C.: United States Department of Agriculture, Economic Research Service.
[79] Van der Mensbrugghe, Domique, John C. Beghin, and Don Mitchell. 2003. "Modeling Tariff Rate Quotas in a Global Context: The Case of Sugar Markets in OECD Countries." *Working Paper 03-WP 343*, Iowa State University, Center for Agricultural and Rural Development.
[80] Skully, David W. 2001. "Economics of Tariff-Rate Quota Administration." *Technical Bulletin No. TB1893.* Washington, D.C.: United States Department of Agriculture.

the OECD *Model Tax Convention on Income and on Capital* that arose from groups established by the International Chamber of Commerce and League of Nations in the 1920s. The WTO acknowledges that taxation measures can have economic influences that are similar to tariff and non-tariff border measures and subsidies and can influence trade, capital, and labor flows; Therefore, as tariffs decline in frequency of use the WTO increasingly focuses attention on non-tariff measures such as internal taxation[81].

Of course, the General Agreement on Tariffs and Trade considers tax discrimination. However, its lack of specificity receives some criticism. For example, Horn and Mavroidis argue that case law has not yet sufficiently clarified the terms of GATT Article III, specifically due to an incoherent view of the National Treatment obligation application in tax discrimination cases.[82] However, in addition to the *GATT*, agreements such as those regarding *Subsidies and Countervailing Measures (SCM), Trade-Related Investment Measures (TRIMs), Agriculture Agreement,* and the *General Agreement on Trade in Services (GATS)* each indicate the need for a multilateral response to taxation use.

Additionally, we can see the increasing awareness of the WTO membership about a need for multilateral taxation solutions as we notice the increasing influence of the Trade Policy Review Mechanism (TPRM) over internal tax policies and an increase in disputes heard by the Dispute Settlement Body (DSB) regarding taxation measures. One such case is *Japan—Taxes on Alcoholic Beverages,* in which the European Communities, United States, and Canada complained to the WTO DSB that alcohol exported to Japan was discriminated against due to the Japanese liquor tax system that they argued levied a significantly lower tax on “shochu” than other spirits. Although Japan would appeal the Panel Report, the Appellate Body Report reaffirmed the previous conclusion that the Japanese Liquor Tax Law was inconsistent with GATT Article III:2.[83]

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[81] Daly, Michael. 2005. “The WTO and Direct Taxation.” Paper prepared for the High Level Scientific Conference. Geneva: World Trade Organization.

[82] Horn, Henrik, and Petros C. Mavroidis. 2004. “Still Hazy After All These Years: The Interpretation of National Treatment in the GATT/WTO Case-Law on Tax Discrimination.” *European Journal of International Law,* 15 (1): 39-69.

[83] *Japan—Taxes on Alcoholic Beverages. “*Appellate Body Report.” WT/DS8/AB/R (October 4, 1996).

COUNTERVAILING DUTIES AND ANTIDUMPING DUTIES

In accordance with the *WTO Agreement on Subsidies and Countervailing Measures*, a country may use the WTO's dispute settlement mechanism to seek withdrawal of a subsidy or its negative effects, or it may commence its own extra duty—countervailing duty—on subsidized imports found to hurt domestic producers. However, while the *WTO Agreement on Subsidies and Countervailing Measures* permits the use of countervailing measures, it also provides boundaries for their uses.

For example, in 1993, the U.S. Department of Commerce (USDOC) unleashed countervailing duties on the United Kingdom's importation of leaded bars when the USDOC and United States International Trade Commission found that duty imposition was required by Section 701 of the Tariff Act of 1930. However, the European Communities (EC) disputed these countervailing measures as being in violation of *SCM Agreement* Article 21.1 because the duty was causing injury to the industry in the U.K., Articles 19.1 and 19.4 for being in excess of the subsidy, and Article 1.1 and 2.1 since the countervailing duty (CVD) did not confer a benefit.[84] The WTO Dispute Settlement Body found the United States countervailing duty to be in violation of the *SCM Agreement* and the Appellate Body upheld this decision.[85]

Likewise, the members of the WTO also set anti-dumping parameters in the *SCM Agreement.* When a company exports a product at a price lower than is charged on the home market, then it dumps the product. The WTO agreements do not pass their judgments upon dumping but on government reactions to dumping—anti-dumping. The *SCM Agreement* allows governments to act against dumping—to enact anti-dumping measures—if there is material injury to the competing domestic industry. GATT Article 6 allows countries to take action against dumping, and the Anti-Dumping Agreement expands upon the agreed restrictions to such actions. An anti-dumping measure typically means charging an extra import duty on a particular

[84] In their conference paper, these authors argue that the WTO Dispute Settlement Body and Appellate Body were both flawed, however, in their application of the term "benefit" to market analysis:
Grossman, Gene M., and Petros Mavroidis. "Here Today, Gone Tomorrow? Privitization and the Injury Caused by Non-Recurring Subsidies." Paper prepared for the American Law Institute project on "The Principles of WTO Law." (March 5, 2003). < http://www.ali.org/doc/wto/wto2001/US%20Steel%20gmg%20030503.pdf >.

[85] *United Kingdom—Countervailing Measures Concerning Certain Products from European Communities (*WTO Doc. WT/DS212/AB/R).

product from a particular exporting country, which remove the injury to domestic industry in an importing country or bring the price closer to normal value. For both countervailing duties and anti-dumping measures, there is a need for a scrutinizing market investigation in order to meet the specifications of the WTO agreements for permissibility of such actions.[86]

Some scholars, however, show concern that the WTO adjudication in anti-dumping dispute settlement cases shows either a misconceptualization of illegal anti-dumping measures by the WTO DSB or that anti-dumping is misunderstood by the membership to a concerning extent. For example, Bolton argues that there is a clear struggle between frequent use of anti-dumping measures used by WTO members and the fact that the Dispute Settlement Body has rarely found the use of anti-dumping measures to be acceptable.[87] The *United States—Final Anti-Dumping Measures on Stainless Steel from Mexico* is one such case.[88] In 2006, Mexico filed as complainant in a dispute with the United States over the United States' use of simple zeroing in its anti-dumping model. Although the Panel initially found the United States was not in violation of the GATT and Anti-Dumping Agreement, the Appellate Body later determined that its zeroing model was a breach of its WTO agreements.[89]

QUANTITATIVE RESTRICTIONS

SAFEGUARDS

One type of quantitative trade restriction is the safeguard measure. Safeguard measures are actions taken to protect a specific industry from an unwelcome piling of imports that threaten

[86] The WTO. "Understanding the WTO: The Agreements: Anti-dumping, Subsidies, Safeguards: Contingencies, etc." 2011. < http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm >.

[87] See Bolton, Reid M. 2011. "Anti-Dumping and Distrust: Reducing Anti-Dumping Duties under the WTO Through Heightened Scrutiny." *Berkeley Journal of International Law,* 29:1, 66-93; Debashis, Chakraborty, et al., 2007. *Antidumping: Global Abuse of a Policy Instrument,* 155, 162 in which the authors note that of fifty-six dumping duties challenged before the WTO between 1996 and 2005 only two were upheld; Durling, James P. *Deference, But Only When Due: WTO Review of Anti-Dumping Measures, 6 Journal of International Econ. L. 125 (2003).*

[88] World Trade Organization. "United States—Final Anti-Dumping Measures on Stainless Steel from Mexico (DS344)." *Dispute Settlement.* (December 20, 2007). < http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds344_e.htm>.

[89] Appellate Body Report, *United States—Final Anti-Dumping Measures on Stainless Steel from Mexico.* 165, WT/DS344/AB/R (April 30, 2008).

serious injury to an industry. While special safeguards are used to protect the agricultural industry, transitional safeguards may be used to protect the textile and clothing industries. GATT Article 19 and the Agreement on Safeguards govern the use of safeguard measures. Although "grey area" measures were once frequently used, they are forbidden by the agreement. The agreement further places a "sunset clause" on such measures, sets criteria for "serious injury", identifies requirements of an investigation, outlines the limitations of a safeguard, and prohibits the use of voluntary export restraints, orderly marketing arrangements and other similar measures.[90] Disputes over the uses of safeguards and their compliancy with these agreements may then be brought before the WTO Dispute Settlement Body. For example, in *United States—Definitive Safeguard Measures on Imports of Wheat Gluten from the European Communities,*[91] the WTO DSB considered a complaint from the EC regarding the United States' use of safeguards to quantitatively limit imported wheat gluten from the EC. The Panel and Appellate Body found the United States in violation of Articles 2, 4, and 12 of the Safeguards Agreement for failure to give the agreed upon notification and to launch a proper investigation.

VOLUNTARY RESTRAINTS

Voluntary restraints are another type of quantitative protectionist action that was once used frequently by states but is now phased out of the WTO membership protectionist behaviors. Whether entitled a voluntary restraint agreement (VRA), voluntary export restraint (VER), or orderly marketing arrangement (OMA), a voluntary restraint is a bilateral arrangement in which an exporting state's government or industry agrees to restrain its exports without the importing country needing to use tariffs, quotas, or other such measures. While safeguard measures were used by the GATT membership in the years prior to the 1994 GATT, they were used much less frequently than these "grey area" measures. The 1994 GATT and *SCM Agreement*, however, prohibit the use of such "grey area" measures. Nonetheless, it is worth noting their previous use as a quantitative form of protectionism by governments and industries such as the steel industry.

[90] World Trade Organization. 2011. "Legal Texts: The WTO Agreements." *World Trade Organization.* < http://www.wto.org/english/docs_e/legal_e/ursum_e.htm#lAgreement>.

[91] *United States—Definitive Safeguard Measures on Imports of Wheat Gluten from the European Communities.* WT/DS166/AB/R (July 31, 2000).

IMPORT PROHIBITIONS AND LICENSES

An additional quantitative measure for protection that may be used is the import prohibition. A country's government may choose to quantitatively limit the importation of goods that might rival a domestic industry's market. However, WTO members agree not to impose such limitations upon other WTO members. In *United States—Import Prohibition of Certain Shrimp and Shrimp Products (DS58),* a complaint from India, Malaysia, Pakistan, and Thailand regarding the United States' ban on the importation of shrimp products was considered by the WTO DSB.[92] According to these members, the United States had violated its WTO member agreement not to restrict imports from another member country as according to GATT Article IX:1; The WTO DSB and AB found in favor of the complainants that the United States was not in compliance with its GATT commitments.[93]

Import licensing is another form of quantitative protectionism that some countries may employ. However, in order to protect its agreed upon values, WTO members also have an agreement regarding the use of this measure. For example, in *Turkey—Measures Affecting the Importation of Rice (DS334),*[94] the DSB ruled on the United States' assertion that Turkey's requirement for import licenses on imported rice was a violation of its WTO agreement—the TRIMS Agreement—since it failed to grant licenses to import rice at Turkey's bound rate of duty. The WTO found Turkey in violation of TRIMS, and Turkey agreed to a compliance timeline.

Oyejide, Ogunkola, and Bankole provide a case study of the Nigerian use of import prohibition and licenses.[95] Since the 1970s, Nigeria's predominant trade policy instrument changed from the tariff to import prohibition and import licensing. The Nigerian regime endeavors to protect domestic industries and reduce Nigerian dependence on imports while ensuring availability of raw materials and capital goods that cannot be acquired through those domestic sources. For example, then, Nigerian trade policy uses import prohibitions and import

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[92] *United States—Import Prohibition of Certain Shrimp and Shrimp Products.* WT/DS58/P/R (May 15, 1998).
[93] *United States—Import Prohibition of Certain Shrimp and Shrimp Products.* WT/DS58/AB/R (October 22, 2001).
[94] *Turkey—Measures Affecting the Importation of Rice.*WT/DS334/P/R (September 21, 2007).
[95] Oyejide, Ademola, A. Ogunkola, and A. Bankole. 2012. "Import Prohibition as a Trade Policy Instrument: The Nigerian Experience." *Managing the Challenges of WTO Participation.* World Trade Organization.

licensing measures to discourage importation of food and raw materials that the country has the resources to produce. In the Nigerian case, it has primarily been the government that initiated these protectionist measures. Although Nigerian authorities continued to reassure the WTO that the list of prohibited items was diminishing, prohibitions grew in coverage and scope until 2004. While a government may initiate import prohibition, domestic producers and associated workers' unions of a banned import typically lobby a government to impose and uphold import prohibitions. In Nigeria, for instance, the National Association of Cottage Industrialists of Nigeria (NACIN) lobbied for the government to strictly maintain an import prohibition.

INFORMAL TRADE PROTECTION

TECHNICAL AND HEALTH REGULATIONS

In addition to the various forms of formal trade protectionism, there are also several forms of informal protectionism. One such way is informal protectionism due to domestic technical regulations—such as those regarding health—that limit trade. The WTO members' adoption of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) stipulates their intention to set standards for domestic health protection but also require that they only be employed as necessary to protect health so that they do not unnecessarily impede free trade.[96] Of course the health regulatory needs of each state vary, but if a state only regulates as necessary, then it can still protect its population while also not inhibiting the flow of trade in a way that would violate its WTO agreement.[97] Technical regulations continue to increase in use as human standards of living and associated consumer demands for safe products grow.[98] Thus, WTO members also may look to the Agreement on Technical Barriers to Trade (TBT Agreement) to find the clarified provisions of the Tokyo Round Standards Code for technical regulations.

[96] For more on this, see also Epps, Tracey. 2008. *International Trade and Health Protection: A Critical Assessment of the WTO's SPS Agreement.* Edward Elgar Publishing.

[97] See Trebilcock, M.J., and Robert Howse. 2005. *The Regulation of International Trade.* Psychology Press.
[98] WTO. "Technical Information on Technical Barriers to Trade." *Technical Barriers to Trade: Technical Explanation.* < http://www.wto.org/english/tratop_e/tbt_e/tbt_info_e.htm>.

TRANSPORTATION REGULATIONS

Informal regulations over transportation, such as those rules regulating the transportation of material freight, may also impede free trade. WTO document S/C/W/60 describes general land transport services, and document S/C/W/61 describes rail transport, while road freight services are described in S/C/W/324. However, the general WTO principles of trade in land transport services may be found in the General Agreement on Trade in Services (GATS). Still, while the WTO members agree upon these general principles for regulation, transportation regulations often limit trade liberalization.[99]

GOVERNMENT PROCUREMENT AND DISTRIBUTION POLICY

Additionally, government procurement and distribution policies may act as an informal type of protectionist measure. Trebilcock and Howse identify these three areas for domestic preference in government procurement: protecting employment in declining industries, supporting emerging technological industry, and protecting the supply of strategic defense goods.[100] The WTO understands the procurement market is a valuable component for international trade, since it is typically 10 to 15 percent of a state's GDP. Thus, there are three WTO works on government procurement: the plurilateral Agreement on Government Procurement (GPA) which is signed by some WTO members and Committee administered, the work on transparency in government procurement which is completed by a WTO Working Group, and the multilateral negotiations addressed by the Working Party on GATS Rules on services procurement to follow the provisions of Article XIII:2 of GATS.[101] Thus far, one dispute came before the WTO DSB regarding government procurement. In *Korea—Measures Affecting Government Procurement*, the WTO DSB considered a complaint by the United States that Korea's airport construction procurement practices—domestic partnering and qualifications for bidding as a primary contractor—were not consistent with Article I of the Agreement on

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[99] See Parameswaran, Benjamin. 2004. *The Liberalization of Maritime Transport Services.* Springer.

[100] Trebilcock, M.J., and Robert Howse. 2005. *The Regulation of International Trade.* Psychology Press.

[101] WTO. 2012. "Government Procurement." *World Trade Organization.*
< http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm>.

Government Procurement (GPA). The Panel determined, however, that the U.S. had not properly investigated Korean actions and that Korea did not violate the GPA as the U.S. suspected.[102]

FINANCIAL AIDS

Finally, a government may practice protectionist behavior by financially aiding domestic industries such as through the subsidy. As Aksoy and Beghin explain, subsidies have potential to dramatically affect the international market.[103] For this reason, the WTO Agreement on Subsidies and Countervailing Measures (SCM) prompts standards for agreed upon use of subsidies by member states. Thus, in *United States—Continued Dumping and Subsidy Offset Act of 2000,* the WTO DSB ruled on a complaint by Australia, Brazil, Chile, European Communities, India, Indonesia, Japan, Korea and Thailand regarding the U.S.' Amendment to the Tariff Act of 1930, known as the Byrd Amendment.[104] The Panel found, and the Appellate Body affirmed, that the Continued Dumping and Subsidy Offset Act of 2000 was a violation of Article 18.1 of the *Anti-Dumping Agreement* and Article 32.1 of the *SCM Agreement.*[105]

U.S.—E.C. TRADE RELATIONS AND E.C. PROTECTION

U.S.—E.C. TRADE RELATIONS

Many scholars submit that a fundamental difference between the E.C. and the U.S. is in their regulatory practices, and that this difference transfers to their trade relations. Several scholars attribute this difference to variation in risk approaches and submit that the U.S. is more risk-acceptant while Europeans are more risk-averse.[106] This separation in styles of foreign

[102] *Korea—Measures Affecting Government Procurement.* WT/DS163/P/R (June 19, 2000).
[103] Aksoy, M. Ataman and John Christopher Beghin. 2005. *Global Agricultural Trade and Developing Countries.* World Bank Publications.

[104] *United States—Continued Dumping and Subsidy Offset Act of 2000.* WT/DS163/P/R (January 16, 2002).
[105] *United States—Continued Dumping and Subsidy Offset Act of 2000.* WT/DS163/AB/R (January 16, 2003).
[106] For more on this see:
Levy, D.L. and Newell, P. 2000. "Oceans Apart: Business Responses to Global Environmental Issues in Europe and the United States." *Environment,* November, 8-20.

policy, some argue, results in trade differences and disputes.[107] This same difference has been cited by business interest groups as a source for problematic and flawed regulations in the import state.[108] Government officials similarly implicate the risk approach disparity for differences in domestic regulation and trade policy.[109] Thus, many academics note that a fundamental difference in risk perception causes a transatlantic trade chasm.[110] The EC relies upon the 'precautionary principle', which states that even when evidence is insufficient, the possible consequences may warrant regulation, while the US promotes its conceptualization of 'sound science'—a scientific risk analysis—and these seem to indicate an inherently distinct contradiction between the two regulation premises.[111]

Due largely in part to this often cited discrepancy in regulatory practices, but also in part to the infamous disputes over the EC banana trade, US Foreign Sales Corporation tax break, and US steel protections, the US-EC relationship is characterized as a tumultuous one.[112] Specifically, these trade partners are portrayed quite often as sparring partners that are 'über-competitors'[113] in regulation,[114] rivals,[115] and demonstrating friction within the system.[116] Some

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Wiener, J.B., and Rogers, M.D. 2002. "Comparing Precaution in the United States and Europe." *Journal of Risk Research,* 5:4, 317-349.

[107] See the following articles:

Kogan, L.A. 2004. "Exporting Europe's Protectionism." *The National Interest,* 77: Fall, 91-99.

Tama, J. 2004. "Is Europe too Cautious?" *Foreign Policy,* 140, 88-90.

[108] See the following:

NAM. 2004. *Improving Regulatory Co-operation to Create a Seamless Economic Partnership: NAM Submission on Enhancing the Transatlantic Economic Relationship (*Washington, D.C.: National Association of Manufacturers).

NFTC. 2003. "Globalization and the Governance of Biotechnology." *Global Environmental Politics,* 3:2, 56-71.

[109] See, for examples:

Charnovitz, S. 2000. "The Supervision of Health and Biosafety Regulation by World Trade Rules." *Tulane Environmental Law Journal,* 37:2, 301-337.

Christoforou, T. 2004. "The Precautionary Principle, Risk Assessment and the Comparative Role of Science in the European Community and US Legal Systems." In N.J. Vig and M.G. Faure (eds.) *Green Giants: Environmental Policies of the United States and European Union* (Cambridge, MA: MIT Press), 17-5.

[110] See the following scholars:

Devereaux, C., Lawrence, R.Z. and Watkins, M.D. 2006. *Case Studies in US Trade Negotiation: (Vol. 2) Resolving Disputes* (Washington, D.C: Institute for International Economics).

Tehrani, M. 2008. "European Union and the US Trade Disputes: The Role of the WTO." *Organizational Management Journal.* 5:3, 135-148.

[111] Woolcock, S. 1991. *Market Access in EC-US Relations: Trading Partners or Trading Blows?* (London: Pinter for Royal Institute of International Affairs).

[112] Petersmann, U.E., and Pollack, M.A. 2003. *Transatlantic Economic Disputes: The EU, the US and the WTO* (Oxford: Oxford University Press).

[113] Carlarne, C. 2007. "From the USA with Love: Sharing Home-Grown Hormones, GMOs and Clones with a Reluctant Europe." *Environmental Law,* 37:2, 301-337.

scholars further suggest that the US is particularly aggressive in disputing EC protectionist measures, though some may not have much economic significance, so that it may persuade the EC not to become more precautionary in its regulatory practices.[117]

Young, however, disagrees with this analysis—blaming poor methodology for flaws in the work of those who find the transatlantic relationship to be a highly conflicted one—and indicates instead that it is indeed dynamic but actually quite tolerant.[118] This make sense when in context of the logic of the WTO dispute literature which considers filing a complaint an act of aggression and also views states as *ceteris paribus*—less likely to initiate such a complaint against a state with which they are closely linked.[119] As Hamilton and Quinlan suggest, no other trade partnership is as strongly fused as this one, and while some may now dismiss the importance of this trade relationship, these scholars submit that it is as dominant as it ever has been and perhaps more so since the Global Financial Crisis.[120] The U.S. and E.C. are still each other's primary trade partners for both merchandise and services, and 98% of those relations are without dispute.[121]

THE E.C., U.S., AND WTO DISPUTES

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[114] Kupchan, C.A. 2003. "The Rise of Europe, America's Changing Internationalism and the End of US Primacy." *Political Science Quarterly,* 118:2, 205-231.
[115] Ahearn, R.J., Fischer, J.W., Goldfarb, C.B., Hanrahan, C.E., Eubanks, W.W., and Rubin, J.E. 2008. "European Union—US Trade and Investment Relations: Key Issues." CRS Report for Congress, RL34381, updated 8 April.
[116] Pollack, M.A. 2003. "Managing System Friction: Regulatory Conflicts in Transatlantic Relations and the WTO." In E.U. Petersmann and M.A. Pollack (eds). *Transatlantic Economic Disputes: The EU, the US and the WTO* (Oxford: Oxford University Press), 595-602.

[117] See the following scholars:
Ten Eyck, T.A., Gaskell, G. and Jackson, J. 2004. "Seeds Food and Trade Wars: Public Opinion and Policy Responses in the USA and Europe." *Journal of Commercial Biotechnology,* 10:3, 258-267.
Murphy, J., and L. Levidow.2006. *Governing the Transatlantic Conflict over Agricultural Biotechnology: Contending Coalitions, Trade Liberalisation and Standard Setting* (London: Routledge).
[118] Young, Alasdair R. 2009. "Confounding Conventional Wisdom: Political Not Principled Differences in the Transatlantic Regulatory Relationship."*British Journal of Politics and International Relations,* (November 1, 2009), 11:4, 666-689.
[119] Guzman, A.T., and B.A. Simmons. 2005. "Power Plays and Capacity Constraints: The Selection of Defendants in World Trade Organization Disputes." *Journal of Legal Studies,*34:2, 557-598.
[120] Hamilton, Daniel S., and Joseph P. Quinlan. 2010. *The Transatlantic Economy: 2010: Annual Survey of Jobs, Trade, and Investment Between the United States and Europe.* Brookings Institution.
[121] "Transatlantic Economic Relations: Shaping the Global Economy." *Foreign Policy,* 2010 Special Issue, Issue 183, special section p4-5.

The transatlantic relationship is one that still has great significance for the international political economy. Thus while most of its relations are without dispute, its disputes can be of import to the larger community. The US steel, EC banana trade, and US Foreign Sales Corporation tax break disputes in particular helped to earn this partnership a reputation as conflicted more so than dynamic but tolerant. In this section, I discuss those two latter disputes and will discuss in greater detail the US steel dispute and US steel protection in chapter 3.

EC Banana Trade

One dispute which brought infamy to the transatlantic relationship is *European Communities—Regime for the Importation, Sale and Distribution of Bananas (DS27).*[122]Ecuador, Honduras, Mexico, Guatemala, and the United States complained that the European Communities' banana trade regime was inconsistent with several WTO agreements. The EC banana regime favored bananas from its domestic producers and from former European colonies in the Caribbean, the Pacific, and Africa—known as ACP states—over those from non-ACP states and would impose duty and quota restrictions on imports from the non-ACP bananas and limit the amount of non-ACP bananas, like those from Central and South America, to be marked to the in quota rate of duty by operators including US companies.

The WTO Panel Report and following Appellate Body Report announced the finding that the EC banana regime was in breach of GATT and the General Agreement on Trade in Services (GATS) for more than a dozen violations and was also non-compliant with the Agreement on Important Licensing Procedures.[123] For example, the EC violated GATT Article XIII's obligation for nondiscriminatory administration of quantitative restrictions as it quantified two distinct banana trade regimes—ACP and non-ACP—and in order to comply with the WTO ruling it must accept a singular tariff-rate quota that would apply to all suppliers.[124] In 1999, the

[122] *European Communities—Regime for the Importation, Sale and Distribution of Bananas.* WT/DS27/P/R (May 22, 1997).
[123] *European Communities—Regime for the Importation, Sale and Distribution of Bananas.* WT/DS27/AB/R (September 9, 1997).

[124] United States Trade Commission. 1998. *Operation of the Trade Agreements Program: The Year in Trade: 50th Report.* Washington, D.C.: USTR.

EC was found by a WTO compliance panel to still be non-compliant with these agreements as regards its banana regime. However, in 2001 the EC and US reached an "Understanding on Bananas between the European Communities and the United States" and in 2009 the EC and Latin American suppliers signed the "Geneva Agreement on Trade in Bananas."[125] Though resolved, Hanrahan suggests that this dispute resolution helps to remove a complication from the trade agenda, but does not necessarily clear the often murky transatlantic trade waters.[126]

US Foreign Sales Corporation Tax Break

Another dispute that earned much attention between the US and the EC is *United States—Tax Treatment for "Foreign Sales Corporations(DS108).[127]"* The EC complained before the WTO that the US Internal Revenue Code Sections 921-927 which established special tax treatment for Foreign Sales Corporations (FSC) were inconsistent with the WTO member agreements. The FSC program was an important tool for US export promotion that provided tax advantages to US exporters.[128] The WTO Dispute Settlement Body and Appellate Body determined that this taxation measure was a prohibited subsidy according to Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures. Additionally, the Panel found that the US acted inconsistently with its responsibilities under Articles 8 and 10.1 of the Agriculture Agreement, due to application of export subsidies through the FSC tax measure in a way that avoided export subsidy commitments regarding agricultural products.[129] Once the Appellate Body affirmed the decision of the Panel, the US remained non-compliant and the WTO approved the EC's countermeasure action: the use of sanctions starting in March 2004. Thus, in late 2004, President Bush signed the Jobs Creation Act, which in Title I, repeals foreign sales corporation provisions while replacing them with a hybrid tax relief for US manufacturing and reforms intended to help overseas operations of such multinational corporations.

[125] *European Communities—Regime for the Importation, Sale and Distribution of Bananas.* WT/DS27/RC/R (November 26, 2008).
[126] Hanrahan, Charles E. 2001. *The U.S.-European Union Banana Dispute.* CRS Report for Congress: RS20130 (December 11,2001).
[127] *United States—Tax Treatment for "Foreign Sales Corporations."* WT/DS108/P/R (October 8, 1999).
[128] Murphy, Sean D. 2006. *United States Practice in International Law,* Volume 2, Cambridge: Cambridge University Press.

[129] *United States—Tax Treatment for "Foreign Sales Corporations."* WT/DS108/AB/R (January 14, 2002).

CONCLUSION

This chapter reviewed formal and informal sources of trade protection and how the WTO and its members might respond to each. Then, it more specifically considered one particular relationship—that between the U.S. and the E.C.—and how protectionist behaviors may influence that relationship. The scholarship reveals that this relationship is still itself quite influential on the larger international political economy and that it is also a dynamic relationship that, like steel, has been tested by heat but remains strong and perhaps even gains in its strength. In Chapter 3, I next discuss the history of the U.S. steel trade.

CHAPTER 3: THE US STEEL TRADE AND PROTECTION—1960-2000

Chapter 3 of this dissertation provides discussion of the history of protection of the U.S. Steel trade. This helps to further clarify the importance of this work's contribution and its potential policy implications. Additionally, it allows the reader to gain a more complete understanding of the strong but varying influence of this industry across time as I expect to see reflected in the results of the study itself. Specifically, I focus discussion on the history of the trade years since 1960 and consider its history of success and loss over the years in order to develop my theory.

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THE US STEEL TRADE AND PROTECTION: 1961-1969

THE STEEL INDUSTRY AND THE ECONOMY

Steel is an iron alloy that contains less than 1% carbon and is most frequently used in the automotive and construction industries for industrial necessities such as nails, spikes, pipes, and wire.[130] Increased demand for high quality steel in the 1950s and 1960s encouraged the steelmaking industry to produce such steel in high volume, and large integrated steel mills with high capital costs were built in the U.S. to accommodate the demand.[131] The steel industry has been an undeniably influential force in the shaping of the US political economy. As reported,[132] "Historically, the iron and steel industry has been fundamental to the economic growth of the United States. Between 1860 and 1910, while the total growth in manufacturing grew by a factor of 9, the iron and steel industry grew by a factor of almost 20."

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[130]University of Illinois Library. *Steel Industry Manual.* <http://www.istc.illinois.edu/info/library_docs/manuals/primmetals/chapter2.htm>.

[131] Chatterjee, Amit. "Recent Developments in Ironmaking and Steelmaking." *Iron and Steelmaking*. 22:2 (1995), pp. 100-104.

[132] Battles, Stephanie J., and Robert K. Adler. 1999. "Production, Energy, and Carbon Emissions: A Data Profile of the Iron and Steel Industry." Energy Information Administration: American Council for an Energy Efficient Economy Summer Study on Energy Efficiency in Industry, June 1999. <http://www.eia.gov/emeu/efficiency/aceee_99_final.htm>.

The US steel industry reached a relative peak in its production in 1947, as it produced 56.7 percent of global crude steel and was a world leader in steel output due to its technological and production advantages. During the 1950s, however, European and Japanese manufacturers restructured their steel industries with the technical and financial support of the United States, and by 1960, U.S. output fell to 25.9 percent of the world total.[133] Before World War II, the U.S. steel industry had relatively high unit labor costs but still enjoyed greater labor productivity in comparison to their international competition. However, by 1960, the U.S. was facing both higher labor and production unit costs than many international competitors.[134] After the World War II steel boom, many manufacturers tanked in the 1950s and 1960s.

Most scholars choose one of three explanations for this falter, but Ankli and Sommer argue that a complete story must include all three of these as influential factors: the oligopolistic steel industry being slow to modernize while charging monopolistic rates, selfish United Steel Workers, and interfering yet inept government.[135] As argued by Silberman, "It would be a mistake…to regard the steel industry as just an innocent victim of a conspiracy between Big Labor and Big Government. For to some degree the industry itself contributed to the wage-price spiral by its own strategy….to raise prices each time wages were increased…more than the increase in unit labor costs….wages and prices chased each other upward."[136]

The 1960s, then, were a time of much production but little innovation in the industry. The steel baron of decades past, Carnegie, attributed much of his success to enabling his researchers to uncover "great secrets…of chemical knowledge,"[137] but in the 1960s, the research lab chief stated on behalf of USS president Farrell that "research is needless because the corporation already knows substantially all they need to know about steel in order to make it at a profit."[138]

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[133] Ankli, Robert E., and Eva Sommer. "The Role of Management in the Decline of the American Steel Industry." *Management in the Decline of the American Steel Industry.* <http://www.thebhc.org/publications/BEHprint/v025n1/p0217-p0231.pdf>.
[134] Old, Bruce, and Joel Clark. *The Competitive Status of the U.S. Steel Industry* (Washington DC, 1985).
[135] Ankli, Robert E., and Eva Sommer. "The Role of Management in the Decline of the American Steel Industry." *Management in the Decline of the American Steel Industry.* <http://www.thebhc.org/publications/BEHprint/v025n1/p0217-p0231.pdf>.

[136] Silberman, Charles E. 1960. "Steel: It's a Brand-New Industry." *Fortune* (December 1960).
[137] Hounshell, David A., and John Kenly Smith, Jr. 1988. *Science and Corporate Strategy.* New York, 2.
[138] Tiffany, Paul A. 1988. "Industrial Research and Competitiveness: The Experience of the U.S. Steel," Unpublished manuscript, University of Pennsylvania, 594-595.

John F. Heinz, a Bethlehem Steel speech writer would later state that Big Steel was a political economy hindered by its mindset that its producers were “fiefdoms, going way back. The turf was inviolable and prizes did not go for objective intelligence.”[139]

STEEL AND THE PRESIDENCY

The 1960s began with a political standoff as the steel industry endeavored to reinforce its image as titan that it once maintained in the Pre-World War II era while the Kennedy Administration would not budge from its own economic position. The negotiations between steel manufacturers and their employees in 1962 included a personal presence by Labor Secretary Arthur Goldberg as he used his personal influence with labor to secure their agreement to no wage increases and only a changing increase in fringe benefits. Four days after eleven of the major steel producers signed new contracts, the Kennedy administration announced these contracts as “non-inflationary;” however, U.S. Steel, yet with about 25% of the market, announced its 3.5% price increases.

Although Kennedy had not directly told the steel producers to hold their prices, he clearly thought an agreement was crossed in such a way as to tell the President to keep his nose out of American business—particularly Big Steel.[140] President John F. Kennedy responded that “The simultaneous and identical actions of United States Steel and other Leading steel corporations increasing prices by some six dollars a ton constitute a wholly unjustified and irresponsible defiance of the public interest.”[141] In addition to the President’s statement to the public, the Department of Defense announced intent to review steel contracts and switch to lower-cost suppliers, and the Justice Department began an investigation on the possibility of a monopoly infringing on anti-trust laws. In response to these actions, one steel company executive declared “This is a sustained attack on the free enterprise system. It may be all-out war.”[142]

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[139] Strohmeyer, John. 1986. *Crisis in Bethlehem.* Bethesda, 85.
[140] Bradford, Rex. “JFK and Steel, Bush and Oil.” Mary Ferrell Foundation (Sep. 2, 2008). <http://www.maryferrell.org/wiki/index.php/JFK_and_Steel,_Bush_and_Oil>.
[141] President John F. Kennedy. Televised press conference (April 11, 1962).
[142] Hoopes, Roy. 1963. *The Steel Crisis.* The John Day Co., p. 23

Public opinion seemed to be with Kennedy as reflected in such media as the *Christian Science Monitor* which declared “Big Steel has chosen to deliberately antagonize the President,” and this gave Kennedy the increased leverage needed to apply pressure without concern.[143] As Clark Clifford—personally selected by Kennedy for private steel negotiations—once reminded U.S. Steel President Blough, “John F. Kennedy might well be in office for several years and… it would be extremely difficult doing business in Washington after such a violent breach with the President.”[144] Therefore, when the Steel Crisis concluded, U.S. Steel issued this brief statement for rescinding its price increase: “The price decision was made in the light of the competitive developments today, and all other current circumstances including the removal of a serious obstacle to proper relations between government and business.”[145]

Both the Kennedy and Johnson administrations placed political pressure on the steel industry as they neared political elections. Walter Heller, Chair of the President’s Council of Economic Advisors, suggested to President Johnson that “from the standpoint of the election….the greatest thing we could do would be to get some sort of a small decrease in automobile prices out of this….I don’t know that it’s possible because of course, General Motors is so damned efficient and so far out in front of the others”[146] Heller continues to suggest, then, a strategy of pressure on the steel industry different from that which may have been advised to Kennedy as recorded in Heller’s statement to the President: “I talked with this fellow who originally put me together with the steel industry, and…I don’t know whether you…I guess you were aware at that time, we managed to talk Tyson and U.S. Steel in April ’63 out of going up on a number of products…these fellows want to help us do the same thing…on autos.”[147] Thus, while Kennedy pressed the *producers* not to inflate their prices, Johnson pressed the steel *consumers* to lower their prices.

Starting in 1962, the Kennedy Administration accused the European Community of unfair restriction of American poultry imports per the request of West German chicken farmers.

143 Hoopes, Roy. 1963. *The Steel Crisis.* The John Day Co., p. 23

144 Hoopes, Roy. 1963. *The Steel Crisis.* The John Day Co., p. 107,161.

145 Hoopes, Roy. 1963. *The Steel Crisis.* The John Day Co., p. 165.

146 “To Walter Heller: 6:50.” *The Presidential Recordings: Lyndon B. Johnson,* Vol. 46; Robert David Johnson, Kent B. Germany, Ernest May, and Timothy Naftali, Eds. (February 15, 1964).

147 “To Walter Heller: 6:50.” *The Presidential Recordings: Lyndon B. Johnson,* Vol. 46; Robert David Johnson, Kent B. Germany, Ernest May, and Timothy Naftali, Eds. (February 15, 1964).

President Johnson addressed this offence in January of 1964 by imposing a 25 percent tax, known as the Chicken Tax, on all imported light trucks while providing the official argument that American imports of Volkswagen vans from West Germany were close in value to lost American poultry sales in Europe. However, recently released audio from the Johnson White House lead many to suggest that the President's real motive is clear in those tapes in which President Johnson attempts to persuade Walter Reuther, leader of the United Automobile Workers, not to call a strike just before the 1964 election and to support the President's civil rights agenda, while Reuther wants President Johnson to respond to Volkswagen's growing shipments to the United States.[148] Presidential assistant Joseph Califano later said that Reuther's vision "'captured the President's imagination.'"[149]

STEEL AND CONGRESS

Foreign steel producers began to surpass U.S. producers in quality and competitiveness as steel importation increased in the 1960s. In response, the steel lobby in 1968 launched a political drive to halt foreign competition and commence to fight the surge of imports to domestic customers. I.W. Abel, President of the United Steel Workers, declared before the House Ways and Means Committee in June 1968, "We are becoming very annoyed by the so-called advocates of the free-trade market."[150] Certain Congressional members responded to this annoyance, such as Senator Vance Hartke, who said, "I believe that quotas are necessary in the short term now, in order to force free and fair trade in the long term."[151] During the fall of 1968, Senator Hartke (D-Indiana) began introducing a bill to limit the overall steel imports into the U.S. to 9.6% of the total U.S. consumption of its steel products.[152]

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[148] Bradsher, Keith. "License to Pollute: A Special Report: Light Trucks Increase Profits But Foul Air More Than Cars." *New York Times* (November 30, 1997). <http://www.fff.org/freedom/fd0209d.asp>.
[149] Lichtenstein, Nelson. 1995. *Walter Reuther: The Most Dangerous Man in Detroit* .New York: Basic Books, 403.
[150] Bovard, James. "Protectionist Welfare for Steel." *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation.
[151] Bovard, James. "Protectionist Welfare for Steel." *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation. < http://www.fff.org/freedom/fd0209d.asp>.
[152] Markel, Edward T., and Larrk Lovik. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

THE US STEEL TRADE AND PROTECTION: 1970-1977

THE STEEL INDUSTRY AND THE ECONOMY

The energy crisis of the 1970s prioritized thermal efficiency in steel mills. For instance, although the furnaces used in integrated plants were quite efficient, there was opportunity for improvement in production practices as the methods of the 1960s often left some production equipment idle. Thus, one major development for production efficiency in the steel industry was the introduction of continuous casting methods to help to reduce energy use through more efficient use of heat by continually feeding blast furnaces with iron ore.[153] In 1970, the steel industry was not a highly competitive one, and rather it might have been defined as oligopolistic for its time as the four greatest firms—U.S. Steel, Bethlehem Steel, National Steel, and Republic Steel—had considerable market power and the opportunity to use price as a weapon in competition.[154]

STEEL AND THE PRESIDENCY

Steel prices continued to increase during this era, but not in response to supply and demand economics.[155] In remarks regarding the raising steel prices, President Nixon commented "Now I know how Kennedy felt."[156] Senator Hartke continued work to press through his legislation on steel products, but in order to acquire public support for this program that would raise consumer prices in an economy already dealing with aggregate inflation, Nixon knew that he needed to be innovative to garner popular opinion. As pressure mounted from integrated steel producers and the powerful steel unions, President Nixon enacted the industry's first VRA with the EC and Japan when, in January of 1969, President Nixon announced that foreign governments had agreed to temporarily and voluntarily restrict their steel exports to the United

[153] Chatterjee, Amit. "Recent Developments in Ironmaking and Steelmaking." *Iron and Steelmaking*. 22:2 (1995), pp. 100-104.

[154] Coffin, Donald A. 2003. "The State of Steel." *Indiana Business Review.* 78: 1,(Spring 2003).

[155] Widmaier, Wesley W. "The Meaning of an Inflation Crisis: Steel, Enron, and Macroeconomic Policy." *Journal of Post Keynesian Economics,* Vol. 27, No. 4 (Summer 2005), pp. 555-573.

[156] Kaufman, K.A., and G.J. McManus. "Steel Prices: Return to Brinkmanship" *Iron Age,* (January 29, 1970), 39.

States for three years.[157] Since this limit was based solely on annual tonnage, foreign producers soon shifted export production from a lower value/ton carbon steel to a higher value/ton steel that was higher priced specialty steel such as stainless and alloy.[158] In response to this, the U.S. steel industry sharply boosted its workers' wages and made concessions to the United Steel Workers on rules that reduced productivity. In 1972, these temporary VRAs were extended for an additional three years.[159]

President Ford, likewise, would take a break from his "Whip Inflation Now" tour to impose quotas on specialty steel products from Sweden, Japan, and the EC.[160] Upon replacing Nixon after his resignation in August of 1974, President Ford attempted to persuade Congress to renew Nixon's VRAs at the end of 1974 but was unsuccessful. In 1976, the American Iron and Steel Institute, a uniting vehicle through which the steel industry developed a political economic strategy,[161]applied pressure upon the Executive Branch to enforce the Trade Act of 1974, for the global steel demand had declined and imports had inclined from 12.4% in 1973 to 14.1% in 1976.

Still, the Ford administration favored reestablishing VRAs; In order to avoid plant closings and retaliations, President Ford conceded a three year import quota on European specialty steel.[162] Imports continued to escalate in frequency, and the steel industry filed multiple anti-dumping lawsuits against European and Japanese steel corporations in accordance with the Trade Act of 1974. President Ford, however, did not litigate these anti-dumping suits because he thought such legal action may initiate a trade war. Additionally, the President was receiving

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[157] Blonigen, Bruce A., Benjamin H. Liebman, Justin R. Pierce, and Wesley W. Wilson. "Are All Trade Policies Created Equal? Empirical Evidence for Nonequivalent Market Power Effects of Tariffs and Quotas." *Finance and Economics Discussion Series: 2012-17.* (March 2012). The Federal Reserve Board. <http://www.federalreserve.gov/pubs/feds/2012/201217/index.html >.

[158] Lindsey, Brink et al. 1999. *The Steel Crisis and the Cost of Protectionism.* Washington, D.C.: Cato Institute.

[159] Bradsher, Keith. "License to Pollute: A Special Report: Light Trucks Increase Profits But Foul Air More Than Cars." *New York Times* (November 30, 1997).

[160] Bovard, James. "Protectionist Welfare for Steel." *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation. < http://www.fff.org/freedom/fd0209d.asp>.

[161] *Congressional Quarterly Weekly Report*. 1968. Washington, D.C.: Congressional Quarterly Inc., Feb. 2., 168.

[162] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*

warnings and pressures from the banking industry that the Executive Branch must avoid protectionist policies which would inhibit less wealthy countries from repaying their loans.[163]

STEEL AND CONGRESS

The Nixon administration also introduced legislation that had protectionist capabilities while minimizing the threats of quota retaliations leading to the *Trade Act of 1974*. This Act redefined dumping, enhanced the Executive authority by formalizing power to impose import quotas, and provided a legal mechanism to file complaints against foreign steel corporations that did not comply with anti-dumping legislation.[164] Thus, the legislation "designated the shift from voluntary trade agreements to establishing the legal mechanism within the state to restrict imports."[165]

During the Ford administration, the steel industry failed to obtain the kind of protectionism it wanted from the Executive Branch, and so it turned its attention back to the public and to Congress.[166] The steel industry organized a media campaign to gain community support, and then community political coalitions implored Congressional representatives to find a solution as unemployment increased.[167] AISI concentrated its lobbyists on Congress to argue that the steel industry's profit decline was due to unfair foreign trade. One result of these lobbying efforts was the expansion of the Congressional Steel Caucus to 180 members as of 1977, making it one of the largest coalitions on Capitol Hill.[168] These lobbying efforts culminated in intra-governmental conflicts as the Chairman of the House Ways and Means

[163] *Forbes.* 1984. "Taking It To The Courts." January 2.
[164] *Congressional Quarterly Weekly Report*. 1974. Washington, D.C.: Congressional Quarterly Inc., Dec. 28.
[165] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*
[166] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*
[167] Bensman, David, and Roberta Lynch. 1988. *Rusted Dreams: Hard Times in a Steel Community.* Berkeley: University of California Press.
[168] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*

Committee criticized the Executive Branch for a failure to resolve the steel crisis,[169] and this conflict escalated as members of the Congressional Steel Caucus introduced a series of five protectionist bills during October of 1977.[170]

THE US STEEL TRADE AND PROTECTION: 1978-1981

STEEL AND THE PRESIDENCY

President Carter did not enforce anti-dumping laws. He saw them as interfering with the state's agendas and was specifically careful to avoid sparking a protectionism-induced trade war that would reduce the steel supply, drive up prices while stimulating a rapid rate of inflation, and inhibit Tokyo Multilateral Trade Negotiations.[171] Still, President Carter sought to resolve the demands of the declining steel labor community, and so he established the White House Conference on Steel, which completed a thorough industry analysis and provided the Solomon Plan, liberalizing depreciation schedules and issuing $365 million in loans to depressed steel communities and companies.[172]

The Trigger Price Mechanism—one dimension of this plan—established a minimum pricing formula for all steel imports and effectively increased protectionism beyond the 1974 antidumping legislation.[173] In 1980, however, European imports began to surge and the steel industry filed anti-dumping petitions against 75 percent of imported steel. The Carter administration suspended the TPM in order to avoid legal actions that might threaten international relations. Carter later established the Steel Tripartite Advisory Committee (STAC) which negotiate a new set of TPMs that were 12 percent increased from the 1978 TPMs while also recommending tax credits, liberalized depreciation rules, and relaxation of pollution

[169] U.S Congress. 1977. "House Ways and Means Committee on Trade, Hearing on World Steel Trade: Current Trends and Structural Problems," *95th Congress,* September 30, p.42.
[170] Congressional Quarterly Weekly Report. 1977. Washington, DC, Congressional Quarterly, Inc. November 19.
[171] Jones, Kent. 1986. *Politics vs Economics in World Steel Trade.* London: Allen and Unwin.

[172] Morgan, Iwan. "Jimmy Carter, Bill Clinton, and the New Democratic Economics." *The Historical Journal* Vol. 47, No. 4 (Dec. 2004), pp. 1015-1039.
[173] U.S. Office of Technological Assessment. 1981. *Technology and Steel Industry Competitiveness.* (June).

controls. As a result of the outcomes of STAC, the steel industry dropped its anti-dumping suits.[174]

STEEL AND CONGRESS

Trigger Price Mechanisms (TPMs) primarily protected U.S. markets from Japanese imports and the steel industry argued that subsidized steel continued to penetrate domestic markets. After the Tokyo Multilateral Trade Negotiations were finished, the AISI enhanced lobbying efforts for European steel import restriction and gained the support of the Steel Caucus Congress to pass the *Trade Agreements Act of 1979.*[175] This law required the federal government to prosecute anti-dumping and countervailing duties within 150 days and placed the International Trade Commission (ITC) before judicial review, thus providing the steel industry with a more formal system for adjudication.[176]

THE STEEL INDUSTRY AND THE ECONOMY

All import prices of the mid to late 1970s show significant volatility associated with imposition of temporary import tariffs in 1974 and 1978. It is interesting that domestic producers do not simultaneously raise prices at the time of the spikes (See Figure 6)[177].

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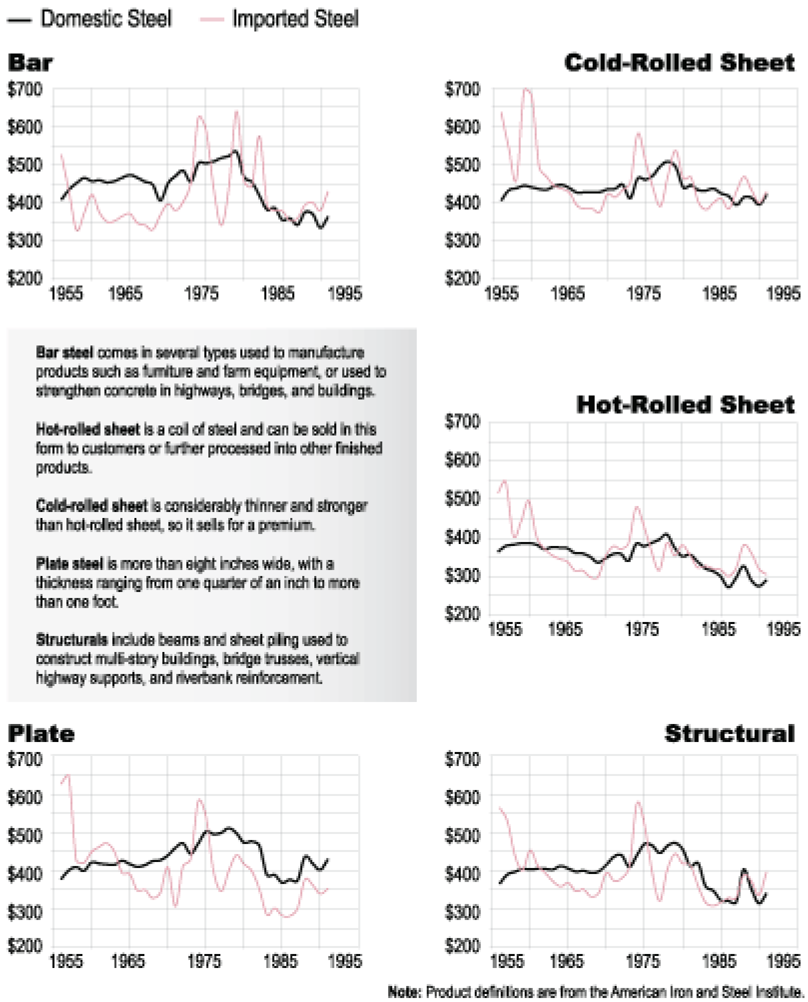
[174] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*
[175] Prechel, Harland. 1990. "Steel and the State: Industry Politics and Business Policy Formation, 1940-1989." *American Sociological Review.*

[176] U.S. General Accounting Office. 1989. "Import Duties: Assessment of Duties on Unfairly Priced Imports." Not Reviewed. (September).

[177] Coffin, Donald A. 2003. "The State of Steel." *Indiana Business Review.* 78: 1,(Spring 2003).

Figure 1: Price per Ton for Specific Domestic and Imported Steel Products, 1956-1991



<u>THE US STEEL TRADE AND PROTECTION: 1981-1993</u>

STEEL AND THE PRESIDENCY

The TPMs of the Carter Administration could no longer provide an effective method to enforce accumulation for the steel industry. Since foreign steel producers avoided these regulations through hidden rebates, firms that would resell steel below trigger prices, and falsifying price statements on the customs declarations.[178] Although the steel industry lobbyists increased their pressures to establish import quotas, import quotas were not compatible with the free-trade emphasis of the Reagan administration and its concern that protectionist policy would undermine diplomatic international relations and initiate trade wars.

Retired United Steelworkers of America Union Director of District 2 recounts, “In 1982, I met with the Reagan Administration Secretary of Labor seeking help for McLouth Steel Corporation. He informed me that it was the Regan Administration policy to let the[weak] companies die and that we shouldn’t expect any help from the government in any way.”[179] As the political position of the steel industry was strengthened by public support with consecutive recessions in the early 1980s, however, there was increased unity within the political coalition which pressured the federal government to stimulate the economy as a whole.[180] Thus, Reagan proposed the *Economic Recovery Tax Act of 1981* to Congress in response to the first recession.[181] In 1982, Reagan announced the *Steel Trade Agreement* restricted foreign steel imports, asserting “that, in turn, will mean more and lasting jobs in the steel industry.”[182] Contrary to his prediction, steel employment dropped sharply over the next few years.[183] Later, in 1983, he also supported a protectionist policy in the form of quota and higher tariff on EC imported specialty steel and stated that this policy was “ tailored to the needs of the industry as well as the objective of trade liberalization.”[184]

In June of 1984, the steel industry attempts to use the state legal systems also succeeded when the ITC voted for import quotas on a majority of steel products; this protectionist outcome

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[178] *The Economist.* 1981. March 28., p. 75.

[179] Lester, Harry. “The American Steel Industry and the United Steelworkers of America Union from My Perspective as an Elected Leader Who Served for 52 Years.” Detroit Free Press (February 27, 2008). <http://www.docstoc.com/docs/93184948/THE-AMERICAN-STEEL-INDUSTRY---Harry-Lester-USWA>.

[180] Clawson, Dan and Alan Neustadtl. 1989. “Interlocks, PACS, and Corporate Conservatism.” *American Journal of Sociology* 94: 749-73.

[181] Prechel, Harland. 1990. “Steel and the State: Industry Politics and Business Policy Formation, 1940-1989.” *American Sociological Review.*

[182] Reagan, Ronald. “Remarks on Signing the Surplus Agricultural Commodities Disposal Act of 1982 and Announcing the European Communities Steel Export Arrangement.” October 21, 1982. < http://www.reagan.utexas.edu/archives/speeches/1982/102182a.htm >.

[183] Bovard, James. “Protectionist Welfare for Steel.” *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation. < http://www.fff.org/freedom/fd0209d.asp>.

[184] Reagan, Ronald. “Letter to the Speaker of the House and the President of the Senate on Import Relief for the Specialty Steel Industry.” (July 5, 1983).

effectively forced the Reagan administration to revise its free-trade agenda while campaigning for reelection.[185] In order to avoid implementing the ITC's protectionist recommendations while still maintaining political support during an election year in steel producing states, President Reagan replaced the ITC recommendations with a new set of VRAs. These agreements placed imports at 18.5 percent of market share from 1984 to 1989 and were no longer truly voluntary, but included a licensing system prohibiting foreign producers from interfering with the product mix and also giving the Executive more oversight.[186]

During his presidential campaign, George Bush promised to renew the import quotas, and the House and Senate introduced legislation to extend those quotas for five additional years, but the quotas were revised.[187] These revisions were due to a reemerging awareness of the threats that protectionism imposed to stable international relations. GATT leaders became increasingly combative toward import quotas and suggested that trade rules against protective legislation should be strengthened, and the 1989 European Economic Summit identified protectionism as the most significant trade issue.[188] Additionally, a political coalition that represented a wide variety of steel-consuming industries and included small consuming firms, lobbied Congress and the Executive simultaneously to eliminate the quotas, as they argued that import quotas increased prices, created steel shortages, and stole the profits from the steel consuming industries.[189]

Still, the steel producing interests were also lobbying the Executive. In order to maintain the support of the steel industry, the Bush administration established the *Steel Trade Liberalization Program* to terminate foreign steel subsidies with an announcement so strikingly similar in its rhetoric to Reagan's 1984 announcement that it raised suspicions of recycled doublespeak, as a goal of Bush's initiative was "to end government interference in global trade in steel."[190] The new quotas, set to expire in mid-1992, met the expectation that this would see him

[185] International Trade Commission. 1984. "Carbon and Certain Alloy Steel Products. Publication 1553. Washington, DC: U.S. International Trade Commission.
[186] U.S. Trade Representative. 1984. "Brock Announces President's Steel Decision." Press Release, September 18.
[187] *Congressional Quarterly Weekly Report.* 1989. Washington, DC, Congressional Quarterly, Inc., October 27.
[188] *New York Times.* 1989. June 28, p. D5.

[189] *Congressional Quarterly Weekly Report*. 1989. Washington, DC, Congressional Quarterly, Inc., March 25.
[190] Bovard, James. "Protectionist Welfare for Steel." *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation. < http://www.fff.org/freedom/fd0209d.asp>.

through to his next term as president but instead would expire at the commencement of President Clinton's time as Executive.

STEEL AND CONGRESS

At first skeptical of the *Economic Recovery Tax Act of 1981*, proposed by the Reagan administration, a coalition of businesses agreed to support the legislation in return for the inclusion of accelerated depreciation schedules that business groups had lobbied for since 1978.[191] This legislation supplied steel producers with an estimated $400 million between the years 1982 and 1983.[192] In 1981, Congress also passed the *Steel Industry Compliance Act* that amended the *Clean Air Act* and permitted steel companies to postpone compliance with new air pollution standards if they would reinvest.

Still, during the 1981-1982 recession, the steel industry did not reap a profit for the first time since the 1930s, and the resulting since of urgency caused its leaders and lobbyists to employ three strategies as they more frequently pushed for protectionism: use of the state's legal mechanisms for adjudication of unfair trade, petition for import restrictions under section 201 of Article XIX of GATT, and broadening and uniting its political and lobbying base.[193] Primarily in response to a unified lobby effort by the groups of the *Trade Reform Action Coalition*—which represented steel-consuming industries such as chemical, metalworking, television, textile, and footwear—the House passed the *Fair Trade in Steel Act of 1983.* This legislation limited imports in 47 product lines and also mandated modernization while increasing protectionism, simultaneously resolving the conflict between the USW and the steel industry.[194]

Despite a significant increase in profits, the steel industry continued to lobby the Executive Branch and Congress such that by 1989 it maintained 240 co-sponsors for import

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[191] *Congressional Quarterly Weekly Report.* 1981. Washington, DC, Congressional Quarterly, Inc., March 7.
[192] Scheuerman, William. 1986. *The Steel Crisis: The Economics of Politics of a Declining Industry.* New York: Praeger.

[193] *Congressional Quarterly Weekly Report.* 1989. Washington, DC, Congressional Quarterly, Inc., March 25.
[194] U.S. Congress. 1984. "The Effects of Import Quotas on the Steel Industry." Congressional Budget Office. U.S. Department of Commerce. 1960-1979. *Statistical Abstract of the United States*. Washington, DC: Government Printing Office.

quota extension[195]. Thus, not only did the steel-producing interests effectively lobby the executive, but their lobby of Congress was so effective that it further pressured the Executive. As President Bush hinted at his preference for free trade rather than protectionist measures, Rep. John Murtha (D-Pa) declared, "We will get a VRA extension sometime before it expires. It will be in one of the tax bills."[196]

Despite the Reagan and Bush steel VRAs that lasted ten years, the primary objective of this protection—a reduction in steel imports—did not occur, as steel imports rose by 4% during this decade. Additionally, employment in the steel industry continued to fall by a rate of 42%, such that 139,000 jobs are known to have been lost in the steel industry between 1982 and 1993. Meanwhile, domestic prices continued to climb, as they increased by 12%, and it was still the consumer who paid the highest cost, as US consumers bore a $68 billion loss in consumer surplus during this decade.[197]

THE STEEL INDUSTRY AND THE ECONOMY

During the 1980s and 1990s, tightening production and environmental regulations more clearly shaped the steel market, and its expenses and competition increased at the domestic and international levels, leading steelmakers to reduce expenses and increase steel quality.[198] Total energy consumption for heat, electricity, and power generation by the iron and steel industry continued to increase due to surging consumer demands. However, simultaneously mounting environmental regulation helped to cause a shift from coal use toward rising employment of gas and electric energy (See Table 1).

[195] *Congressional Quarterly Weekly Report*. 1989. Washington, DC, Congressional Quarterly, Inc., March 25.
[196] Arndt, Michael. "Bush Faces Heat in Bid to Lift Steel Import Lid." *Chicago Tribune.* (February 21, 1992). <http://articles.chicagotribune.com/1992-02-21/business/9201170128_1_cheap-foreign-steel-american-steel-industry-multilateral-steel-agreement>.

[197] Hufbauer, George, and Kimberly Elliot. 1994. *Measuring the Cost of Protectionism in the U.S.* Washington, D.C.: Institute for International Economics.

[198] Chatterjee, Amit. "Recent Developments in Ironmaking and Steelmaking." *Iron and Steelmaking*. 22:2 (1995), pp. 100-104.

Table 1: Total Input of Energy: Heat, Power, and Electricity Generation by the Iron and Steel Industry

Energy Source	Units	MECS Survey Year			
		1985	1988	1991	1994
Total	Trillion Btu	1,677	1,855	1,569	1,824
Net Electricity	Million kWh	38,995	40,570	38,183	43,520
Residual Fuel Oil	1000 bbls	5,458	5,754	4,986	6,659
Distillate Fuel Oil	1000 bbls	942	1,045	901	W
Natural Gas	Billion Cu. Ft.	400	425	387	462
LPG	1000 bbls	5	12	74	W
Coal	1000 Short Tons	2,183	1,573	1,075	1,598
Coke and Breeze	1000 Short Tons	21,856	29,987	21,690	26,503
Other	Trillion Btu	475	456	440	464
Source: Energy Information Administration, Manufacturing Energy Consumption Surveys, 1985, 1988, 1991, and 1994.					

The Energy Information Administration reports on the energy intensity—defined as "the ratio of energy consumption to some measure of demand for energy services"—which may vary due to changes in energy prices, industry mix, cost of capital, consumer demand, domestic and international taxes, and production cycles.[199]

[199] Battles, Stephanie J., and Robert K. Adler. 1999. "Production, Energy, and Carbon Emissions: A Data Profile of the Iron and Steel Industry." Energy Information Administration: American Council for an Energy Efficient Economy

Table 2: Energy Intensities for the Iron and Steel Industry

Energy Intensities Using Different Measures	1985	1988	1991	1994
First Use of Energy for All Purposes				
Total Energy/Value of Production (1000 Btu per Constant 1992 Dollar)	47	31	36	34
Total Energy/Tons of Steel (1000 Btu per Ton of Steel)	19,409	17,753	16,633	16,395
Electricity/Value of Production (1000 Btu per Constant 1992 Dollar)	4	2	3	3
Electricity/Tons of Steel (1000 Btu per Ton of Steel)	1,507	1,381	1,479	1,471
Natural Gas/Value of Production (1000 Btu per Constant 1992 Dollar)	11	8	10	10
Natural Gas/Tons of Steel (1000 Btu per Ton of Steel)	4,668	4,443	4,778	4,812
Coal/Value of Production (1000 Btu per Constant 1992 Dollar)	29	19	20	18
Coal/Tons of Steel (1000 Btu per Ton of Steel)	11,999	10,808	9,363	8,879
Total Inputs for Heat, Power, and Electricity Generation				
Total Energy/Value of Production (1000 Btu per Constant 1992 Dollar)	46	33	38	38
Total Energy/Tons of Steel (1000 Btu per Ton of Steel)	19,001	18,564	17,851	18,153

Summer Study on Energy Efficiency in Industry, June 1999.
<http://www.eia.gov/emeu/efficiency/aceee_99_final.htm>.

Electricity/Value of Production (1000 Btu per Constant 1992 Dollar)	4	2	3	3
Electricity/Tons of Steel (1000 Btu per Ton of Steel)	1,507	1,381	1,479	1,471
Natural Gas/Value of Production (1000 Btu per Constant 1992 Dollar)	11	8	10	10
Natural Gas/Tons of Steel (1000 Btu per Ton of Steel)	4,668	4,393	4,539	4,733
Coal/Value of Production (1000 Btu per Constant 1992 Dollar)	1	.6	.6	.7
Coal/Tons of Steel (1000 Btu per Ton of Steel)	544	350	273	348
Coke and Breeze/Value of Production (1000 Btu per Constant 1992 Dollar)	15	13	13	13
Coke and Breeze/Tons of Steel (1000 Btu per Ton of Steel)	6,141	7,446	6,121	6,502
Energy Expenditures				
Total Expenditures/Value of Production (Cents per Constant 1992 Dollar)	--	.107	.120	.118
Total Expenditures/Tons of Steel (Constant 1992 Dollar per Ton of Steel)	--	60	56	57
Electricity/Value of Production (Cents per Constant 1992 Dollar)	--	.031	W	.033
Electricity/Tons of Steel (Constant 1992 Dollar per Ton of Steel)	--	18	W	16

Natural Gas/Value of Production (Cents per Constant 1992 Dollar)	--	.024	.024	.024
Natural Gas/Tons of Steel (Constant 1992 Dollar per Ton of Steel)	--	13	11	12
Coal/Value of Production (Cents per Constant 1992 Dollar)	--	.033	.033	.031
Coal/Tons of Steel (Constant 1992 Dollar per Ton of Steel)	--	18	16	15
Coke and Breeze/Value of Production (Cents per Constant 1992 Dollar)	--	.016	.018	W
Coke and Breeze/Tons of Steel (Constant 1992 Dollar per Ton of Steel)	--	9	9	W

W=Withheld to avoid disclosing data for individual establishments.

Sources: Energy Information Administration, Manufacturing Energy Consumption Surveys 1988, 1991, and 1994; U.S. Department of Commerce, Bureau of the Census, *Annual Survey of Manufactures*, 1985, 1988, 1991, and 1994; *Annual Statistical Reports*, 1985, 1990, 1995, American Iron and Steel Institute.

THE US STEEL TRADE AND PROTECTION: 1994-2001

STEEL AND THE PRESIDENCY

President Clinton received attacks on his free trade politics from Republican and Democrat Congress members alike, as well as domestic steel producers and labor group leaders. Once the USITC determined that the steel industry was threatened by material injury by import of hot rolled steel products from Brazil, Japan, and Russia, Clinton—while visiting Japan and South Korea in late 1998—warned "'since the US economy has continued to grow, the American people and the American political leadership have supported keeping the US market open, but if there is a perception of unfair trade the consensus could disappear'"[200] and in his State of the Union Address, reiterated this warning to Japan. In January of 1999, the Clinton administration announced its Steel Action Plan as a primary strategy to address the 1998 steel crisis. The Steel Action Plan maintained prompt enforcement of unfair trade laws but also provided initiation of bilateral negotiations with states that exported in order to address the import surge. President Clinton introduced the Steel Action Program seven months later with its twelve points that codified new critical circumstance policy, affirmed the DOC's intent to examine subsidies and market-distorting trade barriers in the global steel industry, and intended to expand import monitoring.[201]

As the 2000 presidential election neared, the Democratic Party understood that many votes hinged upon the government reaction to demands from the steel industry, and so the party accepted appeals from US steel producers and labor unions in order to gain support. Despite preferences to free trade,[202] much of the election battle was anticipated to be in the Midwest, home to many of the steel companies, and the lobbyists were intensifying their own campaigns so the Clinton administration was more willing to accept demands in anticipation of attached electoral support for Al Gore. Hence, when the Japanese and Korean governments sought to review the WTO Antidumping Agreement, it was the US that halted deliberations, as President Clinton and Congress were under immense lobbying pressure as they neared the elections. At one point, President Clinton attempted a phone call to Japanese Prime Minister Obuchi to get support, but Obuchi rejected it as he declared "'this time the discussion is multilateral and not linked to Japan alone.'"[203] Additionally, in February of 2000, President Clinton granted

[200] Satapathy, C. 1999. "Protectionism vs. Unfair Trade in Steel." *Economic and Political Weekly,* Vol. 34, No. 5 (Jan. 30-Feb. 5, 1999), pp. 257-259.

[201] Yoshimatsu, Hidetaka. 2003. "U.S.-East Asian Trade Friction: Exit and Voice in the Steel Trade Regime." *Asian Affairs,* Vol. 30, No. 3 (Fall 2003), pp. 200-217.

[202] Bhagwati, Jagdish. 2002. *The Wind of the Hundred Days: How Washington Mismanaged Globalization.* MIT Press.

[203] Yoshimatsu, Hidetaka. 2003. "U.S.-East Asian Trade Friction: Exit and Voice in the Steel Trade Regime." *Asian Affairs,* Vol. 30, No. 3 (Fall 2003), pp. 200-217.

safeguard relief for US circular welded carbon quality line pipe producers under Section 201 of the Trade Act of 1974.

STEEL AND CONGRESS

In the late 1990s, public concerns that steel imports were hurting the US economy increased. Congress responded to public demand, and on October 15, 1998, the US House of Representatives passed a resolution with a majority vote of 345 to 44 urging the president to review steel imports from Australia, Brazil, South Africa, Indonesia, India, Ukraine, Japan, Russia, South Korea, and China and immediately consider a one-year ban on all steel product imports. The US Senate's powerful 40-member steel caucus grew increasingly critical of the president, and disparaged that he was not doing enough to protect the downtrodden American steel workers. Senator Robert Byrd accused the president of "'taking baby steps when leaps and bounds are needed,'" while Senator Jay Rockefeller charged the president with being more concerned about the global economy than the domestic economy and the needs of American workers.[204]

Senator Arlen Specter, chairman of the Senate steel caucus, may have provided the most harsh admonition, stating "'you have a steel industry hemorrhaging with the flooding of our markets with foreign dumped steel, causing the loss of thousands of jobs, and the administration is applying a small Band-Aid.'"[205] The type of more comprehensive healing that some congressional members believed would come through the adoption of special measures to restrain imports overall. Thus, in October 2000, Congress passed its fiscal year 2001 Agricultural Appropriations Act. This Act contained the Byrd Amendment, sponsored by Senator Robert Byrd, which was a resolution to the revised Tariff Act of 1930 that allowed the distribution of revenues collected from antidumping and countervailing duties to domestic complainants. Thus, the Agricultural Appropriations Act supplied steel producers with incentives and subsidies to file additional antidumping charges.

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[204] Satapathy, C. 1999. "Protectionism vs. Unfair Trade in Steel." *Economic and Political Weekly,* Vol. 34, No. 5 (Jan. 30-Feb. 5, 1999), pp. 257-259.
[205] Satapathy, C. 1999. "Protectionism vs. Unfair Trade in Steel." *Economic and Political Weekly,* Vol. 34, No. 5 (Jan. 30-Feb. 5, 1999), pp. 257-259.

THE STEEL INDUSTRY AND THE ECONOMY

As declared by the Energy Information Administration, "new markets such as framing for residential housing units are emerging, but at the same time the industry faces new challenges from steel substitutes such as aluminum and plastics and steel made outside of the country."[206] As the environmental restrictions and market competition levels increase, we continue to see a need for increased cost-effectiveness with co-existing development in quality among steel producers. One solution is the mini-mill, although it cannot completely replace the integrated steel plant because it cannot hold complete control over chemical composition, which greatly helps to reduce the costs of steel production through its reliance on steel scrap as base instead of ore.[207]

As new technologies emerged to meet rising demands, the US steel industry became increasingly competitive. By 1997, competition within the US steel industry had increased so significantly such that no firms had a significant control over price.

Table 3: Concentration and Competition in the Steel Industry

Measure	1970	1997
4FCR	54%	39%
Adjusted for Imports	47%	28%
8FCR	75%	60%
Adjusted for Imports	65%	43%
HHI	1,102	560

[206] Battles, Stephanie J., and Robert K. Adler. 1999. "Production, Energy, and Carbon Emissions: A Data Profile of the Iron and Steel Industry." Energy Information Administration: American Council for an Energy Efficient Economy Summer Study on Energy Efficiency in Industry, June 1999. <http://www.eia.gov/emeu/efficiency/aceee_99_final.htm>.

[207] Chatterjee, Amit. "Recent Developments in Ironmaking and Steelmaking." *Iron and Steelmaking*. 22:2 (1995), pp. 100-104.

Source: US Census Bureau 2001[208]

Table 3 describes the changes in concentration, and thus, completion in the US steel industry from 1970 to 1997. The Herfindahl-Hirschmann Index (HHI) indicates that those markets with HHI greater than 1800 are oligopolistic and less than 1000 are competitive. The 1970 HHI of the US steel industry at 1,102 fails to clearly indicate either oligopoly or competitive industry while the 1997 HHI at 560 clearly indicates a highly competitive industry. The consideration of the corresponding concentration rations may help to make this difference more clear and also explain why the 1970 HHI falls between the two realms. The Four-Firm Concentration Ration (4FCR) is the combined market shares of the four largest firms, and a 4FCR in excess of 50 percent indicates an oligopoly, while a 4FCR less than 20 percent is considered a highly competitive industry. Consideration of the changes in the 4FCR from 54% in 1970 to 39% in 1997 indicate a change from an oligopoly to a more competitive steel industry, especially when one further adjusts for the influence of imports which contained the 4FCR to 47% in 1970 but a far more competitive 28% by 1997.

The 1997 Kyoto Protocol indicated the necessity for energy efficiency, and for similar reasoning, reducing carbon emissions in manufacturing has gained increasing importance on the domestic political agenda through recent history. As a result, introduction of the electric arc furnace and termination of the open-hearth furnace helped to drive a decline in steel industry energy consumption as "less efficient establishments have been closed and there has been a consistent movement to the less energy-intensive continuous casting process rising from 13 percent of production in 1977 to 95 percent in 1997."[209] After the VRAs ended in early 1992, throughout the 1990s, steel producers attempted to secure trade relief as they filed multiple AD and CVD actions through the US International Trade Commission which targeted specific steel products. However, in many instances, competition from mini-mills, rather than imports, were determined by the USITC as the real cause of injury. These rulings caused some to speculate that

[208] U.S. Bureau of the Census. *Concentration Ratios in Manufacturing,* U.S. Bureau of the Census, (Washington, D.C: 2001).

[209] Battles, Stephanie J., and Robert K. Adler. 1999. "Production, Energy, and Carbon Emissions: A Data Profile of the Iron and Steel Industry." Energy Information Administration: American Council for an Energy Efficient Economy Summer Study on Energy Efficiency in Industry, June 1999. <http://www.eia.gov/emeu/efficiency/aceee_99_final.htm>.

the steel industry had lost its political potency.[210] Steel producers targeted a limited number of specific products to secure trade relief, most likely because of a US economy that was on the incline while operations in the industry modernized, and once again integrated producers were becoming globally competitive, transitioning to a "renaissance" era.[211] However, a series of shocks in 1998—including currency crises in East Asia and Russia which led to import surges and then AD and CVD filings in the late 1990s—brought this period to an abrupt end.

THE US STEEL TRADE AND PROTECTION: 2001-2009

STEEL AND THE PRESIDENCY

The U.S. steel industry seemed to be in an age of renaissance to many, but a series of unanticipated economic shocks that began in 1998 brought this period to its conclusion as East Asian and Russian currency crises culminated in import surges and successive AD and CVD filings in the late 1990s. Upon Bush's swearing into the Executive Office, approximately one-third of the industry was bankrupt, and lobbyists were calling on the new President to address the crisis.[212] As pressures mounted, President Bush announced that he would request a USITC Commission to investigate the steel industry in accordance with Section 201 of the Trade Act of 1974. In 2002, the USITC determined that twelve steel product categories threatened injury to the US steel industry and may merit safeguard measures.[213] U.S. steel producers proposed a plan of action that included 40% import tariff lasting four years, government assistance through Chapter 7 liquidation procedures, and a new agreement for steel laborers.[214]

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[210] Moore, Michael O. 1996. "Steel Protection in the 1980s: The Waning Influence of Big Steel?" in Anne O. Krueger, ed., *The Political Economy of Trade Protection.* National Bureau of Economic Research Project Report Series. Chicago and London: University of Chicago Press, 15-34.

[211] Ahlbrandt, Roger S., Richard J. Fruehan, and Frank Giarratani. 1996. *The Renaissance of American Steel: Lessons for Managers in Competitive Industries.* New York, NY: Oxford University Press.

[212] Blonigen, Bruce A., Benjamin H. Liebman, Justin R. Pierce, and Wesley W. Wilson. 2012. "Are All Trade Protection Policies Created Equal? Empirical Evidence for Nonequivalent Market Power Effects of Tariffs and Quotas." *Finance and Economics Discussion Series: 2012-17.* Washington, D.C.: The Federal Reserve Board. <http://www.federalreserve.gov/pubs/feds/2012/201217/index.html>.

[213] Carbaugh, Robert, and John Olienyk. "U.S. Steelmakers in Continuing Crisis." *Challenge,* Vol. 47, No. 1 (January-February 2004), pp. 86-106.

[214] Carbaugh, Robert, and John Olienyk. "U.S. Steelmakers in Continuing Crisis." *Challenge,* Vol. 47, No. 1 (January-February 2004), pp. 86-106.

Lobbyists such as those from AISI, US Steel, USWA labor union; 30,000 steelworkers that arrived in Washington on busses days before the tariff decision was made; and Congressional Steel Caucus members applied enough pressure to outweigh the lobbying endeavors of U.S. steel consumers, foreign steel producers, and an earlier U.S. commitment to free trade at the WTO ministerial meeting in Doha during November of 2001.[215] On March 5 of 2002, President George W. Bush announced the commencement of tariffs that would range as high as 30% on steel imports to the United States.[216] The Bush administration justified these high duties upon a need to protect the steel industry, which suffered from shrinking employment, declining prices, and growing bankruptcies.[217]

US Trade Representative Robert Zoellick, who had represented the Bush administration at Doha, stated that this protectionist policy position was necessary in order to "'give the US steel industry the opportunity to get back on its feet.'"[218] Similarly, Leo Gerard, USWA president at the time, stated in a speech before Congress that this tariff was not as protectionist of the industry as he requested, but it did give it a "chance for survival."[219] Still, while some were favorable to the tariff, it seemed far more were critical that it either provided too little or too much protection for the steel industry.

One such scathing criticism originates in *The Economist* and directs this comment to President Bush regarding the tariff: "it is important to remember, lies well outside the ordinary run of bad economic policy; it is so wrong it makes other kinds of wealth-destroying intervention feel inadequate."[220] Criticism from abroad was also clear, as leaders such as Premier Zhu Rongji stated: "I am concerned about China's steel industry just as much as US leaders are concerned about their farmers. Would it be acceptable to the US government if China wanted to impose a 30 percent tariff on soybean imports?"[221] These criticisms toward Bush make sense to Michael

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215 Markel, Edward T., and Larrk Lovik. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
216 *Economist.* March 9, 2002. London: The Economist, Ltd.
217 *Financial Times.* March 6, 2002. London: Financial Times, Ltd.

218 Zoellick, Robert. Qtd. In *Economist.* March 9, 2002. P.61.
219 Gerard, Leo. "Address to Congress." National Public Television. March 5, 2002.
220 *The Economist.* March 9, 2002.
221 *Inter Press Service.* March 21, 2002.

Hirsh, who states that Bush's protectionist measures are another symptom of his "unilateral civilization" worldview.[222]

The Bush administration did not attempt to hide that these tariffs were more than a move to help the domestic political economy. It became clear that they were political when US Trade Representative Robert B. Zoellick told Brazillian business leaders that the administration is "committed to moving forward with free trade, but, like Brazil, we have to manage political support for free trade at home. We have to create coalitions."[223] A 2009 article calls upon US government officials to attack corporate greed in the way in which President Kennedy once did during the Steel Crisis.[224] For example, Bovard concludes, "Bush behaved as if neither he nor any of his advisors had any awareness of the history of U.S. restrictions on steel imports. His action is simply another chapter in the sorry history of federal favoritism to one laggard industry."[225] Other scholars exert that the tariff was an "inflationary action that can only hurt steel-using U.S. exporters struggling in a competitive global economy."[226] Still others argue that the presidency must tighten trade restrictions in a way that would favor domestic steel producers. As a retired United Steel Workers Association District 2 Director states, for example, "I would have loved to have these free traders in my office when an average worker comes to ask for assistance….President Bush has recently announced that he [is] canceling the tariff agreement….In my opinion, I don't think that the steel industry has recovered enough to withstand another onslaught of cheap foreign import steal."[227]

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[222] Hirsh, Michael. 2002. "Bush and the World." *Foreign Affairs.* Vol. 81, No. 5 (Sep.-Oct., 2002), pp. 18-43.
[223] Rich, Jennifer L. "U.S. Admits That Politics Was Behind Steel Tariffs." *The New York Times* (March 14, 2002). <http://www.nytimes.com/2002/03/14/business/us-admits-that-politics-was-behind-steel-tariffs.html?pagewanted=all&src=pm>.

[224] Filger, Sheldon. 2009. "Obama Versus JFK on Corporate Greed: A Telling Comparison." *Huffington Post.* (July 27,2009). < http://www.huffingtonpost.com/sheldon-filger/obama-versus-jfk-on-corpo_b_244945.html>.
[225] Bovard, James. "Protectionist Welfare for Steel." *The Future of Freedom Foundation.* (September 2002). Fairfax: The Future of Freedom Foundation. < http://www.fff.org/freedom/fd0209d.asp>.
[226] Carbaugh, Robert, and John Olienyk. "U.S. Steelmakers in Continuing Crisis." *Challenge,* Vol. 47, No. 1 (January-February 2004), pp. 99.
[227] Lester, Harry. "The American Steel Industry and the United Steelworkers of America Union from My Perspective as an Elected Leader Who Served for 52 Years." Detroit Free Press (February 27, 2008). <http://www.docstoc.com/docs/93184948/THE-AMERICAN-STEEL-INDUSTRY---Harry-Lester-USWA>.

STEEL AND CONGRESS

The US International Trade Commission justified the 2002 tariffs on a steel industry that was injured by foreign imports being dumped into the market at prices below production costs and, therefore, ruining the domestic industry. However, some argue that foreign steel imports were actually declining in the years previous to the imposition of the tariff and that the data suggests though the US steel industry is lagging, its domestic power is great. According to Clairmont, the "US steel lobby is one of the most powerful in the military industrial complex and on Capitol Hill. Members of the (ITC) despite their vaunted claims to independence, are connected to the corporate universe, not least of all to big steel."[228]

In 2001, for example, President Bush worked to gain fast-track authority from Congress to make free trade negotiations with Latin American states, but that authority was not without cost and informal limitations. Many argue that Bush would not have achieved his objectives in free trade with Latin America if he had not sacrificed the steel pawn to Congressional strategists that played for the endgame.[229] In order to win this struggle in the House, the administration promised temporary import relief for steel manufacturers provided guarantees to the citrus and textile industries, and withdraw from certain promised trade benefits granted in 2000 to CBI states and sub-Saharan Africa.[230]

According to Feinberg, the Bush administration initiated its protectionist measures for the steel industry in the hope of enhancing the prospects of Republicans in steel-producing districts while US Trade Representative Zoellik argued that this was the very price to secure critical congressional votes for the Trade Act of 2002, which would grant President Bush the executive authority to bypass Congress as he would negotiate free trade.[231] Already, these negotiations were finding criticism from abroad, as the "Latin Americans were alarmed at the many compromises the Bush team was making with domestic constituencies—whether for the noble

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[228] Clairmont, Frederic F. "Global Steel: Towards a Meltdown." *Economic and Political Weekly,* Vol. 37, No. 16 (Apr. 20-26, 2002), pp. 1500-1502.
[229] Carbaugh, Robert, and John Olienyk. "U.S. Steelmakers in Continuing Crisis." *Challenge,* Vol. 47, No. 1 (January-February 2004), pp. 99.
[230] Alden, Edward. 2001. "Trading Nations Count the Cost of Fast-Track." *Financial Times* (London), December 10:8.
[231] Feinberg, Richard E. 2002. "Regionalism and Domestic Politics: U.S.-Latin American Trade Policy in the Bush Era." *Latin American Politics and Society*, 44:4 (Winter 2002): pp. 127-151.

objective of gaining a congressional majority behind TPA or for partisan advantage—in agriculture, textiles, citrus, and steel."[232]

In the days leading up to the Bush administration tariff announcement, the protectionist measures were not entirely favored by Republicans, and there were many Democrats pushing for strong protectionist measures. "Taking the action that the president is being asked to do is the only way that I see that we're going to save the steel industry," said Senate Majority Leader Tom Dashle (D-SD), "I don't think [Bush] has any choice…He's got to do it."[233] However, senior Republican Senator John McCain (R-AZ) and two other GOP senators Jon Kyl (R-AZ) and Peter Fitzgerald (R-IL) wrote a letter to Bush, arguing that imposing steel tariffs would be "ill-advised" and could "'jeopardize our ability to negotiate and enforce future trade agreements.'"[234] Congressional members helped to assert political pressure on the Bush administration, and they also provided their own assessments of Bush's tariff program solution. House Minority Leader Dick Gephardt (D-MO), argued that the president's program was not strong enough, and the "situation remain[s] dire," while Senate Majority Leader Tom Daschle (D-SD) suggested that Bush made a good decision that would balance the competing interests' concerns.[235]

THE STEEL INDUSTRY AND THE ECONOMY

State and national steel production levels, understood as a percentage of the workforce, have declined since the days of Carnegie and Big Steel. For example, in 1969 employment in steel mills accounted for approximately 30 percent of employment in northwest Indiana and .8 percent of employment of the US overall; in December 2002, however, 8 percent of the northwest population and .2 percent of the US population overall worked in steel mills.[236] Since

[232] Feinberg, Richard E. 2002. "Regionalism and Domestic Politics: U.S.-Latin American Trade Policy in the Bush Era." *Latin American Politics and Society*, 44:4 (Winter 2002): pp. 146.

[233] "Senate Leaders Would Support Steel Tariffs." *CNN Politics.* (March 4, 2002).< http://articles.cnn.com/2002-03-04/politics/bush.steel_1_steel-tariffs-companies-that-use-steel-domestic-steel?_s=PM:ALLPOLITICS>.

[234] "Senate Leaders Would Support Steel Tariffs." *CNN Politics.* (March 4, 2002).< http://articles.cnn.com/2002-03-04/politics/bush.steel_1_steel-tariffs-companies-that-use-steel-domestic-steel?_s=PM:ALLPOLITICS>.

[235] "Bush Imposes Steel Tariffs." *USA Today: Money. (*March 5, 2002) <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm>.

[236] Coffin, Donald A. 2003. "The State of Steel." *Indiana Business Review.* 78: 1,(Spring 2003).

1991, the employment rate for steelworkers fell 30% with a loss of 65,000 steelworker jobs by 2000.[237]

The USITC reported that between 1998 and 2001, thirty one steel firms filed for bankruptcy protection in the US courts, and twenty one of those became insolvent after the 2000 elections.[238] Furthermore, the US price for a ton of rolled carbon steel—responsible for more than 80% of steel annually consumed in the US economy—fell by more than 16% during this period to less than $200 per ton.[239]

The steel industry responded to its declining growth in demand with reliance on bandages—such as capacity reductions, consolidations—rather than long-term solutions. As Fruehan explains, however, the industry must find resources to invest in new facilities and technologies to remain competitive.[240] Coffin describes import restrictions as another kind of bandage that will not remedy the problem, but rather serve as a short-term salve for the wounds of the U.S. steel industry. Nonetheless, the industry endeavors to acquire this "remedy."[241]

CONCLUSION

This chapter provides discussion on the history of protection of the U.S. Steel trade. This helps to further make known the importance of this work's contribution and its potential policy implications. Additionally, it allows the reader to gain a more full understanding of the strong but varying influence of this industry across time as I expect to see reflected in the results of the study itself. Specifically, I focus discussion on the history of the trade years since 1960 and consider its history of success and loss across time, in order to develop my theory. One trend that

[237] American Iron and Steel Institute. 2002. *Annual Statistical Report.* Washington, D.C.: AISI.
[238] United States International Trade Commission. 2001. Monthly report on selected steel industry data. Washington, D.C.: USITC.
[239] Merkely, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
[240] Fruehan, Robert J. 2001. *Investments Required by the Flat-Rolled Steel Industry to Remain Competetive,* Public Exhibit 2 to Public Prehearing Brief of Bethlehem Steel, LTV Steel, National Steel, and U.S. Steel, September 10, 2001, International Trade Commission, as quoted in *USWA Proposals on Adjustment Actions,* November 5, 2001, p. 6.
[241] Coffin, Donald A. 2003. "The State of Steel." *Indiana Business Review.* 78: 1,(Spring 2003.

this review reveals is that the U.S. steel industry has been on a relatively steady decline in the American economy throughout the Post-World War II era. Its producers and employee unions responded to this decline by applying bandages rather than finding long-term solutions. One such short-term solution that seemed at times to benefit producers, consumers, unions, and the U.S. economy simultaneously was the use of import regulations. In the next chapter, we specifically consider the reactionary responses to these trade policies from two consuming industries.

"…the American people will find it hard, as I do, to accept a situation in which a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility can show such utter contempt for the interests of 185 million Americans."[242]— President John F. Kennedy

CHAPTER 4: THE CONSUMER REACTION (1961-1992)

Since the Reciprocal Trade Agreement Act of 1934 passed into legislation, presidents proclaimed the benefits and brilliance of free trade but seemed in the same breath to promote certain measures that would protect the key industries threatened by foreign competition.[243] Since the 1960s, steel has consistently been one of those industries.[244] While steel production advocates make their arguments for protection of the industry, many steel consumers would argue for the contrary. One estimate finds that quotas, tariffs, and other protectionist restrictions placed on steel imports between 1969 and 1992 cost the American consumer between $60 and $100 billion in higher prices for those goods that contain steel components.[245]

In this chapter, I discuss reactionary responses of two steel consuming industries—the auto and construction industries— to steel trade policies during the years 1961-1992. Specifically, we consider when and how these industries respond to various policies and the effectiveness of those responses.

[242] Kennedy, John F. "News Conference #30: State Department Auditorium." April 11, 1962. Washington, D.C.
[243] Hufbauer, George, et al. 1986. *Trade Protection in the U.S.: 31 Case Studies.* Washington, D.C.: Institute for International Economics.
[244] Rowley, Charles et al. 1995. *Trade Protection in the U.S.* Brookfield, VT: Edward Elgar.
[245] Barringer, William, andKenPirece.2000.*Paying the Price for Big Steel.* Washington, D.C.: American Institute for International Steel.

REACTIONS TO TRADE PROTECTION: 1961-1977

President John F. Kennedy, concerned about the increasing price of steel, brokered an agreement between the United Steel Workers Association (USWA) and the United States Steel Company in 1962 with the premise that U.S. Steel would not raise its steel prices. However, Kennedy was enraged when four days later Roger Blough, the president of U.S. Steel, met with Kennedy and issued him a press release copy stating that U.S. Steel would be raising prices. In response, Kennedy immediately began to shift defense contracts from U.S. Steel to smaller companies not raising their prices, issued a grand jury investigation of price-fixing among large steel companies, and gave this press release statement: "…when they could be exploring more efficiency and better prices…a few gigantic corporations have decided to increase prices in ruthless disregard of their public responsibilities. Some time ago I asked each American to consider what he would do for his country and I asked the steel companies. In the last 24 hours we had their answer."[246]

Nonetheless, U.S. Steel President Roger Blough would contend in return that, "It's unfair competition when steel is sold for much less than the same producer is charging his own native land for the steel" and would make this argument not only throughout the Kennedy administration, but into the Johnson administration and with increasing intensity.[247] Our study of steel industry protection begins toward the resolution of the Johnson administration. The Nixon administration responded to pressure for protecting a declining steel industry from the steel producers and steel voluntary restraint agreements were first negotiated with Japanese, and later, European producers. While these would give temporary relief to the steel production portion of the industry, the steel consumption side of the industry suffered as a result. Steel consumers also lobbied Congress and the Executive, but their attempts were much more fragmented than those of the united producers and therefore less productive. However, steel consumers did unite as they asked the courts to consider the constitutionality of the measures.

[246] Kennedy, John F. "News Conference #30: State Department Auditorium." April 11, 1962. Washington, D.C.
[247] Qtd. In Hinshaw, John H. 2002. *Steel and Steelworkers: Race and Class Struggle in Twentieth-Century Pittsburgh.* Albany: State University of New York Press.

PRESIDENT NIXON AND THE VRA

In 1959, steel imports into the United States began to exceed steel exports for the first time in the century. From 1961 to 1968, steel imports increased nearly 600 percent, as they reached 16.7 percent of the domestic market in 1968. At one session for negotiation between steel firms and the USWA, when steel firms proposed a price raise that President Lyndon Johnson considered inflationary, President Johnson quipped to the U.S. Steel President, "'tell those nickel bending bastards [on his board of directors] that if they try to bend that nickel on Lyndon Baines Johnson, I'll jam that nickel up their asses in more ways than they can count.'"[248] Nonetheless, Voluntary Restraint Agreements were initially started in response to increased steel imports into the United States in the 1960s. In the fall of 1968, Senator Hartke (D-Indiana) initiated policy action when he introduced a bill to limit overall steel imports into the U.S. to 9.6% of the total U.S. steel product consumption. Senator Hartke's commitment to protection for the steel industry would be rewarded a few years later as he would raise funds for his reelection campaign. At one Washington campaign fundraiser, for example, steel donors were the most represented group—accounting for $11,000 of the $80,000 raised for Senator Hartke's reelection campaign—and Senator and Senate Finance Committee Chair Russel Long (D-LA) cited Senator Hartke's role in the steel quotas as part of introduction, and as Senator Long further stated, "Vance Hartke will be the man to provide the leadership to see that your investments are protected."[249]

As pressure from the domestic steel industry lobbyists and from Congressional leadership[250] for relief from steel imports mounted, the Executive coordinated Voluntary Restraint Agreements with Japanese and European steel producers that agreed to restrict imports to a specified maximum tonnage.[251] In order to achieve popular support for a program which would raise the prices for consumer goods during a time of high aggregate inflation and

[248] Johnson, Lyndon B. qtd. In Hinshaw, John H. 2002. *Steel and Steelworkers: Race and Class Struggle in Twentieth-Century Pittsburgh.* Albany: State University of New York Press.
[249] Qtd. In *Rome News Tribune.* April 9, 1971. Washington, AP. < http://news.google.com/newspapers?nid=348&dat=19710409&id=_ptOAAAAIBAJ&sjid=30MDAAAAIBAJ&pg=7122,5569967 >.
[250] Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11:110 (1986).
[251] Daniel, Royal, and Mitchell S. Ross. "The Future of the Steel Voluntary Restraint Agreements." *Loyola of Los Angeles International and Comparative Law Review.* (June 1, 1989). Loyola Marymount University and Loyola Law School.

unpopular war in Vietnam, the freshly elected President Nixon chose to negotiate the series of VRAs with Japan and the European Community (EC) that would limit U.S. steel imports to 5.75 million tons per year—25% below the 1968 level—for each the Japanese and EC producers beginning in 1972 and intended to expire in December1972.[252] Since this limit was based on annual tonnage, foreign producers promptly changed their export production from the lower value/ ton carbon steel to higher value/ton steel and thus higher priced, specialty steels that included stainless steel and alloys. In 1972, the U.S. signed an extended VRA with the United Kingdom—which was not yet an EC member—and all VRAs were extended through December 1974 and expanded to include ceiling levels on the specific types of specialty steel products that may be exported into the U.S. market each year.[253] As a result, President Nixon could provide some slight appeasement to the actively lobbying steel industry, stating, "For some time, I have been deeply concerned about the serious problem that excessive imports have posed for our steelworkers and our steel industry. Consequently, I directed that efforts be made to limit the impact of steel imports."[254]

Reactions

Although the limitations on steel exports to the United States became effective in 1969 and were extended until 1974, they appear to only really have been binding from 1971-1972 for most products.[255] Research shows that these limits still raised U.S. steel prices 1.2 to 3.5 percent in 1971-1972.[256] Still, from 1969-1974, steel consumption dropped by 17% due to a simultaneous increase in both domestic steel prices and imported steel prices, overall during this period, increases of 5.3% and 13.3% respectively.[257] These changes led researchers to estimate

[252] Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
[253] Lindsey, Brink et al. 1999. *The Steel Crisis and the Cost of Protectionism.* Washington, D.C.: Cato Institute.

[254] Nixon, Richard. "143—Statement About Voluntary Restraints by Foreign Steel Producers to Limit Exports to the United States." *Public Papers of the Presidents.* <www.presidency.ucsb.edu/ws/?pid=3400>.
[255] Crandall, Robert W. "The Effects of U.S. Trade Protection for Autos and Steel." *Brookings Papers on Economic Activity.* Brookings Institution, 1987.
[256] Crandall, Robert W. 1981. *The U.S. Steel Industry in Recurrent Crisis: Policy Options in a Competitive World* (Brookings).
[257] Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

the loss of consumer surplus to be an aggregate $12 billion during these years.[258] The U.S. steel industry sector that was predicted to receive the greatest benefit from protection was steel labor, which was estimated—before VRAs—to lose 100,000 jobs between 1968 and 1975. However, despite the VRAs, 81,000 steel industry worker jobs were cut in that period, while those retained employees received, on average, a 111% increase in wages in 1975.[259]

Consumers Union of United States, Inc. v. Kissinger[260]

As the consumer industries were clearly suffering steep losses that resulted from the VRAs, they lobbied Congress and the Nixon Administration for a free trade position. However, their fragmented, firm-based, efforts were not a great success. Thus, some firms united in an effort to bring cases before a third political institution.

The court is itself a politically-natured institution, and on January 8, 1973 steel consumers brought a case before the U.S. District Court of Appeals for the District of Columbia. In *Consumers Union of United States, Inc. v. Kissinger*, a consumer organization challenged President Nixon's authority to make VRAs. The *Consumers Union* contended that an executive could not constitutionally regulate foreign commerce without Congressional delegation because the VRA was a regulation of commerce in contravention of the United States Constitution's commerce clause.[261]

The U.S. District Court of Appeals for the District of Columbia determined that the President cannot issue orders to customs authorities that delay imports, alter tariffs, or impose mandatory quotas without a congressional delegation providing power to regulate foreign commerce. However, the court additionally held that VRAs are not an enforceable import restriction and that—although Congress maintains the Constitutional power to regulate

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[258] Hufbauer, George, et al. 1986. *Trade Protection in the U.S.: 31 Case Studies.* Washington, D.C.: Institute for International Economics.
[259] Hufbauer, George, and Kimberly Elliot. 1994. *Measuring the Cost of Protectionism in the U.S.* Washington, D.C.: Institute for InternationalEconomics.

[260] *Consumers Union of United States v. Kissinger*, 506 F. 2d 136, 138-39 (D.C. Cir. 1974).
[261] United States Constitution. Article I, Section 8, cl. 3.

enforceable import restrictions[262]—Congress' power does not ban an executive from seeking assurance of voluntary restraint[263] from foreign steel producers.[264] The court of appeals agreed that the President must comply with the requirements of the Trade Expansion Act of 1962 before decreasing or increasing tariffs, imposing mandatory quotas, or ordering a customs service delay or goods entry refusal, but also stated, "[w]here, as here, [the Executive] does not pretend to the possession of such power, no such conformity is required."[265] In general, the constitutionality of an executive agreement if further recognized by Congress in accordance with the Case Act requires that a Secretary of State transmit the agreement text to Congress only for its informational uses.[266] However, in some cases, Congress may require by legislation that it must approve a given executive agreement.[267]

REACTIONS TO TRADE PROTECTION: 1978-1982

Between 1975 and 1978, import pressure eased a bit; there were not specific restrictions to limit carbon-steel imports, although there were still quotas for specialty-steel imports in effect from 1976 to 1980. However, imports began to rise again in 1978 to dominate 18.1% of the domestic market, as U.S. steel production corporation profits began their 35% plummet during the 1975-1976[268] period, and by the end of 1977, U.S. steel producer profits had fallen nearly 98.6% from the 1975 level to $22 million.[269] This return of plunging prices once again inspired

[262] Tariff Act of 1930, 19 U.S.C. § 1303(d) (1982).
[263] This decision is reaffirmed in *Klockner, Inc. v. United States*, 590 F. Supp. 1266, 1271 (Ct. Int'l Trade 1984).
[264] *Consumers Union of United States v. Kissinger*, 506 F. 2d 136, 138-39 (D.C. Cir. 1974).

[265] Majority Opinion at 15, Consumers Union of U.S., Inc. v. Kissinger, No. 73-1095 (D.C. Cir., Oct. 11, 1974).
[266] 1 U.S.C. § 112b (1982).
[267] Shane, Peter M., and Harold H. Bruff. 1988. *The Law of Presidential Power.* Durham, N.C.: Carolina Academic Press.
[268] Office of Technology Assessment, U.S. Congress. (Various Years). *Technology and SteelIndustry Competetiveness Annual Report.* Washington, D.C.: U.S. Government Printing Office.
[269] Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

intense lobbyist action.[270] Steel producers turned to a new strategy for relief—filing USITC anti-dumping petitions[271]—and "by the fall of 1977, nineteen separate steel industry petitions involving steel products were before the Treasury Department—'an unprecedented number with respect to a single industry within so short a time frame.'"[272]

TPM

In 1977, representatives from the largest steel producers in the country complained to the President of unparalleled surges in low-price imports resulting in plant closures, bankruptcies, and unemployment, particularly in the Eastern states. In response, President Carter appointed an Interagency Task Force—chaired by Treasury Under Secretary Anthony Solomon—to study the dilemmas confronting the United States steel industry. The "Solomon Report" stated that there was a "glut" in the global economy due to the over-extension of the steel making capacity.[273] The Interagency Task Force further mentioned that there existed too many policy uncertainties in areas such as tax policy and pollution abatement, which caused difficulty for those interested in investing in the steel industry. Additionally, the Report indicated that there was a surge in the number of complaints filed by domestic steel interests that citing the Antidumping Act of 1921, as they contended that steel mill products were being imported at less than "fair value."[274] The "Solomon Report" proposed a comprehensive program to aid the U.S. steel industry, and at the center of that program was a proposal that the U.S. Treasury[275] accept a "trigger price system,"

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[270] Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11:110 (1986).
[271] Hufbauer, George, et al. 1986. *Trade Protection in the U.S.: 31 Case Studies.* Washington, D.C.: Institute for International Economics.

[272] "Protecting Steel: Time For A New Approach," 96 *Harvard Law Review* 866, 875 (1983).
[273] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.
[274] Ehrenhaft, Peter D. "United States: Trigger Price Mechanism for Imported Steel Products." *International Legal Materials* Vol. 17, No. 4 (July 1978), American Society of International Law, pp. 952-955.
[275] Initial authority for trigger price mechanism administration belonged to the U.S. Treasury but on January 2, 1980, that authority was transferred by Executive Order to the Commerce Department.
See Exec. Order No. 12,188, 45 Fed. Reg. 989 (1980). See also Reorg. Plan No. 3 of 1979, 44 Fed. Reg. 69,273 (1979).

which would audit steel mill imports and could commence "fast track" antidumping processes pertaining to import steel sold below "trigger prices."[276] A "trigger price" may be defined as,

> a price at which an import causes the importing country automatically to impose a tariff or quota. For example, a country may have a law stating that if an import falls below $10 per unit, a tariff is imposed that results in the import becoming $13 per unit. Trigger prices are used when the importing country generally wishes to promote free trade but does not want importers to undercut domestic industry.[277]

Later known as the "trigger price mechanism," this system is based upon the Antidumping Act of 1921,[278] and the implementation of such a system was intended to be entirely consistent with the Act.[279] The Solomon Report clarifies that the trigger price is not to be confused with a "constructed value" or "minimum price," as this could lead to inflation, and when the overall intent of the Interagency Task Force was "maintaining an open world trading environment based upon normal trade practices."[280]

In response to the demand of the steel producers and the documented support and recommendations found in the Solomon Report, the Carter Administration implemented the trigger price mechanism (TPM). The Task Force President Carter had assembled specifically recommended,

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[276] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.

[277] Farlex Financial Dictionary. 2012. Philadelphia. <www.farlex.com>.

[278] Although the Antidumping Act of 1921 was then repealed by the Trade Agreements Act of 1979, the Trigger Price Mechanism continued under the antidumping provisions of the new act.
See McCormack, Garry P. 1980. "The Reinstated Steel Trigger Price Mechanism: Reinforced Barrier to Import Competition." *Fordham International Law Journal.* 4:2, Art. 3.< http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=1031&context=ilj >.

[279] Ehrenhaft, Peter D. "United States: Trigger Price Mechanism for Imported Steel Products." *International Legal Materials* Vol. 17, No. 4 (July 1978), American Society of International Law, pp. 952-955.

[280] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.

> [T]hat the Department of Treasury, in administering the Antidumping Act, set up a system of trigger prices, based on the full costs of production including appropriate capital charges of steel mill products by the most efficient foreign steel producers (currently the Japanese steel industry), which would be used as a basis for monitoring imports of steel into the United States and for initiating accelerated antidumping investigations with respect to imports priced below the trigger prices.[281]

President Carter's policy response was establishment of the TPM, which established a fair import price based on Japanese costs. The TPM— with an additional 8% increase for profit—assumed, then, that Japanese costs were the baseline as it was the world's most efficient producer at the time. Any regulated steel imported at a lower price was, thus, quickly in an antidumping investigation with the Treasury Department. Steel importers were required upon entry to present a "Special Steel Summary Invoice" (SSSI) that would simplify the comparison of the import price with the trigger price and would certify on the invoice that no drawbacks, rebate, or unrelated incentives had been issued in relation to the importation.[282]

Specifically, the Special Customs Steel Task Force (SCSTF) was to administer the TPM[283] and if the comprehensive price that was listed on an SSSI was lower than the corresponding trigger price, the SCSTF would forward that information to the U.S Treasury—later the Commerce Department—for a complete anti-dumping investigation. Of course, steel producers were initially ecstatic about this policy, as more than 85% of imported steel was

[281] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.

[282] 19 C.F.R. § 141.89(b) (1980); 42 Fed. Reg. 65,214, 65,216 (1977).

[283] 42 Fed. Reg. 65,214, 65,215 (1977).

affected by the TPM and since. [284]Also cause for elation, at the time, Japanese steel production costs per ton were among the highest in the world due to the quickly increasing Japanese wages, the appreciating yen, and depreciating dollar, as well as the additional 12% cost to ship a ton of Japanese steel to the U.S. over the Pacific Ocean in comparison to shipping rates from across the Atlantic Ocean.[285] However, the Interagency Task Force stated in its Report that it aimed to enforce the domestic trade laws in a way that was "effective and responsive to the requirements of suppliers and consumers alike."[286]

Additionally, it may be argued that the trigger price mechanism is a compromise in that while it is designed to prevent injury to the steel industry, it also permits technical dumping, because by "definition the trigger price is below the fair value of the products of any but the more efficient foreign producer." Additionally, while foreign producers may lose some market share in the U.S., they are also guaranteed that the market will not be closed to them because of a long-term antidumping investigation procedural barrier. Finally, the steel producers must agree to drop their current pending antidumping complaints in exchange for the TPM and its protection.[287] As noted in a Commerce Department press release, "[the TPM] was designed as a substitute for individual antidumping petitions by the domestic steel industry."[288]

In exchange for the TPM, U.S. steel producers agreed to drop their antidumping and countervailing duties complaints. Import penetration initially caused a reduction in imports, but by 1980, increased concentration on the U.S. market by foreign producers combined with higher U.S. prices to determine that steel imports began to increasing again despite the TPM. Nonetheless, "in order to harness labor votes in the upcoming November 1980 Presidential

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[284] Walter, Ingo. 1983. "Structural Adjustment and Trade Policy in the International Steel Industry." In *Trade Policy in the 1980s,* ed., William Cline. Washington, D.C.: Institute for International Economics.
[285] United States Trade Representative. 1979. *Annual Report to the President on Trade Agreements.* Washington, D.C.: U.S. Government Printing Office.
[286] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.
[287] Report to the President: A Comprehensive Program for the Steel Industry, released Dec. 6, 1977 [hereinafter cited as Solomon Report], reprinted in Hearings on the Administration's Comprehensive Program for the Steel Industry Before the Subcomm. On Trade of the House Comm. on Ways and Means, 95th Cong., 2d Sess. 3-38 (1978) [hereinafter cited as Steel Industry Hearings.
[288] Department of Commerce News. March 21, 1980.

elections, [President Carter] extended the TPM program in October of that year for an additional sixteen months until February 1982 when it was allowed to expire."[289]

As expected, imports fell during the years 1977-1982, as expected, but steel import penetration actually increased from 17.8% of the market in 1977 to 21.8% in 1982.[290] This may be a result of the major recession from 1981-1983 and the fact that during this period, U.S. production fell by nearly one-fourth as the U.S.GDP dropped to less than ½% per annum.[291] Additionally, steel producing corporation profits turned to a negative $3.2 billion at the end of 1982.[292] Furthermore, the trigger price mechanism, which was designed not to be inflationary, was found to be inflationary. At its inception, Barry Bosworth, Director of the Council on Wage and Price Stability, declared that it was "obvious that the steel industry [would] continue to be a very serious problem" with inflationary costs.[293] Chairman of the Council on Wage and Price Stability, Alfred E. Kahn, later confirmed this outcome as he stated that the system "tends to be inflationary."[294]

Still, although the TPM ultimately proved less beneficial to steel producers than expected, its greatest immediate harm was again the loss of the steel consumers due to higher prices. During this period, domestic steel prices increased 6.4% while the average price of imported steel simultaneously skyrocketed 15.9%.[295] In order to understand the negative influence the TPM generated on consumer purchasing power, we might further consider that the estimated loss in consumer surplus for this period was $22 billion.[296] Finally, we find that once again, protectionism did not achieve one of its foremost goals: to save steel industry employee

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289 Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

290 United States International Trade Commission. 1983. "Annual Report to the President on Trade Agreements." Washington, D.C.:U.S. Government Printing Office.

291 Bureau of Economic Analysis, U.S. Department of Commerce. 1987. *Current Survey of Business*. Washington, D.C.: U.S. Government Printing Office.

292 Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

293 Barry Bosworth, White House Conference on Steel (Oct. 13, 1977).

294 Kahn, Alfred E. qtd. In Am. Metal Mkt., Mar. 9, 1979, at 30, col. 1.

295 Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. <http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

296 American Iron and Steel Institute. 1983. *Annual Statistical Report.* Washington, D.C.: American Institute for International Steel.

jobs. The number employed in the steel industry dropped by nearly one-fourth from 1977 to 1982, as over 100,000 steel industry workers lost jobs.[297]

Reactions

The trigger price program became active during a period of the depreciating U.S. dollar, and therefore, its effect on prices was limited in its early stages, raising U.S. producer prices approximately 1 percent in 1979.[298] One complaint regarding the TPM came from select steel producers such as one New York City steel firm representative who said, "The only thing the trigger price mechanism has triggered is inflation…. the TPM is really a joke. …a method under which American steel mills can just raise prices to suit themselves. And it has not kept foreign imports out…"[299]As the value of the U.S. dollar increased in 1980, U.S. producers threatened and then filed a series of trade complaints against foreign steel exporters. On March 21, 1980, U.S. Steel Corporation filed antidumping complaints toward seven European countries, as it alleged a material injury that was due to less-than-fair value imports of a broad variety of steel products and in its press release blitzed the "structural inadequacy" of the TPM.[300] Frustrated with the steel producers' legal actions, the Carter Administration gave the TPM a brief suspension but then reinstated it in the fall of 1980.[301] Thus these complaints were suspended and led to the return of trigger prices, followed by new trade suit filings, and ultimately the abolition of the trigger price mechanism. This tumultuous trade climate created great uncertainty among steel exporters.[302]

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[297] American Iron and Steel Institute. 1983. *Annual Statistical Report.* Washington, D.C.: American Institute for International Steel.

[298] Crandall, Robert W. "The Effects of U.S. Trade Protection for Autos and Steel." *Brookings Papers on Economic Activity.* Brookings Institution, 1987.

[299] Cleary, James. "Trigger Price Mechanism: A Case Study." *Executive Intelligence Review.* Vol. 6, No. 18. May 8-May 14, 1979.

[300] United States Steel Public Affairs Release (Mar. 20, 1980).

[301] Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11*:*110 (1986).

[302] Crandall, Robert W. "The Effects of U.S. Trade Protection for Autos and Steel." *Brookings Papers on Economic Activity.* Brookings Institution, 1987.

The Consumer Lobby and *Davis-Walker v. Blumenthal*[303]

Although the steel consumer lobby efforts toward Congress and the executive helped to induce a suspension of the TPM, it was only temporary.[304] Their lobby efforts were still far more fragmented than those of steel producers. This might even be noted in their attempts to find success in the District of Columbia Court, this time not by a union of steel consumers but by the Davis Walker Corporation.

In 1978, the steel consumers brought a case before the United States District Court of the District of Columbia. The Davis Walker Corporation—a manufacturer of wire products such as chain link fences—and United International Corporation—a subsidiary of Davis-Walker Corporation that purchased steel wired rod, the primary source material necessary in the manufacturing of wire products—complained that the steel TPM was unfair. In this case, the plaintiffs argued that it was not within the Secretary of State's constitutional authority to implement a TPM. The district court, however, finds that the Secretary does have authority to administer the Antidumping Act and thus grants in favor of the defendant. The plaintiffs further charged that the TPM was a substantive rule under the APA rulemaking requirements and thus its practice breaks standard APA test procedures and is thus invalid. However, the United States District Court of the District of Columbia additionally concludes that the TPM is not invalid due to the alleged APA procedure non-compliance, as it is not a rule but rather a policy statement or an agency practice.[305]

The plaintiffs additionally contended that TPM application to steel rod wire was arbitrary and capricious and thus violated section 10(e) of the APA, 5 U.S.C. § 706(2) (A) since the decision to limit the steel wire rod excluded so many other products arbitrarily, and the prices for the steel wire rod were capricious and set too high. However, the district court determines that it must affirm the Treasury if the court finds its calculations reliant upon a rational basis.[306] The United States District Court of the District of Columbia found that the plaintiffs' argument was "totally erroneous. The trigger price is not the equivalent of 'fair value' under the Antidumping

303 *Davis-Walker v. Blumenthal*, 460 F. Supp. 283 (D.D.C. 1978).
304 Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11:110 (1986).
305 The Court sites as precedent: *Pacific Gas & Elec. Co. v. FPC,* 164 U.S.App.D.C. 371, 375, 506 F.2d 33, 37 (1974).
306 The Court sites as precedent: *Jennings v. Shultz,* 355 F.Supp. 1198, 1207 (D.D.C.1973).

Act. Indeed, the TPM does not even set minimum prices. The trigger prices merely serve as enforcement guidelines for the Treasury," and therefore the court found the trigger prices for wire rod were reasonable rather than arbitrary and capricious according to the meaning of section 10(e) of the APA.[307]

REACTIONS TO TRADE PROTECTION: 1981-1993

In 1982, the Reagan Administration terminated the TPM as the steel producers continued to file a series of suits. The EC agreed to limit its steel exports to the U.S. in order to settle the series of antidumping and countervailing duty complaints initiated by U.S. steel producers and so U.S. steel interests turned their focus toward Japan and developing countries as they filed more unfair trade cases. Steel producers filed 110 anti-dumping petitions against 41 foreign steel firms within eleven countries with the USITC all within the first several months of 1983.[308] Specifically, these steel production advocates looked to Section 201 of the Trade Act of 1974 in order to gain further restrictions on imported steel. Their endeavors were successful.

For example, Bethlehem Steel and the United Steelworkers of America brought a petition to the ITC in January of 1984[309] as they alleging serious injury by carbon-steel imports, and the ITC ruled in favor of the producers, agreeing the imports were causing injury and further recommending the combined solution of quotas and tariffs.[310] On January 24, 1984, Bethlehem Steel Corporation and the United Steelworkers of America brought a petition before the ITC concerning a safeguard investigation under section 202 of the Trade Act of 1974 and left it to the ITC to consider if various carbon and alloy steel products were being imported into the U.S. in increasing quantities that were a significant cause of serious threat to the domestic steel industry.

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[307] *Davis-Walker v. Blumenthal*, 460 F. Supp. 283 (D.D.C. 1978).

[308] United States International TradeCommission. 1983. Monthly Report on Selected Steel Industry Data. Washington, D.C.: U.S.I.T.C.

[309] *Carbon and Certain Alloy Steel Products*, USITC Pub. 1553, Inc. No. TA-201-51, at 4 (July 1984).

[310] Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11*:*110 (1986).

As he announced the petition during a news conference at the Hotel Bethlehem—itself built at the urging of Bethlehem Steel Corporation founder Charles M. Schwab—Bethlehem Steel CEO, Donald Trautlein declared, "There is absolutely no free trade in steel."[311] Meanwhile, as the petition was brought before the ITC, Congressional Steel Caucus members prepared legislation for a 15 percent quota on all imported steel. The hearings were "completely dominated by the steel sector and its supports. Steel-using industries did provide some testimony in opposition but their lobbying efforts were extremely limited."[312]

On July 24, 1984, the ITC decided that imports from five of nine categories of carbon and alloy steel products in the petition were imported in increasing quantities such that they were a serious threat for injury to the U.S. domestic steel industry and that all nine of the categories were increasing imports—a finding that met the requirement of Section 201. The ITC additionally considered whether there was actual serious injury to U.S. steel producers and found that during its period of review, 1979 to 1984, the industry experienced tremendous negative market condition changes and that the production of carbon steel had decreased substantially during the period of review. Thus, the ITC found clear indicators for serious injury to the U.S. steel industry and recommended to the President the implementation of quotas, tariff rate quotas, or tariff rate increases in the products under petition. Nonetheless, even Commissioners recognized the need for the steel industry itself to make its own immediate internal changes. Commissioner Rohr, who charted the relief plan, also said that the domestic steel industry should have 120 days from the time of protective restrictions to devise a plan that would "reveal meaningful effects" or the President should terminate the quotas.[313] The ITC did also find that much of the injury was from the minimills rather than import competition[314]. Additionally, after the commission's meeting, Commissioner Alfred Eckes stated that he "would think there would

[311] Qtd. In "Forging America: The Story of Bethlehem Steel." *The Morning Call.* <http://articles.mcall.com/2003-12-14/topic/3501498_1_bethlehem-steel-martin-tower-mini-mills/6>.
[312] Moore, Michael O. 1996. "The Rise and Fall of Big Steel's Influence on U.S. Trade Policy." *The Political Economy of Trade Protection.* Krueger, Anne O., Ed. Chicago: University of Chicago Press.
[313] Qtd. In 2012. "Commission Asks for Quotas and Tariffs to Aid US Steel Industry." *The Christian Science Monitor.* <http://www.csmonitor.com/1984/0712/071218.html/(page)/3>.
[314] U.S. International Trade Commission (ITC). 1984. Carbon and certain alloy steel products. USITC Publication no. 15513. Washington, D.C.: U.S. Government Printing Office.

probably be some increase in steel prices. In the short run, some consumers may feel they are disadvantaged."[315]

AUTO RESTRAINTS, VRAS, AD, AND CVD FILINGS

Reagan

The Reagan Administration—six weeks away from an election—was in an awkward position. The Administration publicly committed itself to a free trade position, yet it was the President's statutory obligation to decide within sixty days whether or not to implement the ITC recommendations for combined quotas and tariffs or to declare its recommendations not in the national interest.[316] President Reagan rejected the ITC's suggested for tariff and quota implementation and instead would employ voluntary restraint agreements.[317]

President Reagan said that he would not utilize the Commission's remedy because "import relief is not in the national economic interest."[318] Reagan viewed the VRA as a compromise[319] between not imposing any trade restriction that could assist the domestic steel industry or turning to the USITC's recommended tariffs or quotas as permitted by section 201. Consequentially, in 1984, President Reagan declared tariffs or quotas were not in the national interest[320] and then authorized the United States Trade Representative (USTR) to begin to negotiate voluntary restraint agreements with countries with rapidly increasing U.S. steel

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[315] Qtd. In 2012. "Commission Asks for Quotas and Tariffs to Aid US Steel Industry." *The Christian Science Monitor.* < http://www.csmonitor.com/1984/0712/071218.html/(page)/3>.

[316] Trade Act of 1974, § 202, 19 U.S.C. § 2252 (1982).

[317] *Foreign Affairs, Trade and Development Canada*. 2012. "U.S. Trade Remedy Law: The Canadian Experience." < http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/disp-diff/section06.aspx?lang=eng >.

[318] United States International Trade Commission.1985. "Report on Investigation No. 332-214 Under Section 332 of the Tariff Act of 1930." *The Effects of Restraining U.S. Steel Imports on the Exports of Selected Steel-Consuming Industries.* Washington, D.C.: USITC.

[319] Comment, The Anatomy of Protectionism: The Voluntary Restraint Agreements on Steel Imports, 35 UCLA L. REV. 953, 972 (1988).

[320] 49 Fed. Reg. 36,813-14 (1984).

exports.[321]He then declared there would be a new set of voluntary restraints which would resolve the Section 201 petition brought by Bethlehem Steel before the ITC earlier in that year.[322]

Congress' response to President Reagan's decision to seek VRAs rather than tariffs was the Steel Import Stabilization Act—part of Title VIII of the Trade and Tariff Act of 1984.[323] Congress passed and President Reagan signed into law the Trade and Tariff Act of 1984, which gave the president fast-track authority to negotiate such discriminatory trade agreements and also stated that if the VRA strategy failed, Congress would likely follow with unilateral mandatory quotas.[324] Yet, President Reagan still made his position clear when he asserted that though "I support the act's emphasis on the need for reinvestment on our steel industry, it is the industry, not the government that must make these investment decisions."[325]

The new restraints, which included most steel exporting countries, permitted importation of 1.5 million tons of semi-finished steel but limited finished steel imports to 18.5 percent of the U.S. market from 1985-1989. The rising dollar and an EC settlement had allowed U.S. producer prices to rise substantially above European spot prices from 1981-1984, but as the U.S. dollar declined this trend reversed and the margin narrowed. Thus, the resulting import share fell only modestly and steel imports remained at a historically high level despite quotas.[326]

Starting in April of 1981, the Japanese were to limit their exports of passenger cars to the United States to 1.68 million units a year through March 31, 1984 and, in 1984, these restraints were extended for one more year at 1.85 million passenger cars, and for yet another year in 1985 at 2.3 million units. Then, in 1986, Japan's Ministry of International Trade and Industry took unilateral responsibility for extending them at 2.3 million units per year. As the dollar rose

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[321] Monthly Report on the Status of the Steel Industry, USITC Pub. No. 2088, Inv. No.332-226, at vi (June 1988) [hereinafter JUNE 1988 ITC STEEL REPORT].

[322] Djavaherian, Michael M. "Voluntary Restraint Agreements: Effects and Implications of the Steel and Auto Cases." *North Carolina Journal of Internationl Law and Commerce Regulation.* 11:110 (1986).

[323] Steel Import Stabilization Act, § 801, 19 U.S.C. § 2253 (Supp. 1988).

[324] This Act gives the President bargaining leverage. The President could clearly impose across-the-board quotas in accordance with Trade Act of 1974, § 201, 19 U.S.C. § 2251; However, section 201 did not grant the discriminatory authority to places quotas against individual states. This Act, then, grants additional discriminatory power to the executive's trade bargaining stance.

[325] Reagan, Ronald. "Remarks on Signing the Trade and Tariff Act of 1984." October 30, 1984. <www.reagan. utexas.edu/archives/speeches/1984/103084c.htm>.

[326] Crandall, Robert W. "The Effects of U.S. Trade Protection for Autos and Steel." *Brookings Papers on Economic Activity.* Brookings Institution, 1987.

sharply between 1980 and 1984, the Japanese import share of U.S. automobile sales declined from 21.2 percent to 18.3 percent.[327]

Bush

President Bush's extension of the VRAs to limit steel imports was certain to keep the steel protection debate between consumers and producers strong, as Bush's extensions provided protection for two-and-a-half years—half the length of the original plan—and implied that he himself was not entirely convinced protection was the best solution. The debate between steel producers and consumers that led to this partial extension was "more political than economic," and the resulting polarization culminated in intense lobbying "filled with emotion, half-truths, and propaganda."[328] In the group which opposed VRA extension, we find the leader in the Coalition of American Steel Using Manufacturers, led by Caterpillar, Inc. This anti-VRA steel consumer alliance hired the Stern Group—an international trade firm directed by former ITC chairwoman Paula Stern—in order to argue that steel shortages hurt the competitiveness of many firms and quoting studies to show that prices spike as a result of VRAs.

On the other end of the argument, The American Iron & Steel Institute (AISI) was at the head of the push for a five-year VRA extension, and it became a more formidable force when the Coalition for a Competitive America-Steel Users for VRAs—which included consumer companies such as Chrysler, Maytag, Conrail, and Mack Trucks—organized and joined in the extension effort. Lobbyists from this VRA support alliance quoted data from U.S. International Trade Commission (USITC) findings and also utilized economic consulting firm Putnam, Hayes & Bartlett.[329]

Reactions

[327] Crandall, Robert W. "The Effects of U.S. Trade Protection for Autos and Steel." *Brookings Papers on Economic Activity.* Brookings Institution, 1987.
[328] Modic, Stanley J. "Steel VRAs." *Industry Week.* (September 18, 1989). <http://business.highbeam.com/5460/article-1G1-7939631/steel-vras>.
[329] Modic, Stanley J. "Steel VRAs." *Industry Week.* (September 18, 1989). <http://business.highbeam.com/5460/article-1G1-7939631/steel-vras>.

Despite ten years of steel VRAs, this era of protection did not achieve the primary objective of steel protection: steel import reduction. Rather, steel imports rose by 4% during this period, while import penetration rose to a historical high at nearly 27%. Additionally, steel industry employment continued its downward spiral as it fell by 42% between 1982 and 1993.[330] In 1985-1986 alone, five major steel corporations—including the second largest domestic producer, LTV Corporation—filed for bankruptcy; as of 1988, 20% of the U.S. steel industry was in Chapter 11 proceedings according to AISI.[331] Still, again it was the consuming corporations that were most negatively influenced by this period of protection. Scholars estimate a loss in consumer surplus of $68 billion during 1983-1992, as domestic prices increased 12% and import prices catapulted by 30%.[332]

This was not a surprise to the four dissenters in the House Ways and Means Committee who contended that passage of the Tariff and Trade Act of 1984 and the enforcement of VRAs would be very difficult to enforce and regulate and would be a catalyst to a far greater level of imports than Reagan's program estimated[333]. They further asserted that "government[s] have never had very great success in directing investment for private industry."[334]

Once again, steel consumers organized and responded in protest of the protectionist policies. This time, a political coalition which representing a broad range of steel consuming industries lobbied Congress and the Executive to terminate their steel protection policies. These consuming political actors included one organization which in itself represented 370 consuming corporations—the Coalition of American Steel Using Manufacturers. Additionally, the American Institute for Imported Steel, the Precision Metal Forming Association, the West Coast Metal Importers, the Texas Association of Steel Importers, the National Grange, and the Steel Service Center Institute lobbied Congress and the Executive.[335] These political coalitions were

[330] Merkel, EdwardT., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy: Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
[331] AISI "Steel Comments," no. 1, May 9, 1988.

[332] Hufbauer, George, and Kimberly Elliot. 1994. *Measuring the Cost of Protectionism in the U.S.* Washington, D.C.: Institute for InternationalEconomics.
[333] The four dissenters were: Rep. Bill Archer (R. Tex.), Rep. Barber B. Conable (R. N.Y.), Rep. Phil Crane (R. Ill.), and Rep. Bill Frenzel (R. Minn.). HOUSE REPORT, supra note 59, at 5204.
[334] HOUSE REPORT, supra note 59, at 5204.
[335] *Congressional Quarterly Weekly Report.* 1989. Washington, DC, Congressional Quarterly, Inc., March 25, p.629-32.

representative of those many firms that could not negotiate the lower prices enjoyed by the larger steel consumers, and they contended that protectionist steel policies created skyrocketing steel prices, generated steel shortages, and thus depleted any potential profits of the steel consuming industries.[336] Still, counter-lobbying pressures by domestic consuming groups are typically less influential in lobbying situations than those lobbying pressure of domestic producers.[337]

CONCLUSION

Steel production advocates make their arguments for protection of a declining industry, but as they do, many steel consumers would argue for the contrary. An estimate which supports concerns of steel consumers finds that quotas, tariffs, and other protectionist restrictions placed on steel imports between 1969 and 1992 cost the American consumer between $60 and $100 billion just in higher prices for goods containing steel parts.[338]In this chapter, we considered the steel consuming industries'—the auto and construction industries— reactionary responses to protectionist steel trade policies during the years 1961-1992.

When the 1969 VRAs and Carter era TPMs caused steep losses for the consumer industries, they lobbied Congress and the Executive to terminate the protectionist positions. However, their individualized efforts were mostly unsuccessful. Thus, some firms united in an effort to bring their argument before the U.S. District Court of Appeals for the District of Columbia in *Consumers Union of United States, Inc. v. Kissinger.*[339] Later, also, the Davis Walker Corporation challenged the constitutionality of the TPM in *Davis-Walker v. Blumenthal*, but once again a district court affirmed executive authority to negotiate the protectionist policy.[340]

In conclusion, we find that the steel consumers are slowly adapting their response methods from a more individual firm based lobby to one that includes this but also includes more

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[336] *Congressional Quarterly Weekly Report.* 1989. Washington, DC, Congressional Quarterly, Inc., March 25, p.629.

[337] Bhagwati, Jagdish N. 1982. *Import Competition and Response.* National Bureau of Economic Research.

[338] Barringer, William, andKenPirece.2000.*Paying the Price for Big Steel.* Washington, D.C.: American Institute for International Steel.

[339] *Consumers Union of United States v. Kissinger*, 506 F. 2d 136, 138-39 (D.C. Cir. 1974).

[340] *Davis-Walker v. Blumenthal*, 460 F. Supp. 283 (D.D.C. 1978).

persuasive use of the consumer alliance groups. Still, their responses have not been successful enough to halt the protectionist policies that harm their industry. The consumers improved their lobby position when they organized a more united front to protest the Bush-era VRAs which included the powerful representative influence of the Coalition of American Steel Using Manufacturers. Nonetheless, even then it seems that the argument for protectionism utilized a more ideal lobby organizational strategy as not only various producers and producers unions, but also the Coalition for a Competitive America-Steel Users for VRAs—an alliance of steel consumers—lobbied in support of VRAs. Overall, then, the effects of the consumer lobbies in this historical era were not able to stifle protectionism but they may have helped to restrain the looming possibility for a steel tariff from becoming reality….at least for awhile.[341]

[341] Comment, The Anatomy of Protectionism: The Voluntary Restraint Agreements on Steel Imports, 35 UCLA L. REV. 953, 972 (1988).

"I understand that the guys who were benefiting from dirt-cheap prices during the most flagrant periods of illegal dumping may not be happy that steel prices have gone up somewhat from unsustainable, below-cost 20-year lows. But the steel industry was, in essence, under attack from foreign countries."

--Dan DiMicco, Former Chairman of the American Iron and Steel Institute[342]

CHAPTER 5: STEEL PRODUCERS AND THE DECISION

In this chapter, I provide the results for my measures of steel interest group influence on U.S. foreign trade policy. This chapter's findings result from a study that is both qualitative and quantitative in its methodology. I begin, then, with a report of the results of an initial case study analysis. I specifically report the results of a qualitative study on the influence of various means of interest group influence on the Bush administration and consider which explains the most regarding its steel trade protection policy decisions in order to demonstrate how this model will work and to perform an initial testing of the model on the case that was catalyst to my research question. Then, I additionally report the results of my quantitative analysis of the years 1964-1992. These combined studies of varying steel decisions lead me to an initial discussion of my findings on the steel industry variables and their influence on U.S. foreign trade policy decisions.

STEEL PRODUCERS AND THE STEEL TARIFF

In spite of many years of protection, the steel industry continued its downward spiral, and its outcry for help only intensified. Many argued that the question of how to protect the steel industry without injuring the economy with steep price hikes, was a question that could help determine the congressional races in the coming November elections and even affect then

[342] Qtd. In "U.S. Steel Users Claim Tariffs 'Protect a Few at the Expense of the Majority.'" *Knowledge at Wharton.* February 12, 2003. <http://knowledge.wharton.upenn.edu/article.cfm?articleid=716>.

President Bush's likelihood for re-election in 2004.[343] This section considers the intensity and influence of the steel producer lobby on the Executive and Congress.

STEEL PRODUCER LOBBY ON THE EXECUTIVE

Steel producers continued to see their industry in a rapid downward spiral despite years of previous protection to turn this trend around and so they intensely lobbied the executive for a more rigid protectionist measure. One steel protection lobbyist argument that President Bush was especially sensitive to was that U.S. security required preservation of the steel industry, and what was one sentiment that many advocates for a strong protectionist presidential action tried to use to their advantage. For example, just before he went to the White House to make another appeal, Senator Carl Levin of Michigan—chairman of the Senate Armed Services Committee—told an excited steelworker audience, "Our weapons are made of steel. We go to war with what you make."[344]

When the news that the Executive administration was trying to find ways to soften the tariffs, Thomas J. Usher—chief executive of U.S. Steel—declared in an interview that this was no time to be timid, even if being bold may risk making critical antiterrorism coalition countries hostile. Usher said, "there are a lot of holes in the president's plan, if you exclude the developing nations and Canada and Mexico and maybe Russia, then we will end up with a weak solution….[that] won't save industry or the jobs."[345]

Although Bush did not discuss the subject politically after becoming president, he must have remembered the political commitments that he made during the tight 2000 presidential campaign, as he and his running mate, Dick Cheney, suggested that President Bill Clinton and

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[343] "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). < http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm >.

[344] Carl Levin qtd. In Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[345] Thomas J. Usher qtd. In Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

Vice President Al Gore did not keep workers secure from low-priced imports.[346] One sign that President Bush did not forget the importance of these commitments was that Karl Rove, his chief political advisor, attended the major meetings at the White House regarding how to meet the steel industry's demands. Mr. Rove understood that the tariffs would most affect steel producers in Pennsylvania, West Virginia, and Ohio, which were all critically valuable for the upcoming Congressional elections.[347] Ohio, West Virginia, and Pennsylvania were all potential swing states that had an average 2% margin of vote separation in the 2000 presidential elections, and each of these were strong steel states.[348] At the time that the decision was made for the tariffs, a total of 40 House seats from those steel states alone were at stake in the 2002 midterm election.[349] Rove explained to President Bush that he must "prove he is a 'compassionate conservative' worried more about workers than about ideological purity."[350]

For this reason, organized steel union efforts were highly influential. Union officials aimed to hold President Bush electorally accountable, such as when United Steelworkers President Leo Gerard committed, "'I'm going to tell our workers what the president said he would do and what he didn't do.'"[351] Additionally, when thousands of steel workers gathered outside the White House, it was a moment with potential for strong political influence, as workers like Richard Marty—an Ohio steelworker—waved a banner that declared "We need 40 percent by George," When interviewed and asked if the right policy might sway his vote, Marty said "I can be swung."[352] Additionally, President Bush's advisers recommended tariffs after

[346] Sanger, David E. "Bush Puts Tariffs Of As Much As 30% On Steel Imports." *The New York Times.* (March 6, 2002). < http://www.nytimes.com/2002/03/06/us/bush-puts-tariffs-of-as-much-as-30-on-steel-imports.html?pagewanted=all&src=pm>.
[347] Sanger, David E. "Bush Puts Tariffs Of As Much As 30% On Steel Imports." *The New York Times.* (March 6, 2002). < http://www.nytimes.com/2002/03/06/us/bush-puts-tariffs-of-as-much-as-30-on-steel-imports.html?pagewanted=all&src=pm>.
[348] Ho, Kevin K. "Trading Rights and Wrongs: The 2002 Bush Steel Tariffs." *Berkeley Journal of International Law.* 21:3. <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1259&context=bjil>.
[349] "On His High Horse", *The Economist*, Nov. 9, 2002, at 27.
[350] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[351] Leo Gerard qtd. In Cox, James. "Bush Slaps Tariffs on Steel Imports." *USA Today.* (March 6, 2002). < http://usatoday30.usatoday.com/money/covers/2002-03-06-steel.htm>.
[352] Richard Marty Qtd. In Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

careful study of which countries those tariffs would hurt and which steel production companies—in which swing states—they could help.[353]

One analyst argues that what appeared to be a cave-in by Bush to the steel producers was in fact a highly strategic political move that could ultimately prove beneficial to all parties. According to Mark Lewis, Bush had to be aware that the World Trade Organization would strike down his new steel tariffs and quotas but also knew that it would likely take two years for the case to be filed, argued, and decided by the WTO.[354] Lewis writes this long before the WTO does, of course, but he, himself expects that they will. Bush's protectionist measures were only supposed to be in effect for three years, so Bush "could then accept the WTO decision with a show of reluctance, shrugging his shoulders and saying, 'Hey, I tried,' to his steel-industry supporters."[355]

In 2002, then, Lewis predicted that in 2004—as the election nears—the WTO would issue its decision against the steel tariffs and quotas and President Bush would be able to take credit for trying his best to help the domestic steel producers but would argue that he "must accept the WTO decision, he will gravely inform the electorate, because the treaty establishing the WTO is the law, 'and in order to remain a free-trading nation, we must enforce the law.'"[356] Ackman assesses Lewis' prediction when he declares that although "the WTO was several months faster than Lewis or anyone expected, the president said he did not just try, but that he succeeded. Otherwise, Lewis got it exactly right. …the illegal tariffs will be eliminated and a trade war will be avoided."[357]

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[353] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[354] Lewis, Mark. "Bush to WTO: Save Me From Myself." *Forbes.* (March 6, 2002). <http://www.forbes.com/2002/03/06/0306steel.html>.

[355] Lewis, Mark. "Bush to WTO: Save Me From Myself." *Forbes.* (March 6, 2002). <http://www.forbes.com/2002/03/06/0306steel.html>.

[356] Lewis borrows a quote from President Bush's statement to illustrate his point that Bush's rhetoric would later be used to overturn the protectionist measures: Bush, George qtd. in Lewis, Mark. "Bush to WTO: Save Me From Myself." *Forbes.* (March 6, 2002). <http://www.forbes.com/2002/03/06/0306steel.html>.

[357] Ackman, Dan. "Bush Cuts Steel Tariffs, Declares Victory." *Forbes.* (December 5, 2003). <http://www.forbes.com/2003/12/05/cx_da_1205topnews.html>.

Later, when Bush was considering terminating the tariffs one year early, he again faced pressure from the steel industry. When Bush visited Pittsburgh, Pennsylvania to attend a campaign fund-raiser at a standing-only buffet lunch for $2,000 a person, he earned $850,000 toward his reelection. The fund-raiser was arranged by Thomas J. Usher—CEO of US Steel Corporation—and a major advocate of the tariffs, who quickly found President Bush upon his arrival and pressed him again to "'keep his commitment to the steel industry.'"[358] In the final days, industry analysts presented Bush with two midterm reports and while one was presented by the consumer industries and made the argument that the consumer corporations were inflicted with many profit and employment losses, the other report suggested that the many consumer companies "'had difficulty distinguishing between the effects of the safeguard measures and other changes in market conditions….in many cases employment fell by a greater amount (and percentage) in the year before the safeguard measures were implemented than in the first year after they were implemented.'"[359]

STEEL PRODUCER LOBBY ON CONGRESS

The conflict was such an intensely divisive one that even Republicans themselves were deeply divided over the best solution.[360] However, the steel protection lobby was a powerful one in that—although often separate on other issues—the steel producers and steelworkers union, United Steelworkers of America, joined to lobby for the tariffs as they argued that U.S. producers are victims of unfair trade competition and that the steel production industry is a strategically imperative one that the U.S. must protect in order to survive.[361]

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[358] Qtd. In Loven, Jennifer. "Steel Tariff Decision Dogs Bush: President Lobbied by Industry Backers on Pennsylvania Visit." *Boston Globe.* (December 3, 2003). <http://www.boston.com/news/nation/articles/2003/12/03/steel_tariff_decision_dogs_bush/?camp=pm>.

[359] Becker, Elizabeth. "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel." *The New York Times.* (September 20, 2003). < http://www.nytimes.com/2003/09/20/business/in-glare-of-politics-bush-weighs-fate-of-tariffs-on-<steel.html>.

[360] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[361] "Testing His Metal—and His Motives: Bush's Steel Tariffs Spark an Uproar." *Knowledge at Wharton.* (March 13, 2002). <http://knowledge.wharton.upenn.edu/article.cfm?articleid=529>.

Due to the strong lobby efforts of various protectionist interests, Congress members attempted to pass legislation that would aim to stimulate the steel industry via the legacy alternative. That is, these legislative efforts attempted to address the steep gap in pension and retirement dollars due and available to former steelworkers which continued to broaden as the industry's status worsened. The Steel Industry Legacy Relief and Transition Act of 2002, for example, was a House bill that aimed to create an agency which would oversee healthcare benefits for steel retirees while also pooling resources that would handle nearly $13 billion in the steel industry legacy liabilities to retirees.[362] An additional Senate bill would establish a steel worker healthcare trust fund.[363] Senator Rockefeller introduced a third bill which could potentially divert the tariff revenues from the steel tariffs and to a proposed trust fund that would be set up for steel work retirees.[364] Senator Rockefeller and other Democratic congressmen also sponsored a series of other legislative proposals while asserting that inaction would lead to the crumbling of the domestic industrial base and then pose a threat to the national defense.[365]

Furthermore, as a result of the intense lobbying efforts on congress, many Congress members relentlessly sought protectionist action from the president. Senate majority leader, Tom Daschle, for example, and minority leader Trent Lott stated they supported executive action to protect steel as Senator Daschle demanded the highest tariffs and said "If we're serious about having free trade, then we've got to make sure we also have fair trade, and we don't have fair trade in steel today."[366] Then, when Bush rode through the heart of Pennsylvania's industrial territory, Senator Arlen Specter elaborated on the struggle amongst local Pennsylvania steelworkers and U.S. Steel for 40 minutes and made his point clear that nothing short of 40

[362] H.R. 4574 107th Cong. (2002).
[363] Save the American Steel Industry Act of 2001, S. 910 107th Cong. (2001).
[364] Steel Industry Consolidation and Retiree Benefits Protection Act of 2002, S. 2189, 107th Cong. (2002).
[365] Various examples from the 107th Congress include: H.R. 808, the Steel Revitalization Act of 2001; H.R. 3982; the Steel Workers Relief Act of 2002; H.R. 2394, the Steel and National Security Act. 61. P
[366] Tom Daschle qtd. In Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

percent tariffs would suffice or in his own words, “I told him that halfway measures are not going to do the job.”[367]

THE STEEL TARIFF

On June 28 of 2001, the USITC commenced its safeguard investigation, as requested by the USTR, so that it could decide if certain steel products were being imported into the United States in amounts that were so increased that they caused or threatened serious injury to the domestic industry that produced similar competitive products[368]. Following its investigation, the USITC made affirmative determinations of serious injury to the domestic industry as regarded imports of hot-rolled bar, cold-finished bar, stainless steel bar, stainless steel rod, rebar, certain carbon flat-rolled steel (CCFRS), carbon and alloy fitting flanges and tool joints (FFTJ), and a threat of serious injury as respected the imports of welded pipe.[369] The USITC determinations were divided as regarded tin mill products, stainless steel wire, stainless steel fittings and flanges, and tool steel.[370]

The USITC provided President Bush with recommendations to impose tariffs and tariff-rate quotas upon the products for those certain steel products for which the USITC had made affirmative determinations.[371] President Bush did impose those definitive safeguard measures on those imports of certain steel products as according to Proclamation 7529 of March 5, 2002 that imposed tariffs on imports of certain carbon flat-rolled steel, hot-rolled bar, rebar, cold-finished bar, welded pipe, flanges and tool joints, fittings, stainless steel bar, stainless steel wire, stainless

[367] Arlen Specter qtd. in Sanger, David E., and Joseph Kahn. “Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations.” *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[368] USITC, Investigation No. TA-201-73, Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974, United States Federal Register, 3 July 2001 (Volume 66, Number 128), pp. 35267-35268. (Exhibit CC-2 submitted by the Complaining Parties to the Panel).

[369] USITC Report, Vol. I, p. 1.

[370] USITC Report, Vol. I, p. 1.

[371] USITC Report, Vol. I, p. 2,3.

steel rod, and tin mill products.[372] The tariff rates ranged from 8% to 30% on several types of imported steel.[373]

Interestingly, the products subject to the safeguard measures were products for which the USITC had made the affirmative determinations and recommended such measures with the exception of tin mill products—a subject over which the USITC was divided in its conclusions and which not only received a tariff measure safeguard but also, nonetheless, got one of the highest tariff rates—for which the President decided to consider the determinations of the commissioner groups voting in the affirmative with regard to each of the products of the determination of the USITC[374]. These measures, which became effective on March 20, 2002, were to be imposed for a period of three years and one day.[375] Those inside the administration argued that the tariff decision was a compromise in that it protected the ailing steel industry while exempting Canada, Mexico, and certain impoverished countries and not implementing the $10 billion bailout of pension and healthcare costs for retired steel workers for bankrupt companies which was sought and avoiding severe consequences from U.S. manufacturers, the steel consumers, relying on cheap steal.[376]

However, domestic consumer industries were not alone in their discontent with the United States' steel tariff and this was evident when Brazil, China, European Communities, Japan, Korea, New Zealand, Norway, and Switzerland brought a dispute before the World Trade Organization's (WTO) Dispute Settlement Body (DSB). In their complaint, these Complaining Parties argued that the United States' imports of these certain steel products were not consistent with its obligations according to Articles 2, 3, 4, 5, 7, 8, 9, and 12 of the *Agreement on*

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[372] Bush, George W. *Proclamation 7529: To Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products.* March 5, 2002. Para. 7,9. < http://www.gpo.gov/fdsys/pkg/WCPD-2002-03-11/pdf/WCPD-2002-03-11-Pg355-2.pdf>.

[373] "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm>.

[374] Bush, George W. *Proclamation 7529: To Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products.* March 5, 2002. Para. 4. < http://www.gpo.gov/fdsys/pkg/WCPD-2002-03-11/pdf/WCPD-2002-03-11-Pg355-2.pdf>.

[375] Bush, George W. *Proclamation 7529: To Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products.* March 5, 2002. Para. 9. < http://www.gpo.gov/fdsys/pkg/WCPD-2002-03-11/pdf/WCPD-2002-03-11-Pg355-2.pdf>.

[376] "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm >.

Safeguards; Articles I, II, X, XIII, and XIX of the GATT 1994; and Article XVI of the *WTO Agreement*[377] and the Dispute Settlement Panel agreed overall enough to recommend that the measures be changed.

When this same dispute came before the WTO's Appellate Body, the Appellate Body upheld the Panel's conclusions that the safeguard measures at issue were non consistent with the requirements of Article XIX:1(a) of the GATT 1994 and of Article 3.1 of the *Agreement on Safeguards* since "the United States failed to provide a reasoned and adequate explanation demonstrating that 'unforeseen developments' had resulted in increased imports causing serious injury to the relevant domestic producers."[378] Thus, the Appellate Body recommended that the Dispute Settlement Body request the United States to bring its safeguard measures, which were found to be inconsistent with the requirements of the *Agreement on Safeguards* and the GATT 1994, back into conformity with the obligations in accordance with those Agreements.[379]

Steel Protection Responses

Although the tariffs were less than the 40% tariffs desired by U.S. steel companies, the steel industry mostly welcomed them.[380] Tin mill steel received one of the highest tariffs—a 30% tariff--and is one of the types produced by Weirton Steel, one of the largest employers in West Virginia; Bush won West Virginia in an upset victory over Vice President Al Gore in 2000 in large part due to his commitment to protect its steel industry[381]. Officials from Weirton Steel of West Virginia "praised Mr. Bush for putting 30 percent tariffs on tin sheet, one of its biggest products." Although Senate Majority Leader Tom Daschle (D-S.D.) proclaimed the tariffs were a

[377] WT/DS248/R, WT/DS249/R, WT/DS251/R, WT/DS252/R, WT/DS253/R, WT/DS254/R, WT/DS258/R, WT/DS259/R and Corr.1, 11 July 2003. China, the European Communities, New Zealand, Norway, Switzerland, as well as Brazil, Japan and Korea acting jointly, submit conditional appeals on certain issues not addressed by the Panel; Panel Reports, paras. 3.1-3.8.
[378] WT/DS248/AB/R, WT/DS249/AB/R, WT/DS251/AB/R, WT/DS252/R, WT/DS253/AB/R, WT/DS254/AB/R, WT/DS258/AB/R, WT/DS259/AB/R 10__ November 2003.
[379] WT/DS248/AB/R, WT/DS249/AB/R, WT/DS251/AB/R, WT/DS252/R, WT/DS253/AB/R, WT/DS254/AB/R, WT/DS258/AB/R, WT/DS259/AB/R 10__ November 2003.
[380] "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm>.

[381] "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm>.

prudent decision that balanced concerns of the competing interest involved, House Minority Leader Dick Gephardt (D-MO) argued that President Bush's measures were inadequate and "the situation remains dire."[382] Bethlehem Steel chief executive Robert S. Miller stated in an interview "'[T]his is protection in substance as well as appearance.'"[383]

The steel industry was generally positive about the tariffs when they were in effect. However, when President Bush eliminated them one year early, they received mixed reviews at best. Chief Executive of Nucor, Daniel DiMicco, argued in his statement that Bush ended the tariffs when the tariffs for restructuring were "'little more than halfway through.'" Thomas J. Usher, Chairman and chief executive of the United States Steel Corporation—the largest U.S. steel company—, had lobbied hard to keep tariffs in place for a full three years but softened his position after Bush's announcement saying that although he was disappointed with the president's decision, he did appreciate the president's promise to closely monitor future steel imports.[384] However, Mr. Usher's statement reveals a divergence between steel company representatives and those that represent steel workers.

Those representing steel companies were slightly more forgiving following the president's statement, but steel labor groups were not. The Bush administration's decision caused organized labor to rebirth its argument that President Bush was not in touch with the necessities of the average working person and especially those in those states that were most directly struck by a loss in manufacturing jobs while economic recovery was sluggish.[385] President of the

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[382] Gephardt qtd. In "Bush Imposes Steel Tariffs." *USA Today.* (March 5, 2002). <http://usatoday30.usatoday.com/money/general/2002/03/05/bush-steel.htm>..

[383] Miller, Robert S. qtd. In Sanger, David E. "Bush Puts Tariffs of As Much As 30% On Steel Imports." *The New York Times.* (March 6, 2002). < http://www.nytimes.com/2002/03/06/us/bush-puts-tariffs-of-as-much-as-30-on-steel-imports.html?pagewanted=all&src=pm>.

[384] Stevenson, Richard W., and Elizabeth Becker. "After 21 Months, Bush Lifts Tariff on Steel Imports. (December 5, 2003). < http://www.nytimes.com/2003/12/05/us/after-21-months-bush-lifts-tariff-on-steel-imports.html?src=pm>.

[385] Stevenson, Richard W., and Elizabeth Becker. "After 21 Months, Bush Lifts Tariff on Steel Imports. (December 5, 2003). < http://www.nytimes.com/2003/12/05/us/after-21-months-bush-lifts-tariff-on-steel-imports.html?src=pm>.

United Steelworkers of America, Leo Gerard, said this was "'a sorry betrayal of American steelworkers and steel communities' and a 'dark day for manufacturing.'"[386]

Democratic presidential candidates for the upcoming election also made public statements similar to Representative Richard A. Gephardt, one candidate at the time for the Democratic presidential nomination, who said Bush's decision "demonstrates a callous disregard for the workers and the communities whose jobs and livelihoods have been decimated by unfair competition….America needs a president who will not back down to foreign pressure when American jobs are on the line and when an industry vital to our national's economy and security hangs in the balance."[387] Additionally, Senator Robert Byrd (D-WV) claimed that the Bush administration "'shattered any credibility it ever had with the steel industry in West Virginia and across the country.'"[388] While Senator Rockefeller said he was "extremely disappointed that the president has buckled under foreign pressure at the expense of the American steel industry. Now the president has turned his back on those same steel workers and their companies…"[389]

Conclusions from This Case Study: The Producers

The Bush Administration was hopeful that this steel package would keep steelworkers from employing their political influence to help Democrats to take control of the House of Representatives by gaining critical seats in states such as West Virginia, Ohio, and Pennsylvania.[390] Many argue further that Bush wanted to please the highly influential production

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[386] Leo W. Gerard qtd. In Stevenson, Richard W., and Elizabeth Becker. "After 21 Months, Bush Lifts Tariff on Steel Imports. (December 5, 2003). < http://www.nytimes.com/2003/12/05/us/after-21-months-bush-lifts-tariff-on-steel-imports.html?src=pm>.

[387] Gephardt, Richard A. qtd in Stevenson, Richard W., and Elizabeth Becker. "After 21 Months, Bush Lifts Tariff on Steel Imports. (December 5, 2003). < http://www.nytimes.com/2003/12/05/us/after-21-months-bush-lifts-tariff-on-steel-imports.html?src=pm>.

[388] Robert Byrd qtd. In Leo Gerard qtd. In "Bush Drops Steel Tariffs." *CBS News.* (December 5, 2007). <http://www.cbsnews.com/8301-250_162-586153.html>.

[389] Press Release, Senator Rockefeller, Rockefeller Reacts to President's Steel Exclusions (Aug. 27, 2002), at <http://rockefeller.senate.gov/2002/prO82302.html>.

[390] See these sources:
Cox, James. "Bush Slaps Tariffs on Steel Imports." *USA Today.* (March 6, 2002). <http://usatoday30.usatoday.com/money/covers/2002-03-06-steel.htm>;
Sanger, David E. "Bush Puts Tariffs Of As Much As 30% On Steel Imports." *The New York Times.* (March 6, 2002). <http://www.nytimes.com/2002/03/06/us/bush-puts-tariffs-of-as-much-as-30-on-steel-imports.html?pagewanted=all&src=pm>.

groups especially in states such as Michigan and Pennsylvania since he had lost them along with all of their electoral votes in the first presidential election and would hope to swing them to his side in the next. Additionally, Florida, a swing state that he narrowly won in his first election, was home at the time to 300,000 retired steel workers.[391] Swinging those votes would be a repeat in the formula that helped Richard Nixon in 1972 and Ronald Reagan in 1984 in their election efforts by swinging enough union voters away from the Democrats that they could be certain of a landslide victory.[392]

Ultimately, the steel production faction of the protection debate has great political leverage in its lobbying influence.[393] In part, this power is due to their concentration within a few states that control a large number of Electoral College votes.[394] This, combined with their years of experience in lobbying, culminated in a well executed lobbying campaign in that it was well organized as it strategically united key players but also in that it was far more present in its lobbying than were the consumer lobbyists in the days leading up to the tariff imposition.[395] However, as we see in the next chapter, those tables of lobbying influence did turn just before President Bush would terminate the tariff one year early.

THE STEEL PRODUCER LOBBY

BRIEF REVIEW OF RESEARCH MEHODOLOGY AND TECHNIQUES

In this section, I provide a brief description of the findings of my quantitative study that will begin to help us to see more clearly the way in which the steel producers lobby congress. I

[391] Cox, James. "Bush Slaps Tariffs on Steel Imports." *USA Today.* (March 6, 2002). <http://usatoday30.usatoday.com/money/covers/2002-03-06-steel.htm>.

[392] Polman, Dick. "Bush's Steel Tariff is an Early Bit of Politicking." *Philly.com.* (March 13,2002). <http://articles.philly.com/2002-03-13/news/25340650_1_steelworkers-tariff-decision-conservative-orthodoxy>.

[393] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[394] "Anger Over Steel."*The Economist.* (March 11, 2002).<http://www.economist.com/node/1032895>.

[395] Polman, Dick. "Bush's Steel Tariff is an Early Bit of Politicking." *Philly.com.* (March 13,2002). <http://articles.philly.com/2002-03-13/news/25340650_1_steelworkers-tariff-decision-conservative-orthodoxy>.

tested the hypotheses associated with four models—two constrained and two unconstrained—in order to test support for the overarching theory that steel interest group organization and informational access are two key indicators for foreign trade policy output. This research tests these four models:

Model I is represented in this formal equation:

$$\boldsymbol{Yi = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \mu_i}$$

,

Model II is represented by this formal equation:

$$\boldsymbol{Yii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k}\ ProdInfo + \sum_l \hat{\beta}_{3l} x_{3l} ConsInfo + \sum_m \hat{\beta}_{4m} x_{4m} yrs + \sum_n \hat{\beta}_{5n} x_{5n} Un\_Cons + \sum_o \hat{\beta}_{6o} x_{6o} Un\_Prod + \mu_i}$$

Model III is represented by this formal equation:

$$\boldsymbol{Yiii = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l + \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_m + \mu_i}$$

<u>Model IV</u> is represented by this formal equation:

$$\boldsymbol{Yiv = \alpha_0 + \sum_j \hat{\beta}_{1j}\ x_{1j}\ PARTYj + \sum_k \hat{\beta}_{2k} x_{2k} ContTrans_k + \sum_l \hat{\beta}_{3l} x_{3l} ContCons_l}$$
$$\boldsymbol{+ \sum_m \hat{\beta}_{4m} x_{4m} Cont\_Prod_{\,m} + \sum_n \hat{\beta}_{5n} x_{5n} InfoAISI_{\,n} + \mu_i}$$

Model I is a constrained model that represents the probability that indicators, such as party association and interest group demographics, influence presidential foreign trade policy decisions. **Model II** is an unconstrained model that represents the probability that party association, interest group demographics, and informational access influence presidential foreign trade policy decisions. **Model III**, then, is a constrained model that represents the probability that indicators such as PAC contributions, party association, and interest group demographics influence foreign trade policy decisions amongst congressional members. **Model IV** is an unconstrained model that represents the probability that PAC contributions, party association, interest group demographics, and informational access influence foreign trade policy decisions amongst congressional members.

Models I and III are *constrained* approximations of reality and Models II and IV are an *unconstrained* approximation of reality where

Table 4: Explanation of the Variables

$\boldsymbol{Yi}$	**is the protection positive or protection negative output by an observed official.** This is my dependent variable and is the likelihood or probability for favorable policy output—as evident in presidential statements or congressional votes—for protective foreign trade policy by an elected official—president in Model I and Model II **(Yi and Yii)** and congress in Model III and Model IV **(Yiii and Yiv).** The **(Yi and Yii)** data is acquired by coding of the *Papers of the President,* in which I will find spoken or

written words by the Executive advocating or criticizing U.S. protectionist steel trade policy. This is an interval level measure. The **(Yiii and Yiv)** data source is the U.S. Congress' Congressional roll call voting record.

$x_{1\,j}\,PARTY$ **is the party to which the observed official j belongs.** This is a control variable in which I measure the party of officials elected to Congress and presidency nominally as Democrat, Republican, or Independent. I also acquire this information through the Federal Election Commission.

$x_{2k\,ProdInfo}$ **is the known time for direct information access to the president by a steel producing interest.** I measure this as the sum number of meetings, visits and phone calls between the president and a steel producing interest. This is interval level data that I acquire through the *Diary of the President*.

$x_{2k}\,ContTrans$ **is the sum of transportation industry Political Action Committee (PAC) contributions paid to the official within a campaign election.** This is a USD measure of the total Political Action Committee (PAC) contribution paid by transportation industry firms to the elected official within an election year. This is a ratio-level measure. I gathered this data from the Federal Election Commission.

$x_{3lConsInfo}$ **is the known time for direct informational access to the president by a steel consuming industry.** I measure this as the sum number of meetings, visits or phone calls between the president and a consuming steel firm. This is interval level data that I acquire through the *Diary of the President*.

$x_{3l}\,ContCons$ **is the sum of construction industry Political Action Committee (PAC) contributions paid to the official within a**

campaign election. This is a USD measure of the total Political Action Committee (PAC) contribution paid by construction industry firms to the elected official within an election year. This too, then, is a ratio-level measure. I also collected this data from the Federal Election Commission.

$x_{4m}\, yrs$ **the number of years an executive has been in office.** I measure this control variable as the number of years an executive has been as of the year of observation. I gather this data from the U.S. Office of the White House.

$x_{5m}\, Un\_Cons$ **is the known time for direct information access to the president by a steel union consuming interest.** I measure this as the sum number of meetings, visits or phone calls between the president and a consumer union representative. This is interval level data that I acquire through the *Diary of the President*.

$x_{5m}\, Cont\_Prod$ **is the sum of steel producing industry Political Action Committee (PAC) contributions paid to the official within a campaign election.** This is a USD measure of the total Political Action Committee (PAC) contribution paid by a steel firm or labor organization within a given year. Thus, it is a ratio-level measure. I collected this data from the Federal Election Commission.

$x_{6n}\, Un\_Prod$ **is the known time for direct information access to the president by a steel union producing interest.** I measure this as the sum number of meetings, visits or phone calls between the president and a steel producer union representative. This is interval level data that I acquire through the *Diary of the President*.

$x_{6n}\, InfoAISI$ **is the total of known access opportunities for direct**

informational access to an official by steel industry representatives. I measure this as the sum number of access opportunities for meetings, visits or phone calls between an elected official and a steel producer firm representative. This is interval level data that I acquire through the *Diary of the President*.

In Chapters 5 and 6, I discuss the results of my testing of the hypotheses associated with these models as the quantitative portion of the study observes data from the years 1964-1992. [396] Thus, I continue this discussion in much greater detail in Chapter 6, however, in this chapter you will see clearly that quantitative results do support the theory that there is a positive relationship between steel producer informational access to the executive and the likelihood for protectionist foreign policy decision-making. Further, you may note that we also draw on case study information to demonstrate that across time, steel producers use Congress and the public when necessary to gain access to the Executive. In this chapter, then, we focus on our findings regarding the steel producer lobby as we consider the hypotheses and results that inform our understanding of how the steel producer lobby influences Congress and the presidency.

The Lobby on the Executive and Congress across Time

Analysis of our data shows a clear indication that the steel production lobby on the executive increases its intensity in the year or two before a protectionist decision foreign policy decision. For example, as we can see illustrated below in Figure 2, the amount of producer lobby informational access to the executive was in a period of decline from 1966 to 1968 that reversed into a sharp incline from 1968 to 1971. We know that it is during this time that during 1968, steel production lobbyists were placing a newly elected President Nixon under tight pressure to apply

[396] Specifically, I report the results of STATA OLS—for Models I and II—and LOGIT—Models III and IV—analyses.

some protection for the steel industry. Nixon arranged the VRAs to protect the industry that were then enforced in 1969, but was then again yet under pressure as the steel industry pressed for more protection and then an extension at the least of the VRAs which were set to expire in 1971. Once this extension was granted, steel producer pressure for protection temporarily declined from 1971 to 1972.

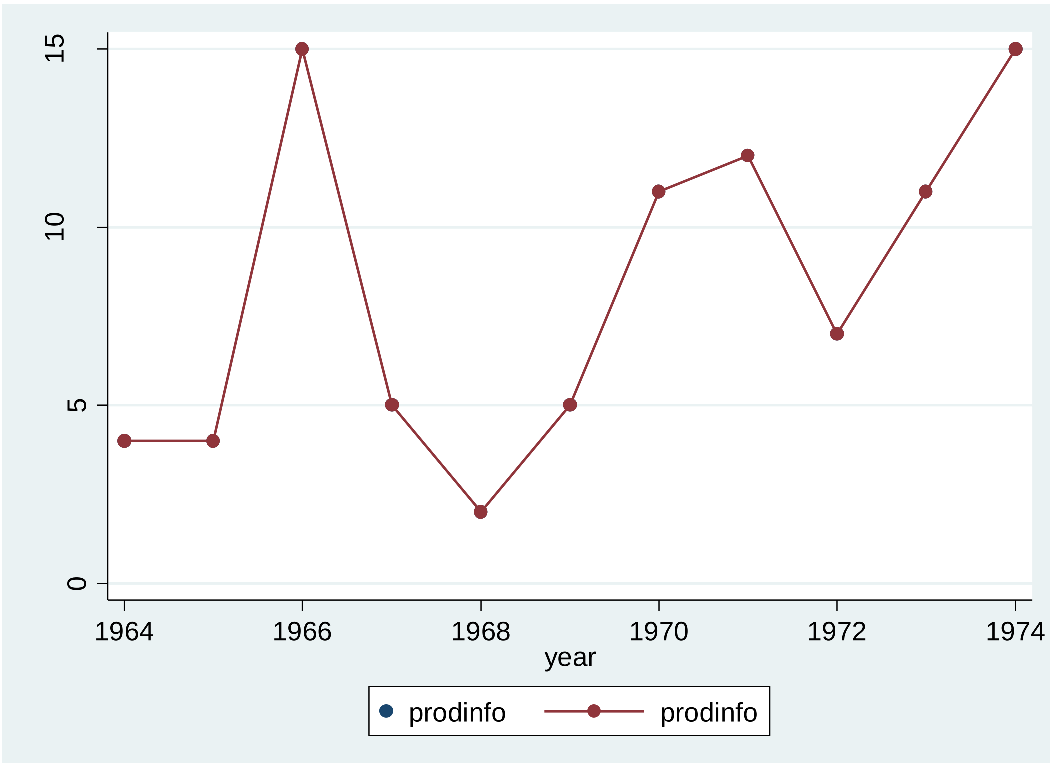

Figure 2: Steel Producer Informational Influence Access to the Executive, 1964-1974

As we further see in Figure 3, there was a sharp decline in producer informational access to the executive from 1975 to 1977. This decrease is primarily due, either directly or indirectly, to the *Trade Act of 1974* which created a legal mechanism for a shift from voluntary restraint agreements and toward state restrictions on imports[397]. Thus, as an immediate result, more appeals were made directly through this legal mechanism rather than to the executive but as a secondary result, the executive also was more hesitant during this era to entertain appeals for

[397] Prechel, Harland. 1990. “Steel and the State: Industry Politics and Business Policy Formation, 1940-1989.” *American Sociological Review.*

executive actions. Therefore, during the Ford administration, when steel production protectionists failed to acquire the kind of executive support they hoped for, they turned toward Congress and the public[398].

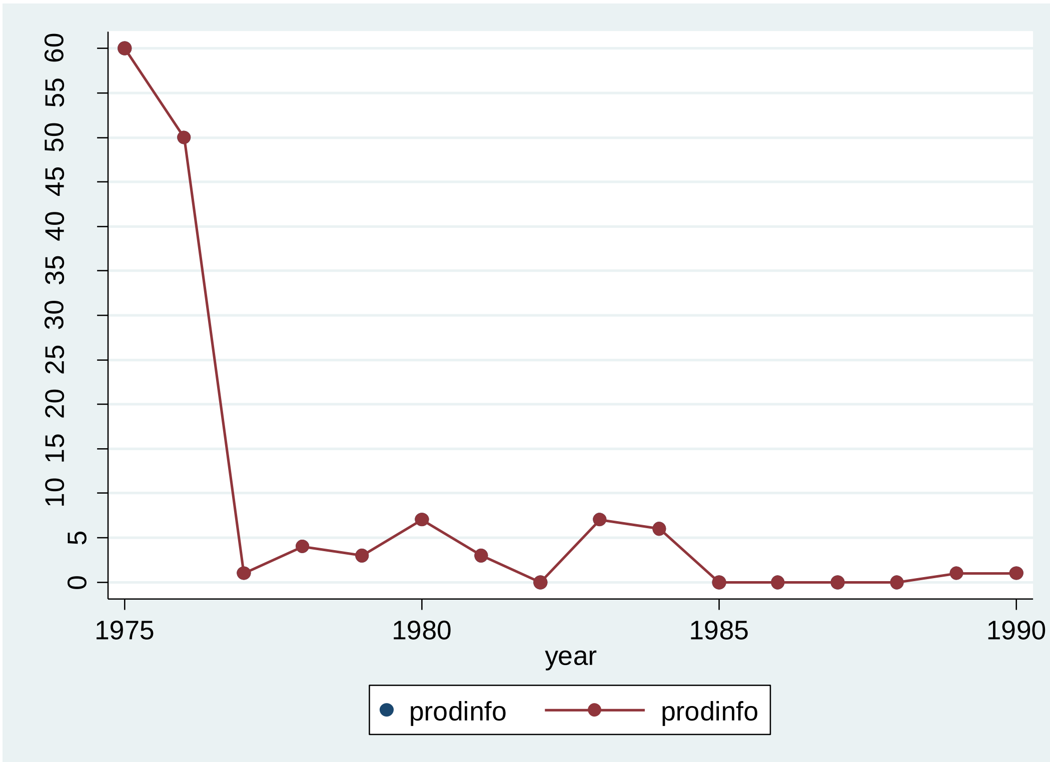

Figure 3: Steel Producer Informational Influence Access to the Executive, 1975-1990

CONCLUSION

As our quantitative study found, steel producer lobbyists increase their intensity to provide information just before an important decision, and decline their intensity to relay information after its settlement. Additionally, our qualitative studies found, this trend was evident across time: when the executive would not permit producers informational access, the

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[398] Prechel, Harland. 1990. “Steel and the State: Industry Politics and Business Policy Formation, 1940-1989.” *American Sociological Review.*

producers went to congress and the public and then with that added leverage found their way in to lobby the executive. This was certainly true of the late 1990s and into the beginning of the Bush administration. In the next chapter, we begin with a report of our case study of the consumer lobby influence on the steel tariffs issued by the Bush administration and then provide a more detailed report of our quantitative findings on consumer and producer lobby influence on executive and congressional foreign trade policy decision-making.

Our case study of how steel producers lobbied for protectionist foreign trade policy leads us to find a few further conclusions. While President Bush's decision may have been weighted by the political leverage that would come with attaining important endorsements for the swing voters in key states, it is highly important to note that even if this were true, the information came through a well-strategized and persuasive steel protectionist lobby. Ultimately, the steel production faction of this domestic foreign policy war has great political leverage in its lobbying influence.[399] To some extent, this great power is due to their concentration within a few states that contain a large number of Electoral College votes.[400] This leverage when combined with their years of experience in lobbying, combined to form a well executed lobbying campaign in that it was well organized as it strategically united vital players, but also in that it was far more present in its lobbying than were the consumer lobbyists in the days leading up to the tariff imposition[401]. Next, in Chapter 6, I continue the discussion of this qualitative case study and quantitative analysis as I use the same models to turn our focus from the steel producer to the steel consumer and draw additional conclusions.

[399] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.
[400] "Anger Over Steel."*The Economist.* (March 11, 2002). <http://www.economist.com/node/1032895>.

[401] Polman, Dick. "Bush's Steel Tariff is an Early Bit of Politicking." *Philly.com.* (March 13,2002). <http://articles.philly.com/2002-03-13/news/25340650_1_steelworkers-tariff-decision-conservative-orthodoxy>.

"We cannot continue to have a trade policy that protects a few at the expense of the majority."

--William Gaskin, President of the Precision Metalforming Association[402]

CHAPTER 6: STEEL CONSUMERS AND THE DECISION

As in Chapter 5, I begin with a report of the results of an initial case study analysis. In this chapter, I specifically report the results of a qualitative study of the influence of various means of interest group influence on the Bush Administration and consider which explains the most in order to demonstrate how this model will work and to perform an initial testing of the model on the case the was catalyst to my research question. Additionally, I report the results of my consuming industries variables from my time series analysis to study the consuming industry and report its effect on U.S. foreign trade policy.

STEEL CONSUMERS AND THE STEEL TARIFF

As we consider the steel tariffs that commenced and were later terminated during the Bush Administration, we must consider how the steel tariffs affected the consumers and also consider the influence of the steel consumer lobby. This section describes the steel consumer lobby on the Bush administration and Congress. We find that the lobbying strength and techniques changed at unique policy stages—such as the changes in lobby techniques that ensued following the initial fallout on consumers that resulted from the steel tariffs—and this section describes those changes. Study of the steel consumer lobby on the Executive and Congress illustrates a journey that ultimately was an empowering learning experience for the steel consumer lobby.

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[402] Qtd. In "U.S. Steel Users Claim Tariffs 'Protect a Few at the Expense of the Majority.'" *Knowledge At Wharton.* February 12, 2003. <http://knowledge.wharton.upenn.edu/article.cfm?articleid=716>.

STEEL CONSUMER LOBBY ON THE EXECUTIVE

The President's inner circle of advisers weighed in with their counsel in the weeks before Bush made his decision on the tariffs. Karl Rove, who had attended many of the influential steel talks, supported tariff increases as did Commerce Secretary Donald L. Evans U.S. Trade Representative Robert B. Zoellick each saying that it was worth the associated risk. During cabinet debates, Zoellick contended that President Clinton made a pivotal mistake in 2000 when he did not forego a similar relief plan to the industry. Zoellick argued that disappointed voters, in a state like West Virginia, likely swung their votes to Bush and from Gore in the 2000 election as a result of Clinton's treatment toward the steel industry.[403] Ultimately, though, the steel producers lobbied far more intensely than the consumers in the months leading to the announcement of the steel tariff.[404]

In the days just before the tariff was permitted to expire, the steel issue was especially high on the Executive agenda. In the week before he made the tariff announcement, for example, Bush spent Monday in Michigan meeting with small business owners and representatives who opposed a tariff because their firms used steel to manufacture products such as auto parts and household appliances; Tuesday, he spent the day attending a fundraiser in Pittsburgh, Pennsylvania—known as Steel City—that was hosted by the CEO of U.S. Steel who, of course, was a tariff advocate.[405] The loss of manufacturing jobs significantly shaped up to be a crucial election issue and, as President Bush received two midterm reports, he intended to study them to help him finalize his decision on whether or not to terminate or continue the steel tariffs.

One report put together by trade and industry experts who conducted data analysis revealed the findings that small and medium size U.S. manufacturing companies consuming steel were significantly injured by the tariffs that raised their costs and diminished their profits,

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[403] "Behind the Steel Tariff Curtain." *Business Week.* (March 7, 2002). < http://www.businessweek.com/stories/2002-03-07/behind-the-steel-tariff-curtain>.
[404] Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
[405] "Background: Steel Tariffs Ended."*Newshour.* PBS. (December 4, 2003). <http://www.pbs.org/newshour/bb/international/july-dec03/steel_12-4a.html>.

forcing them to delay their expansion and to lay off employees.[406] Yet, according to a report from the International Trade Commission prepared for the president, "'a majority of steel-consuming firms indicated that neither continuation or termination of the safeguard measures would change employment, international competitiveness, or capital investment'" although the report did note that results varied by industry and that, for example, auto parts and steel fabrication businesses reported a much larger effect from the measures.[407]

However, a large group of manufacturers that consume steel in the Midwestern states—also imperative for the Bush campaign strategy—united in a massive lobbying campaign to assert that the higher prices of steel were hurting the economy more than the tariffs on steel imports were helping steel makers.[408] Larry Yost, chairman and chief executive officer of ArvinMeritor, Inc. of Troy Michigan said that he, for example, would explain to the President that "'Until something happens [on tariffs], we're exporting jobs.'"[409] Thus, these steel consuming industries asserted amidst their lobbying efforts that as many as 100,000 jobs had vanished because of the steel tariffs.[410]

STEEL CONSUMER LOBBY ON CONGRESS

Steel consumers presented their arguments to congresspersons with the hope that members would lobby on their behalf before the Bush administration and also try to execute

[406] Becker, Elizabeth. "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel." *The New York Times.* (September 20, 2003). < http://www.nytimes.com/2003/09/20/business/in-glare-of-politics-bush-weighs-fate-of-tariffs-on-steel.html>.
[407] Becker, Elizabeth. "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel." *The New York Times.* (September 20, 2003). < http://www.nytimes.com/2003/09/20/business/in-glare-of-politics-bush-weighs-fate-of-tariffs-on-steel.html>.
[408] Stevenson, Richard W. "Bush Set to Lift Tariffs on Steel." *The New York Times.* (December 4, 2003). <http://www.nytimes.com/2003/12/04/us/bush-set-to-lift-tariffs-on-steel.html>.
[409] Hall, Christine. "Steel Consumers Tell Bush Administration: 'We're Exporting Jobs.'" *CNSNews.com.* (July 7, 2008). <http://cnsnews.com/news/article/steel-consumers-tell-bush-administration-were-exporting-jobs>.
[410] Becker, Elizabeth. "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel." *The New York Times.* (September 20, 2003). < http://www.nytimes.com/2003/09/20/business/in-glare-of-politics-bush-weighs-fate-of-tariffs-on-steel.html>.

legislation beneficial to the consumer. One argument that steel consumers made when lobbying congress is simply that the price increases to the average consumer would be unfair and unjustified. The 40% tariff rate that steel producers contended must be activated would raise consumer prices on steel manufactured goods such as cars, household appliances, lawn mowers, and farm machinery by an estimated 10%.[411]

Steel consuming manufacturers said that they employed 57 times more workers than did domestic steel producers and that sacrificing the consuming industries' livelihood for that of the steel producers' simply did not make sense on the larger scale because it could potentially cost many more jobs than steel producers could possibly lose from the decision. Still, other consumers—such as Larry Denton, the president and CEO of DURA Automotive Systems in Rochester Hills, Michigan— simply argued that this policy was a disappointing diversion from the promise "'to provide…free and fair trade'" as several Michigan and Ohio-based steel consumers gathered at a Capitol Hill press conference that included companies such as Metaldyne, Textron Fastening Systems, Federal-Mogul Corporation, and Means Industries[412].

As a result of the lobby on Congress, many Congress members turned their attention toward placing pressure on the Executive. Much of this pressure favored protectionism since the steel producer lobby was far more intense than the steel consumer lobby.[413] Thus, US Trade Representative Robert Zoellick made one suggestion to President Bush that he commit to a tariff because in order to get any bill through Congress that would authorize the administration to conduct additional trade negotiations, the Bush administration would be required to win loyalties among steel-state Republicans.[414] Additionally, congressmen assured the administration that legislation aimed to protect or consolidate the steel industry would not get the majority needed to pass. When, for example, Senate Democrats proposed various pieces of legislation to relieve the steel industry legacy costs, others in the Senate—such as Senator McCain—contended that any tariff policy at all would impose too great a number of hidden costs on the rest of the

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[411] Cox, James. "Bush Slaps Tariffs on Steel Imports." *USA Today.* (March 6, 2002). <http://usatoday30.usatoday.com/money/covers/2002-03-06-steel.htm>.

[412] Hall, Christine. "Steel Consumers Tell Bush Administration: 'We're Exporting Jobs.'" *CNSNews.com.* (July 7, 2008). <http://cnsnews.com/news/article/steel-consumers-tell-bush-administration-were-exporting-jobs>.

[413] Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

[414] "Behind the Steel Tariff Curtain." *Business Week.* (March 7, 2002). < http://www.businessweek.com/stories/2002-03-07/behind-the-steel-tariff-curtain>.

economy.[415] Senator McCain specifically embraced the consumer study that he presented to President Bush which predicted that tariff increases could cost 86,000 American jobs in steel consuming industries; therefore, McCain claimed, they would cost 13 times the number of jobs they would save.[416]

Yet, while the protectionists initially won over most of the Congressional play making, the consumer lobbyists did have some victories of their own. Their early testimonies before Congress—such as that of President of the Precision Metalforming Association (PMA), Jon E. Jenson when he testified that such protection would be damaging to the 1600 PMA companies and to their 380,000 employees—and also lobbying of individual representatives, did help to instigate certain representatives to lobby on behalf of the protectionist cause.[417] One such congressperson who began to lobby on behalf of the consumer cause was Rep. Nancy Johnson (R-CN) who said the steel tariffs were "'an important contributing factor in the recent precipitous decline in the health of the manufacturing sector.'"[418]

Furthermore, U.S. steel consuming companies such as Caterpillar Inc. successfully lobbied influential Republicans to order a second ITC report that would require the ITC not only to examine the effects of the steel tariffs on the steel producers, as required by law, but also the effects of the steel tariffs on various manufacturing sectors and the U.S. economy overall. Their appeal became the request of Congress and both reports were presented before the president in the days before his final decision on the tariff renewal or termination was made.[419] Additionally, Representative Joe Knollenberg (R-MI) –from a district with a significant number of auto parts

[415] Press Release, Senator John McCain, McCain: Increased Tariffs on Imported Steel Raises Prices for Consumers (Mar. 1, 2002) at <http://mccain.senate.gov/steel02.htm>.
[416] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[417] Lindsey, Brink, Daniel T. Griswold, and Aaron Lukas. 1999. "The Steel 'Crisis' and the Costs of Protectionism." *Executive Summary.* Center for Trade Policy Studies. < http://www.cato.org/sites/cato.org/files/pubs/pdf/tbp-004.pdf>.
[418] Qtd. In "U.S. Steel Consumers Urge Bush to End Steel Tariffs." *Appliance Magazine.* (June 20, 2003). <http://www.appliancemagazine.com/news.php?article=376&zone=0&first=1>.
[419] "U.S. Steel Consumers Urge Bush to End Steel Tariffs." *Appliance Magazine.* (June 20, 2003). <http://www.appliancemagazine.com/news.php?article=376&zone=0&first=1>.

makers that use imported steel—led a group of lawmakers to the White House to lobby President Bush's top political adviser, Karl Rove, that these tariffs were damaging to Bush politically.[420]

STEEL TARIFFS AND THE CONSUMER EXPERIENCE

Protection has its costs and, as many scholars argue, they are likely to be paid by the consumer.[421] Higher priced steel—that would result from the tariffs— directly influences U.S. manufacturers as it increases their production costs. Already over the past forty years, the steel industry had been offered protection so regularly from 1969 to 1992 that it cost the American consumer between $100 billion in higher prices for those goods that contained steel components.[422] This cost had been borne at a significantly increasing rate of change and affected a significant number of people.[423] During 1969-1974, consumer losses amounted to $12 billion; between 1978 and 1982, the consumers lost $22billion; and between 1982 and 1992, consumers lost $68 billion.[424] At a time when the economy was in the midst of a recession, higher prices could stifle demand and severely threaten jobs throughout the economy and estimates showed

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420 Daly, Corbett B. "Bush Relents, Scraps Steel Tariffs: Economic and Political Calculus Changed After20Months." *The Wall Street Journal.* (December 4, 2003). < http://www.marketwatch.com/story/bush-relents-scraps-steel-tariffs>.

421 Liebman, Benjamin H., and Kasaundra M. Tomlin. "Steel Safeguards and the Welfare of U.S. Steel Firms and Downstream Consumers of Steel: A Shareholder Wealth Perspective." *The Canadian Journal of Economics.* Vol. 40, No. 3 (Aug. 2007), pp. 812-842.

422 See these scholars:
Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.
Barringer, William, and Ken Pirece. 2000. *Paying the Price for Big Steel.* Washington, D.C.: American Institute for International Steel.

423 Workers in the steel consuming industries outnumber workers in steel producing industries 40 to 1. See Lindsey, Brink, Daniel T. Griswold, and Aaron Lukas. 1999. "The Steel 'Crisis' and the Costs of Protectionism." *Executive Summary.* Center for Trade Policy Studies. < http://www.cato.org/sites/cato.org/files/pubs/pdf/tbp-004.pdf>.

424 Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

that imposition of the steel tariffs would lead to consumer costs far greater than the potential benefits to the steelworkers and steel producers.[425]

Thus, for a possible small temporary gain for steel producers, those involved in steel consuming industries would receive a disproportionately large impact. If we were only to consider the major steel-using manufacturing sectors as transportation equipment, industrial machinery, and fabricated metal products, for these sectors alone we would fine 3.5 million were currently employed and would soon find their jobs under scrutiny; this number of workers in steel manufacturing industries outweighs the number of steelworkers 20 to 1. Then, let's further consider the inclusion of those in the construction industry—one of the largest direct steel consumers—composing 35 percent of the domestic steel consumption; Once we further include the 8 million employees in these and the other previously mentioned steel consuming industries whose jobs were placed at risk by the tariffs, their aggregate makes the number of steelworkers, 200,000, whose industry and jobs may have potentially been at risk to pale in comparison by a ratio of 40 to 1.[426] Yet, the Bush administration chose to accept tariffs that not only met but, to some extent, exceeded the ITC recommended rates. While the ITC recommended tariffs with rates up to 20%, the steel tariffs applied included a 30% tariff on flat steel products, hot-rolled, cold-finished bar steel, and tin mills.[427] This infuriated many steel consumers that would feel the effects of these decisions.

According to one projection, for every steel job to be saved as a result of the tariff, there would be eight jobs lost in every sector of the U.S. economy and while the steel producers would save between 4,400 and 8,000 jobs, their gain would be at a cost to the U.S. economy of between $439,485 and $451,509 per job saved; additionally, much of that money would be contributed

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[425] Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

[426] See these resources:
Lindsey, Brink, Daniel T. Griswold, and Aaron Lukas. 1999. "The Steel 'Crisis' and the Costs of Protectionism." *Executive Summary.* Center for Trade Policy Studies. < http://www.cato.org/sites/cato.org/files/pubs/pdf/tbp-004.pdf>.
Bureau of Labor Statistics. National Current Employment Statistics. February 2, 1999. <http://stats.bls.gov/webapps/legacy/cesbtab1.htm>.

[427] "Anger Over Steel."*The Economist.* (March 11, 2002). < http://www.economist.com/node/1032895>.

non-voluntarily by the domestic steel consumer.[428] Furthermore, another estimate found that the proposed steel tariffs would cause the average family of four to pay an additional $283 each year due to higher prices in steel products.[429] Critics within Congress, such as Senator John McCain, estimated that every 1 steel job that was saved would risk 13 jobs in steel-consuming industries while dramatically raising consumer prices across the economy.[430]

Many steel-using firms immediately felt the sting of the tariff. At Spring Engineering and Manufacturing Corporation—a supplier of precision components for the auto industry based in Canton, Michigan—,for example, steel costs increased by 27% after the tariffs commenced and this culminated in a cut in the company budget from $1.2 million to $500,000.[431] GR Spring & Stamping—a company that stamps out metal pieces and generates springs and which consumes an average 20 million pounds of steel per year—typically signs one-year contracts with its steel suppliers to lock its prices, but its President Zawacki said, "'Even before Bush made the decision, our suppliers started ripping up the contracts. They said they can't honor them anymore, that prices would go up….We felt we've been let down. We didn't expect anything over 10 percent. This will raise our costs substantially.'"[432] Indeed, just the anticipation of the tariffs raised steel prices from $200 a ton to over $300 a ton.[433]

Neo-classical theory predicts that someone must immediately pay for protectionist policy in the domestic economy and that it is likely to be the consumer. Scholars confirm this when they find that steel consumers suffered great losses due to the tariffs and that it was those who were most reliant on steel consumption that lost the most—the transportation and construction

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[428] LaFaive, Michael D. "New Steel Tariffs Will Kill Jobs." *Mackinac Center for Public Policy.* (March 8,2002). <http://www.mackinac.org/4107>.

[429] Shavey, Aaron. "10 Reasons Why President Bush Should Not Apply Tariffs On Steel Imports." *The Heritage Foundation.* (February 26,2002). < http://www.heritage.org/research/reports/2002/02/10-reasons-for-no-tariffs-on-steel-imports>.

[430] Press Release, Senator John McCain, McCain: Increased Tariffs on Imported Steel Raises Prices for Consumers (Mar. 1, 2002) at < http://mccain.senate.gov/steel02.htm>.

[431] "U.S. Steel Users Claim Tariffs 'Protect a Few at the Expense of the Majority.'" *Knowledge At Wharton.* University of Pennsylvania. (February 12, 2003). <http://knowledge.wharton.upenn.edu/article.cfm?articleid=716>.

[432] Qtd. In Wieland, Barbara. "Steel Users Brace Themselves for Higher Prices." *The Grand Rapids News.* (March 7, 2002). < http://www.freerepublic.com/focus/news/642710/posts>.

[433] Press Release, Senator John McCain, McCain: Increased Tariffs on Imported Steel Raises Prices for Consumers (Mar. 1, 2002) at < http://mccain.senate.gov/steel02.htm>.

industries.[434] Thus, when the WTO issued its statement on the illegitimacy of the tariffs and the Bush Administration needed to determine how to address the situation, Bush's economic team argued that the tariffs hurt US manufacturers—such as the auto-parts maker Metaldyne Corp. and Caterpillar Inc.—more than they helped the steel producing corporations such as U.S. Steel Corporation.[435]

STEEL CONSUMER RESPONSES

When the news of the steel tariff was released, it was projected that consumers would suffer the most and that was not well received by consumers. When the GOP requested a $1,000 contribution from Nels Leutwiler—a Republican and also chief of Parkview Metal Products, Inc., an auto- parts maker based in Chicago which had lost $200,000 in company costs per month due to the tariff—he instead returned a note that stated, "'I don't have any money to contribute because of the exorbitant cost of steel as a result of the Bush tariffs.'"[436] Scholars confirm that those consumer sectors—transportation and construction— most negatively affected by the tariffs were most responsive.[437] A once disparate group with very little power in Washington, steel consumer efforts for influence heightened as they "hired public-relations firms, staged protests and offered Mr. Bush tales of financial hardship. These led the administration to carve

[434] Liebman, Benjamin H., and Kasaundra M. Tomlin. "Steel Safeguards and the Welfare of U.S. Steel Firms and Downstream Consumers of Steel: A Shareholder Wealth Perspective." *The Canadian Journal of Economics.* Vol. 40, No. 3 (Aug. 2007), pp. 812-842.
[435] "Advisers to Bush Seek Steel-Tariff Rollback." *Boston Globe.* (August 26, 2003). <http://www.boston.com/business/globe/articles/2003/08/26/advisers_to_bush_seek_steel_tariff_rollback/>.
[436] Qtd. In King, Neil Jr. "A Global Journal Report: Errant Shot? So Far, Steel Tariffs DoLittle of What President Envisioned—Nations Cut Neither Subsidies Nor Capacity, and Industry in U.S. Remains Inefficient—Political Gains Seem Transient." *Wall Street Journal* (Eastern Edition). New York, N.Y.: Septermber13, 2002, pg. A. 1.
[437] Liebman, Benjamin H., and Kasaundra M. Tomlin. "Steel Safeguards and the Welfare of U.S. Steel Firms and Downstream Consumers of Steel: A Shareholder Wealth Perspective." *The Canadian Journal of Economics.* Vol. 40, No. 3 (Aug. 2007), pp. 812-842.

exceptions to the tariffs. As a result, about 25% of the 13 million tons of imports originally hit by the duties" were soon exempt.[438]

Steel consumers additionally made progress with their organization to present the argument that the tariffs killed five times as many jobs as they saved[439] and this progress only encouraged the consumer effort to lobby as auto-industry supply executives began to organize their own dissension on Washington.[440] One group that represented companies that buy steel—The Emergency Committee for American Trade—warned that the tariffs "'won't solve the integrated steel industry's problems, but it will force other American manufacturers to move steel-intensive production overseas, close U.S. plants, and outsource U.S. parts and components in order to compete.'"[441]

Additionally, the CITAC Steel Task Force—a coalition of steel consumers, ports that receive steel imports, and steel related industries—formed to seek the removal of the section 201 tariffs when "consumers realized during the Section 201 tariff battle that they had been absent from the political process and that a major effort was needed to educate policymakers about the negative impacts of some trade policy decisions on steel consumers."[442] Steel consumers and Michigan lawmakers additionally presented their case to the U.S. International Trade Commission in hope that the ITC would recommend the Bush Administration would lift its steel tariffs. During this commission hearing, President of the Precision Metalforming Association William E. Gaskin declared, "'Over the past 18 months, but most notably since the 201 steel

[438] King, Neil Jr. "A Global Journal Report: Errant Shot? So Far, Steel Tariffs DoLittle of What President Envisioned—Nations Cut Neither Subsidies Nor Capacity, and Industry in U.S. Remains Inefficient—Political Gains Seem Transient." *Wall Street Journal* (Eastern Edition). New York, N.Y.: Septermber13, 2002, pg. A. 1.
[439] Cox, James. "Bush Scraps Tariffs on Steel." *USA Today.* (December 4, 2003). <http://usatoday30.usatoday.com/money/economy/trade/2003-12-04-bush-steel_x.htm>.
[440] King, Neil Jr. "A Global Journal Report: Errant Shot? So Far, Steel Tariffs DoLittle of What President Envisioned—Nations Cut Neither Subsidies Nor Capacity, and Industry in U.S. Remains Inefficient—Political Gains Seem Transient." *Wall Street Journal* (Eastern Edition). New York, N.Y.: Septermber13, 2002, pg. A. 1.
[441] Sanger, David E. "Bush Puts Tariffs of as Much as 30% on Steel Imports." *The New York Times.* (March 6, 2002). < http://www.nytimes.com/2002/03/06/us/bush-puts-tariffs-of-as-much-as-30-on-steel-imports.html?pagewanted=all&src=pm>.
[442] Baker, Laurin M. "Director's Update." *CITAC Steel Task Force.* <http://www.citac.info/steeltaskforce/accomplishments/index.php>.

tariffs were imposed in March 2002, the metal-forming industry has been severely impacted by the consequences of an artificially disrupted steel market.'"[443]

Gaskin further explained to the ITC that companies such as Midland Steel Products Company, which had bankrupted, had pointed to the higher prices of steel that resulted from the tariffs as the source of the financial turmoil. Douglas E. Krzywicki, the chief financial officer of A.J. Rose Manufacturing Company—a company in Avon, Ohio that manufactures auto parts—also said that "'[T]he expanding global economy may ultimately reshape our industry, but the Steel 201 tariffs have added an artificial barrier that has made us more vulnerable to foreign competition.'"[444] Krzywicki continued to explain his claim that the tariff affects his company's ability to survive when he said, "'we have lost bids on new work totaling over $30,000,000 to foreign competitors. We have also had one customer move work valued at $4,000,000 to Korea to save costs.'"[445] William Gaskin—also chairman of the Consuming Industries Trade Action Coalition Steel Task Force which lobbies on behalf of steel consuming industries, including the auto industry—said, in 2002, "I know lots of companies that have lost people this last year because of high steel prices, and they've lost jobs to China and Mexico and even Canada."[446]

Once President Bush did terminate the tariff, the president of the United Steelworkers of America suggested that it was due to consumer lobbying influences of a more nefarious kind when he said, "'It appears [Bush] capitulated to threats of economic blackmail and intervention in our US elections.'"[447] Steel consumers state that one of the key turning points in their lobbying journey on this issue, and particularly of the presidency, was their realization of the

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[443] Qtd. In Hall, Christine. "Steel Consumers Plead with Bush Administration to Lift Tariffs." *CNSNews.* (July 7, 2008). < http://cnsnews.com/news/article/steel-consumers-plead-bush-administration-lift-tariffs>.

[444] Qtd. In Hall, Christine. "Steel Consumers Plead with Bush Administration to Lift Tariffs." *CNSNews.* (July 7, 2008). < http://cnsnews.com/news/article/steel-consumers-plead-bush-administration-lift-tariffs>.

[445] Qtd. In Hall, Christine. "Steel Consumers Plead with Bush Administration to Lift Tariffs." *CNSNews.* (July 7, 2008). < http://cnsnews.com/news/article/steel-consumers-plead-bush-administration-lift-tariffs>.

[446] Qtd. In Hall, Christine. "Steel Consumers Plead with Bush Administration to Lift Tariffs." *CNSNews.* (July 7, 2008). < http://cnsnews.com/news/article/steel-consumers-plead-bush-administration-lift-tariffs>.

[447] Leo Gerard qtd. In "Bush Drops Steel Tariffs." *CBS News.* (December 5, 2007). < http://www.cbsnews.com/8301-250_162-586153.html>.

strategic importance of a strong pr presence.[448] Of course, the consumer response to this decision was much more favorable. The Motor & Equipment Manufacturers Assn., for example, applauded President Bush's decision to repeal the tariffs on foreign steel imports.[449] Head of the Consuming Industries Trade Action Coalition Steel Task Force, William E. Gaskin said, in 2002, that ending the tariffs was the "'right decision for the 13 million workers in steel consuming industries…and the overall U.S. economy.'"[450]

CONCLUSIONS FROM THIS CASE STUDY

According to one author, President Bush chose to follow the advice of his political strategists—such as Karl Rove, who argued in favor of the tariffs to swing votes in states such as West Virginia[451]—over that of his economic strategists—such as Treasury Secretary Paul O'Neill, who contended that the tariffs would risk the US' free trade credibility and hurt the US employment rates.[452] As two scholars asserted, "Apparently, politics has superseded economics as the rationale for this round of steel protection."[453] One business journalist argues that although the Bush administration characterized its decision as one that was solely economic and based in

[448] Quenqua, Douglas. "Parts Makers Begin Lobby Effort Against Steel Tariffs." *PRWeek.* (October 13,2003). <http://www.prweekus.com/pages/login.aspx?returl=/parts-makers-begin-lobby-effort-against-steel-tariffs/article/48084/&pagetypeid=28&articleid=48084&accesslevel=2&expireddays=0&accessAndPrice=0>.

[449] Schweinsberg, Christie, and Katherine Zachary. "Suppliers Praise Bush on Steel Tariff Repeal." *Wards Auto.* (December 4, 2003). < http://wardsauto.com/news-amp-analysis/suppliers-praise-bush-steel-tariff-repeal>.

[450] William E. Gaskin qtd. In "Bush Drops Steel Tariffs." *CBS News.* (December 5, 2007). <http://www.cbsnews.com/8301-250_162-586153.html>.

[451] Although even this strategy, presuming the possibility of early termination of the tariffs—as did occur—involved some risk that upon termination of the tariffs voters in those key states would swing their votes back to the Democratic candidate. The Bush Administration, however, foresaw this potential dilemma and intended to explain the necessity of the decision as one of international law; see also Stevenson, Richard W. "Bush Set to Lift Tariffs on Steel." *The New York Times.* (December 4, 2003). < http://www.nytimes.com/2003/12/04/us/bush-set-to-lift-tariffs-on-steel.html>.

[452] "Advisers to Bush Seek Steel-Tariff Rollback." *Boston Globe.* (August 26, 2003). <http://www.boston.com/business/globe/articles/2003/08/26/advisers_to_bush_seek_steel_tariff_rollback/>.

[453] Merkel, Edward T., and Larry Lovik. 2003. "The 2002 Steel Tariffs: *Déjà vu* All Over Again." Troy State University. < http://business.troy.edu/Downloads/Publications/TSUSBS/2003SBS/2003Steel.pdf>.

upholding international trade law, the fact that his "chief political strategist found himself so enmeshed in the minutiae of trade policy—and so many of the Administration's economic lieutenants found themselves arguing about politics—shows how the decision became a struggle of economics vs. politics."[454]

Additionally, US Trade Representative Robert Zoellick later admitted that domestic political pressures—identified as a need to build domestic political support in order to be able to further advance the general cause of free trade— were at the roots of the decision to support the tariff.[455] If this explanation is accurate, it still leaves those questions of effectiveness in reality. That is, with the certain risk that would be involved, would these states still be Bush states in the presidential election especially when the tariff was allowed to expire? When asked a similar question, Representative Knollenberg said, "'I think he's going to gain votes.'"[456] The 2004 election results reveal that Bush won Ohio, West Virginia, and Florida, and only narrowly lost Pennsylvania; Democratic presidential nominee Kerry carried the state with only 50.9%.[457]

While there is some level of political election explanation for the ultimate overturn of the steel tariffs that reasonably fits with the explanation for their initiation, this alone is not a complete picture. After all, even if we accept that Bush may have had a brilliant grand election strategy that centered about captured steel union and producer support in key states, we must note that ultimately The United Steelworkers Union endorsed the Democratic candidate.[458] Initially, when President Bush considered implementing tariffs, steel consumers lobbied intensely but not as intensely as steel producers and not with nearly as strong a voice due to lack

[454] "Behind the Steel Tariff Curtain." *Business Week.* (March 7, 2002). <http://www.businessweek.com/stories/2002-03-07/behind-the-steel-tariff-curtain>.
[455] CENTER FOR STRATEGIC & INTERNATIONAL STUDIES, Trade Policy Challenges in 2002: Six Former U.S. Trade Representatives Discuss WTO, China, EU Relations, FTAA, Fastrack and the Steel and Lumber Cases, 49 (Feb. 12, 2002).
[456] Qtd. In Daly, Corbett B. "Bush Relents, Scraps Steel Tariffs: Economic and Political Calculus Changed After 20 Months." *Wall Street Journal.* (December 4, 2003). < http://www.marketwatch.com/story/bush-relents-scraps-steel-tariffs>.

[457] Gastner, Michael, Cosma Shalizi, and Mark Newman. "Maps and Cartograms of the 2004 US Presidential Election Results." University of Michigan. < http://www-personal.umich.edu/~mejn/election/2004/>.
[458] Hall, Christine. "Steel Consumers Tell Bush Administration: 'We're Exporting Jobs.'" *CNSNews.com.* (July 7, 2008). < http://cnsnews.com/news/article/steel-consumers-tell-bush-administration-were-exporting-jobs>.

of strategic organization.[459] This, however, changed as did President Bush's spoken preference for tariffs. Thus, we must also consider the dramatic changes in the lobbying methods used by consumer lobby groups that included a more powerful organizational style— in that they were less fragmented—and a general increase in public relations presence in Washington, D.C.[460]

QUANTITATIVE CLUES ON THE STEEL CONSUMER LOBBY

In the first part of this chapter, our case studies allowed us to find that changes in lobbying methods helped to influence changes in foreign policy. Now, as in Chapter 5 when studying the producer lobby, we will consider a few important points that we can deduct from analysis of the steel consumer lobby data across time.[461] The trend that we find here is one that speaks not only of the specifics regarding the consumer lobby but that ultimately helps us to understand the plight of the consumer lobby across time.

The Consumer Lobby on the Executive and Congress Across Time

Analysis of our data reveals evidence that the consumer lobby on the executive increases in its intensity just before a steel trade protection foreign policy decision. We can see, for

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[459] Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

[460] Quenqua, Douglas. "Parts Makers Begin Lobby Effort Against Steel Tariffs." *PRWeek.* (October 13,2003). <http://www.prweekus.com/pages/login.aspx?returl=/parts-makers-begin-lobby-effort-against-steel-tariffs/article/48084/&pagetypeid=28&articleid=48084&accesslevel=2&expireddays=0&accessAndPrice=0>.

[461] Please see Chapter 5's discussion of the quantitative research techniques and review Table 1 of Chapter 5 for an "Explanation of the Variables."

instance, in Figure 4 below, the amount of producer lobby informational access to the executive reversed from a period of decline—from 1966 to 1968—to one of incline from 1968 to 1970. This, I submit, was in response to the election of a new executive under pressure by steel producers to consider protectionist measures which in 1969 were adopted and then as an extension of those VRAs was under consideration and until it was put into place in 1971. Once the extensions were accepted, another period of consumer lobby decline ensued until 1973.

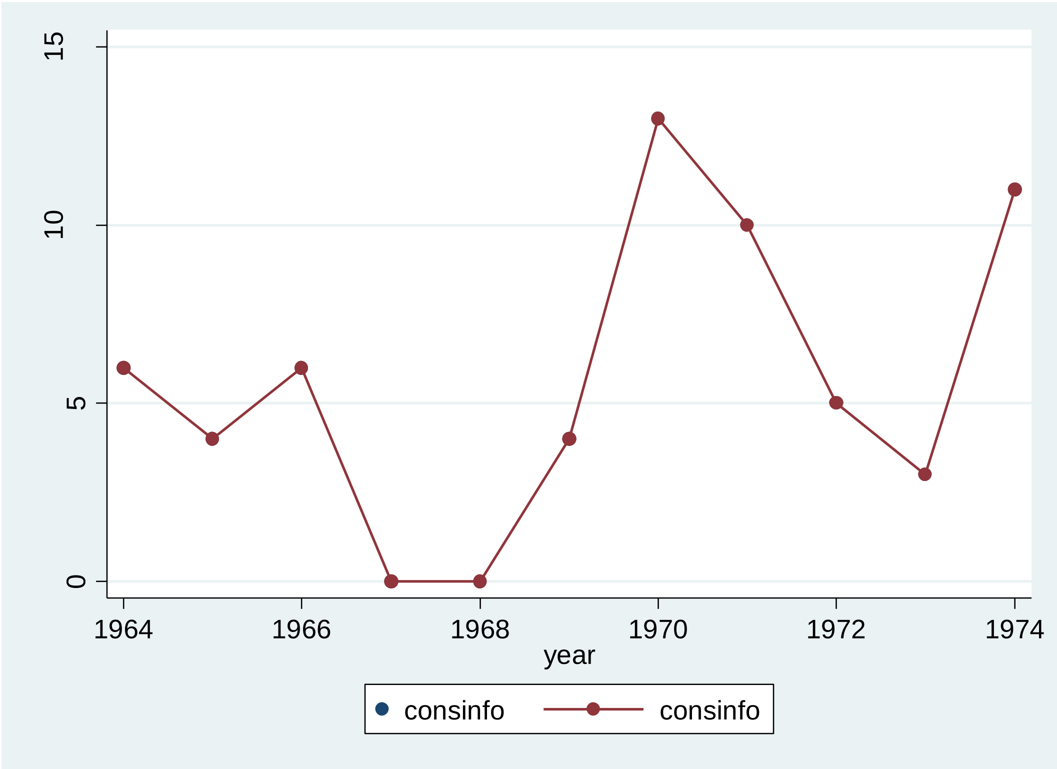


Figure 4: Steel Consumer Informational Influence Access to the Executive, 1964-1974

Similarly, as we see in Figure 5, there was a decrease in consumer informational access to the executive from 1975 to 1977 followed by a plateau from 1975 to 1979 that we may better understand if we take into consideration the effects of the *Trade Act of 1974* that created a legal mechanism for a move away from voluntary restraint agreements and toward state restrictions of imports. In response to this, there was a temporary move away from lobbying the Executive by consumer groups.

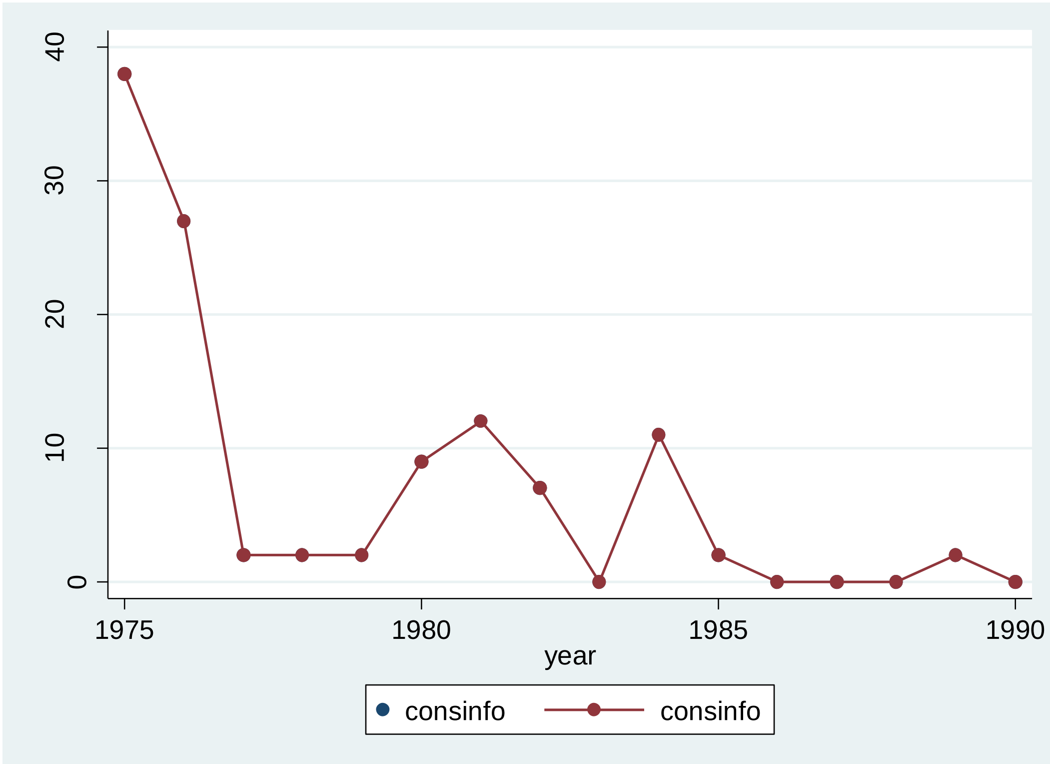


Figure 5: Steel Consumer Informational Influence Access to the Executive, 1975-1990

We can see, then, that there was an increase in steel consumer lobbying just before a steel trade protection decision were to be made and a decline just after a decision. Thus, we can see the attempt to use lobbying for persuasive informational purposes in that it is used most at times when a decision-maker would need such information in order to make the policy decision.

THE BATTLE TO INFLUENCE FOREIGN TRADE POLICY

E.E. Schattschneider's[462] work—*Politics, Pressures, and the Tariff* tells us that interest groups help to influence U.S. foreign policy decisions. As they do, they must often battle one another to win favor among decision-making politicians. Next, I describe the results of the

[462] Schattschneider, E.E. 1935. *Politics, Pressures, and the Tariff.*

quantitative analysis of data that observes Executive decisions and the various lobbying influences from 1965 to 1992. Then, I also report the results of data analysis that observes congressional voting on the 2002 steel tariff and the various lobbying influences on member decisions.

The Executive Lobby

First, I report the results of the analysis on the lobby on the executive and executive favor in statements regarding steel protection policies from 1965 to 1992. I analyze three models. Executive Model I considers influence of steel producer informational lobbying, steel consumer informational lobbying, of steel producer union informational lobbying, steel consumer union informational lobbying, the number of years an executive had been in office at the time of the year under observation, and executive party membership on a president's probability to speak favorably toward steel protectionist policy.

Model I had a strong enough R-Squared—.544—to suggest that we can reject the null for this model. This model suggests that party is most influential in executive decision-making amongst the variables we consider. It also finds consumer unions to be highly influential on executive decisions.

Table 5: Executive Model 1 Influences on the Executive's Protectionist Policy Decision, 1965-1992

	MODEL I Coefficient (Standard Error)
Constant	7.37 **
Party	-6.87 *** (1.84)
Prodinfo	-.102 (.126)
Consinfo	.369 (.213)
Un_prod	-.153 (.277)
Un-cons	-.703 *** (.122)
Yrs	.364 (..368)
R^2	0.544
N	27

Note: Estimates are Ordinary Least Squares (OLS) regression estimates. *p < .05, ** p < .01, *** p < .001

I also provide results for Executive Model IIA which analyzes the influence of steel producer informational lobbying when combined with steel union worker lobbying, steel consumer informational lobbying when combined with steel consumer union worker lobbying, and executive party membership on a president's probability to speak favorably toward steel protectionist policy.

Again, as we see in Table 6, we find that party is highly significant. However, when we group our union lobbyists with non-union lobbyists—the difference between Model I and Model IIA—we lose much of our ability to explain. The Model I R^2 which was at .544 declines to .262 for Model IIA.

Table 6: Executive Model IIA Influences on the Executive's Protectionist Policy Decision, 1965-1992

	MODEL IIA Coefficient (Standard Error)
Constant	2.04
Party	-2.21 *** (1.84)
Tot_prod	-.155 (.089)
Tot-Cons	-.309* (.116)
R^2	0.262
N	27

Note: Estimates are Ordinary Least Squares (OLS) regression estimates. *p < .05, ** p < .01, *** p < .001

Finally, I include a study of Model IIB which considers the influence of steel producer informational lobbying, steel consumer informational lobbying, steel producer union informational lobbying, steel consumer union informational lobbying, and executive party membership on a president's probability to speak favorably toward steel protectionist policy. Therefore, Model IIB drops consideration of the Model I "yrs" variable—which represents the number of years an executive has been in office at the time of the decision observation—found insignificant during Model I analysis. Additionally, it keeps the union and non-union lobby groups separate as in Model I rather than Model II as this provided much more model ability to explain as we found in our Model II analysis.

Table 7 displays the results for our analysis of Executive Model IIB. The R^2 for this model is greatest among the three executive models at .632. In this model, we find three variables—Party, Un_cons, and Consinfo—are significantly related to the executive's decision regarding steel trade protection between the years 1965 and 1992. Thus, I next discuss findings regarding these three variables.

Table 7: Influences on the Executive's Protectionist Policy Decision, 1965-1992

	Model IIB Coefficient (Standard Error)
Constant	6.012 **
Party	-7.02 ** (1.84)
Prodinfo	-.139 (.121)
Consinfo	.452 * (.196)
Un_prod	-.152 (.277)
Un-cons	-.699 *** (.121)
R^2	0.632
N	27

Note: Estimates are Ordinary Least Squares (OLS) regression estimates. *p < .05, ** p < .01, *** p < .001

In each of the three Models, we find two variable categories insignificant in their ability to explain executive decision-making on steel protection foreign trade policy decisions: producer information and years in office. The “yrs” variable represents an executive’s number of years in office at the time of his decision under observation. We find this variable insignificantly related with P>|t| as .33. Therefore, election years are not a significant influence or indicator across time on the probability for an executive to publicly show favor for or against steel protectionist policy.

In addition, we find that the producer information is not significant in its representation in our models. The prodinfo variable—representing steel producer informational access to the executive—is not significant as an indicator of executive favor as its P>|t| is .260 in Model IIB. Additionally, un_prod—the variable that represents informational access to the executive by steel producer union groups—has an even more inflated Model IIB P>|t| at .589. Finally, we also tried in Model IIA to join these union and non-union groups to test the possible influence in combining them and also to see if it is possible that these variables were wrongly identified as unique. We found that tot_prod—the variable representing total producer lobbying informational access, a combination of union and non-union efforts— had a better explanatory probability—P>|t| was .098—though still not quite significant in Model IIA, but also at the risk of much overall loss to the greater integrity of the Model since Model IIA’s adjusted R-squared was .166.

Party clearly stands out as a highly significant indicator for executive rhetoric favorability or un-favorability toward protectionist policy. Additionally, we find a strong link between the party and the likelihood that a steel producer would gain access to share information with an executive. As shown in Figure 6 below, the average amount of yearly access to steel producer information among Republicans slightly more than doubled that among Democrats.

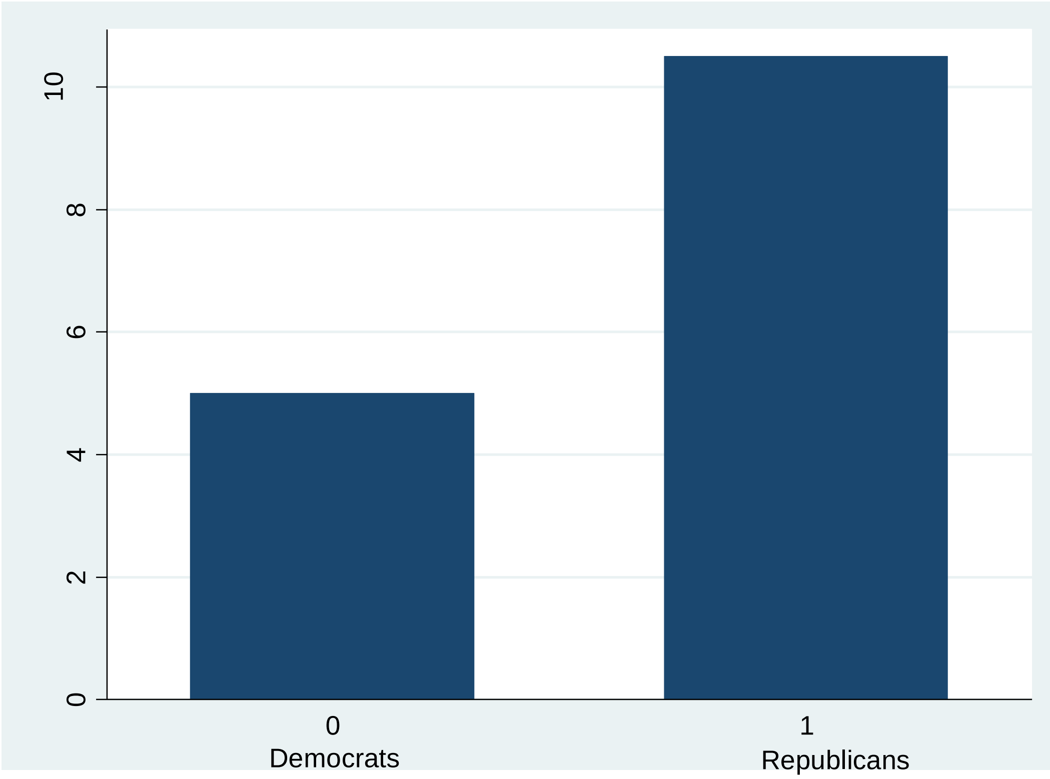
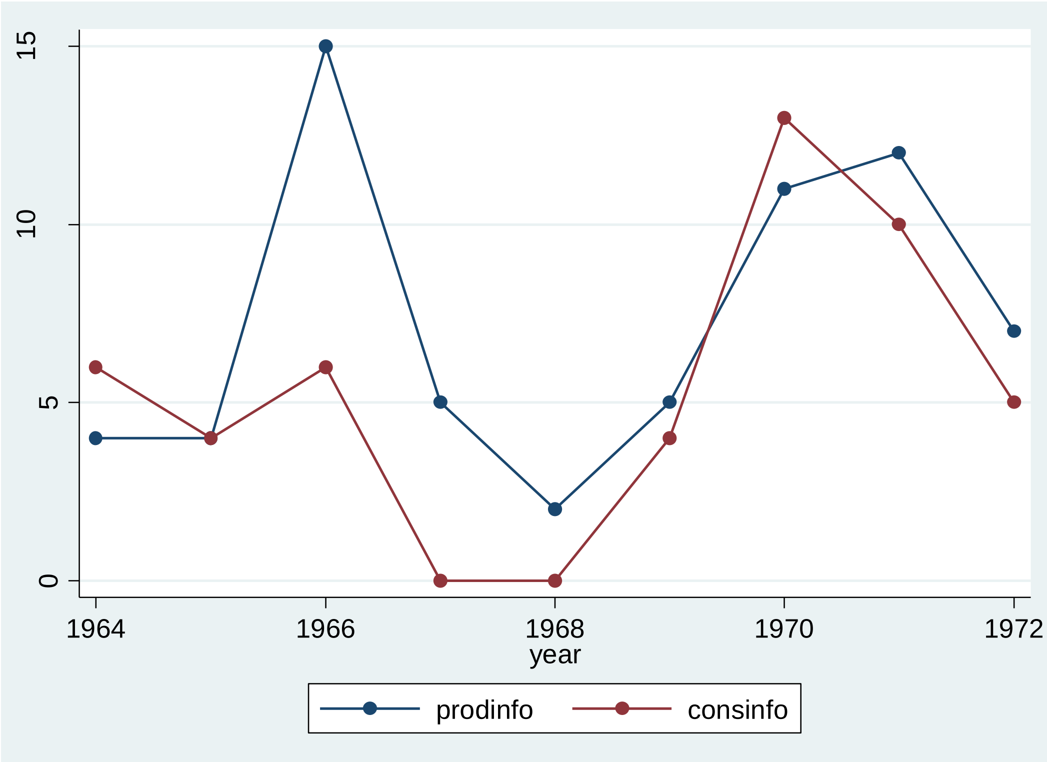


Figure 6: Average Steel Producer Information by Party

The t-statistic for this variable is -3.83 and the P>|t| is .001 in Model IIB. In the same Model, we also found that our consumer variables were more significant than our producer variables. Consinfo—the variable representing steel consumer informational access—P>|t| .031 while un_cons—the variable that represents steel union consumer informational access—is our most significant indicator at P>|t| .0005.

If steel producer informational access is less significant an indicator than consumer informational access for achieving the desired executive favor toward a given policy, then how do we explain the fact that steel has received the protection it has—what would be a desirable outcome of the less influential steel producer lobbyists? When we analyze the data, we further notice this trend: while the steel producers and consumers lobby at similar times and increase and decrease their intensity at similar times, the steel producers do this at a greater level of



intensity.

Figure 7: Steel Producer and Consumer Informational Influence Access to the Executive, 1964-1972

For example, Figures 7 and 8 illustrate the way in which the dips and rises in prodinfo—the variable representing producer informational access to the executive—and consinfo—the variable representing consumer informational access to the executive—seem to be a near mirror reflection but the changes toward incline or decline in consinfo are generally much less dramatic than those in the prodinfo trend.

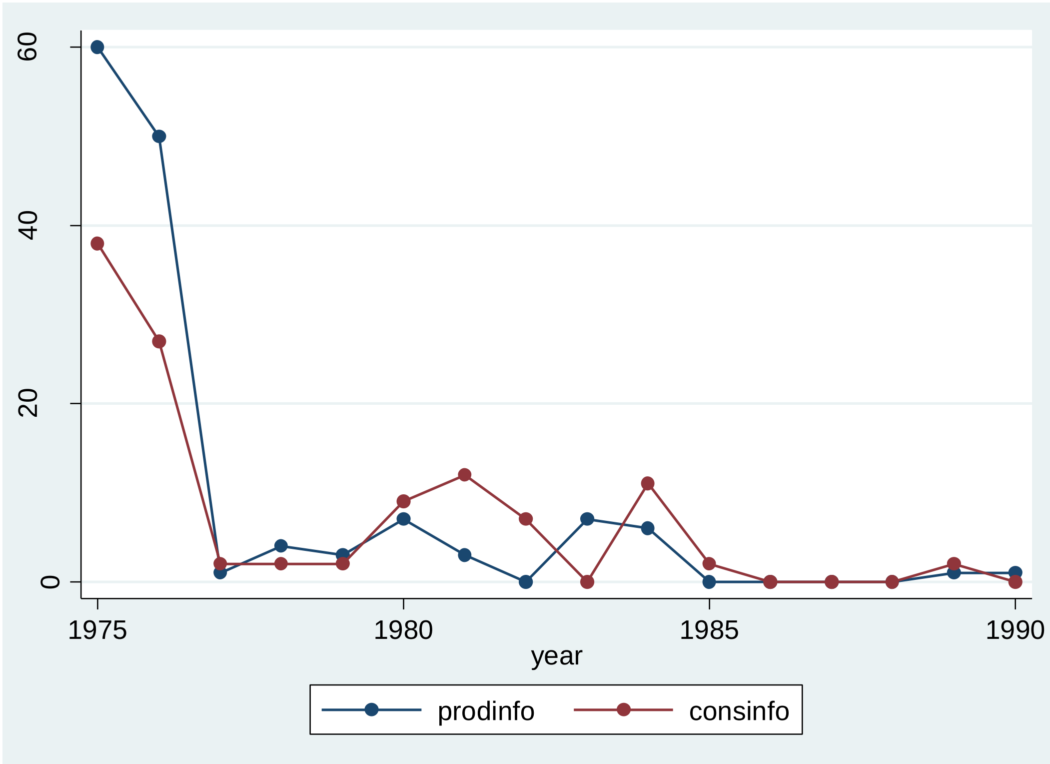


Figure 8: Steel Producer and Consumer Informational Influence Access to the Executive, 1975-1990

For instance, we can notice in Figure 7 a spike in both variables from 1963 to 1966 but the incline in prodinfo is much greater.

Our data analysis, then, leads us to important conclusions. First, electoral politics may be important in the executive decision-making process but overall more as a matter of party politicking than the *realpolitik* desire to stay in office as we find that electoral years are not a significant indicator of executive displays of favor toward protectionist policy. Second, producer information is not as significant an indicator as is consumer information on an executive's public rhetorical favorable or non-favorable position for a protectionist policy. Finally, one of the greatest keys to the success that the steel producer lobby has had with the executive may be less with its power—as it seems the steel consumer lobby actually wield more potential for influence—but rather in its lobby techniques; Steel producers benefit immensely from their greater intensity in comparison to the consumer groups which actually hold group influence potency.

The Congressional Lobby

Next, I report the results of the analysis on the congressional lobby and congressional voting in the 1999 HR 975—Steel Limitation Bill. The Congressional Model considers influence of steel producer informational lobbying access, steel producer union campaign contributions, steel consumer union campaign contributions, and Congressional member's party membership on a member's probability to vote favorably toward steel protectionist policy.

Table 8: Influences on a Congress Member's Steel Tariff Vote, 106th Congress

	Coefficient (Standard Error)	**Z**	**P>|z|**
Constant	2.88 ***	4.26	.000
Party	-3.44 *** (.675)	-5.27	.000
infoAISI	-.114 (.129)	.88	.378
conttrans	-.001 ** (.001)	-3.01	.003
Contcons	.001** (9.19)	2.7	.007
Contprod	.001 (.001)	1.84	.066
Prob. > Chi²	0.000***	--	--
N	165	--	--

Note: Estimates are multinomial logistic regression estimates. *p < .05, ** p < .01, *** p < .001

I used a logistic regression for this model since the dependent variable is dichotomous. We observe the Prob>chi2: This is the probability of obtaining the chi-square statistic given that the null hypothesis is true. That is, this is the probability of obtaining this chi-square statistic (76.02) if there is in fact no effect of the independent variables, taken together, on the dependent variable. This is, then, the p-value, which is compared to a critical value, perhaps .05 or .01 to determine if the overall model is statistically significant. In this case, the model is statistically significant because the p-value is less than .000. The Prob> Chi2 is <0.05, so the model passes this test to see whether all the coefficients in the model are different than zero. The higher the z-score, the higher the relevance of the variable; as we can see, party is most relevant and infoAISI—the steel producer informational access to a Congress member— is least relevant while the consumer contributions variables are also noticeably more relevant than producer variables.

The z-score must be greater than 1.96—as are party, contcons—the variable representative of steel consumer contributions to a member—, and conttrans—the variable representative of steel transportation industry contributions to a member—to reject the null with 95% confidence and say that these variables have a significant influence on the dependent variable. Thus, I find that this vote indicates that likelihood toward more favorable outcomes in vote consequences are dependent more upon monetary contributions than informational ones and are also significantly related to a Congress member's party.

CONCLUSIONS

This chapter began with a report of the results of an initial case study analysis. In this chapter, I reported the results of a qualitative study of the influence of various means of interest group influence on the Bush administration and considered which explains the most. Some speculate that the Bush administration made its decision to issue the tariffs because of the political collateral that Bush would gain. Others, however, note that Bush ultimately terminated the tariff early and was more likely motivated by the early drive in information that was far more intense from the steel producers and then persuaded to terminate the tariffs as the consumer lobby finally gained in its intensity.

Additionally, I reported the results of my consuming industries variables from my study of the consuming industry across time and reported their effects on U.S. foreign trade policy. I find that Congress and the Executive are influenced uniquely. While both congress members and presidents share a commonality in the influence of party, informational access is significantly less important in determining the likelihood of a congressional vote than is a monetary contribution. However, as we study the Executive across time, we find that electoral politics are less important than they seem to be for Congress members. We see, for example, that the year in office is not a significant indicator for presidential decision-making. Additionally, the executive is more likely to make decisions that consider information provided by lobbyists than is a Congress person. It is further interesting that it is the consumer lobbyists, not the producers, that have greater potential to influence in that their level of access is a stronger indicator for a probability toward favorable presidential statements. Finally, we also conclude that the producer lobby has been more intense in its efforts—overall and average frequency across time and specifically just before an important policy decision—and that this intensity benefits their interest.

CHAPTER 7: CONCLUSION

This work has investigated the relationship of influence between domestic interest groups and presidential trade policy protection. As it did so, it specifically compared and contrasted that relationship with that which exists between Congress and domestic interest groups. In particular, it further considered the differences that exist in the influences of steel producer and steel consumer interest groups. Some argue that interest groups do influence foreign trade policy decisions while others argue that they do not. There is much inconsistency remaining in the research on this matter. I employ a less commonly and relatively newly used measurement for influence—informational access—to study this question as I argue that interests groups do significantly influence foreign trade policy decisions. I tested this theory through case studies and quantitative data analysis. I further demonstrate *how* they influence uniquely in the Congress and the Executive branches of government as well as differences that exist between consumer and producer interest groups.

This chapter achieves four final objectives. Its first section contains final discussion of the theory and argument, alternatives, and future areas for additional research. In its next section, it summarizes the cases and data analysis as it outlines the dissertation's principal findings. The third section of this chapter provides discussion of normative implications. The fourth section describes the policy implications of this work's findings. Finally, I summarize with a few concluding thoughts.

SUMMARIZING THE ARGUMENTS

In 1935, E.E. Schattschneider presented his book–*Politics, Pressures, and the Tariff* –in which he suggested that interest groups help to influence the decisions of Congresspersons on U.S. foreign policy.[463] In 2005, I.M. Destler reintroduced Schattschneider's argument in *American Trade Politics*. Nonetheless, since Schattschneider's 1935 work, a gap exists in this

[463] Schattschneider, E.E. 1935. *Politics, Pressures, and the Tariff.*

literature.[464] While Schattschneider's research was catalyst to much further work on United States political behavior and foreign policy, I reveal that little research builds directly from that work by examining interest group behaviors and their relationship to state foreign policy behaviors. Many scholars are now arguing that more work needs to be conducted which would consider the effects of interest group behavior.[465]

This work, then, is an endeavor to answer those calls to further study the relationships between United States political behavior and foreign policy and to do so specifically while also addressing the specific need for further deliberation of the effects of interest group behavior on trade policy.[466] Goldstein and Martin say that they build upon Schattschneider's theory that protectionist interests are concentrated while free-trade interests are diffuse and they instead provide their own theory and operationalization of interest groups and their relationship to trade.[467] They suggest that legalization enhances rules and procedures that cause interest groups to inform themselves more than they might otherwise; as a result, this explains an eventual decline in liberal trade as informed anti-trade forces become more influential. This dissertation does not focus on the organizational influences on trade policy decisions; However, I do find strong support in my case studies for the theory that protectionist causes are less diffused than free-trade groups and that this diffusion seems to inhibit their influence. Nonetheless, my findings do not support Goldstein and Martin's findings regarding the reason for the strength of protectionist interest groups.

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[464] Destler, I.M. 2005 *American Trade Politics.* Washington, D.C.: Peterson Institute for International Economics.

[465] Petersmann, Erst-Ulrich. 2003. "Trade and the Protection of the Environment After the Uruguay Rount." In *Enforcing Environmental Standards: Economic Mechanisms as Viable Means?* Rudiger Wolfrum, ed. Heidelberg, Germany: Springer.

[466] See these sources:
Destler, I.M. 2005 *American Trade Politics.* Washington, D.C.: Peterson Institute for International Economics.
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Petersmann, Erst-Ulrich. 2003. "Trade and the Protection of the Environment After the Uruguay Rount." In *Enforcing Environmental Standards: Economic Mechanisms as Viable Means?* Rudiger Wolfrum, ed. Heidelberg, Germany: Springer.

[467] Goldstein, Judith, and Lisa L. Martin. 2000. "Legalization, Trade Liberatlization, and Domestic Politics: A Cautionary Note." In *International Law and International Relations,* Beth A. Simmons and Richard H. SteinBerg, eds. Cambridge: Cambridge University Press, 2006.

According to Cigler,[468] it is the studies of group impact or the actual ways and degrees to which interest groups influence that there is the least growth in the research and the greatest need for further development. In much of the work on interest group influence, interest groups are broadly defined as "voluntary associations independent of the political system that attempt to influence the government."[469] Cigler's observation—that we know far too little about how interest groups influence—suggests, then, that we know far too little about the very characteristic that defines the interest group. I endeavored to contribute where there is still yet a large void—in our understanding of the influence of interest groups.[470]

Much of the previous work on influence considers influence due to monetary incentive[471] or interest group promises for political endorsements.[472] In my review, I additionally found that the narrative case studies on interest group influence on policy outcomes seem to consistently suggest greater influence, while quantitative studies as a whole on this topic are plagued by an inconsistency in their conclusions.[473] Anson, in his study, suggests employing an informational measurement for influence to remedy this variable bias problem and Andrews and Edwards agree in their article that an informational study is needed and also suggest that a dependent variable operationalized on policy position may also help researchers to avoid the inconsistencies.[474] Thus, this study attempted to address this inconsistency by employing a dual approach that employs both quantitative and qualitative methods for research, using the policy-

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[468] Cigler, AJ. 1991. "Interest Groups: A Subfield in Search of an Identity." In *Political Science: Looking to the Future,* ed W Crotty, pp. 99-135. Evanston, IL: Northwestern University Press.

[469] Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.

[470] Cigler, AJ. 1991. "Interest Groups: A Subfield in Search of an Identity." In *Political Science: Looking to the Future,* ed W Crotty, pp. 99-135. Evanston, IL: Northwestern University Press.

[471] Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.

[472] Gerber, ER, and JH Phillips. 2003. "Development Ballot Measures, Interest Group Endorsements, and the Political Geography of Growth Preferences." *American Journal of Political Science.* 47: 625-39.

[473] See these sources:
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Fowler, LL., and RG Shaiko. 1987. "The Grass Roots Connection: Environmental Activists and Senate Roll Calls." *American Journal of Political Science,* 31: 484-510.

[474] See these sources:
Andrews, Kenneth T., and Bob Edwards. 2004. "Organizations in the U.S. Political Process." *Annual Review of Sociology.* Vol. 30 (2004), pp. 479-506.
Anson, Jose. 2006. "Intra-Industry Competition for Political Influence: An Empirical Investigation of U.S. Steel Industry Firms' Lobbying." Swiss National Foundation Research Program.

based dependent variable, and including an influence variable that measured informational access rather than monetary contributions or endorsements.

Scholars suggest that interest group financial contributions are a form of influence.[475] However, one important note when studying the presidency across time is that considering a given president's campaign contributions to his own campaign limits the years which we can study the influence of interest groups since in the final years of a two-term presidency, it is not a campaign that is being advocated but a legislative agenda.[476] Therefore, I chose to apply a theory based on the importance of the legislative agenda power in my research design in that I recognize that a president's desire to build his legacy through influencing the legislative policy agenda is a continual desire and further recognizing that interest groups may endeavor to influence through their PAC contributions to legislators.[477] Burstein and Hirsh (2007) provide results of their research on the influence of interest groups on policy. Although their study is not specific to foreign trade policy or the presidency and is limited in that it only looks at information conveyed through Congressional committee hearings, their conclusion informs my theory. These scholars first note my finding that the conclusions of previous work on interest groups influence are mixed in whether or not interest groups are significantly influential.

As Burstein and Hirsh find, this is because it is information that is now the currency of interest groups and thus much previous research lacks measurement for that most significant variable of influence.[478] I build from Orman's[479] assumption that interest group access is important and look to see how it is important in that I look to see how a specific trade industry may affect foreign trade policy. In the next section, I discuss the principal findings of my study.

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[475] Burstein, Paul, and C. Elizabeth Hirsh. 2007. "Interest Organizations, Information, and Policy Innovation in the U.S. Congress." *Sociological Forum,* Vol. 22, No. 2 (Jun. 2007): pp. 174-199.
[476] Edwards, George. 1989. *At the Margins: Presidential Leadership of Congress.* Yale University Press.
[477] Anson, Jose. 2006. "Intra-Industry Competition for Political Influence: An Empirical Investigation of U.S. Steel Industry Firms' Lobbying." Swiss National Foundation Research Program.

[478] Burstein, Paul, and C. Elizabeth Hirsh. 2007. "Interest Organizations, Information, and Policy Innovation in the U.S. Congress." *Sociological Forum,* Vol. 22, No. 2 (Jun. 2007): pp: 174-199.
[479] Orman, John. 1988. "The President and Interest Group Access." *Presidential Studies Quarterly.* Vol. 18, No. 4 (Fall 1988), pp. 878-891.

PRINCIPAL FINDINGS

There are both formal and informal sources of trade protection that have been employed by both the U.S. and the E.C. toward one another. Our consideration of those forms and the transatlantic relationship itself—with the WTO DSB at times as mediator to dispute—finds that the relationship is still itself quite influential on the greater international political economy. It is a dynamic relationship tested by heat—much like steel itself—but yet strong and perhaps even gaining in its strength. We might however, look at one of these disputes such as[480] in *United States--Countervailing duty measures concerning certain products from the European Communities (WT/DS212)_2002* and consider the influence of domestic interest groups on one state's decision-making processes. In this study, I specifically considered those domestic interest group influences on the U.S. presidency and congress as pertaining to this case but also across time. Next, I summarize the results of that study.

The Bush Administration, Congress, Interest Groups, and the 2002 Steel Tariff

Some speculate that the Bush Administration made its decision to issue the tariffs because of the political collateral that Bush would gain. Others, however, note that Bush ultimately terminated the tariff early and was more likely driven by the early drive in information that was far more intense from the steel producers and then driven to terminate the tariffs as the consumer lobby finally gained in its intensity. After all, beyond the possible congressional seats to gain—a party explanation rather than one of electoral year and presidential popularity—President Bush did win West Virginia, Florida, and Ohio while safely losing Pennsylvania in both the 2000 and 2004 elections. In other words, did President Bush really need those states any more than in 2000 such that he would risk votes that appreciated his free-trade platform?

[480] *United States--Countervailing duty measures concerning certain products from the European Communities (WT/DS212)_2002.*

This case study of how steel producers lobbied for protectionist foreign trade policy leads us to find a few further conclusions. While President Bush's decision may have been weighted by the political leverage that would come with attaining important endorsements for the swing voters in key states it is highly important to note that even if this were true the information came through a well-strategized and persuasive steel protectionist lobby. Ultimately, the steel production faction of this domestic foreign policy war has great political leverage in its lobbying influence.[481] To some extent, this great power is due to their concentration within a few states that control a large number of Electoral College votes.[482] This leverage, when combined with their years of experience in lobbying, combined to form a well executed lobbying campaign in that it was well organized as it strategically united vital players but also in that it was far more present in its lobbying than were the consumer lobbyists in the days leading up to the tariff imposition.[483]

Qualitative and Quantitative Studies of the Presidency Lobby: 1963-1992

The historical case study analysis of the steel producer and consumer lobby on the executive shows clear differences between the producer and consumer lobbies. Overall, the producers have held the strategic lobby advantage across time and thus received many favorable results. In this study, however, we find that the steel consumers are slowly adapting their response methods from a more individual firm based lobby to one that includes this but also includes more persuasive use of the consumer alliance groups. Still, their responses have not been successful enough to halt the protectionist policies that harm their industry. The consumers improved their lobby position when they organized a more united front to protest the George H.W. Bush VRAs that included the powerful representative influence of the Coalition of

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481 Sanger, David E., and Joseph Kahn. "Bush Weighs Raising Steel Tariffs But Exempting Most Poor Nations." *The New York Times.* (March 4, 2002). < http://www.nytimes.com/2002/03/04/us/bush-weighs-raising-steel-tariffs-but-exempting-most-poor-nations.html?pagewanted=all&src=pm>.

482 "Anger Over Steel."*The Economist.* (March 11, 2002). < http://www.economist.com/node/1032895>.

483 Polman, Dick. "Bush's Steel Tariff is an Early Bit of Politicking." *Philly.com.* (March 13,2002). <http://articles.philly.com/2002-03-13/news/25340650_1_steelworkers-tariff-decision-conservative-orthodoxy>.

American Steel Using Manufacturers. Nonetheless, even then it seems that the argument for protectionism had a more ideal lobby organizational strategy as not only various producers and producers unions, but also the Coalition for a Competitive America-Steel Users for VRAs—an alliance of steel consumers—lobbied in support of VRAs.

As our quantitative study found, steel producer lobbyists increase their intensity to provide information just before an important decision and decline their intensity to relay information after its settlement. Additionally, our qualitative studies found, this trend was evident across time: when the executive would not permit producers informational access, the producers went to congress and the public and then with that added leverage made their way in to lobby the executive. Overall, then, the effects of the consumer lobbies in this historical era were not able to stifle protectionism but they may have helped to restrain the looming possibility for a steel tariff from becoming reality…at least for awhile.[484]

Congressional Roll-Call Voting Influences

I reported the results of my consuming industry variables from my study of the consuming industry across time and reported its effect on U.S. foreign trade policy. I found that Congress and the Executive are influenced uniquely. While both congress members and presidents share a commonality in the influence of party, informational access is significantly less important in determining the likelihood of a congressional vote than is a monetary contribution. However, as we study the Executive across time, we find that electoral politics are less important than they seem to be for Congress members. We see, for example, that the year in office is not a significant indicator for presidential decision-making. Additionally, the executive is more likely to make decisions that consider information provided by lobbyists. It is further interesting that it is the consumer lobbyists, not the producers, that have greater potential to influence in that their level of access is a stronger indicator for a probability toward favorable presidential statements. Finally, I further conclude that the producer lobby has been more intense

[484] Comment, The Anatomy of Protectionism: The Voluntary Restraint Agreements on Steel Imports, 35 UCLA L. REV. 953, 972 (1988).

in its efforts—overall and average frequency across time and specifically just before an important policy decision—and that this intensity benefits their interest.

CONCLUSIONS, NORMATIVE, AND POLICY IMPLICATIONS

One trend this study reveals is that the U.S. steel industry has been on a relatively steady decline in the American economy throughout the Post-World War II era. Its producers and employee unions responded to this decline by applying bandages rather than finding long-term solutions. One such short-term solution that seemed at times to benefit producers, consumers, unions, and the U.S. economy simultaneously was the use of import regulations. Steel production advocates make their arguments for the protection of a declining industry, but as they do, many steel consumers argue for the benefits of keeping steel trade as free-trade. An estimate that supports the concerns of steel consumers finds that quotas, tariffs, and other protectionist restrictions placed on steel imports between 1969 and 1992 cost the American consumer between $60 and $100 billion just in higher prices for goods containing steel parts while the steel industry continued in its spiral of decline.[485]

As consumer lobbyists further develop their techniques and, I argue more importantly for them, simply become more present in a strategically organized form, their influence—especially with the Executive—can increase significantly. It does seem, however, that their potential to influence Congress depends more upon monetary influence than informational influence. Furthermore, in both institutions, Congress and the Executive, party is a highly significant indicator of foreign trade policy decision-making. Thus, as some argue, we must visit a question that stems from Federalist 52 to ask ourselves if Congress does still find itself "dependent on the people alone" or if it is more dependent upon monetary contributions for re-election than the good of its constituents. Additionally, as others contend, we must consider the possibility that

[485] Barringer, William, andKenPirece.2000.*Paying the Price for Big Steel.* Washington, D.C.: American Institute for International Steel.

party is becoming too important a predictor within both the congressional and executive branches to keep a true check on the possible mischief of faction.[486]

[486] See these sources:

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