

A 'New' Trade Policy?

In an exclusive interview, a Senate source scores 'trade as a weapon'

The fight for a U.S. export policy that will promote increased high-technology-oriented world trade is still undecided. Two weeks ago the Commerce Department Task Force Report, headed by Frank Weil, was severely "watered down" by the National Security

reasons for, especially, Brzezinski and Schlesinger's role in disrupting orderly trade with the USSR, as such questions as "Why are exports being licensed for Communist China which have been denied to the Soviet Union" are answered.

TRADE

Senator Stevenson's call for subcommittee hearings on U.S. export policy, including emphasis on discovering the reasons for disruption of U.S.-Soviet trade, is excerpted below.

Council, Treasury Department, and the Human Rights Bureau of the State Department, resulting in a document that, according to insiders, is of "no substance." This U.S. stance of nonpolicy prompted a Japanese government official to complain: "Promotion (of trade — ed.) is lousy. But more important, there will have to be a gearup. Tax credits for trade; change in antitrust laws to permit formation of off-shore trading companies. And, above all, reliability. Look at U.S.-Soviet trade. One week it's on, the next week it's off. Who can trust the U.S. as a trading partner?"

The continuing sabotage of a reliable export policy was documented in an Aug. 20 Washington Post article on Zbigniew Brzezinski's former NSC chief staffer Samuel Huntington. Huntington, according to the article, was urged by both Brzezinski and James Schlesinger to draft a series of papers on "economic warfare." Those papers became the basis for statements warning of possible U.S. use of trade for economic warfare contained in Presidential Review Memorandum 10, Presidential Directive 18 on National Security, and Presidential Review Memorandum 31. In these directives and memoranda, Huntington's phrase "greater flexibility" — to impose economic penalties in the context of overall relations between the U.S. and Soviet Union — is used extensively.

Noting the Administration's inaction, Congress has begun to intervene in the shaping of a positive export policy. In particular, Senator Adlai Stevenson announced on Aug. 18 that he will hold hearings before the Senate Banking Committee's subcommittee on International Finance on U.S. export policy with special focus on trade relations with the Soviet Union. These hearings will begin to investigate the "political"

The new regulations that bring the National Security Council into the review of all export licenses for American technology being sold to the Soviet Union are a direct policy consequence of Huntington's papers.

Russell: Lack of Export Policy Wrecking U.S. Trade

In an exclusive interview on Aug. 24 Robert W. Russell, counsel for the subcommittee on international finance of the Senate Banking Committee and staff assistant to subcommittee chairman Senator Adlai Stevenson, commented on the Senator's objective in calling the hearings.

"human rights" violations. But these steps also implied that the Administration was applying "leverage" against the Soviet Union — making it difficult for the Soviet Union to develop their oil technology, and so on. Congress has an oversight role in all such decisions, and we feel it's very important that our subcommittee examine these procedures and their effects.

Q: What is Senator Stevenson's main objective in calling hearings on U.S. export policy?

Q: How much trade is actually being lost through these new regulations and related restrictions involving "human rights"?

A: We are mainly concerned about the use of export controls and credits for foreign policy purposes. Administrative requirements that oil technology exports be licensed for commercial designation and the inclusion of the National Security Council in the review process were major new steps taken by the Administration recently. These new requirements were timed to coincide with the trials of dissidents in the Soviet Union and were billed as a retaliation for

A: We will most certainly be looking into the trade restrictions resulting from human rights violations, both in the Soviet Union and as they have been applied to other parts of the world, where export credits have sometimes been disapproved. "We became aware from U.S. exporters that large quantities — I mean billions of dollars — of exports were being stemmed directly or being "discouraged" through the restrictions and threats of veto from the review process.

Q: You mean an incalculable amount of trade is being curtailed because of the "threat" of contract cancellation or denial of export licenses since the new review procedures were instituted and since the attempted cancellation by the NSC of the Dresser Industries' oil technology sales to the Soviet Union?

A: Precisely that. Yes. The amount is not calculable, but as I said, it is in the range of billions of dollars. Our concern in these hearings will be to investigate this, but our overriding concern is that it appears that trade is being used to achieve certain foreign policy objectives in a new way, in a way that has never been done before.

Q: Trade is already being used as a weapon?

A: That's the purpose of these hearings — to find out.

Q: Are you going to be investigating restrictions on energy and energy-technology transfers, such as nuclear?

A: I don't think we will focus specifically on nuclear exports policy, but this will be a subsumed part of the hearings. What we want to define soon is whether trade is being used in a "new" way to gain certain policy objectives. . . and to define the how and why of this process. Certainly threats of being hit with environmental protection regulations is a factor in the nuclear and energy area and we will be trying to lessen these threats. (Stevenson has such an amendment to the Export-Import Bank rechartering bill — ed.)

Q: In view of the Commerce Department Task Force Report, do you expect any positive initiative on export policy from the Administration?

A: We are not saying that the Task Force report is not good, from what we know of it. It is just inadequate, the magnitude of the action required to expand U.S. trade is certainly not there.

Stevenson: Export Policy Must Serve National Interest

On Aug. 17 Senator Adlai Stevenson, speaking from the floor, made the following statement, excerpted from the Congressional Record.

Mr. President, the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs will hold hearings shortly on the use of export controls and export credits for foreign policy purposes.

The United States is suffering from escalating trade deficits and a deteriorating dollar, but U.S. exports are being subjected to new restrictions based on unexamined premises. If exports and the jobs they create are to be thrown to foreign competitors, Congress and the public should at least know why such action is in the national interest....

Recently all oil technology exports to Communist countries were placed under validated license control and made subject to National Security Council review. The step was justified at first as a reprisal for the sentencing of Soviet dissidents Anatoly Shcharansky and Aleksandr Ginzburg. Later it was said that controls on oil technology exports would make it harder for the Russians to develop their oil resources, and the notion has been advanced that threatening Russian oil development will make the Russians more willing to agree to arms limitations or to remove some of the more repressive measures against internal dissidents. This extraordinary thesis deserves thorough analysis. It may not influence Russian policy. It may punish free nations more dependent on foreign oil than the U.S.S.R. And it plainly could deprive the United States of exports.

Export credits are also being placed under new restraints for "leverage" purposes. The Export-Import Bank is required by statute to obtain the views of the Secretary of State before providing loans or financial guarantees for U.S. exports. The State Department is presently holding up billions of dollars of U.S. exports, not because State has advised the Eximbank not to support the exports in question, but because State cannot decide what advice to give, and is delaying a decision, hoping thereby to exert leverage on the internal policies of the importing countries....

Leverage rejects a dangerous illusion when it attempts to exchange specific exports for specific political actions. Foreign governments are not likely to release political prisoners or grant freedom of the press in exchange for submersible pumps or hydroelectric generators. They might condition their behavior upon the expectation of an evolving and mutually beneficial economic relationship.

The subcommittee hearings will examine closely the assumptions which underlie reactive impulsive restrictions on U.S. exports and other commercial transactions and their effects on U.S. economic and political interests. Among the issues considered will be the following:

—Where in the administration will the decisions be made on the foreign policy implications of exports — the State Department, Defense Department, Commerce Department, or the National Security Council?

—What is the most effective way to insure that export controls and credits consistently serve U.S. foreign policy and economic interests?...

Is it in the U.S. interest to inhibit or to threaten to inhibit the development of the oil resources of the Soviet Union? What effect would such action have on overall United States-Soviet relations, as well as arms control, the Middle East, the treatment of Soviet dissidents and the world economy? . . .

Are export controls on sales to Communist China being liberalized for foreign policy reasons? Why are exports being licensed for Communist China which have been denied to the Soviet Union?