

# NOMINATIONS OF ROBERT D. HORMATS AND MICHAEL B. SMITH

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HEARINGS  
BEFORE THE  
COMMITTEE ON FINANCE  
UNITED STATES SENATE  
NINETY-SIXTH CONGRESS  
FIRST SESSION  
ON  
THE NOMINATIONS OF  
ROBERT D. HORMATS TO BE DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS AND MICHAEL B. SMITH TO BE DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

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NOVEMBER 29 AND DECEMBER 6, 1979

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# NOMINATION OF ROBERT D. HORMATS TO BE DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

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NOVEMBER 29, 1979

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

The committee met, pursuant to notice, at 10:20 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long (chairman of the committee) presiding.

Present: Senators Long, Talmadge, Ribicoff, Gravel, Nelson, Bentsen, Moynihan, Baucus, Bradley, Dole, Packwood, Roth, Danforth, Chafee, and Durenberger.

The CHAIRMAN. This meeting will come to order, please.

We will begin by taking up the nomination of Mr. Hormats.

Mr. STERN. Mr. Hormats is here.

The CHAIRMAN. Mr. Hormats, would you come take a seat here please?

You have been Deputy Assistant Secretary of State for Economic and Business Affairs. You have been nominated to be Deputy Special Representative for Trade Negotiations. Have you discussed the question of conflict of interest with the administrative and committee staff?

[The biographical data of Robert D. Hormats follows.]

## ROBERT D. HORMATS

September 1977 to September 1979—Deputy Assistant Secretary of State for Economic and Business Affairs: Principal Deputy to the Assistant Secretary of State for Economic and Business Affairs. Responsibilities included chairmanship of various interagency committees, coordination of several aspects of President's participation, in the Boon and Tokyo Economic Summits, chairmanship of delegations to United Nations and OECD committees, preparation of positions for negotiations with other countries, preparation and coordination of economic policies toward Europe and Japan.

August 1974 to September 1977—Senior staff member for International Economic Affairs, National Security Council: Economic advisor to Dr. Henry Kissinger followed by General Brent Scowcroft followed by Dr. Zbigniew Brzezinski. Responsibilities included providing policy advice and coordinating interagency positions on international monetary, trade, development, and energy issues. Played major role in preparation of Presidential participation in Rambouillet, Puerto Rico and London Summits and other meetings with foreign Heads of State.

October 1973 to August 1974—International Affairs Fellow, Council on Foreign Relations and guest scholar, Brookings Institution: Conducted research on East-South economic issues.

September 1969 to October 1973—Staff member for International Economic Affairs, National Security Council: Advisor on international economic issues. Began as advisor to Dr. C. Fred Bergsten. When he left became principal economic advisor to Dr. Kissinger. Coordinated many aspects of follow up to the August 15, 1971, announcements. Responsibilities included policy coordination and advice on international monetary, trade, development and East-West economic issues.

September 1966 to August 1969—Fletcher School of International Law and Diplomacy, Tufts University: Received M.A., M.A.L.D., and Ph. D., with concentration on international economic issues.

1961 to 1965—Tufts University, Medford, Massachusetts: Received A.B., June 1965, with concentration in economics and political science.

Personal background—Raised in Baltimore, Maryland. Outside interests include tennis, jogging, art collecting, archeology and classical music. Languages includes French, German and Swahili. Travel includes Europe, Asia and Africa. Recipient of Arthur Fleming Award as one of ten outstanding young people in in Federal Government in 1978.

### STATEMENT OF ROBERT D. HORMATS

Mr. HORMATS. Yes, sir, I have.

The CHAIRMAN. Have those matters been resolved? Have you been advised that there is no special conflict?

Mr. HORMATS. Yes, sir.

The CHAIRMAN. Are there any questions?

Senator TALMADGE. No questions.

The CHAIRMAN. Senator Ribicoff?

Senator RIBICOFF. Mr. Hormats, I think, is eminently qualified. He has been involved in economic and trade matters with outstanding experience on a bipartisan basis. He has the respect of all the executives that he has worked with, Mr. Chairman.

The CHAIRMAN. Senator Dole?

Senator DOLE. We have no questions. We agree with the statements made by Senator Ribicoff.

The staff has made an appropriate study of the nominee. We find him highly qualified.

The CHAIRMAN. Senator Chafee?

Senator CHAFEE. Without going into the details, when you mention conflict of interests, what does that mean? Does a man in his position have to dispose of all securities?

How onerous is the burden faced by somebody who wants to work for the U.S. Government in this position?

Mr. STERN. Senator Chafee, the standard that I have used in dealing with possible conflicts of interest is related to the person's official duties. The stocks that a person nominated to a Treasury position owns might put him in a conflict of interest situation, while the same stocks would not present a conflict to somebody nominated to a HEW position.

Actually, the White House under this administration has used such strict conflict-of-interest standards that I really have not found much in the way of potential conflicts during this administration. Just to get through the White House clearance process, most nominees either have to dispose of stocks or put them in blind trusts.

The CHAIRMAN. Senator Roth?

Senator ROTH. Mr. Chairman, I do have one question. First, I would like to repeat what Senator Ribicoff and Senator Dole said. I think that we have a man eminently qualified for the position.

As you know, Mr. Chairman, I have been very much interested in the reorganization and under the one recently proposed by the White House, the STR will provide policy guidance in the export policy area.

I told Mr. Hormats when he came to see me that I thought it was extraordinarily important that we become an export-conscious Nation. I wonder if you could tell me a little for the public record about your objectives as to policy so that we can pursue this goal in making us the leading export Nation?

Mr. HORMATS. Yes, sir.

There are three areas in which we will work over the next several months to achieve the objective of promoting exports. One is to take a very hard look at export disincentives.

Some export disincentives are legal, some are administrative. Work has been underway for several months now on a list of these items. It has been done with the cooperation of the Special Trade Representative's Office, Department of Commerce, National Security Council and other agencies.

We should have a final copy of that study in the next month. We will then pull together an interagency policy group to identify possibilities for reducing or removing these disincentives.

A second area is a major effort to promote exports that will be conducted under the leadership of Commerce with strong support of the U.S. Trade Representative's Office.

Another area that will be particularly important will be the enforcement of the agreements resulting from the multilateral trade negotiations. This is an area where we will have policy leadership and we will act vigorously to identify the various restrictions that other countries put on our exports, particularly those that are illegal or unfair under the various agreements of the multilateral trade negotiations and push very hard for the reduction or removal of those restrictions.

We will be working very hard on all three fronts. We hope to stay very closely in touch with this committee and other interested committees as we pursue this, particularly through meetings with committee members and staff to identify those issues that are highest on your priority list.

Senator ROTH. I think that is encouraging. I would say in this interagency, my experience with those kind of councils, they do not come up with much. When you try to get consensus among the group, usually that means that nothing is done. I shall be looking to STR to provide strong leadership.

I will be calling upon Governor Askew later today about a meeting with the Senate Export Caucus. I would hope that you and your staff would work closely to providing us with an agenda for a meeting that would be held later this month.

Thank you.

Mr. HORMATS. Yes, sir.

Senator RIBICOFF. If the Senator would yield, on these studies you have been making, instead of having them in-house when they are finished, I think there are some of us on this committee especially who would like to take a look at them as they are being developed.

Senator ROTH. I think that is a very good suggestion.

Senator RIBICOFF. Would you keep us advised?

Mr. HORMATS. I will do that. I will make sure that as soon as we get something that is the raw product, I will come up and discuss it with the committee staff and the members, if members are interested.

The CHAIRMAN. Are there any further questions?

Senator TALMADGE. As a matter of curiosity, Mr. Hormats, how did you get interested in the Swahili language?

Mr. HORMATS. It goes back to college when I spent a summer in Operation Crossroads, Africa in Kenya. Then I was so intrigued with the area that I went back several years later and I went to a part of East Africa and Tanzania where very little English was spoken. I was pretty much forced to learn the local language, which was Swahili.

Senator TALMADGE. How long did it take you to learn it?

Mr. HORMATS. It took me about 4 or 5 months. I cannot claim to be very fluent in it. I could get by.

Senator TALMADGE. You could not learn English that quick.

The CHAIRMAN. Thank you very much.

Mr. HORMATS. Thank you, Mr. Chairman.

Senator RIBICOFF. Mr. Chairman, I would move that the committee would report favorably on Mr. Hormats' nomination.

The CHAIRMAN. All in favor, say aye.

[A chorus of ayes.]

The CHAIRMAN. Opposed, no?

[No response.]

The CHAIRMAN. The ayes have it. We recommend the nomination be favorably reported.

[Thereupon, at 10:30 a.m. the committee proceeded to other business.]

# NOMINATION OF MICHAEL B. SMITH TO BE DEPUTY SPECIAL TRADE REPRESENTATIVE

THURSDAY, DECEMBER 6, 1979

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

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

Present: Senators Long, Talmadge, Bentsen, Baucus, Boren, Bradley, Packwood, Chafee, and Durenberger.

The CHAIRMAN. Let us come to order, gentlemen.

The first matter we have here is the nomination of Michael B. Smith to be Deputy Special Trade Representative.

Mr. Smith, I see you have had some experience in trade affairs. I assume that you have checked out any possible conflict-of-interest problem and that has been cleared, right?

## STATEMENT OF MICHAEL B. SMITH

Mr. SMITH. Yes, sir.

The CHAIRMAN. Any questions, gentlemen?

Senator TALMADGE. Mr. Chairman, I happen to know Mr. Smith. I have worked with him on matters of mutual interest. I think he is eminently qualified and I recommend his nomination.

The CHAIRMAN. Any further questions?

If there are no further questions, we will excuse you. You are excused, Mr. Smith.

Senator TALMADGE. I move his confirmation.

The CHAIRMAN. All in favor, say aye?

[A chorus of ayes.]

The CHAIRMAN. Opposed, no?

[No response.]

The CHAIRMAN. The ayes have it. It is so recommended.

[Thereupon, at 10:15 p.m. the committee proceeded to other business.]

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