

# The Political Economy of International Trade

## U.S. Trade Law, Policy, and Social Cost

Jae Wan Chung



LEXINGTON BOOKS

A division of  
ROWMAN & LITTLEFIELD PUBLISHERS, INC.  
*Lanham • Boulder • New York • Toronto • Oxford*

# Contents

List of Figures	xi
List of Tables	xiii
Abbreviations	xv
Preface	xvii
Acknowledgments	xxiii

## **PART I: U.S. TRADE LAWS AND INTERNATIONAL TRADE AGREEMENTS \**

<b>1</b>	Constitutional Mandate of Trade Policy and Trade Protection	3
1.1	Trade Legislation and Trade Policy	4
1.2	Procedures for Trade Legislation	5
1.3	Causes of Protective Trade Legislation	7
1.4	Summary and Conclusions	9
	Notes	10
<b>2</b>	Primary Trade Laws in the Past	13
2.1	The Smoot-Hawley Tariff Act of 1930	14
2.2	The Reciprocal Trade Agreements Act of 1934	21
2.3	Trade Expansion Act of 1962	23
2.4	Trade Reform Act of 1974	24
2.5	Trade Agreements Act of 1979	25
2.6	Summary and Conclusions	27
	Notes	28

3	Trade Law of the Present Era: An Overview	31
3.1	Background and Purpose of OTCA	33
3.2	Legislation	35
3.3	Statutory Composition and Trade Remedy Laws	35
3.4	Summary and Conclusions	37
	Appendix 3.1: House Votes on H.R. 4848	38
	Appendix 3.2: Senate Votes on H.R. 4848	42
	Notes	43
4	Principal Trade Policy Instruments	45
4.1	Enforcement of U.S. Rights and Responses to Foreign Unfair Trade Practices	47
4.2	Identification of Trade Liberalization Priorities	49
4.3	Identification of Intellectual Property Rights Priorities	50
4.4	Countervailing Duties	51
4.5	Antidumping Duties	54
4.6	Safeguard Measure <sup>x</sup> •	57
4.7	Antecedents of Trade Remedy Statutes	58
4.8	Other Provisions	60
4.9	Summary and Conclusions	61
	Notes	62
5	The World Trade Framework	65
5.1	Multilateral Agreements	67
5.2	Regional Agreements	77
5.3	Bilateral Agreements	82
5.4	Recent Development of Multilateral Agreements	83
5.5	Summary and Conclusions	87
	Appendix 5.1: House Roll Call Votes on the Uruguay Round	88
	Appendix 5.2: Senate Roll Call Votes on the Uruguay Round	93
	Appendix 5.3: Highlights of the U.S.-Canada Trade Pact	94
	Notes	95

## **PART II: U.S. TRADE POLICY, SOCIAL COST, AND POLICY REFORM**

6	Trade Policy Institutions	101
6.1	The Legislative Branch	101
6.2	The Executive Branch	102
6.3	The International Trade Commission	108
6.4	Private Sector Advisory Committees	109

6.5	Policy Implications	109
6.6	Summary and Conclusions	110
	Notes	111
7	Trade Policy in Action	113
7.1	Trade Policy under Multilateral Agreements	115
7.2	Trade Policy under Regional Agreements	116
7.3	Bilateral Initiatives	118
7.4	Enforcement Activities by Trade Remedy Measures	123
7.5	Future Course of U.S. Trade Policy	137
7.6	Summary and Conclusions	140
	Notes	141
8	Trade Disputes and Settlements	143
8.1	Foreign Trade Barriers	144
8.2	Complaints about U.S. Trade Remedy Policy	146
8.3	Are the U.S. Trade Remedy Statutes in Accord with Multilateral Agreements?	151
8.4	Trade Disputes and Settlements	154
8.5	Summary and Conclusions	160
	Appendix 8.1: Disputes Brought to the WTO by the United States against Foreign Countries	161
	Appendix 8.2: Disputes Brought to the WTO by Foreign Countries against the United States	166
	Notes	173
9	Adjudicatory Behavior of Trade Policy Institutions and Effectiveness of Trade Remedy Policy	175
9.1	Determinants of Petition	176
9.2	ITC's Decision-Making Behavior	178
9.3	Effectiveness of Trade Remedy Policy	180
9.4	Trade Remedy Policy and Trade Disparity	182
9.5	Summary and Conclusions	184
	Notes	185
10	Fair Trade Policy, Social Cost, and Trade Policy Reform	187
10.1	Legal Perspective on Trade Policy	189
10.2	Economic Perspective on Trade Policy	191
10.3	Social Cost of Trade Policy, Optimal Trade Intervention, and Trade Policy Reform	194
10.4	Summary and Conclusions	196
	Notes	198

Epilogue		201
Appendix		
I	GATT <sub>1947</sub> : Components	205
II	Uruguay Round Agreements: Components	207
III	NAFTA: Outline	209
Bibliography		215
Index		229
About the Author	i	245