WASHINGTON -- President Clinton came face-to-face Thursday with the political costs of the world economic crisis, meeting with steel executives and union leaders who are demanding that Washington cut off the import of extremely low-cost steel -- much of it from Brazil, Russia and Korea.

Steel imports in the United States have surged by more than 75 percent in recent months, and the United Steelworkers of America, a union the White House cannot afford to antagonize after it helped mobilize Democratic votes on Tuesday, has been insisting for months that the administration take action.

After their recent comeback, almost all of the country's major steelmakers now are cutting production and some have begun layoffs, as prices for steel decline to some of the lowest levels in six years.

But Clinton, as one of his economic aides said the other day, has "no good options." Any move to limit the flow of low-cost steel here runs the risk of undercutting the recovery of some of the nations that are hardest hit by the economic crisis.

Moreover, it would increase costs for automakers, construction firms and other manufacturers -- potentially making their goods less competitive.

So in lengthy meetings and dinners with Commerce Secretary William Daley and Treasury Secretary Robert E. Rubin, among others, the steel union officials and top executives -- who rarely find themselves on the same side of a bargaining table -- have been engaged in a detailed debate over Clinton's choices.
The most likely option is that the president would pressure countries to reduce steel exports to the United States, a step Japanese officials say they are already taking. In the meeting at the White House Thursday evening, Clinton indicated that he would take up the issue later this month during his trip through Asia that includes visits to Korea and Japan.

Eventually, the United States could raise tariffs on imported steel. But it can only impose those "anti-dumping duties" if the United States International Trade Commission finds that the imported steel is being sold here at unfairly low prices, causing injury to American firms.

Such duties were recently imposed on stainless steel coil plate imported from Taiwan South Africa, Italy, Canada and South Korea.

But in the broader complaint filed by the steel industry, the case may not be clear cut. Foreign officials insist that some of the price cuts did not result from "dumping," but were created by the sharp devaluation of Asian and Russian currencies. That exchange rate advantage makes all goods imported from those countries less expensive in the United States.

In fact, the surge in exports from the hardest-hit countries is exactly what the International Monetary Fund has tacitly been seeking as a way to boost foreign reserves and rescue faltering economies. Export increases are factored into the IMF’s recovery plans for several nations, especially Thailand, Korea and Indonesia. And the United States Treasury approved those strategies.

Clinton acknowledged the problem at an earlier meeting with steel officials last month, noting that "the yen got too weak, and it led, for example, to the breathtaking imports of Japanese steel, which hurt a lot of our industry, people and workers."

But Clinton’s aides point out that after further study they determined that the problem was immensely complicated -- and that every proposed solution carried a significant cost.

"If you take measures to protect the steel industry it hurts the auto industry," one White House official noted recently. "Eventually, that hurts sales and other workers."

The industry argues that the damage is already starting. Weirton Steel, the seventh largest steelmaker, announced recently it was laying off 300 workers, or nearly 9 percent of its hourly workers, and it says it may have to dismiss more workers.

At the same time, the Clinton administration needs the steel workers. Vice President Al Gore has been wooing the industry's leaders, who are suspicious of the administration's free-trade leanings, and opposed the effort to expand the president's right to negotiate trade agreements that can be approved or turned
down by Congress -- but not amended. The divisive arguments over that authority, called "fast track," are likely to be revived next year.

Clinton's aides are also worried about a revival of trade tensions around the world as the American trade deficit mounts each month.

Charlene Barshefsky, the United States Trade Representative, has warned that the current account deficit -- the broadest measure of trade flows -- could hit $300 billion. Daley has warned of "a major political backlash that is brewing" if the flood of imports begins to cost American jobs.