Anglo-Americans Unleash Protectionist Drive In U.S.

After weeks of White House denials that actions limiting steel imports into the U.S. were in the works, including a Sept.29 statement by President Carter that he was not certain imports were the problem, Special Trade Negotiator Robert Strauss told a group of reporters Sept. 30 that he would not rule out the possibility that the U.S. will seek import quotas on steel with Japan and the European Economic Community (EEC) before the end of the year.

Following this sudden reversal in Administration policy, on Oct. 3, the U.S. Treasury rule tentatively that five Japanese exporters are selling carbon steel plate at 32 percent below their cost of production in the U.S. market. The Treasury will require importers to post bond on future shipments covering import duties equal to the 32 percent, while it proceeds with the investigation — a measure that will have the same effect as an actual tariff. The Japanese Ministry of Trade and Industry (MITI) will challenge the Treasury's finding on the grounds that it is based on a definition of dumping as selling below cost of production, which is recognized under the Trade Act of 1974 but not GATT — GATT defines dumping as selling below the home market price. Moreover, the Japanese maintain that the Treasury's estimates of Japanese cost of production are arbitrary.

Then on Oct. 4, Rep. Charles Vanik (D-Ohio), who has well-known "America first" proclivities, urged President Carter by letter to hold imports of foreign steel to 18 percent of domestic consumption in the future, claiming that unless the Administration acts to curb imports, a protection-minded Congress will vote up tough tariff and quota laws.

The impetus for protectionist measures, however, is emphatically not coming from the majority of the U.S. population, but from Lower Manhattan and City of London bankers who are wielding protectionism to put political pressure on Western Europe and Japan. The Anglo-Americans took up the protectionist weapon following the setback to their plans at the just-concluded meeting of the World Bank and International Monetary Fund in Washington, D.C., where Japan and West Germany refused cooperation with U.S. Treasury Secretary Michael Blumenthal and British Chancellor Denis Healey's program for an austerity-grounded hyperinflationary bailout of world debt. Last week an aide to Special Trade Negotiator Robert Strauss practically confessed that the protectionist actions are being orchestrated from the top for the purpose of exerting maximum political pressure on the recalcitrant Japanese and Europeans.

It is generally realized throughout U.S. industry that the imposition of import quotas on foreign steel would hardly protect the U.S. steel industry. The effect would be to precipitate to trade wars between the U.S. and its major trading partners and further collapse world trade, which is the actual cause of the U.S. steel industry's problems to begin with.

Kuhn Loeb Pushes Cartelization of Industry

Leaving no doubt that Wall Street and the City of London's real intentions are to chop up the U.S. steel industry, Nathaniel Samuels, chairman of the advisory board of Kuhn Loeb, called for the implementation of Schachtian cartelization on an international scale in the pages of the *New York Times,* Sunday, Oct. 2. Put forward as an alternative to the growing tide of protectionism, Samuels called for the establishment of a broad range of "orderly marketing agreements" — bilateral trade agreements on prices, trading zones, etc. — to be backed up by a "domestic industrial adjustment process."

The so-called adjustment process, according to Samuels, would involve phasing out "nonviable" companies and relocation of workers to more promising industries:

"In those instances (where a company is nonviable) governments may have to engage in acquiring (and disposing of) assets from the owners and in assisting labor in the transition to new employment opportunities. Nothing could be more unproductive than keeping nonviable companies and industries in business indefinitely or drawing young labor into companies or sectors which have little or no future." Kuhn Loeb, of course, is the Anglo-American investment bank that taught Nazi Finance Minister Schacht his economics in the first place.

The aide to Special Trade Negotiator Strauss also revealed that there is outside pressure on the Administration — no doubt from the likes of Kuhn Loeb's Samuels — to move rapidly with a government-directed rationalization program for the U.S. steel industry. "There are no specific plans to change the anti-trust laws right now," he said, "but if the steel companies could talk to each other about production levels and pricing, that would help." On Sept. 24 the *Times* in its business section aired another proposal from the president of Carnegie-Mellon University to change the anti-trust laws to consolidate the steel industry.

'The Last Thing The World Needs Is Another Steel Plant'

The following interview with an official in the office of Special Trade Negotiator Robert Strauss took place on Sept. 30, while the Carter Administration-instigated OECD meeting on world steel trade was still in session in Paris. The interview was provided by an independent journalist.

Q: What is the U.S. delegation hoping to achieve at the OECD meeting on steel in Paris?

A: We are looking for an international monitoring system. As of last night's session there was no definition of what would be monitored. We're trying to find out what the Europeans will agree to. We think a full range of monitoring would be fine — who's producing how much, where is it going, how much does it cost.

Q: An article in the *New York Times* yesterday said the U.S. would give its approval to that feature of the European-wide steel rationalization program which monitors capacity and which forbids construction of new plants unless plants of equivalent size are shut down. Do you see anything like this developing in the U.S.?
A: I would hesitate to say yes, but you're beginning to hear people talking about government intervention in planning production controls. But it's still anathema to the steel industry. The idea is coming from outside, from the public interest areas.

Q: In his press conference yesterday Carter indicated that he wasn't going to take action against imports.
A: That's right. We basically don't want to go to quantitative restrictions unless we have legal back up. We would be subject to retaliation under GATT. But we have been encouraging the steel companies to file unfair trade practices with the Treasury and ITC (International Trade Commission — ed.). Then we'd have a basis for doing something. The second point is that if we restrict imports, then we would be hurt on the inflation problem.

Q: How successful will the efforts of the Congressional steel caucus be?
A: We realize that if we don't do something, Congress will react to constituency pressure. People are very emotional in the steel belts. We'd rather have a more rational solution.

Q: What kinds of measures are you discussing?
A: Changes in the antitrust laws, tax credits...There are no specific plans for changing the antitrust laws right now. But if the steel companies could talk to each other about production levels and pricing, that would help. It would involve government intervention like the Davignon plan (The European rationalization program — ed.). We've also been sending out polite signals to the Lesser Developed Countries. This past week the Soviets granted credits to India to build another steel plant. The last thing the world needs is another steel plant...No, I didn't know that the Japanese had just withdrawn from a steel project in Brazil. If they did, that's a good idea.

Q: Because of the Court of Appeals invalidation of the Environmental Protection Agency exemption of the old steel plants in the Mahoning Valley, many people are saying that all of the plants in that area — not just *the* Youngstown Sheet and Tube plant — will close.
A: Yes, things are probably headed in that direction. If they're not going to meet the standards, they're going to have to close.

Why Won't The Steel Companies Do It Themselves?

After Ambassador Strauss told a group of reporters that he would not rule out import quotas, a second interview took place.

Q: Why did Ambassador Strauss reverse himself on the import question last week?
A: First let me make this correction. Rowan and Farnsworth (the *Washington Post* and *New York Times* correspondents—ed.) chose to take off on that one point. What Strauss really said at the meeting with reporters on Friday (Sept. 30—ed.) was that we have to consider all possibilities. He was asked whether the negotiation of an orderly marketing agreement (OMA) in steel was out of the question this year, and he answered that in the present situation, all bets are off. OMAs would have to be considered, along with repeal of antitrust laws, government intervention in the direction of the steel industry, and removal of antipollution requirements... I just learned that the Justice Department is doing a study on the efficacy of antitrust statutes under current market conditions.

Q: What will be the impact of the Treasury's preliminary ruling on carbon plate imports from Japan?
A: The ruling will have a good psychological impact. It shows that our government is serious... We (Strauss' office—ed.) fought for four months to get the steel companies to file dumping suits with the Treasury... Why didn't they do it themselves? If I said that they didn't think they could make their case, then I'd be speaking out of turn...