

1 NOMINATIONS OF ALAN M. DUNN, TO BE AN ASSISTANT SECRETARY OF
2 COMMERCE; PETER S. WATSON, TO BE A MEMBER OF THE UNITED STATES
3 INTERNATIONAL TRADE COMMISSION; AND ARNOLD R. TOMPKINS, TO BE
4 AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES

5 WEDNESDAY, NOVEMBER 20, 1991

6 U.S. Senate

7 Committee on Finance

8 Washington, D.C.

9 The hearing was convened, pursuant to notice, at 11:20
10 a.m., in Room SD-215, Dirksen Senate Office Building, the Hon.
11 Lloyd Bentsen (Chairman) presiding.

12 Also present: Senators Moynihan, Baucus, Bradley, Breaux,
13 Packwood, and Grassley.

14 (The press release announcing the hearing follows:)

1 OPENING STATEMENT OF THE HON. LLOYD BENTSEN, A U.S. SENATOR
2 FROM TEXAS (CHAIRMAN, COMMITTEE ON FINANCE)

3
4 The Chairman. We will proceed with the nomination of,
5 first, Mr. Alan M. Dunn, to be Assistant Secretary of Commerce
6 for Import Administration.

7 Mr. Dunn, if you would come forward, please.

8 The first nomination that the committee will consider
9 today is that of Alan Dunn, to be Assistant Secretary of
10 Commerce. Mr. Dunn has been nominated to one of the most
11 visible trade policy positions. If confirmed, it will be his
12 responsibility as Assistant Secretary for Import
13 Administration to oversee the implementation of the anti-
14 dumping and countervailing duty laws.

15 American business has historically turned to these laws
16 more often than any other trade laws. Why? Because they
17 work. If an industry can make the case that is being heard by
18 imports that are being dumped or subsidized, it is entitled to
19 some relief. Not even the President has authority to overrule
20 the factual finding and that is the way we want to keep it.

21 In Uruguay round negotiations there have been attempts to
22 weaken those laws by many of the countries who have been
23 guilty of dumping in this country. To gut them entirely with
24 something like a public interest test, for example, or to
25 undermine them through numerous small changes which when taken

1 together would mean that industry would no longer have an
2 effective remedy against dumping or subsidized imports.

3 So far the administration, headed by predecessor as the
4 lead negotiator has resisted those efforts and assured us that
5 it will not do anything to weaken those laws. I hope to hear
6 the same commitment from you today.

7 Senator Warner was here earlier and would have liked very
8 much to have introduced you, but he had calls at another
9 committee and could not.

10 I turn now to my colleague, Senator Packwood.

11 Senator Packwood. No comments, Mr. Chairman.

12 The Chairman. Would you proceed with your statement?

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1 STATEMENT OF ALAN M. DUNN, TO BE AN ASSISTANT SECRETARY OF
2 COMMERCE
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4 Mr. Dunn. Thank you, Mr. Chairman. Mr. Chairman and
5 members of the committee, thank you for taking the time to
6 consider my nomination to the position of Assistant Secretary
7 for Import Administration.

8 I would also like to express my appreciation to President
9 Bush for having nominated me and to Secretary Mosbacher, under
10 whom I have served for the past two and one half years. I am
11 deeply honored to have been recommended by the Secretary and
12 nominated by the President to serve in this capacity.

13 I want to assure the committee that Secretary Mosbacher
14 and I are very sensitive to your concerns regarding
15 international negotiations which may have an impact upon U.S.
16 laws as they are currently drafted. If reported favorably by
17 this committee, and confirmed as Assistant Secretary, I will
18 fight to protect the sanctity of U.S. trade laws and the
19 rights of U.S. firms to seek effective redress as the U.S.
20 government undertakes negotiations in fora, such as the
21 Uruguay Round and the North American Free Trade Agreement.

22 I realize that the administration of the trade laws is a
23 matter of utmost importance to all members of this committee.
24 I want to assure you that I intend to work closely with you
25 and with the Congress to administer fully and effectively the

1 mandate of the Import Administration.

2 My predecessor, Assistant Secretary Eric Garfinkel has
3 maintained a close and excellent working relationship with
4 your committee, which I intend to continue if confirmed.
5 Secretary Mosbacher and Eric Garfinkel have set a high
6 standard as defenders of U.S. trade laws. If confirmed, I
7 will strive to be an equally strong defender and will actively
8 seek your input as well as a guidance of the many industries
9 which are critically affected by the trade laws.

10 Again, I thank you, Mr. Chairman and members of the
11 committee, for this opportunity. I would be happy to answer
12 any questions that you may have.

13 (The prepared statements appears in the appendix.)

14 The Chairman. Well, if you are confirmed, what role do
15 you expect to play in the Uruguay Round negotiations?

16 Mr. Dunn. I expect that I will step right in behind
17 Mr. Garfinkel in exactly the same role that he has been
18 playing in those negotiations.

19 The Chairman. Now the USTR, Carla Hill, has told us that
20 she will not participate in anything that weakens the anti-
21 dumping laws, but we have other countries that are continuing
22 to press for changes in it. Are there any changes that you
23 would entertain, that you believe would not weaken those
24 particular laws?

25 Mr. Dunn. As you know, Mr. Chairman, we are not a

1 demander in the dumping negotiations and we seek to keep them
2 as they are or to the extent possible strengthen them through
3 greater transparency. Those are the only kind of changes that
4 I would contemplate under the dumping laws.

5 Under the subsidies code we are looking at significantly
6 enhanced disciplines and I would strongly pursue those.

7 The Chairman. Remember back during the negotiations with
8 the administration on the 1988 Trade Act. The administration
9 opposed amendments by members of this committee aimed at
10 addressing the problem of companies circumventing our anti-
11 dumping duties, either by importing parts into the United
12 States and putting the countervail final product together here
13 or by going to another country and setting up separate
14 assembly operations there, which avoids the dumping duty,
15 since it is assessed only against products coming from the
16 home country.

17 So we had to scale down the anti-circumvention provision
18 we included in the 1988 Act, so it would not violate the GATT.
19 But the administration committed to seeking changes in the
20 GATT so that we could respond to this kind of circumvention.
21 Are you going to work to bring back an agreement that does a
22 better job at addressing those problems than the 1988 Trade
23 Act?

24 Mr. Dunn. Yes, Mr. Chairman. In fact, our negotiating
25 team has been pushing for enhanced anti-circumvention measures

1 and I would support that.

2 The Chairman. I defer to my colleague.

3 Senator Packwood. You are familiar with the 1986 Canadian
4 Softwood Lumber Agreement?

5 Mr. Dunn. Yes, Senator.

6 Senator Packwood. And the fact that the Canadians in my
7 mind unjustify it be terminated, but that is neither here nor
8 there. Can I count on you to closely monitor the
9 countervailing duty suit that has been filed?

10 At the moment the lumber industry is quiet, but they are
11 putting their faith in the administration to follow this
12 countervailing duty suit with all speed and with all firmness
13 and will expect some further action from the administration,
14 if as I expect we will win that suit. We may have to go back
15 to what we did prior to when we got the Memorandum of
16 Understanding. I hope I can count on your support in that if
17 and when we win the suit as I expect we will.

18 Mr. Dunn. Absolutely, Senator Packwood.

19 Senator Packwood. I thank the Chair.

20 The Chairman. Well, you are at a high point in your
21 popularity.

22 Mr. Dunn. I am grateful, Mr. Chairman.

23 The Chairman. May I have a motion?

24 Senator Packwood. I move to report him.

25 The Chairman. All right.

1 The motion is heard. Any opposition?

2 (No response.)

3 The Chairman. All in favor?

4 (A chorus of ayes.)

5 The Chairman. Thank you very much, Mr. Dunn.

6 Mr. Dunn. Thank you, Mr. Chairman.

7 The Chairman. Senator Warner was unable to be here to
8 speak on behalf of Mr. Dunn, but has asked that his statement
9 be made a part of the record. And without objection, so
10 ordered.

11 (The prepared statement of Senator Warner appears in the
12 appendix.)

13 The Chairman. Our next nominee is Peter S. Watson, to be
14 a Member of the U.S. International Trade Commission. If he is
15 confirmed, Mr. Watson will serve a nine-year term as an ITC
16 Commissioner.

17 He brings with him important credentials, both in
18 government and in the private sector. He is currently serving
19 as a special advisor to the President of the Overseas Private
20 Investment Corporation, OPIC. He returned to OPIC where he
21 worked back in 1989 just last September. In between,
22 Mr. Watson served for two years as Director of Asian Affairs,
23 National Security Council, where he saw firsthand the kind of
24 serious trade problems American firms face in selling their
25 products in the Asian countries and we discussed some of that

1 yesterday as we conferred.

2 He has also practiced in international law. At OPIC,
3 Mr. Watson has had the responsibility for evaluating certain
4 types of risks that American firms face when they do business
5 abroad. At the ITC he would be responsible for the flip side,
6 analyzing the risk to American companies here at home when
7 they must compete with unfairly traded imports.

8 And particularly, he will be called upon to faithfully
9 apply our anti-dumping, countervailing duty and other trade
10 remedy laws to decide which imports are causing injury to
11 American producers.

12 I will be interested in hearing how Mr. Watson's
13 background, which is focused more on international commercial
14 law and dispute resolution than on trade issues, has prepared
15 him for these critical responsibilities at ITC.

16 I welcome Mr. Watson and I yield to Senator Packwood for
17 any comments he wants to make.

18 Senator Packwood. Mr. Chairman, I have no statement. But
19 I ask unanimous consent that a statement by Senator Hatch be
20 placed in the record at this time.

21 The Chairman. Without objection that will be done.

22 (The statement of Senator Hatch appears in the appendix.)

23 The Chairman. Mr. Watson, if you would proceed.

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1 STATEMENT OF PETER S. WATSON, TO BE A MEMBER OF THE UNITED
2 STATES INTERNATIONAL TRADE COMMISSION

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4 Mr. Watson. Thank you very much, Mr. Chairman.

5 Mr. Chairman, with your indulgence I would like to begin
6 by taking the opportunity of introducing my wife, Deede, and
7 my daughter, Melanie, age five and a half.

8 The Chairman. Well, we are delighted to have you.

9 Mr. Watson. Thank you, sir.

10 Mr. Chairman, it is indeed a great honor to be considered
11 by the President and by this Committee for this important
12 position. I am greatly conscious of the crucial role played
13 by the ITC.

14 Of utmost importance is the independence of the Commission
15 as a nonpartisan factfinding body. This independence should
16 be jealously guarded and is critical to the credibility of the
17 institution and of the laws it administers. I want to assure
18 this Committee that if confirmed I will bring no philosophical
19 agenda with me to the Commission, other than the commitment to
20 administer the laws according to the letter and the spirit in
21 which they are enacted by Congress.

22 If confirmed, I will pledge to you my very best efforts to
23 administer the law fairly and objectively. Mr. Chairman, I
24 recognize the ITC has a very special relationship with this
25 Committee, and if confirmed, I will look forward to working

1 with you and the staffs of the Committee and of its members.

2 Finally, Mr. Chairman, let me extend a very sincere thanks
3 to your Committee and staff for the very kind and expeditious
4 manner for which this nominee's confirmation has been handled.
5 I have truly enjoyed the meetings with the members and their
6 staff and they have all treated me with great courtesy.

7 Thank you, sir.

8 (The prepared statement of Mr. Watson appears in the
9 appendix.)

10 The Chairman. When you worked at the National Security
11 Council and you were consulting with business firms that were
12 having a tough time opening up markets abroad and protection
13 for their intellectual property rights in particular, in your
14 view what is the proper U.S. response when you run into that
15 kind of a problem, trying to eliminate such unfair trade
16 practices? When is U.S. retaliation under the trade laws
17 appropriate?

18 Mr. Watson. Sir, during the time I was with the National
19 Security Council, indeed, I had a number of occasions to work
20 with American business who are suffering precisely the types
21 of market access and IPR problems to which you refer to. I
22 believe that I was able to develop a very good working
23 relationship with STR and Commerce to assist in addressing
24 some of those problems.

25 I believe very firmly in the laws of the United States,

1 Section 301, and the other market access opening provisions
2 that are established to address the type of foreign trade
3 barriers that are set out in the USTR publications in some 38
4 countries that have listed.

5 I believe in the aggressive enforcement of U.S. trade laws
6 to address the wrongs that are imposed on our corporate
7 community by those that would not conform to international
8 trade law and practice.

9 The Chairman. In watching the ITC work and trying to
10 decide whether some of our domestic businesses were injured by
11 imports, we have seen some of those Commissioners put their
12 own interpretation on what they think the countervailing duty
13 laws are and the anti-dumping laws and really ignore
14 Congressional intent in that process. That gives us real
15 heartburn on this Committee.

16 What is your perspective on the purpose of those laws and
17 the ITC's role in applying them?

18 Mr. Watson. Sir, the reason that I included with great
19 care the reference in my opening statement about the fact that
20 I would bring no philosophical agenda to this ITC if confirmed
21 and that I would enforce the laws, the law in the spirit and
22 the manner in which they are implemented, I am very conscious
23 of the reason that the ITC was established by this and the
24 other committees and I assure this Committee that I have no
25 intention to bring new and exciting ways of interpreting and

1 applying the laws of these statutes.

2 I believe in judicial restraint, Mr. Chairman. The
3 criteria that have been established by the statute and set out
4 in Congressional intent are extremely regulated and in my view
5 leave very little room for the subjective approach that some
6 may have taken in the past. You will see no such approach
7 from this nominee, if confirmed.

8 The Chairman. Well said, Mr. Watson. I just may end up
9 supporting you.

10 (Laughter)

11 Senator Packwood. I want to send him out immediately.

12 The Chairman. All right.

13 Senator Packwood. I have no questions, but I like your
14 attitude.

15 Mr. Watson. Thank you, sir.

16 The Chairman. May we have a motion?

17 Senator Packwood. I move to report him favorably.

18 The Chairman. All right.

19 All in favor say aye?

20 (A chorus of ayes.)

21 The Chairman. Opposed?

22 (No response.)

23 The Chairman. No nos. We are delighted to confirm you or
24 send you from this Committee for confirmation.

25 Mr. Watson. Thank you very much, Mr. Chairman.

1 The Chairman. Thank you.

2 Mr. Arnold Tompkins has been nominated to be an Assistant
3 Secretary for Management and Budget in the Department of
4 Health and Human Services.

5 We are pleased to have you before the committee today to
6 consider your nomination to be the Assistant Secretary for
7 Management and Budget of the Department of Health and Human
8 Services.

9 This committee's jurisdiction includes the largest
10 programs administered by the Department of Health and Human
11 Services. In your new position you will be responsible for
12 overseeing the management and budgeting of some of the most
13 Federal programs that directly affect millions of Americans,
14 such as Social Security, Medicare, Medicaid and AFDC. Not an
15 easy task.

16 In the current fiscal environment the administration of
17 those very large programs requires that every dollar be
18 accounted for with little tolerance for inefficiency or error.
19 At the same time the American people expect and deserve the
20 highest quality of service.

21 We are pleased to have you here.

22 Senator Packwood. No statement, Mr. Chairman.

23 The Chairman. May we hear your statement?

24 Mr. Tompkins. Yes, sir.

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1 STATEMENT OF ARNOLD R. TOMPKINS, TO BE AN ASSISTANT SECRETARY
2 OF HEALTH AND HUMAN SERVICES

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4 Mr. Tompkins. Thank you, Mr. Chairman and members of the
5 committee. It is indeed an honor to appear before this
6 morning as President Bush's nominee for the position of
7 Assistant Secretary for Management and Budget in the U.S.
8 Department of Health and Human Services.

9 I have had the privilege of serving Secretary Louis
10 Sullivan, a man for whom I have the highest regard for the
11 past two years. Secretary Sullivan is a person of integrity,
12 devoted to improving the lives of all Americans and it is both
13 exciting and gratifying to be a member of his team. I would
14 consider it a special honor to continue to serve him as an
15 Assistant Secretary.

16 Mr. Chairman, I have a short statement, but before I make
17 it, I would like to express my appreciation to my mother, my
18 wife, my sister and friends who are with me today. Without
19 their support and encouragement, humor and love, it is highly
20 unlikely that I would be appearing before you today as a
21 nominee.

22 Mr. Chairman, I arrived at the Department six years ago
23 serving as a Deputy Assistant Secretary for Social Services
24 policy. Four years later I became the Acting Assistant
25 Secretary for Planning and Evaluation and a year later took

1 the position as counselor to the Deputy Secretary.

2 It has been my good fortune to have held these various
3 positions over the past six years, because they have afforded
4 me the unique opportunity of learning about the many facets of
5 Health and Human Services. Since arriving at the Department I
6 have been continuously and increasingly involved in the
7 budget, financing, management and policy processes in
8 administering the fourth largest budget in the world.

9 Mr. Chairman, it is the job of the Assistant Secretary of
10 Management and Budget to provide the highest quality advice
11 and guidance regarding administrative and financial management
12 to the Secretary and all HHS components. The Assistant
13 Secretary wealds significant influence and power by leveraging
14 Department resources to support and promote the Secretary's
15 goals of initiatives.

16 Essential to supporting the Secretary's priorities is an
17 ability to successfully bring together policy, management and
18 service functions. The Assistant Secretary accomplishes these
19 functions by performing three interrelated management roles.

20 First, as the Department's manger, with policy,
21 administrative and management authority across Health and
22 Human Services.

23 Second, as the Operating Division Manager for the Office
24 of the Secretary, responsible for apply Department policy and
25 procedure.

1 And third, as the Assistant Secretary of Management and
2 Budget Manager, responsible for the day-to-day direction of
3 the AS&B employees.

4 Mr. Chairman, serving as the Assistant Secretary for
5 Management and Budget is a job that I would embrace with
6 enthusiasm and vigor. I want to express my sincere thanks you
7 to and to the other members of the committee, as well as to
8 the staff, for the courtesy you have shown by considering my
9 nomination at this time, giving the committee's pressing
10 schedule.

11 I will end my remarks at this time and would be happy to
12 answer any questions that you or other committee members may
13 have concerning my candidacy.

14 The Chairman. Mr. Tompkins, we'll take your remarks for
15 the record in their entirety.

16 (The prepared statement of Mr. Tompkins appears in the
17 appendix.)

18 The Chairman. You are taking over a very major
19 responsibility, an incredible amount of money, involving the
20 taxpayers' money. What do you have in mind insofar as what
21 can be done in the improvement of management and budgeting at
22 HHS?

23 Mr. Tompkins. Part of what I think has been an advent of
24 an act called the Chief Financial Officer's Act provides an
25 opportunity, I think, that has not been in the Department.

1 What is to force management of all sectors and all programs to
2 come together and look at performance measurements and other
3 management tools in order to see that we are getting the best
4 value for our dollar.

5 I intend to pursue that Act. I intend to pursue the
6 meaning of those points in that Act to get the integration of
7 all the parts of HHS so that we are working together so the
8 managers of the Department will know best how to spend money
9 and budget priorities.

10 I think one of the things in the Department that I have
11 been acutely aware of since I have been there is the lack of
12 proper data and management tools in which to make really good
13 decisions. I think now I want to come in and to do a lot of
14 that so that we can have both through the Congress and to the
15 administration and to the people at large information in which
16 to make the best decisions.

17 The Chairman. As the Executive Director of the Task Force
18 in Health Care Reform, what can you tell us about the plans of
19 the administration in proposing a comprehensive reform of the
20 health care system?

21 Mr. Tompkins. We have, as you know, I have been working
22 with the Deputy Secretary, Constance Horner, until recently
23 and now with the Secretary specifically on the Task Force in
24 looking at options. We have reviewed most options that have
25 been presented to us, presented to the Congress and to the

1 country at large.

2 We are now going through a process of going to the
3 Secretary, reviewing all options that are out there, both
4 proposed as well as other things we think would be good ideas.
5 I think we are very, very close to coming to some conclusions.

6 The Secretary is personally involved in this process more
7 so than probably ever before and I think he wants to come to
8 some conclusions very, very quickly. So I think we are moving
9 very rapidly.

10 I think the Secretary outlined in a speech several months
11 ago at Faulkner and Gray health policy form. We outlined six
12 areas that he would like to go into. Those six areas as well
13 as there are other things we are coming to some conclusions,
14 as well as we are working with OMB and OMB staff on this
15 issue.

16 So I think you will hopefully see something in the near
17 future from the administration on this issue.

18 The Chairman. I should hope so. I must say that some of
19 us have introduced legislation to try to take care of some of
20 the more egregious things affecting the employees and the
21 employers of small business.

22 Mr. Tompkins. Yes, sir.

23 The Chairman. Job loss, portability, carving out one
24 person and taking the rest, incredible jumps in premiums,
25 great variance between small businesses, depending on the

1 industry they are in, double the premium if they have a lot of
2 young women as compared to a lot of young men because of the
3 costs of pregnancy.

4 But that is just taking care of some of the more difficult
5 problems. There is a real concern out there about having
6 accessibility and affordability of health care and that is
7 diminishing.

8 I was dedicating a Texas children's hospital down in
9 Houston the other day -- \$146 million addition to the
10 hospital. The largest pediatric hospital in the United
11 States. Incredible skilled medical help available there. But
12 last year \$43 million worth of uncompensated care in that one
13 hospital. They cannot do that without raising the fees on all
14 the rest of them. And that really escalates them.

15 Looking at health insurance premiums that increased last
16 year 24 percent, estimated to do it again. I think it is
17 reaching crisis proportion. I listen to Dick Darman say it is
18 now 12.7 percent of our GNP going to 17 percent if we continue
19 on this path by the end of this decade, and that that is
20 unsustainable and I agree with him.

21 Senator Packwood. As a matter of fact, if you recall, the
22 CBO Director said 20 percent in his judgment by the end of the
23 decade.

24 The Chairman. Yes.

25 If we are going to bring about major health care changes,

1 a reform of the system, everybody knows it has to be done
2 almost, but when you finally get down to the solution is where
3 it begins to come apart. I do not see how we can do it
4 without the President involved in the process. I am very
5 hopeful he gets involved, because I think it is something that
6 has to be addressed, not just politically, but for the good of
7 the country.

8 Senator Packwood?

9 Senator Packwood. I echo the Chairman. Although it seems
10 to me the problems are really only twofold. One is coverage
11 and the other is cost. The coverage, if you want can be
12 relatively easily done.

13 President Nixon 20 years ago with the comprehensive health
14 insurance plan suggested a way. That does not solve your cost
15 problem, but it solves your coverage problem. I think in
16 retrospect the old Nixon plan had a lot of merit to it. I
17 would hope the administration would consider it.

18 Thank you, Mr. Chairman. I move to report him.

19 The Chairman. Thank you.

20 All in favor, make it known by saying aye.

21 (A chorus of ayes.)

22 The Chairman. Opposed?

23 (No response.)

24 The Chairman. There are no nos. We will be reporting you
25 out, Mr. Tompkins. Thank you.

1 Mr. Tompkins. Thank you, sir.

2 (Whereupon, the hearing was adjourned.)

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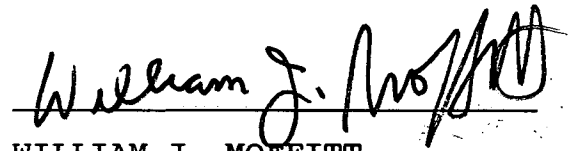
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C E R T I F I C A T E

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2 This is to certify that the foregoing proceedings of a
3 Nominations of Alan M. Dunn, Peter S. Watson, and ARnold R.
4 Tompkins, Committee on Finance, United States Senate, held on
5 November 20, 1991, were transcribed as herein appears and that
6 this is the original transcript thereof.
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WILLIAM J. MOFFITT

Official Court Reporter

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13 My Commission Expires April 14, 1994.
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