

New DITI — same old song

Trade Department won't alter resource control policy

Senators Abraham Ribicoff (D-Cn.) and William Roth (R-Del.) have introduced legislation to reorganize existing federal functions performed by the Commerce Department, Treasury Department, International Trade Commission, State Department, National Security Council staff, Special Trade Negotiator, U.S. Export-Import Bank, and U.S. Customs Service in a single Department of International Trade and Investment (DITI). The bill is the result of Office of Management and Budget reorganization studies.

DITI is intended to suggest that the U.S. is undertaking the sort of aggressive government-backed high-technology export policy associated with Japan's Ministry of International Trade and Investment (MITI). It appears far more likely that DITI, if born, will be used to conduct economic warfare against U.S. allies and the developing sector within an environment of overall contraction of world trade.

In early March, Assistant Treasury Secretary C. Fred Bergsten, in a speech in Washington, characterized a subsidies code worked out during the current multilateral trade negotiations in Geneva as the most important product of the GATT agreement which may shortly be concluded. Bergsten was explicit on the point that the U.S. intended to pursue severe economic retribution against developing countries which refuse to accept the code, shutting them out of American markets whether or not

their subsidized exports can be shown to injure American firms.

Bergsten went on to define the prevention of transfer of technology from the U.S. to the developing sector as the new "major objective" of U.S. policy. He cited Mexico as top priority target, and called for "multilateral discipline" against those governments which demand licensing

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and/or coproduction agreements for U.S. capital goods imports as part of their trade purchases.

No one so far has heard the DITI bill's sponsors mount a challenge to the Administration's overall antiexport, antitechnology bias. Capitol Hill sources report that they are "uncomfortable" with Senator Adlai Stevenson's (D-Ill.) effort to open wider markets in the Soviet Union, socialist bloc countries, and China through a revision of the Jackson-Vanik amendments.

The DITI bill has been referred to the Senate Finance Committee. Companion legislation will soon be introduced in the House.

Banks object to "Fed membership" bill

Substantially similar legislation has been introduced by Senators

William Proxmire and Rep. Henry Reuss, respectively the chairmen of the Senate and House Banking Committees, purportedly in the interests of reversing the declining membership of the Federal Reserve System. Although Proxmire will continue hearings on S-85 on March 26-28, Rep. Reuss has already postponed markup on the House version of the bill, HR7, indefinitely, because of a "lack of unanimity" on its merits among those testifying. Observers are noting opposition by the American Bankers Association and the Conference of State Banking Supervisors, among others. Federal Reserve Chairman G. William Miller has given the bill his substantial support.

The legislation would require all banks to keep reserves on demand deposits in excess of \$40 million and savings deposits in excess of \$40 million (or \$50 million in the House version). The Federal Reserve would institute a pricing system for its services available to all willing to pay. In turn, all those holding reserves would be entitled to all privileges of Fed membership except stockholding and voting privileges.

According to opponents of the legislation, this is intended to facilitate greater control over the U.S. banking system by the political faction associated with Reuss, Proxmire, and Miller, whose ultimate aim is believed to be the creation of the same kind of speculative "off-shore" banking practices — impeding credit for needed industrial expansion — which dominate the Eurodollar market.

The staffs of the House and Senate committees report that the principal objections to the bill have been articulated primarily in terms of opposition to "mandatory," instead of voluntary, Fed membership/reserve setting; that is, along traditional "free market" lines. There is reason to believe that some in the banking community understand that the legislation has graver implications. According to one such spokesman, "the Fed is in fact trying to force each and every bank in the country under mandatory Fed membership, to break its correspondent banking and clear directly through the Fed. Both the efficient flow of capital in scale and the ability to put together consortia would be seriously hurt by this.... What is particularly frightening is that Miller is running the Fed like a business, with regard only for the profitability and growth of the business, and no regard for the economy as a whole. I'm not against efficiency in government, but the government's prime responsibility is service."

Strategic stockpiling

Dovetailing with the Administration's efforts to centralize control over strategic raw materials is a bill to revise the Strategic and Critical Materials Stockpiling Act, HR2154. This bill would update the legislation that initially established the stockpiling program, and would consolidate the three separate stockpiling plans now in existence and establish a Trust Fund to take the profits from the sale of any of the stockpile mater-

ial and use it for maintaining the stockpiles.

In the current world market, this stockpiling program could affect commodities markets enough to create an atmosphere in which largescale market manipulation could be carried out.

As an aide to Senator Gary Hart (D-Colo.), the Senate sponsor of the bill, declared: "Senator Proxmire is very interested in the bill because he is interested in the economic implications of it. He is concerned about what it will do to commodities. It might affect prices significantly."

The bill has been submitted to the Senate Armed Services Committee by Hart, and to the House by Congressman Bennett (D-Fla.) Hearings will begin March 19 in the Senate and both committees hope to have the bill enacted into law this session.

Regional self-sufficiency

A number of bills have been introduced into Congress that are now sitting on the back burner, waiting for an energy emergency. ENCONO, the longstanding proposal for an Energy Corporation of the Northeast has been introduced in the House by Congressmen Stratton (D-N.Y.), Edgar (D-Pa.) and Rodino (D-N.J.) and in the Senate by Henry Jackson (D-Wash.) This bill would establish a supragovernmental regional structure to finance energy conservation programs and expensive, low-yield energy boondoggles, such as large solar energy programs, thus serving more as a bailout for selected investments than an energy

development program. The anti-industrial development intent of the bill is captured in the phrase most mentioned by the backers of the bill: "regional self-sufficiency."

Because states are not legally allowed to collaborate on this scale without Congressional okay, the bill will first have to be passed by Capitol Hill, then by the individual states involved: Pennsylvania, New York, Connecticut, Rhode Island, Massachusetts, Vermont, and New Jersey. The bill has been referred to the House Committees of Banking, Judiciary and Interstate and Foreign Commerce. In the Senate, there is, as yet, no referral, but the bill is expected to be sent to Jackson's Energy and Power Committee.

Another bill is the Oil Import Purchasing Authority Act of 1979. Under its provisions, petroleum imported into the United States after Sept. 1, 1979 would be done only through the Department of Energy. The bill was introduced by Congressman Bingham (D-N.Y.) on Feb. 15 to "help break the OPEC stranglehold." As yet there are no Senate sponsors. In 1975, Congress authorized the President to submit such a plan to Congress. In 1978, a similar bill was introduced and a major fight ensued in the House committee handling it, although it was finally defeated in committee.

— Don Baier