Congressional Closeup by Carl Osgood

IMF denounced by Steelworkers president

The global economic crisis is now becoming the backdrop for almost any policy discussion that takes place on Capitol Hill. The Jan. 27 Senate Finance Committee hearing on U.S. trade policy and the crisis in the steel industry, was no exception. Finance Committee Chairman William V. Roth (R-Del.), in his opening remarks, called the steel industry "a litmus test for the conduct of American trade policy," and said that "the remarkable events that have unfolded beyond our borders in recent months have led to a dramatic surge in imports of certain steel products. And despite record-high U.S. demand for steel, the industry is faced with layoffs, bankruptcies, and idle capacities."

For United Steelworkers of America president George Becker, there is no doubt as to where the responsibility for this situation lies. He told the committee that the crisis, which has already caused 10,000 layoffs, if it is allowed to continue, is "going to eliminate the steel industry as we know it today." He said that the crisis had been foreseeable at least since the time the currency crisis erupted in Asia in 1997, when it was forecast that the Asian crisis would cost 1.1 million American manufacturing jobs.

Becker said that the policies of the International Monetary Fund demanded "an austerity program of their domestic economy and a focus on export, so they could get dollars and pay back loans. I mean, this is why this was so very predictable as to what was happening."

In a rather pungent conclusion to the hearing, Becker ridiculed proposals to support the World Trade Organization, "fast track" trade liberalization, and so forth. He said that those who set trade policy are working for the interests of Wall Street and not of workers. "It may make a healthy stock market," he said, "but we do have a stagnant standard of living in the United States, in many cases eroding. In most cases [where] both spouses have to work today, between the two of them they can't equal what one family-supporting job paid back in the mid 1970s."

Clinton challenges GOP tax cuts with budget

The budget plan that President Clinton sent to Capitol Hill on Feb. 1 continues to escalate the battle between Congressional Republicans and the White House over what to do with the projected budget surplus (which doesn't exist, see *EIR,* Feb. 5, pp. 19-21), now estimated to be some $4.2 trillion over the next 15 years. The President's plan proposes to transfer 62% of this surplus to Social Security (which generated that money in the first place). Fifteen percent would be used for shoring up Medicare and 12% for creating Universal Savings Accounts, described as a "$536 billion tax cut for working families." The remainder would go into strengthening the military budget and "pressing national domestic priorities, such as education, research, and the security of Americans at home and abroad."

Republicans responded with their usual anti-government, pro-tax cut rhetoric. House Budget Committee Chairman John Kasich (R-Ohio) called the $1.8 trillion plan "the first of what will be several lame-duck budgets." "We don't treat this," he said, "as a really powerful offensive, where we are going to have a big debate of the day about whether we're going to have more government or whether we're going to have less."

Senate Budget Committee Chairman Pete Domenici (R-N.M.) complained that Clinton's budget submission contains "scores" of new programs and $46 billion in new taxes and user fees, as well as a $34 billion tobacco tax. "I did not work so hard to get a balanced budget," he said, "to see government grow larger with the surplus and to spend it all."

Senate Finance Committee pursues free-trade agenda

Senate Majority Leader Trent Lott's (R-Miss.) set the tone for what will be the Senate GOP's 1999 trade agenda, at a Senate Finance Committee hearing on Jan. 26. "We do want to work aggressively together between the Legislative branch and the Executive branch to develop a consensus around a new trade agenda and a renewed commitment to open markets and expand trade," Lott said in his opening remarks. Part of this agenda is to give the Clinton administration trade negotiating authority (formerly known as fast track), and to enhance other measures, such as the Caribbean Basin Initiative.

Committee Chairman William V. Roth (R-Del.) said that a thorough review of trade policy is essential to "the broader effort to rebuild a bipartisan consensus on trade." He added that "if we expect the American people to join us in support of a forward-looking trade agenda, we must demonstrate the concrete benefits of open markets and a policy of free and fair trade."

The administration witnesses that appeared before the committee agreed with Lott's and Roth's remarks in general principle, although they allowed more consideration for the global financial crisis. Treasury Secretary Robert Rubin warned against withdrawing from globalization, and fretted that "if the United States, with its very healthy economy, is seen as moving toward restricting markets, that could well increase the risk that the newly vibrant voices of protectionism in countries around the world whose economies are struggling or less successful than our own, would prevail, and that could be enormously damaging to our economic well-being."