

# **Additional Views Of Commissioners D'Amato, Lewis, Papadimitriou, Thurow, Wessel, and Becker**

## **Trade as the new prism of world politics**

We are honored to have this opportunity to present to Congress and the President of the United States this review, analysis, and assessment of international economic trends of growing importance to the welfare of our citizens and the fundamental strength of our nation -- that is, the growing economic interdependence of the world through the process known as globalization and its implications for American international power. We hope that our report will serve as a basis for an early and full debate on the range of implications of our huge and growing trade deficits and that our recommendations to begin addressing them will be carefully considered.

Trade, including the rush of American capital moving to foreign locations, the spiraling deficits and indebtedness of America to foreign creditors, and the erosion of America's manufacturing base, has implications for our country as an international leader and power. While this may seem axiomatic, there appears to be a growing body of opinion that this process is somehow different from the historical norms establishing the interrelationship of trade and international power and influence, and that political institutions are best advised to stay out of the way of the "free" movement of goods and capital. We regard this thinking as naive and irresponsible. It ignores the long history, for example, of America using trade as a lever of influence with the Soviet Union on human rights.

There are many in Congress who now recognize that economic factors are now predominant on the world stage and are the new cauldron of strategic power. Military factors are taking a second place, in a historic shift of emphasis. Despite Congress' exclusive constitutional power to regulate foreign commerce, the executive branch has built institutions, which, through persistence, big budgets, and energetic bureaucrats, have wrested the focus of policymaking over to itself. Congress has, through benign neglect, given this erosion of its power scant notice and has allowed its internal institutional framework to exercise its constitutional authority to wane.

We believe that the idea that international economic trends are somehow not connected to political power not only flies in the face of history but also is clearly not shared by our major trading partners, who regularly manipulate access to their markets and export practices to enhance their national power. As has been documented in this report, European Union member nations continue to heavily subsidize their civil aircraft manufacturing industry to compete with the United States; Canada heavily subsidizes its film production industry to lure billions of dollars of U.S. film production to Canada annually; Japan and China continue to keep large parts of their markets closed to U.S. goods and support the dumping of steel and other

products into the American market. That is why our report is replete with recommendations for Congress to reassert its constitutional power to regulate foreign commerce, through the creation of new institutional mechanisms of assessment and oversight, and for both branches of government to take firmer control over the process of negotiating, monitoring, and enforcing international trade agreements. Most importantly, the report urges contingency planning and timely actions when needed to reduce our national vulnerabilities to adverse policies by foreign actors.

We believe trade policy is a factor of growing importance in our national life and an inseparable part of America's overall strategic relationship with the rest of the world. As such, it must advance and promote the basic human values our nation is founded upon and be formulated to enhance the standard of living of our citizens.