Congressional Closeup by Carl Osgood

Trade with Vietnam gets positive reception

On Aug. 3, by a vote of 297-130, the House turned back a resolution to reverse President Clinton's decision to extend, for another year, the waiver of the Jackson-Vanik Act for Vietnam. The vote came as the U.S. and Vietnam are finalizing a trade deal that is expected to be put before Congress sometime in the fall. The waiver allows the Overseas Private Investment Corp. and the Export-Import Bank to continue to support U.S. companies that are doing business in Vietnam, pending Congressional approval of the trade agreement.

The debate was generally between those who are still fighting the Vietnam War, and those who believe the United States should move beyond that history. Typical of the first group was Dana Rohrabacher (R-Calif.), the sponsor of the resolution, who claimed that his purpose is to prevent "Communist Vietnam from enjoying a trade status that enables American businessmen to invest there with loan guarantees and subsidies provided by the U.S. taxpayer."

Opponents of the resolution argued against isolating Vietnam. Doug Bereuter (R-Neb.) called on Americans to "conclusively recognize that the war with Vietnam is over." He warned that overturning the waiver would "only strengthen the position of the Communist hard-liners in Vietnam's leadership who are not inclined to support more openness."

On Aug. 4, two subcommittees of the Senate Foreign Relations Committee held a hearing, chaired by Chuck Hagel (R-Neb.), on trade opportunities in Vietnam. In his opening remarks, Hagel expressed hope that the House vote would lead to final approval of a trade agreement with Vietnam. He also praised the U.S. Ambassador to Vietnam, former Rep. Pete Peterson (D-Fla.), for his efforts in moving forward the trade negotiations.

The axioms of globalization showed through in Peterson's testimony, however, when he told the hearing that "the international community has called for a new round of structural economic reforms and recommended that Vietnam promote its private sector and simultaneously downsize state enterprises, reform its banking system, liberalize its trade further, and adopt a more flexible exchange rate system." He said that the trade agreement "signals a positive shift in Vietnam's economic policy and indicates that its leaders are now prepared to move forward with much-needed and long-delayed economic reforms in other areas."

Panel frets over cost of U.S. Balkans policy

A House International Relations Committee hearing on U.S. policy in the Balkans on Aug. 4 was dominated by issues of money, specifically the now oft-repeated demand that because the United States paid for most of the costs of the air war against Yugoslavia, Europe should bear the "lion's share" of the costs of reconstruction. This view was largely endorsed by the State Department officials at the witness table.

Dana Rohrabacher (R-Calif.) demanded to know the costs of U.S. policy, and "whether this has created some sort of a dependency attitude on the part of our European allies," with respect to U.S. military power.

Dissent from this attitude was expressed by a couple of Democrats. Alcee Hastings (Fla.), directly responding to Rohrabacher's remarks, told the committee that the United States benefits from the long-term stability of Europe, and therefore there is need for the United States to remain substantially engaged there. William Delahunt (D-Mass.) backed Hastings up on this point, pointing out U.S. involvement in the Middle East, which no one questions, as an example.

Another small exception was Chris Smith (R-N.J.), who trumpetted his two pieces of legislation on U.S. policy toward Serbia. One, authorizes the spending of $41 million to be used to promote "democracy" in Serbia. This means measures such as supporting the anti-Milosevic opposition, supporting non-governmental organizations in Serbia, and the establishment of labor unions and other types of organization activities. The second, is a concurrent resolution that declares Milosevic guilty of genocide and implicitly calls for his apprehension and delivery to the War Crimes tribunal in Brussels.

Clinton, GOP in war of words over tax cuts

The final passage of the GOP tax cut bill in both the House and the Senate before the August recess set off a new round of partisan warfare. Republicans held back on sending the compromise measure to the President in order to wage a media campaign to build support for the tax cuts during the four-week recess.

The House-Senate conference acceded to Senate moderate Republicans on some points, because it was not clear that the House version would pass if it was not modified. The across-the-board 10% tax cut in the House bill was replaced by a reduction of 1% in each of the tax brackets, and a widening of the lowest tax bracket by $3,000. The cut in the capital gains tax brackets from 20 and 10% to 15 and 7.5%, was reduced to 18 and 8%, respectively. Other changes involved the so-called marriage penalty, retirement plans, and estate and gift taxes.

Despite the changes, the vote in the Senate was 50-49, with four Republicans, Susan Collins (Me.), Olympia Snowe (Me.), Arlen Specter (Pa.), and George Voinovich (Ohio), voting against the bill. In the House, the vote was 221-206.

The day after the vote, President Clinton reiterated his vow to veto the bill, saying that what the Republicans are doing is "putting the cart before the horse," by cutting taxes before Social Security and Medicare are strengthened and the national debt is paid down. Senate Majority Leader Trent Lott (R-Miss.) expressed assurance that Clinton will be forced by public opinion to change his mind, and if he vetoes the tax cut anyway, "it will be the strongest indication so far that he is entering the phase of being a lame duck."

Steel loan guarantees sent to White House

On Aug. 4, the House voted 246-176 to accept a Senate-drafted, $250 million loan guarantee program to assist the steel and the oil and gas industries, both of which have been hit hard by the global financial crisis.

The bill sets up a board, to be chaired by Federal Reserve Board Chairman Alan Greenspan, to review loan applications. The other two members of the board will be the Secretary of Commerce and the chairman of the Securities and Exchange Commission. All the loans would come from the private sector, with the government guaranteeing 85% of each of the loans, which would all have to be paid back by Dec. 31, 2005. A companion bill to impose steel import quotas was defeated in the Senate prior to the July 4 recess.

The day after the House vote, Commerce Secretary William Daley and Sen. Jay Rockefeller (D-W.V.) emerged from a White House meeting on the steel crisis with a 12-point action plan to reduce steel imports to pre-1997 levels, and a promise from White House Chief of Staff John Podesta that President Clinton would sign the steel loan guarantee bill. Rockefeller, who has been a key figure in getting help for the steel industry, described the meeting as "positive," but warned that "the steel crisis is not over."

Rockefeller was conciliatory toward administration efforts to reduce steel imports, but said, "Manufacturing as a whole is in some jeopardy in this country." He pointed out that manufacturing has lost some 500,000 jobs in the last couple of years. "I think the trend is bad, the sort of whatever the market will bear. In this thing called the 'new economy, whatever it is, whatever makes money, whatever works, then let that be the order of the day.' And then where is manufacturing when that happens, and particularly when people are dumping on us?"

Is another 'train wreck' coming in the fall?

On Aug. 5, the House completed action on the Commerce, Justice, State Department and the Judiciary appropriations bill, coming within one bill of the House GOP leadership goal of finishing 12 of the 13 appropriations bills before the summer recess. However, the contentiousness of the debate suggests a difficult fall ahead for getting many of the bills passed into law.

The $35.8 billion bill, which passed by a vote of 217-210, is symptomatic of many of the problems that have been plaguing the process because of the 1997 Balanced Budget Agreement. While some programs funded by the bill were increased, many programs supported by the Clinton administration, such as the Community Oriented Policing program and U.S. payments to the UN, were cut by as much as half.

David Obey (D-Wisc.) said, "The problem with this bill is simply that it is not real. It is yet another bill that allows the majority in this House to maintain the fiction that we can afford to pass out $1 trillion in tax cuts," most of which benefit the wealthiest. He warned that the failure to include sufficient funds to cover UN arrears means that the bill "will provide for the loss of the U.S. voting rights" in the UN General Assembly. "This is another one of those appropriations bills that's on a short route to nowhere."

The most ridicule, however, was given to the "emergency" designation attached to $4.5 billion funding for the year 2000 census. Obey said, "What is at stake is the total abandonment of any pretense of orderly decisionmaking on the budget." Appropriations Committee Chairman Bill Young (R-Fla.) explained that the census was funded as an "emergency," even though the census is required every ten years by the Constitution, is because the 1997 Balanced Budget Agreement made no provision for the census, and neither did the fiscal 2000 budget resolution passed earlier this year.