



Northwest reps in Congress call for investigation into timber "slush fund"

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Suppose an industry could profit by filing a lawsuit judged to be thoroughly without merit. That's pretty much what critics say the Bush administration let the U.S. timber industry get away with. Now eight members of Congress from the Pacific Northwest are asking Congress's investigative arm, the Government Accountability Office, to look into the deal.

It's an enormously complicated story that I detailed for the Seattle Post-Intelligencer. But essentially it comes down to this:

The U.S. timber industry filed charges against the Canadian timber industry in international trade courts. The Americans alleged the Canadians were getting unfair government subsidies. The Americans lost at nearly every turn. But the U.S. timber industry – as it increased costs to American consumers – was bleeding the Canadian timber-cutters dry. How? With tariffs that boosted the price of Canadian timber on this side of the border.

Then, facing the prospect of endless appeals by the Americans, the desperate Canadians -- who had seen mills go dark and were starved for cash -- agreed to a really unusual deal, as international trade pact settlements go: The Bush administration offered to send back to Canada the \$5 billion in tariffs collected - - so long as the Canadians agreed to then send \$1 billion back across the border, with most of it going to the U.S. timber industry or to non-profit groups with ties to the U.S. industry.

The "Softwood Lumber Agreement" was huge news in the Great White North. This side of the border? Not so much. (Although my story was followed by NPR and by Congressional Quarterly). My piece quoted enviros who said the whole thing amounted to an illegal \$1 billion timber industry "slush fund."

The Washington Forest Law Center, headed by enviro lawyer Peter Goldman, went to court to get documents to build its case that the Bush administration really needed to turn to Congress to decide how to spend the money coming back to the Americans. Their argument: The \$1 billion gained in settling the trade suit is public money, and belongs not to the timber-industry-friendly groups that got most of the \$1 billion, but to the public. And Congress, under the constitution, is clearly the branch of government that decides how to spend money.

With the Forest Stewardship Council, Conservation Northwest and the Center for Biological Diversity as clients, WFLC next went to court to argue that the whole deal violated the Miscellaneous Receipts Act and the National Environmental Policy Act. They lost in the first round -- lack of standing, the judge said -- but have appealed.

The Congressional request for a GAO investigation came in a letter this week from Sen. Maria Cantwell, who spearheaded earlier efforts to get more information on the deal; U.S. Sens. Patty Murray of Washington and Ron Wyden of Oregon; and Washington U.S. Reps. Jay Inslee, Jim McDermott, Adam Smith and Rick Larsen; and Oregon U.S. Rep. Earl Blumenauer. All are Democrats. Their letter says in part:

"We continue to have questions and concerns about . . . how the U.S. government distributed funds to these private sector entities, and whether there was sufficient transparency and opportunity for Congressional involvement in the process."

Stay tuned, campers.

-- Robert McClure

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