

## Congressional Closeup by William Jones

### Big stick wielded to open Japanese markets

House Majority Leader Richard Gephardt (D-Mo.) introduced legislation on Feb. 24 which would force Japan to buy American products or risk sanctions. The legislation would essentially leave it up to the United States to determine if enough progress is being made by Japan to avert sanctions, whereas the recently stalemated bilateral negotiations would have given Japan a say in what constitutes progress.

Gephardt, who championed protectionism during his failed presidential bid in 1990, is leading the pack for tough sanctions. "The bottom line here is that we've tried everything else," he said. "If Japan continues to travel down a narrow one-way trading street, pretty soon we're all going to reach a dead end."

Since the Feb. 11 U.S.-Japan summit, the White House has been weighing how to force Tokyo's hand and avoid a head-on crash. Already, Japan faces possible sanctions worth hundreds of millions of dollars over a cellular telephone dispute.

A companion bill was introduced in the Senate by Jay Rockefeller (D-W.Va.) on Feb. 24. "No more stalling or delays," he said. "From beef and citrus to baseball bats, lawyers, semiconductors, and supercomputers—the litany of trade disputes seems endless. . . . Our patience is exhausted."

On Feb. 22, legislation to reinstate Super 301, a unilateral trade weapon, was introduced in the Senate. Under it, Washington would identify the most egregious foreign trade barriers and initiate action to remove them. It is not an automatic retaliation device, but rather a lever strengthened with a sanctions threat. In the two years Super 301 was in use (the measure lapsed under the Bush administration) it never resulted in trade retaliation. Under the Gephardt measure, the United

States would review Japan's imports in key areas and set a timetable for winning specific access.

Japan has said that U.S. insistence on indicators to measure progress amounts to government-managed trade. While the Japanese embassy had no immediate reaction to the Gephardt bill, Trade Representative Mickey Kantor praised "this expression of congressional support for a policy that finally achieves real market opening in key sectors in Japan."

### Talbott confirmed for State Department post

The Senate confirmed Strobe Talbott as deputy secretary of state on Feb. 22 by a heavily partisan vote of 66-31. What particularly galled his Republican opponents was his criticism of International Monetary Fund (IMF) "shock therapy" policy for Russia. When he returned from a visit to Moscow in December, Talbott said at a State Department briefing that Russia needed "less shock and more therapy."

Talbott, 47, was named to succeed Clifton Wharton as the State Department's second-ranking official when Wharton resigned last year after eight months in the job, complaining of anonymous leaks. An expert on Russia and a longtime friend of President Clinton, Talbott has been ambassador-at-large to the former Soviet states and has played a key role in shaping U.S. policy toward the region.

Conservatives such as Jesse Helms (R-N.C.) also questioned Talbott's friendly ties with the late Victor Louis, a Soviet journalist believed to be an agent of the KGB.

Critics also said he did not have the managerial experience needed for the job, and accused him of crafting a policy that was too solicitous of Rus-

sian concerns. Announcing that he had decided to vote against the nomination, Minority Leader Bob Dole (Kan.) said, "I have decided a strong signal needs to be sent—enough promotions for Strobe Talbott."

Dole was apparently referring to rumors that Talbott is being groomed to replace Warren Christopher as secretary of state, rumors which have been denied by all parties involved. Dole complained that Russia had been "casting silent vetoes" over U.S. policy options in recent months. "I am concerned that Mr. Talbott has been the leading advocate within the administration for yielding to Russia's wishes," Dole said, citing administration opposition to granting NATO membership to former communist countries in eastern Europe.

Sen. Howard Metzenbaum (D-Ohio) countered that "some senators are using the debate as a smokescreen to throw partisan mud."

### Republicans beat the drums on Whitewater

Republicans utilized a hearing of the Senate Banking Committee on the Resolution Trust Corp. (RTC) on Feb. 24 as a forum to beat the drums about the Clinton administration's handling of the Whitewater affair. As a result, Deputy Treasury Secretary Roger Altman, the appointed acting chief of the RTC, recused himself from matters pertaining to the Whitewater investigation.

Republicans grilled Altman about his meeting three weeks ago with White House counsel Bernard Nussbaum and other Clinton aides to brief them on the RTC's procedures were it to file civil claims in the Whitewater investigation. Altman described the meeting as a "heads up" on how the agency would have to proceed.

Al D'Amato (R-N.Y.) demanded that Altman recuse himself from the Whitewater probe because it involved the President, while John Kerry (D-Mass.) attacked the Republicans for a "very partisan singling out of one institution."

## **IMF policy toward Russia subject of hearings**

The deleterious effect of International Monetary Fund policy in Russia was the subject of hearings by the Senate Banking Committee on Feb. 8. The hearings, held at the request of Robert Bennett (R-Utah), heard testimony from Lawrence Summers, undersecretary of the Treasury; Thomas Simon, State Department coordinator of U.S. assistance to the Newly Independent States; Kremlinologist Marshall Goldman; Harvard "shock therapy" economist Jeffrey Sachs; and economist Jude Wanniski.

Most of the witnesses defended IMF policies, except for Wanniski, who vaguely referred to Alexander Hamilton's 1791 consolidation of the U.S. debt as a model to be followed by Russia. Wanniski proposed that Russia, after securing a ruble stabilization fund, issue bonds that would "increase in value over a 10-year period." He failed to explain, however, how that "increase in value" would occur.

The hearings underlined the growing concern within the Senate about IMF policies. Bennett kept making the comparison to Weimar Germany. When one of the witnesses referred to proposed financial manipulations to regulate the ruble, Bennett commented, "Economics unfortunately don't run on nominal terms, they run on real terms."

Banking Committee Chairman Don Riegle (D-Mich.) proposed that

the IMF release all the secret documents on its operations in individual countries. Summers objected strenuously to the proposal, saying that such moves could endanger IMF confidentiality and would be as foolish as tampering with "Executive privilege" or as making public the proceedings of the Federal Reserve's Open Market Committee. The latter proposal is the subject of heated debate in the banking committees.

Goldman was most concerned about the effects of the debate on the operations of the IMF. He proposed creating "a brand new institution" for financing Russian development. "If we create special favoritism for Russia in regard to the IMF," he complained, "then the IMF's purposes are lost when we come to Africa, Latin America, or Asia. . . . And I would hate to see that."

## **Balanced Budget Amendment rejected**

The Senate rejected on March 1 by a vote of 63-37, a constitutional amendment that would force Congress to approve a balanced budget. The vote was four short of the two-thirds needed to send it to the House. The amendment was proposed by Paul Simon (D-Ill.).

"We must not feed the nation this poison pill," warned Sen. Robert Byrd (D-W.Va.). Byrd said he felt that the amendment could upset the Constitution's balance of powers and undermine majority rule, and that he considered defeating the amendment the most important issue of his 41 years in Congress.

The Simon proposal would have mandated a three-fifths vote of both houses for any spending that exceeded revenue and for any increase in the federal debt, except in wartime. Par-

tially as a tactical maneuver, Sen. Harry Reid (D-Nev.) proposed an alternative which would have protected Social Security and exempted public works programs from the three-fifths requirement. It was defeated 22-78, but provided a pretext for those senators who wanted to vote for balanced budget legislation without supporting the Simon proposal.

"We won't win today but the decade will not end without a balanced budget being part of the Constitution," threatened Phil Gramm (R-Tex.).

## **Reno DOJ defends minority districts**

The Department of Justice (DOJ) backed the Voting Rights Act of 1992 on Feb. 22 by defending in federal court a black-majority congressional district in Georgia that was created to comply with the legislation.

A lawsuit filed in February challenges Georgia's 11th C.D. as unconstitutionally segregated. The redistricting led to a net increase in the number of black legislators in the U.S. Congress in 1992. In earlier redistricting attempts, the DOJ had twice rejected proposals from Georgia that included only two black-majority districts out of 11. A third has since been added.

Objections have been raised because of the odd shapes of some of the districts, which were specifically designed to give blacks proportionate representation in the U.S. Congress. The new districts, however, have been defended by Attorney General Janet Reno and by the President. "These hard-won victories must not be abandoned," Clinton once said. Members of the Congressional Black Caucus have urged the DOJ to intervene in each of the lawsuits contesting such districts.