



December 8, 2004

Dear Editorial Page Editor:

Attached please find an op-ed that we hope you will consider publishing under the by-line of Robin Lanier, Executive Director, Consumers for World Trade. Please feel free to contact me should you have questions or decide to use the piece.

Best wishes,

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Taxpayer Rip-Off: Big Business Robs Us Blind

Corporate greed is not limited to Wall Street. It can be found right on the corner of 15th Street and Pennsylvania Avenue in Washington where the Treasury Department sits. Under a provision dubbed the Byrd Amendment after its sponsor, Senator Robert Byrd (D-WV), the Treasury has given away *almost a billion dollars in tax revenues* to a small handful of American companies over the last three years.

So what's the deal?

It starts with an obscure group of laws that allow businesses to petition the government to have special border taxes assessed against certain kinds of imports. These taxes, called "dumping duties," are imposed to increase consumer prices for imports in order to limit competition from foreigners.

This may seem reasonable. But you haven't heard the whole story. For time immemorial these "dumping duties" have gone into the general treasury and have been used to fund everything from school lunches to B1 Bombers. All that changed in 2000, when Congress approved the Byrd Amendment, officially known as the Continued Dumping and Subsidy Offset Act.

Now, the Treasury must divert dumping duties from the general treasury where they arguably do some good, right into the hands of the very companies who asked the government to impose the taxes in the first place.

In effect, the Byrd Amendment allows big corporations to pick your pocket twice. First, by raising prices and limiting competition for products ranging from lumber to shrimp; and second by stealing revenues that might be used to shore up social security or our troops in Iraq.

In fact, the Byrd Amendment is such a great deal for corporate America, a business would be nuts not to make a grab for the money.

Not too surprisingly, the disbursement of tax funds under this provision has steadily grown. The U.S. Treasury recently reported that it disbursed \$285 million in Byrd funds during fiscal year 2004, \$40 million of which went to ball bearing producer Timken Co., a Fortune 500 company! Why are we taxpayers subsidizing one of the 500 wealthiest companies in America?

President Bush has called on Congress to repeal the Byrd Amendment. The arguments supporting repeal are many.

First, the provision encourages companies to seek marginal international trade cases just to lay their hands on the revenues. This imposes administrative burdens on the government that has to deal with frivolous petitions.

Second, the provision siphons off revenue that is sorely needed for other budget priorities such as tax cuts, Medicare, or military spending.

Finally, companies receive handouts regardless of need and are under no obligation to spend the windfall wisely to preserve jobs or improve competitiveness. In fact, there is nothing in the provision that would stop a company from passing on the revenue in the form of bonuses for its top management.

Nevertheless, President Bush faces an uphill battle on Capitol Hill. A majority of senators, many of them Democrats, have refused to repeal the law. To make matters worse, the Byrd Amendment was found to be illegal according to international trade rules. Our trade partners now intend to retaliate by imposing tariffs worth hundreds of millions of dollars against our exports, hurting our sales overseas.

That's just shameful. Consumers should express their outrage over this provision directly to their senators in Washington.

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