Congressional Calendar

Department of Natural Resources

In April the Carter Administration will send to Congress a proposal for a Department of Natural Resources, a proposal which will reorganize the various executive agencies responsible for natural resources into a centralized body.

The Department will include the Interior Department, and will expropriate the huge Department of Forestry from the Agriculture Department and the National Oceanographic and Atmospheric Administration from the Commerce Department. The new department will not mean a better planning agency for development of America's resources. What is intended is an environmentalist power grab over large tracts of federal land which are now statutorily available for certain specified types of commercial development. It will also consolidate environmentalist control over off-shore oil and numerous other functions.

What the new Department's activities will look like has been signaled by Administration policy on the issue of the Alaska Lands Legislation, one of the major controversies for environmentalists. Interior Secretary Cecil Andrus, who would head the new Natural Resources Department, has repeatedly urged passage of the Alaska Lands bill to prevent the development of Alaska's vast resource potential, and to instead maintain the area as a wilderness park. Andrus has a well-known history of being a major backer of environmentalist policies.

However, the Administration's well-laid plans could hit a snag. There is growing opposition to the Natural Resources Department on Capitol Hill from the opponents of the Alaska Lands bill for precisely this reason according to several aides.

The new department will be enacted into law 60 days after it is introduced into Congress if the Congress does not veto it.

Miller tries monetary control

Federal Reserve Chairman G. William Miller and Rep. Henry Reuss (D-Wis), chairman of the House Banking and Currency committee, made an all out effort to push through HR-7, the so-called Fed membership bill through the committee, only a week after Reuss had pronounced it dead.

HR-7 would require all banks to keep reserves on demand deposits in excess of $40 million and savings deposits in excess of $50 million, opening the way, in the view of knowledgeable banking and regulatory officials, for the Fed to disrupt industrial capital flows and promote speculative "offshore" banking practices generally.

A quick trip by Miller to the New Orleans conference held by the Independent Bankers Association of America, where the Fed chief secured the support of the IBAA for the bill, led to the jubilant March 16 statement by Reuss, "HR-7 has come back from the dead." According to one spokesman for the banking industry, "the Fed pursued the old tactic of divide and conquer. Since almost all the IBAA banks have total deposits of less than $100 million, they would be exempt from the bill." At the same time Miller is offering these bankers a gravy train of Fed services to get them to give up their correspondent relationship with large clearing banks. The American Bankers Association and Conference of State Bank Supervisors both oppose HR-7.

Thus, under the rubric of a more centralized "stronger Fed," HR-7 would clear the way for decentralization of U.S. banking under a Congress-Fed-IBAA alliance which could "philosophically change" the basis of U.S. credit allocation to further deemphasize credit for industrial production, as one banker put it.

As we go to press, it appears that Miller and Reuss have lost the final round in the battle for HR-7: the bill was voted down by the full Banking Committee on March 21, by a vote of 21-20. Whether or not Reuss tries again, Senate Banking Committee chief William Proxmire (D-Wis) plans March 26 hearings on a nearly identical bill, S-85.

Stevenson subcommittee issues U.S. export policy

The Senate International Finance subcommittee, chaired by Senator Adlai Stevenson of Illinois, has issued a report entitled "U.S. Export Policy" which summarizes 11 days of testimony by business and trade experts before the subcommittee in early March and presents recommendations of the subcommittee based on this testimony.

One of the steps recommended is the creation of trade companies exempt from federal antitrust laws which would be responsible for the bulk of U.S. sales abroad. This would allow American businesses to consolidate bids for foreign investment and exports. (Such consolidation is long-standing practice in such high exporting industrial nations as Japan, West Germany and France.) The subcommittee also recommended that the U.S. government provide new tax incentives for industrial research and development in order to make the U.S. competitive with other high-technology exporters. Other steps advocated include establishing a new Department of Trade, improving information on foreign technology, and expanding export financing through the Export-Import Bank.

Most importantly, the subcommittee called for a complete demolition of the myriad trade restrictions and disincentives which have been based on so-called "political criteria" such as human rights or antiproliferation, and which have been applied in a particularly heavy handed fashion by the present Administration. "The impulse to restrict exports to countries whose internal or external policies do not meet U.S. standards...should be resisted..." states the report.

At the hearings themselves, Senator Stevenson lashed out at the Administration both for having a "negative trade policy" and for allowing the National Security Council to exercise a veto over certain trade deals as well as over export licensing, a prerogative it is not legally permitted. "The U.S. share of world markets is going down...most of the wounds are self-inflicted," said Stevenson. "The NSC," he charged, "is bypassing the secretaries of Departments and dictating specific export decisions. It does this without any accountability to the Congress and the public and it does it without statutory authority since the NSC is only supposed to be an advisory body."

New wheat cartel push surfaces

Senator George McGovern (D-S.D.) and Henry Bellmon (R-Okla.) took to the hustings last week with a plan to set up a wheat cartel among the four major producer nations. The cartel, which would include the U.S., Canada, Australia and Argentina, would control world wheat production and trade.

In addresses to the annual National Farmers Union (NFU) convention in Kansas City, Mo., the Senators proclaimed that higher prices enforced by such a cartel are "imperative in the effort to preserve the family farm."

If the rationale is new, the plan itself is not. Nearly two years ago, Agriculture Secretary Bob Bergland announced the Carter Administration's intention to establish the four-power wheat cartel as a weapon against the Organization of Petroleum Exporting Countries, insisting that it act to enforce an across-the-boards 20 percent reduction in planted wheat acreage. The plan was promptly branded "an idea whose time has gone" by the Chicago Board of Trade, whose president pointed to the relevant historical precedents for such outrageous plans in the trade war policies conducted against the young American Republic by Britain.

The wheat cartel idea was put on the back burner while the Administration was conducting the International Wheat Agreement talks, hoping to achieve through these negotiations the same end. But with the collapse of these negotiations last week, the Administration and Senators McGovern and Bellmon have in the past week met several times to discuss a four nation agreement on wheat prices and production. These include people not only at the Agriculture Department but the State Department and the "inflation fighters" in the executive.

The plan is to ensure wheat prices of at least $4 a bushel. According to an aid to Senator Bellmon, this would result in government mandated production cutbacks in acreage, rather than ensuring increased production or an export market for America's farmers.

On Feb. 6 Senator Bellmon introduced legislation, now in the Agriculture committee, calling on the Administration to negotiate such a price setting agreement with the three other major wheat exporters. The legislation is seen as a spur to force government action and will only move out of committee if the administration does not act. Previously, Canadian officials met with their U.S. counterparts expressing support for the plan and Assistant Secretary of Agriculture Hathaway will shortly go to Australia to discuss it.

—Don Baier