

NOMINATIONS OF STANFORD G. ROSS AND PAULA STERN

HEARING BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

THE NOMINATIONS OF

STANFORD G. ROSS TO BE COMMISSIONER OF SOCIAL SECURITY
AND PAULA STERN TO BE A MEMBER OF THE U.S. INTERNATIONAL
TRADE COMMISSION

SEPTEMBER 25, 1978

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CONTENTS

	Page
Stanford G. Ross.....	2
Paula Stern.....	7

ADDITIONAL INFORMATION

Letter to Senator Long from Senator Eagleton.....	5
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(iii)



NOMINATIONS OF STANFORD G. ROSS TO BE COMMISSIONER OF SOCIAL SECURITY; AND PAULA STERN TO BE A MEMBER OF THE U.S. INTERNATIONAL TRADE COMMISSION

MONDAY, SEPTEMBER 25, 1978

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long (chairman of the committee) presiding.

Present: Senators Long, Talmadge, Ribicoff, Byrd, Jr., of Virginia, Nelson, Gravel, Bentsen, Moynihan, Curtis, Hansen, Dole, Packwood, Roth, Jr., Laxalt, and Danforth.

The CHAIRMAN. The committee will come to order.

The first order of business will be to act on some nominations which we need to clear as soon as possible. One is the nomination of Stanford G. Ross to be Commissioner of Social Security.

Is Mr. Ross here?

Mr. Ross. Yes, sir.

The CHAIRMAN. Would you please take the witness stand, Mr. Ross? Gentlemen, you have before you a biographical sketch of Mr. Ross' experiences.

[The material referred to follows:]

BIOGRAPHICAL DATA OF STANFORD G. ROSS

PROFESSIONAL EXPERIENCE

February 1960 to present: Partner in the law firm of Caplin & Drysdale, Washington, D.C. Mr. Ross has been engaged in the private practice of law, specializing in Federal tax law and administrative law. He has also undertaken a variety of pro bono activities. He is currently serving as Chairman of the Advisory Council on Social Security. In addition to the private practice of law, he has taught tax law at the New York University and Harvard Law Schools and has written and lectured extensively on taxation subjects. He is admitted to the District of Columbia, California, and New York Bars, and is a member of the Federal and American Bar Associations and the International Fiscal Association.

May 1938 to January 1960: General Counsel, U.S. Department of Transportation. As chief legal officer, Mr. Ross was responsible for legal matters involving highways, railroads, aviation, urban problems and overall transportation policies and programs of the Department. He served on the advisory committee of the Secretary of Housing and Urban Development for the urban property insurance program.

March 1967 to May 1968: White House Staff Assistant to President Lyndon B. Johnson. Mr. Ross worked on domestic programs principally in the economic, business, and labor areas. He served as consultant to the Director of the Bureau

of the Budget and the Council of Economic Advisers, and as Executive Director of the National Advisory Panel on Insurance in Riot-Affected Areas (The National Advisory Commission on Civil Disorders).

September 1963 to May 1967: Professor of Law, New York University. Mr. Ross primarily taught Federal taxation courses. He also practiced law in New York City and served as a consultant to the United States Treasury Department and on the Advisory Committee on Tax Administration for the City of New York.

June 1961 to August 1963: Assistant Tax Legislative Counsel, U.S. Treasury Department. Mr. Ross worked on the Kennedy Administration tax proposals of 1961 and 1963 which resulted in the Revenue Acts of 1962 and 1964.

November 1958 to June 1961: Associate in the law firm of Dewey, Ballantine, Bushby, Palmer & Wood, New York, N.Y.

July 1957 to October 1958: Teaching Fellow and Research Assistant, Harvard Law School.

June 1956 to June 1957: Associate in the law firm of Irell & Manella, Los Angeles, Calif.

Personal data: Born in St. Louis, Mo., on October 9, 1931. Attended public schools in St. Louis area. Graduated from University City Senior High School in 1949. Married to Dorothy Rabin of Milwaukee, Wis., on June 9, 1958. She is an Associate Professor at the University of Virginia, in American History. Two children, John (age 13) and Ellen (age 11).

Education: Washington University, St. Louis, Mo., A.B., with honors, 1953. Harvard Law School, J.D., magna cum laude, 1956. Editor, Harvard Law Review.

STATEMENT OF STANFORD G. ROSS, ESQ.

The CHAIRMAN. Let me ask you, Mr. Ross, have you discussed with the staff all questions that might have to do with potential conflict of interest?

Mr. Ross. Yes, I have, Mr. Chairman. I have given them my financial data, including a detailed statement of my net worth and assets. They are satisfied that the steps that I am taking are appropriate to deal with my situation.

If I could just take 1 minute, I think I would like to indicate to the committee what those steps are.

I will withdraw from partnership in my law firm prior to taking office and I will have no further financial interest in, or arrangements with, that firm after the termination with one limited exception. Under the agreement of our firm, which provide that the withdrawing partner receives a termination payment representing his share of the firm's unrealized receivables, I will receive such payment, which is fixed in amount by the agreement, in installments over a period of 1 year following the termination.

Further, I will not participate in any matter in which my former law firm represents a party before the Department of Health, Education, and Welfare.

I would note, in this respect, that the work of my law firm primarily involves Federal tax law and I am not aware that the firm has had any matters before the Department. Nevertheless, despite the nature of the firm's practice making remote the possibility of any potential conflicts of interest arising, I will follow the procedures which preclude even that remote possibility.

The CHAIRMAN. According to your biographical sketch, Mr. Ross, you graduated from Harvard Law School magna cum laude and were an editor of the Harvard Law Review; I know what that is. You taught at Harvard Law School and you taught tax law at New York University.

You were Assistant Tax Legislative Counsel during the Kennedy administration and you served on the White House staff under Lyndon B. Johnson and were General Counsel for the U.S. Department of Transportation, and you come to us from one of our great law firms in the United States.

If you are as good as this biographical sketch would indicate, you must be subject to a substantial loss of income to take this job. Is that correct or not?

Mr. Ross. It is correct, sir.

The CHAIRMAN. I think that you were Chairman of the Advisory Council on Social Security prior to coming to this job. Is that right?

Mr. Ross. Yes, sir.

The CHAIRMAN. If confirmed, we certainly want to work with you in making some major changes in the Social Security system. Would you care to suggest what some of your thoughts are with regard to the way the future may be?

Mr. Ross. Well, I would first indicate that I believe that this job of Commissioner of Social Security is as important a job as there is in the entire Government. The programs administered by this agency touch the lives of almost every American and I think that, while my public job is a public trust, this one is especially so, because you are dealing with trust fund moneys that go to the blind, disabled, and the elderly; and we are talking not simply about people who are receiving benefits now, but some 110 million working Americans who are paying taxes currently in anticipation of their own ultimate entitlement.

My feeling is that one ought to approach any changes very carefully and with a view to keeping the system in balance. I think the 1977 amendments represented a very courageous act on the part of Congress. They went a long way toward restoring the balance in the system, and I think any further changes should similarly reflect concern for the long range integrity of the system.

The CHAIRMAN. One of the things that I hope that you can do during the years that you have ahead is to work toward an overhaul of our tax structure where we would look at these social security taxes and relate them to the income tax system and see if we cannot work out a better overall structure. And your background in tax law could be helpful in looking at these things.

Thank you.

Senator Talmadge?

Senator TALMADGE. I have no questions.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. I have no questions.

The CHAIRMAN. Are there any questions, gentlemen?

Senator Dole?

Senator DOLE. It was suggested by the Chairman of the Federal Reserve that Congress should defer the social security tax increase. Have you given any thought to that?

Mr. Ross. My own feeling is that the 1977 act was an important and forceful expression by this Congress and I personally would not, at this stage, with all of the matters of urgency before the Congress in this session, be in favor of a reopening of those issues.

I think that there is time to deal with the longer run effects and to look at things, but at this time, I think that this committee knows better than anybody how much is on the agenda for this session.

Senator DOLE. We are here for the confirmation. However, Members of Congress have been criticized for not being governed by the social security program. Do you think that it would be appropriate to make Members of the Congress pay social security taxes?

Mr. Ross. There are a number of studies in process on that issue. The 1977 act called for a study of universal coverage. The Advisory Council of which I have been Chairman will be looking at that issue. There will also be a National Commission on Social Security looking at it.

I would not want to prejudice the wisdom that would come out of all of those groups. I certainly think it is an issue that is extremely important and I think it should be dealt with as fast as possible.

Senator DOLE. There is a general frustration about taxes, whether they are social security taxes, property taxes, or income taxes. Maybe for good cause, some individuals are not included in the system. Others find some justification in criticizing the entire program. I do not expect you to have any solution, but it is a matter of some controversy.

Mr. Ross. I think that the idea of universal coverage is one shared by a lot of people and the major problems are in the area of how do you do it in a way that deals fairly with the people who are being brought in and have rights under other programs. I think that the kinds of changes that are required, the details of how you will do it, will determine both its acceptance by the public and acceptance by the people being brought into it.

Senator DOLE. I think Senator Danforth had an interest in universal coverage.

The CHAIRMAN. Are there any further questions, gentlemen?

Senator DANFORTH. Mr. Chairman, I would like to make a comment.

When you went through Mr. Ross's biography, you omitted the most important feature of it, namely that he was born and educated through college in St. Louis. I have a letter from my colleague, Senator Eagleton, which I would like inserted in the record endorsing Mr. Ross for this position and to add my word of endorsement.

He has had a very distinguished career, as an attorney, as a public servant, and the people of his native State are quite proud of his accomplishments.

The CHAIRMAN. Well, that is true, but after he was born there, he moved out and taught law in New York and then he headed for California.

Senator DANFORTH. We think it is important, Mr. Chairman, to share our considerable talent with the rest of the country, so as to maximize our effect. There are some who say that New Jersey will send to the U.S. Senate a man from Missouri in the next election. So we are doing our best for the rest of the country.

Senator CURTIS. There was no particular reason for leaving Missouri, was there?

Mr. Ross. No, sir. Some of my best years were spent there.

The CHAIRMAN. We will not hold that against you.

Thank you very much—if there are no further questions.

Senator DOLE. I move to report the nomination.

The CHAIRMAN. All in favor, say aye?

[A CHORUS OF AYES.]

The CHAIRMAN. Opposed, no?

[No response.]

The CHAIRMAN. We will report that nomination.

[The following was subsequently supplied for the record:]

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., September 22, 1978.

HON. RUSSELL LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I regret that it will not be possible for me to be present when you take up the nomination of Standford Ross as Commissioner of the Social Security Administration. I did want to commend Mr. Ross to you, however, and I am grateful to Senator Danforth for his willingness to share my remarks with you.

I am particularly pleased that Mr. Ross has been nominated by the President for this critically important position. He is a gentleman with a distinguished record of public service and a fine reputation in tax law, his area of particular expertise. I take special pride in his nomination because he was born and raised in the St. Louis area, is a product of the St. Louis public school system, and a graduate of Washington University in St. Louis.

I have met with Mr. Ross and examined his record. I think he is a fine person and will make an outstanding Commissioner for an agency that touches the lives of virtually every American. I hope you will act favorably on his nomination, and I look forward to being able to vote for his confirmation when it is taken up on the floor of the Senate.

Sincerely,

THOMAS F. EAGLETON,
U.S. Senator.

The CHAIRMAN. Next, let us call Ms. Paula Stern, nominated for the International Trade Commission.

Senator NELSON. Mr. Chairman, I do not think I really need to introduce Paula Stern to this committee. She was on my staff on two different occasions, once for 3 years and once for 6 months. She worked on the Trade Reform Act of 1974 and, in fact, together with Ms. Gail Harrison on Senator Mondale's staff, Ms. Stern did a major share of the work on the countervailing duty problem dealing with agricultural products.

Ms. Stern has a very distinguished background academically, in government, and with other distinguished institutions. First, as you may note on her curriculum vitae, she went to Brandeis University and the Jacob Hiatt Institute in Jerusalem. She received a bachelor of arts degree in political science and three master of arts degrees; one, in regional studies, at Harvard in 1969; and the others, a masters in international affairs, and in law and diplomacy, at Fletcher School of Law and Diplomacy. Finally, Ms. Stern received a Ph. D. at the Fletcher School.

Most of her academic work was in the trade field.

While, on my staff, Paula worked on defense, international trade, and foreign policy. In fact, she developed the concept of the legislation which, by statute for the first time, gave the Congress the authority to review military sales, and which is called the Nelson amendment. It more appropriately could be called the Stern amendment.

In any event, prior to that concept designed by Ms. Stern, we used to get reports on military sales a year after they occurred; now, Congress has the power to consider and, if necessary, veto any proposed sale exceeding \$25 million.

I must say she is an extremely talented and able and practical individual and I think it is a superb appointment by the President.
[The biographical data of Paula Stern follows:]

BIOGRAPHICAL DATA OF PAULA STERN

EMPLOYMENT

December 1977 to present: International Affairs Fellow, Council on Foreign Relations. Preparation of a manuscript on United States-Soviet trade.

November 1976 to January 1977: Policy Analyst, Carter-Mondale Transition Team. Responsible for organizational, personnel and substantive issues relating to the Department of State, Export-Import Bank and Overseas Private Investment Corporation matters.

February 1976 to November 1976: Senior Legislative Assistant to U.S. Senator Gaylord Nelson. Responsible for all international trade, defense and foreign policy related matters. Preparation of legislation, statements and press releases. Dealt with industries and workers impacted by trade policy decisions.

January 1975 to January 1976: Guest Scholar, The Brookings Institution. Preparation of manuscript on the Trade Reform Act of 1974.

January 1972 to December 1974: Legislative Assistant to Senator Gaylord Nelson. Preparation of legislation, statements and press releases on foreign, defense, trade, veterans, and certain environmental and housing subjects. Responsible for the Nelson Amendment requiring Congressional review of all major arms sales.

Summer 1969: Staff Writer, The New Republic Magazine. Wrote articles on contemporary economic, political and social issues.

Summer 1966: Intern, Office of U.S. Congressman George Grider. Projects included a report on the extent and impact of federal spending in the Ninth District (Memphis) of Tennessee.

EDUCATION

Ph.D., 1976, The Fletcher School of Law and Diplomacy.

Master of Arts of Law and Diplomacy (M.A.L.D.), 1970, The Fletcher School of Law and Diplomacy.

Master of Arts in International Affairs (M.A.), 1970, The Fletcher School of Law and Diplomacy.

Master of Arts in Regional Studies (the Middle East), 1969, Harvard University.

Bachelor of Arts (B.A.), 1967, Goucher College—Political Science major.

Brandels University—Jacob Hiatt Institute, Jerusalem, Israel, 1965-1966, (junior year abroad).

Public Schools, 1950-1963, Memphis, Tennessee.

HONORS

Journalistic: The Alicia Patterson Foundation Award to travel and report for one year from the Middle East and North Africa—1970-1971.

Academic: The Fletcher School of Law and Diplomacy—Scholarship 1969-70. Harvard University—National Defense Foreign Language Fellowship, 1967-69.

Professional: Council on Foreign Relations—presented paper June 8, 1977, on "U.S. Policy on Human Rights: The Case of the U.S.S.R."

PUBLICATIONS

Appearing in: the Atlantic Monthly; the New York Times; the Washington Post; the Washington Star; the New Republic; the Progressive Magazine; the Middle East Journal; reprints in 12 separate books.

Photography: the New York Times; the Washington Post.

TEACHING EXPERIENCE

September 1974-January 1975: Adjunct Associate Professor, Urban and Policy Sciences Program, State University of New York at Stony Brook (The Averell Harriman School). Shared teaching responsibilities in graduate level seminar on Congress. Occasional lecturer to classes at the National War College, Harvard University, and American University.

LANGUAGES

French; Hebrew; Modern Literary Arabic; Eastern Colloquial Arabic; North African Colloquial Arabic.

PERSONAL BACKGROUND

Raised in Memphis, Tennessee.

Hobbies: Ballet, sculpture, and tennis.

Age: 33.

Married: Dr. Paul A. London, Acting Deputy Assistant Administrator, Department of Energy.

One child: Gabriel Stern London.

STATEMENT OF PAULA STERN

The CHAIRMAN. Ms. Stern, have you discussed any potential conflict-of-interest problems with the staff?

Ms. STERN. Yes. I have discussed it with the staff director, Mike Stern, and I have indicated my willingness to dispose of any securities which I or my husband and I possess. This was also discussed with the White House and with the General Counsel at the International Trade Commission.

The CHAIRMAN. As far as you know, any potential conflict has been, or will be, resolved?

Ms. STERN. Absolutely.

The CHAIRMAN. Senator Talmadge?

Senator TALMADGE. I see you speak three different Arabic languages. How many different Arabic languages are there?

Ms. STERN. Certainly more than that. Certainly a number of dialects. I have spent a great deal of time in the Middle East. In addition, I have studied Hebrew, so I have managed to confuse them all at this point.

Senator TALMADGE. If you are confirmed, will you interpret the law as written, without any preconceived biases you may have?

Ms. STERN. Yes, sir. My experience in the Senate has exposed me to a number of points of view. I hope that when I look at the statute, and each investigation on a case-by-case basis that I shall be able to keep an open mind and benefit from my exposure to these different points of view.

Senator TALMADGE. I have no further questions.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Miss Stern, you have excellent academic records and they are very impressive. I would like to ask just a few questions about your experience.

What do you regard as the primary function of the Commission?

Ms. STERN. The Commission is an independent fact-finding Commission which primarily is responsible to Congress for providing facts so Congress can, with those facts, mold the best trade policies possible.

In addition to the fact-finding capability of the Commission, one also has to consider the escape clause, or safeguard, provision of the law and deal with those industries and workers who petition the Commission when they feel that they have been injured by imports and recommend what are the appropriate remedies for these industries.

I think that, in addition to fact-finding, dealing with unfair trade practices, and dealing with market disruption, the safeguard provisions are the major responsibilities.

Senator CURTIS. In the event the domestic injury seeks grievances or protection from foreign imports, what role does the Commission play there?

Ms. STERN. The Commission determines, after the petition has been filed and a series of hearings have been held, whether indeed, based on the analysis of the staff of the International Trade Commission, there has been injury and they recommend to the President one of a number of remedies which are called for specifically in the trade bill of 1974. It is laid out very specifically there.

And then, as you know, the President decides whether he will take that recommendation and if he chooses not to, the Congress then plays a role by both houses of Congress electing to take the remedy which had been recommended initially by the Commission.

Senator CURTIS. Based upon your general observations, do many of those complaints pertain to imports from Japan?

Ms. STERN. I think that is correct, sir. Since the 1974 law, there was a major change in the Commission. That is the date I am considering in this response—the cases that have come up since 1974.

Senator CURTIS. What experience have you had in the field of manufacturing?

Ms. STERN. My experience in terms of manufacturing has really been exposure through my experience with the U.S. Senate to those industries and workers who have been injured, and who have turned both to Congress and to the Commission.

While I worked on the staff of Senator Nelson, there were numerous opportunities to speak with, deal with, communicate with, various industries who felt they had been injured.

Senator CURTIS. Have you had occasion to become acquainted with the electronics manufacturing business?

Ms. STERN. Specifically, I have not. I have not made a study of any of the individual industries. I would say that in 1974 I focused a great deal on agricultural export problems but even with that exception, I would not presume to say I was an expert in any of the specific fields. As a result of the hearings I would be exposed to at the Commission—that is the purpose of those hearings—I would hope to be able to master the relevant information on a case-by-case basis.

Senator CURTIS. Have you had any exposure and reference to import problems relating to radios, televisions, automobiles and the like?

Ms. STERN. I have exposed myself to the arguments insofar as news accounts are concerned. I have not become an expert in any of these specific industries. No, sir.

On steel, I have read one of the reports which were produced by the American Iron and Steel Institute, for example, but I have not had the opportunity to investigate as if I were a Commissioner and to look vigorously at each one of these industries. This is the purpose of the Commission and is something which certainly I intend to do.

Senator CURTIS. Have you had an opportunity to familiarize yourself with the recent enactments of Congress relating to the Commission?

Ms. STERN. Yes, sir.

Senator CURTIS. You are aware that the Congress has placed on the Commission certain functions that they expect—procedures that they expect to be carried out?

Ms. STERN. Oh, yes, sir.

Senator CURTIS. If confirmed, you would follow the mandate of the Congress as set forth in the act?

Ms. STERN. Absolutely.

Senator CURTIS. Thank you. That's all.

The CHAIRMAN. Senator Hansen?

Senator HANSEN. Miss Stern, our trade deficit with Japan was about \$9 billion. This year, the estimates are that that trade deficit may very well exceed \$13 billion.

Japan has stated repeatedly that the problem is our failure to enact a workable energy policy. They point to several other things, but basically their contention has been that everything would be all right if we had an energy policy.

Do you share the Japanese view?

Ms. STERN. No, I do not. It is a much more complicated problem than the view, as you stated it. To go back and look over the trade figures, the Japanese were certainly increasing their favorable trade balance from their point of view, as you say, even before the boycott and the energy crisis that we had and which we are still adjusting to. So it is a much more complicated thing. The trend is much longer than that.

Senator HANSEN. It is true, is it not, that in terms of gross national product Japan imports a far greater percentage of its energy than does the United States.

Ms. STERN. Much greater. I gather it is up to 90 percent or more of all of their total energy needs.

Senator HANSEN. How important is the energy problem in terms of the trade imbalance between the United States and Japan and Europe?

Ms. STERN. If I get the gist of your question, we have been increasing our energy imports over the last couple of years, but still, relative to Japan, our energy imports are much smaller.

Senator HANSEN. I have no further questions, Mr. Chairman. Thank you.

The CHAIRMAN. Are there any further questions, gentlemen?

Senator Dole.

Senator DOLE. I do not have a question. I have a comment.

One of the problems we have is sugar; it has been very controversial. The entire sugar industry beet and cane is affected. Imports, free trade, and protection of domestic producers all are issue. The International Trade Commission made a recommendation on sugar which was rejected. The recommendation was followed by legislation which some of us feel that has not been properly implemented. This session we are faced with a deadline of getting additional sugar legislation hopefully passed before we adjourn.

Is the Commission now working on anything pertaining to sugar?

Ms. STERN. I gather from reading the schedules of the ITC—I have not been privy to any of the hearings, of course—that it has been dealing with a petition from the Florida producers concerning sugar from Belgium and other countries. I am sorry, I am not completely sure that they have made a decision on that. I think the hearing was quite recently.

Senator DOLE. It was probably not a fair question. What I am really concerned about, is that you are not opposed to recommending imposition of fees and quotas if necessary to protect domestic industries?

Ms. STERN. I think the purpose of the International Trade Commission and therefore the purpose of my being a Commissioner there is to exactly deal with those issues, with those petitions, and look at the industry, analyze the impact of imports and to determine what the remedy ought to be. The purpose of a remedy is to protect the industry from imports on a temporary basis until it can adjust to the new conditions arising from imports.

Senator DOLE. Thank you.

The CHAIRMAN. Ms. Stern, you are married to Dr. Paul A. London?

Ms. STERN. That is right.

The CHAIRMAN. He is Acting Deputy Assistant Administrator of the Department of Energy?

Ms. STERN. For conservation policy coordination, yes, sir.

The CHAIRMAN. I believe this matter should be discussed, because we ought to have an understanding about the matter.

It has been my view—and I think it is the view of the majority of this committee; you are familiar with it—that from the State Department come repeated pressures to be liberal on imports, whereas in many cases, American industries are getting the worst of it. Those who try to keep the American industry in business are repeatedly being accused of being protectionist because they do that.

I do not know how you look upon this, but I look at the social security tax as having the same impact as a value-added tax. From the point of view of most employers, I know they feel they are paying the social security tax because when they hire somebody they have to think in terms of what it is going to cost to have that person work for them, how much it costs them to put that person on the payroll, and that includes the tax component.

The employers, in turn, pass that cost along to the consumer in the price of the product.

It seems to me that this is pretty much the same thing that happens when an employer is paying the same amount of money in a value-added tax as these European countries and the Japanese either have or soon will have. They give that tax back to their manufacturer at the border to help defer the cost of putting that product into our market. But when we ship a product in their direction, they are waiting for it with a border tax of the same amount.

That is a big advantage they have that is not offset by DISC. DISC may help a little bit, but it is just a beginning to offset their big advantage. But they do not stop there. They just do all kinds of dumping into this market if they can get away with it.

It costs 30 cents a pound to produce sugar over there and they are putting it in our market at 7 and 8 cents.

The Secretary of State likes to take the point of view—and his functionaries like to take the point of view—that all of this is foreign policy. If they need a vote in the United Nations on some crucial issue in the Security Council, they would like to take the view that it would help to make further trade concessions or let people dump products in here and have the United States do nothing about it.

Repeatedly we are confronted with the fact that if we want the cooperation of various countries in foreign policy we ought to go along with them on economic matters, either by the way of not imposing countervailing duties or letting them dump products into our market and do many other things that work out to our disadvantage.

The only way we know how to defend ourselves against that on the Finance Committee is to try to write a law to say you shall not do this, you shall not do that, you shall make findings and make recommendations—and then the President can say that those recommended actions will not happen, but the Congress can have a chance to overrule the President on it. What we must ask for and insist on is that that Commission follow the law and that they be completely independent of the White House.

What is your reaction to that?

Ms. STERN. I think you are absolutely right. The Commission was established by Congress. Congress is endowed with the powers in the Constitution to regulate foreign trade and the ITC is the place that should deal with these economic issues of just what is the impact of imports in this country, and they should do this in an independent and objective manner.

The statute by which the ITC operates is quite clear and it does not talk about diplomatic implications.

The CHAIRMAN. Have you been, at any point, asked to give any kind of assurance that you will go along with the White House on their trade policy?

Ms. STERN. No, sir. I have not.

The CHAIRMAN. It seems to me oftentimes what we are confronted with is the people in the State Department going through the White House trying to reach that Trade Commission. The President has plenty of power to defend his views without the executive branch's controlling that Trade Commission.

Can we expect that you will be completely independent and follow your own judgment and follow the law as it is written when you are over there?

Ms. STERN. Yes, you can.

The CHAIRMAN. Senator Moynihan?

Senator MOYNIHAN. I would like to welcome another Fletcher School graduate to the higher reaches of government.

Ms. STERN. Thank you very much.

Senator NELSON. Let us move confirmation.

The CHAIRMAN. All in favor, say aye?

[A chorus of ayes.]

The CHAIRMAN. Opposed, no?

[No response.]

The CHAIRMAN. The ayes have it.

Ms. STERN. Thank you.

[Thereupon, at 10:50 a.m., the committee moved to the consideration of other business.]

