Congressional Closeup by Carl Osgood

Lugar introduces bill to reform sanctions

On March 25, Sen. Richard Lugar (R-Ind.) and 28 co-sponsors introduced a bill to reform the way economic sanctions are used as a tool of foreign policy. Lugar said that interest in reforming sanctions policy stems from the "compelling and disturbing" finding that "the net effect of our self-imposed economic sanctions is that they deny access to U.S. markets abroad, reduce our trade balance, contribute to job loss, complicate our foreign policy and antagonize friends and allies." He pointed out that sanctions have become a policy of "first use," and added that "economic sanctions have become more frequent in recent years and have been used against more countries, both friends and adversaries, for an increasing variety of actions which we find offensive."

Lugar said that the bill "seeks to establish clear guidelines and informational requirements to help us improve our deliberations and to understand better the consequences of our actions before we implement new economic sanctions." The bill sets a number of reporting requirements before new sanctions can be considered against any country. These include a statement of the purpose of the sanctions, and assessments of the impact that proposed sanctions will have on U.S. exports, particularly agricultural exports. It prohibits consideration of new sanctions without these reports.

The bill also includes a provision giving the President waiver authority of the Nuclear Prevention Proliferation Act, the law that required immediate imposition of sanctions on India and Pakistan after their nuclear tests last year.

Lugar said that his bill "goes to the heart of the manner by which we conduct our commercial relations abroad and the way we manage our overall foreign policy. We need to do a better job on both." Rep. Phil Crane (R-Ill.) has introduced a companion bill in the House, and it has already garnered 56 co-sponsors.

Trade laws work, Senate panel told

Commerce Secretary William Daley told the Senate Finance Committee on March 23 that the Clinton administration's determination to enforce U.S. trade laws is beginning to pay dividends for the steel industry. Daley's comments were, in part, a response to the House of Representatives' 289-141 vote the week before, placing quotas on imported steel. He called that bill "the wrong approach" which "not only raises serious WTO [World Trade Organization] concerns but also could have a negative impact on our economy and send the wrong signal to the rest of the world."

Daley displayed a series of charts showing how steel imports have declined 70% since last November, and declared that "this is a direct result of our dumping cases and the bilateral pressure which has been applied to our trading partners."

Daley also expressed support for legislation sponsored by Reps. Amo Houghton (R-N.Y.) and Sander Levin (D-Mich.), both of whom also testified before the committee. Levin argued that "what we have to do is craft aggressive provisions within WTO." The Houghton-Levin bill reforms anti-surge provisions in trade laws to allow the government to respond more quickly to an import surge.

However, Daley and U.S. Trade Representative Charlene Barshefsky were bombarded by committee members who are frustrated by the economic collapse in their states—despite the platitudes about how strong the economy supposedly is. Sen. John D. Rockefeller IV (D-W.V.) wanted to know "what it takes to get you all moving?" He pointed out that the steelworkers have a contract with a no-cut clause in it, but when that expires in July, the job losses in the industry will be 75,000 to 100,000, rather than just the 10,000 so far reported. Kent Conrad (D-N.D.) and Frank Murkowski (R-Ak.) added wheat and other commodities to the discussion. Murkowski demanded to know how the administration plans to "take on the underlying cause, that we find our commodities all under water?"

House, Senate pass budget resolution

Both the House and the Senate won a race against time on March 25, the day Congress adjourned for the Easter break, passing their respective versions of the fiscal year 2000 budget resolution. However, the debate in both houses foreshadows a difficult appropriations process. For example, Frank Lautenberg (D-N.J.), the ranking member on the Senate Budget Committee, told the Senate that the resolution "proposes extreme and unrealistic cuts in domestic programs. These could devastate public services if enacted. More likely, Congress is going to be unable to pass appropriations bills, and we will face a crisis at the end of this year that could lead to a complete government shutdown."

The biggest complaint of Democrats is that the GOP budget does not include any measures to "save" Social Security and Medicare. Lautenberg sponsored an amendment that would have made it out of order to consider any new spending bill "before we have enacted legislation to ensure the long-term solvency of Social Security and to extend the solvency of the Medicare hospital insurance trust fund by at least 12 years." Democrats disputed assertions by Republicans that the GOP budget provides $100 billion to Medicare over the next ten years. Budget Committee Chairman Pete Domenici (R-N.M.) claimed that this extends the solvency of Medicare by "much longer than 12 years." Lautenberg's amendment was defeated by a vote of 55-45.

In the House, the debate was equally contentious. Republicans offered a substitute amendment (this was also done in the Senate) that they represented as the President's budget. Virtually all Democrats took issue with this, and the amendment only garnered two votes from Democrats. One, Rep. Martin Sabo (D-Minn.), said that the President "did put forward a realistic proposal to deal with the funding of Social Security and Medicare." The Democratic alternative budget was defeated by a vote of 250-173.

Gilman, Mica launch destabilization of Mexico

On March 24, the Subcommittee on Criminal Justice, Drug Policy, and Human Resources of the House Government Reform and Oversight Committee, chaired by Rep. John Mica (R-Fla.), held hearings on drug-running in Mexico, with the express purpose of overturning the Clinton administration's decision to certify Mexico as a cooperating nation against narcotics. Mica and House International Relations Committee Chairman Ben Gilman (R-N.Y.) claim that they have "evidence" that the Mexican government, from the top down, is controlled by drug traffickers.

The particular target of the subcommittee hearings was Mexico's Secretary of Defense Gen. Enrique Cervantes, whom the lead witness, retired Customs Service official William Gately, asserted, tried to launder $150 million in drug money. Gately charges that Operation Casablanca, a U.S. investigation into money-laundering by Mexican banks, was shut down when it allegedly turned up evidence that top Mexican officials were involved—a charge angrily disputed by Customs Commissioner Raymond Kelly and other administration officials. Gately said that "it is indisputable" that Cervantes was involved in the money-laundering, and he also claimed that a reference to the Office of the Presidency was uncovered in Operation Casablanca.

The hearing was opened with a statement from Gilman, announcing that he and Mica were introducing a resolution of disapproval of Mexico's certification, because Mexico "deserves a failing grade." The resolution comes in just under the 30-day limit imposed on Congress to respond to Presidential certifications. Gilman promised that his committee will make "a careful and considerable examination" of how to proceed.

Supplemental funding ready for conference

After Congress returns from the Easter recess on April 12, a conference committee will meet to iron out differences in the House and Senate versions of the supplemental appropriations bill. The Senate passed its version on March 23, after an agreement between Senate GOP leaders and the White House removed from consideration an amendment relating to the deployment of U.S. military forces against Serbia. That issue was taken up separately.

The House took up its version on March 24, but it failed to generate bipartisan support. The House bill provides $687 million for disaster relief in Central America in the aftermath of Hurricane Mitch; $80 million to the Immigration and Naturalization Service; and $194.9 million to the Defense Department, including to replenish accounts depleted by hurricane disaster relief and related efforts. The bill also provides $100 million in aid to Jordan (of $300 million requested) and $152.4 million for direct and guaranteed loans to the farm sector.

David Obey (D-Wisc.), the ranking member on the House Appropriations Committee, complained that the committee could not consider a bipartisan bill because "the committee leadership was ordered by the Republican leadership of the House to delete the emergency designation for domestic programs and to require offsets in order to finance those programs on a non-emergency basis." He offered an amendment to rescind the most objectionable of the offsets, $648 million in callable capital, which is a support function for international financial institutions. He warned that rescinding this callable capital at a time of global financial instability "could cause great harm."

Appropriations Committee Chairman Bill Young (R-Fla.) said that "if anyone has heartburn" on the relatively small offsets in the supplemental bill, then "there is going to be major heartburn" on the fiscal 2000 appropriations bills "if we are going to live within the 1997 budget caps." Obey's substitute amendment was defeated by a vote of 228-201 and the bill passed by a final vote of 220-211.