In addition to the possibilities for evasion and avoidance, the TPM was not a law. It was legal to sell at less than the trigger price as long as steel was not sold at less than fair value. Apparently many firms decided to do just that, as shown by the European requests for reviews. Depreciation of European currencies relative to the U.S. dollar lowered European production costs relative to trigger prices. Whether the fair value of European steel was in fact below the trigger price cannot be judged here. It is clear, however, that imports of European steel soared in 1981 and that this was what led to the TPM's downfall. Domestic steel firms became more and more critical of the TPM as steel imports grew in 1981 (see table 1). European Economic Community (EEC) steel producers increased their tonnage sold in the United States by 63 percent. Domestic firms argued that the Commerce Department did not enforce the TPM with sufficient vigor to stem the rise of steel, which, in their view, was being imported at prices below fair value. The Commerce Department pledged to initiate formal investigations whenever it encountered evidence of unfairly priced imports, and in November 1981 the Commerce Department did initiate a few cases. Still dissatisfied, seven domestic firms filed a record 132 anti-dumping and countervailing duty cases against producers in eleven nations on January 11, 1982.

The Commerce Department suspended the TPM on the same day. The department often had stated that it did not have the resources simultaneously to operate, update and investigate complaints, and that filing of complaints would cause the TPM to be withdrawn. The department announced that it would devote the resources that had been involved in operating the TPM to the investigation of the industry's complaints.

Conclusion

How did the TPM fare relative to the administration's three purposes of avoiding more severe protection, aiding the domestic steel industry, and improving enforcement of the anti-dumping law? Certainly, the TPM was successful in avoiding greater protectionism in steel trade and the harm that would have accompanied it. During the TPM's four-year tenure, Congress legislated no restrictions on steel imports or anti-dumping duties. Steel imports were almost completely ignored, and other than a few isolated instances that TPM was not a success. A TPM even was dumped.

The TPM aided the domestic steel industry, and improving protectionism. The Steel Trigger Price Mechanism

The trigger price mechanism (TPM), implemented early in 1978, was devised to detect imports of steel at unfairly low prices and trigger the administrative relief provided by law. In 1977, the U.S. steel industry was facing tough import competition, and that its costs and foreign producers were selling steel at "less than fair value" in the U.S. market; indeed, in 1977 the Treasury Department was investigating 19 separate anti-dumping complaints from the domestic steel industry. U.S. law provides for anti-dumping duties to be levied on imports that are dumped—or sold at "less than fair value"—if such sales cause material injury to a U.S. industry. Fair value is the price charged in the exporter's home country. The law also provides for the imposition of countervailing duties to offset foreign subsidies that subsidized imports cause material injury to a U.S. industry. The TPM established reference prices for steel imports. Imports at prices below the reference price would trigger an investigation of whether imports were being dumped and whether injury was occurring. While the TPM did not change the anti-dumping law, it did facilitate government-initiated dumping investigations. The Tariff Act of 1930 provides that an investigation may be initiated by the government or by a petition from a firm or other interested party. Investigations almost always resulted from petitions from firms and seldom if ever were initiated by the government. Proponents of the TPM expected that constant monitoring of import prices and foreign costs would make possible more rapid initiation and completion of investigations and, if warranted, implementation of anti-dumping duties. The TPM did not remove a domestic firm's legal right to file petitions.
The Carter administration had three purposes for the TPM. The first purpose was to facilitate enforcement of the anti-dumping law, which is difficult as a question. That law, like all measures that protect domestic industry from foreign competition, has the undesirable consequence of precluding U.S. consumers from buying a product which it is cheapest. Trade protection leads to less efficient patterns of consumption and production and makes the nation poorer.

The second purpose of the TPM was to encourage higher prices and lower volume sales. This objective is related to the first in that it might be achieved by better enforcement of anti-dumping law. However, the anti-dumping law is difficult to enforce, and the TPM held the promise of better results with less effort. Because an anti-dumping law must be specific to a product and firm, this purpose was not to change the law but to facilitate better enforcement. Whether more vigorous enforcement of the anti-dumping law is desirable is a difficult question. That law, like all measures that protect domestic industry from foreign competition, has the undesirable consequence of precluding U.S. consumers from buying a product which it is cheapest. Trade protection leads to less efficient patterns of consumption and production and makes the nation poorer.

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