

I will say once again, America is better than this. The American people are better than this. This Congress is better than this, than to let it keep going on and on.

Mr. ALLEN. I thank the gentleman for his comments. I will make just one final comment. We have been talking a lot about prescription drugs for seniors this evening and what a serious problem it is for Medicare beneficiaries because they do not have a Medicare prescription drug benefit at all. But back home in Maine what we are finding is that the small business community is now getting hit by very steep increases in their health insurance premiums. Small business men and women in my State are seeing health insurance premium increases of 30 percent, 40 percent, sometimes 50 percent; and this is the third successive year in which that is happening. The viability of many small businesses in Maine is really being threatened by rapidly rising prescription drug costs because that is the major component that is driving up their health insurance premiums.

This is a big and complicated issue. The fairness of our health care system, the ability of people to get access to the health care they need is a national issue of enormous importance, and it is one that is being neglected in this House because we are paying far too much attention to the industry itself and not to the people. I want to thank the gentleman from Arkansas for participating in this Special Order tonight.

TARIFF ON STEEL IMPORTS

The SPEAKER pro tempore (Mr. PUTNAM). Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, I am going to make some comments on the tariff on steel imports. Several companies in my congressional district, the Seventh Congressional District of Michigan, which is roughly the bottom center of Michigan, have come to me as steel users and said that they have got a huge problem. The steel suppliers are saying, We don't care about the contract. We're going to increase the cost of the steel and you have to pay us double what the contract was. The company says, Well, we can go to court. The steel suppliers say, Well, you can do that. We'll probably fight it in court for 3 years, but tomorrow we're not going to deliver the steel that you need to meet your contracts.

What is the solution? President Bush approved the new tariffs on steel imports, I think, to help give the steel industry and our American steelworkers really a chance to make changes so they might compete in the long term. I suspect the President, who as a young man did the hard physical work in the oil fields, wanted to give a chance to save some of the jobs of the people that

do the hard physical work in the steel industry. However, the high tariff restrictions on steel imports have turned out to be a mistake with a potential of losing more jobs than they save.

The price of steel in the United States has risen since last March by 30 to 50 percent. In addition to the large price increases, there has been a reduction in the amount of steel available because of the reduced imports coming in. This has made it impossible for many steel-consuming industries to find the steel that they need on the one hand and they are obligated to pay this new higher price that means that in many cases they are actually losing money filling their particular contracts. Domestic steel producers have in many cases reneged on the long-term contracts now that the steel prices have leaped, with the result that the consuming industries have been forced to pay that higher price than the agreed-on prices or have been forced into the volatile spot market for steel.

The President's action, I think, turns against what he said on free trade and on taxes. First, by definition, free trade implies that it is unencumbered by demands of third parties. When government imposes tariffs on products, it reduces the ease with which they come across borders, either way, back and forth. Second, tariffs are just taxes by another name. Steel tariffs raise the cost of buying products that contain steel, cars, refrigerators, for instance, just as raising the sales tax on those products would. So it means not only are they in trouble, but once they produce the goods to the extent that they are able to pass that increased price on, American consumers pay the cost of that higher tax or tariff.

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The new Bush tariff is expected to hike the cost of steel products by 6 to 8 percent in the first 12 months, and in our State of Michigan, Michigan citizens will be hit hardest.

Here is why: One of the most basic propositions of economics is the inverse relationship between price and quantity demanded. When the price of some goods, steel in this case, rises, less of it is going to be demanded, and the result is fewer sales of products containing steel and fewer jobs are going to be available for those industries that use that steel, the steel user industry that are ultimately making those finished goods with steel.

This harms the Michigan workers and it harms the American workers in a number of ways. First, some American producers lose out because they are now competing with foreign companies that have access to cheaper steel. So I have got some companies in my district that say, well, we are considering moving to Mexico, Canada or someplace else, because they are paying a much lower price for steel. They are paying the world market price, where here in the United States, be-

cause we restrict the availability of steel and held out, the competition, the foreign competition, if you will, are paying a much higher price. Their products then become relatively more expensive because the steel in them costs our American producers more.

Second, many American firms have simply had trouble securing sufficient supplies of steel in quantities to keep the factory operating. I have had layoffs in my district because plants have closed for the lack of steel.

The third point I would make: It gives American firms, I think, a powerful incentive to move production out of the United States to foreign plants where steel is available at the lower world market price. This is so they can compete and can survive as a company. So it is hard to blame them, if that is their only recourse to survive.

So that is what we are being threatened with in Michigan, some of these companies moving out of the State, and that is what is happening in many other areas of the United States where steel users are faced with a problem.

A couple of economists, Joseph Franco and Laura Baughman, working on behalf of the Consuming Industries Trade Action Coalition, have estimated the impact of the Bush tariffs on the American economy in terms of their economic benefits and costs. For instance, they found that every State in the Union will suffer net job losses as a result of the tariffs. Ironically, the biggest job losses will occur in the Steel Belt, states such as Pennsylvania, such as Michigan. For every steel job saved as a result of the tariff, eight jobs will be lost in all sectors of the economy.

Another point: The steel-producing industry would save between 4,400 and 4,800 jobs at a cost of about \$439,500 to \$451,000 per steel job saved. Higher prices for steel products and related inefficiencies would decrease U.S. national income someplace around \$500 million, at a time when policymakers are talking about ways to improve the U.S. economy.

Again, back in my State of Michigan, Michigan will suffer from the negative consequences of tariffs, and these economists found that Michigan will lose more jobs in steel-related industries than every State in the Union, save California. Under the most conservative scenario, Mr. Speaker, Michigan will lose almost five jobs in steel-consuming industries for every one job that is saved in Michigan steel-producing industries.

Here is the point: There are 57 workers employed in the steel-using companies, 57 workers employed in the steel-using companies, for every one worker that is employed in the steel-making industry. Steel-using industries account for more than 13 percent of gross domestic product. Steel-using industries account for more than 13 percent of GDP, where the steel industry accounts for only about one-half of 1 percent of GDP. So the result, thus, the steel tariff has threatened many more jobs than it has protected.

The Bush administration, I think, has recognized some of the distress that the steel tariffs are causing, so it has issued rulings that exclude 727 products from the tariff. Of course, this has set off a frenzy of lobbying as some of the steel-using companies angle for exemptions. That is what is happening now. This causes distortions not only in the cost of foreign and domestic producers, but also in Michigan and the United States between competing domestic producers as well.

The timing of the decision to impose the tariff is also a problem. Steel imports into the United States have been declining. Steel imports, after reaching a high of 4 million tons in August of 1998, had declined by 36 percent to 2.6 million tons in November of 2001. Moreover, the market share of foreign steel producers has fallen from 28 percent in 1998 to 21 percent in 2001. This made the imposition of the tariff less pressing, and maybe we could have gone along without it.

The challenge has got to be on the steel industry, and I think on government as well, as we look at how can we help this industry without hurting so many other workers and so many other industries that are steel users.

It has been argued that the real threat to most of the domestic steel industry is not foreign steel at all. Steel is manufactured in the United States at mini-mills and integrated steel mills. It is the integrated mills that are having the greatest difficulty in making a profit right now.

Mini-mills are much more efficient at producing steel than the integrated steel mill and have a 25 percent cost advantage over producing steel than the integrated mills do. As a result of their cost advantage, mini-mills have increased their market share from 10 percent in the 1970s to about 50 percent today. Over the same time period, the share of imports in the United States market has increased by only 10 percent. Therefore, the real threat to the integrated steel mills are not imports, but our own American mini-mills.

Finally, the steel tariff encourages retaliation from our trading partners. If you look at the European Commission, it is now threatening retaliatory tariffs of 100 percent on a 22-page list of goods ranging from rice to grapefruit to shoes to brassieres to nuts to bib overalls to billiard tables to ballpoint pens, and the list goes on. So retaliation could develop into the kind of price war that is going to hurt the United States a great deal.

The Japanese, for example, are also drawing up their steel payback list. Steel-exporting Russia, looking for ways to retaliate, has said we are going to fence out the U.S. chickens that are coming into Russia. Even though Russia does not produce chickens, they need the chickens, but they are looking for ways to retaliate. Hopefully that issue is going to be resolved.

Mr. Speaker, we can ask if the tariff has done that much for the steel indus-

try. I would mention that I was going to mention that Florida is a significant steel-using state, but I see our Speaker has changed. But I will mention that steel-using industries are all over the United States.

Over the past 30 years, the Federal Government has been implementing policies to keep the steel industry in business, despite its inefficiencies. These policies have included voluntary quotas and antidumping, and that is the thing that has got to continue. If some other country is dumping below the cost of production, then we are going to stop that kind of dumping. So that is going to take place and should take place, regardless of whether we lift the current restrictions on imports.

The countervailing duty measures are another. Some of the companies have moved up and are now competitive, but much of the industry, instead of resulting in a stronger manufacturing efficiency, these policies are allowing companies to continue with production methods, with labor contracts, that keep it perpetually at the risk of dissolution and keep it out of reach of real competition with other mills in the United States and the international steel producers.

Standard and Poor, for example, was not optimistic when the President announced the tariff restrictions on steel imports, and they responded to the tariffs by refusing to raise the industry's credit rating.

The steel tariff has turned out to be a mistake that is harming many industries, both in my State of Michigan and across the country. It is having the result of losing American jobs.

We need to repeal this kind of tariff restriction to allow our steel-using companies to again be competitive and keep those companies in the United States. We need to start reviewing the kind of overzealous regulations and overzealous taxation that we put on the steel industry. So let us look at the tax imposition that we put on our steel manufacturing industries compared to what other countries are doing with their steel manufacturing industries.

We need to assist, I think, in research and technology. I am chair of the Subcommittee on Research in the Committee on Science. So we need to continue making sure that our research and our technology is available, and we can look at ways of expanding the technologies that are applicable to that industry to help allow these steel-producing industries to be more competitive in the international market. There are a lot of things we can do without challenging and disrupting the many workers in America that are working in the steel-using industry.

Mr. Speaker, I would like to also make a couple comments on our spending and our budget.

Right now we have got a challenge of where do we go on spending. We are in a war. We are going to be required to make sure that, to the greatest extent possible, we assure the safety of Amer-

ican citizens. We are probably going to waste a lot of effort, a lot of talent, a lot of money, and, in some cases, go further than we really would have needed to go in terms of protecting ourselves against terrorists. But the challenge, of course, for Members of Congress and for the President is making sure that we go far enough in our protections to have the greatest assurance possible.

As we spend a tremendous amount of money in our war against terror, and that is approaching \$90 billion now, I think we have got to remind ourselves that we are in a war and that some of the other traditional spending, some of the maybe less important spending, needs to be held only to a modest increase.

Nobody is suggesting a cut in how we spend money, but we are suggesting that we hold the line and we hold tight to the President's budget suggestions so that discretionary spending is not going to continue to spiral, if you will, out of control.

The 10-year spending history on discretionary spending has gone from a little over \$500 billion to approaching someplace between \$758 billion, is what the President has suggested for discretionary spending, compared to the Senate is now looking at \$770 billion for discretionary spending.

We hear some people suggest, "Well, boy, you should not have had that tax cut. The tax cut is really what has caused all this problem in terms of the budget so that we do not have all this extra money." Let me just point out that the tax cut represents only 13 percent of the problem of overspending.

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We are looking at overspending this year that is going to approach \$150 billion. Not good. We recently increased the debt limit; and I think when we do that, we need to make sure that someplace down the road we are going to be able to say to our kids and our grandkids that we are going to start paying this debt down again.

We have paid about \$500 billion down on the debt held by the public over the last half a dozen years. I mean, that is good news. That was good. We said we were not going to spend the surplus coming in from Social Security; but now, with the war on terror, we started spending the surplus on Social Security again, and we have increased the allowable debt limit of this country. And it should be just somehow a strong message from every fiscally responsible individual in Congress and around the United States to say, hey, look, we are in a war, it is time that we held the line on increased spending in other areas.

Let me give my colleagues some quick examples. We have 13 appropriations bills that handle the discretionary spending. The Labor-HHS-Education bill, under the House plan, spending would grow 60.5 percent since 1998. That is almost between five and

six times the inflation rate. So with the problem of a tremendously progressive tax system, we are in a situation where, according to the Heritage Foundation, over 50 percent of the benefits from Federal spending go to individuals who collectively pay less than 1 percent of the income tax. So the old safeguard, if you are going to have more government spending, somebody has to pay for it, we have to now in our collective efforts divide the wealth and try to make sure that there is some good distribution, to make sure that people are not going to go hungry and have a home, and our welfare systems and our food systems and, at the same time, reducing the amount of tax that low-income people pay. We have redistributed wealth to the extent where most, the top 10 percent of taxpayers, pay approximately 90 percent of the total income taxes in this country.

As we look at the challenges of where we go on spending, there are a lot of people in everybody's district that say, well, we would like you to spend a little more on this program or that program; and quite often, these individuals, and that represents maybe 50 percent of the constituency of many of us in Congress, are looking at a situation where it does not cost them very much in their income taxes, so their willingness to call for increased spending is at little or no cost to themselves.

We have had a system from the founders of our country, and it was interesting that we went up to New York, the first time this Congress left session in Washington, D.C. in over 200 years and went to the Federal building up in New York where George Washington was first sworn in and where, in 1789, the first Congress presided and we passed the Bill of Rights. We have had a country that sort of has the motivation, the incentive that those that learn, that try, that save and invest end up better off than those that do not. I mean, that has been our motivation. As we keep trying to divide the wealth, where we lose that kind of motivation, we are going to lose some of the incentives that have caused such a great success, I think, in the American economy over the 226-odd years that we have been in existence.

Let me briefly look at some of the other increases in spending, and these dramatic increases in spending have even been during a Republican majority for many of these years. The Interior spending, we are now looking at spending that is going to be 40 percent higher than 1998, or about a 7.1 percent average. So that is maybe 2½ times the rate of inflation that we have grown in the Interior spending. The Treasury and Postal spending has gone up 41 percent since 1998, an average of 7.2 percent per year increase in spending, much higher than inflation.

I have another chart here, this is a so-called spending history; and discretionary spending growth will average at least 7.5 percent each year since we balanced the budget in 1998. So you see,

since 1998 we have just really taken off. What we did was we balanced the budget, we said it is important to balance the budget, and then we have sort of extra money, so everybody came up with ideas of how we could spend that extra money.

What it means is that it is going to be more difficult to face the challenges of a good Medicare program, a good Medicaid program, a solvent Social Security plan. I think it should be another incentive to this body and the body on the other side and the President to hold the line on less important spending as we face the war on terrorism.

Veterans Affairs, HUD, International, it has grown 39 percent since 1998, an 8 percent increase per year. Commerce, Justice and State also has grown with an average of 29 percent, 29 percent since 1998. Defense, not including our extra money that we have spent on terror, has gone up 46 percent, almost four times the rate of inflation. Transportation, it has increased by 52 percent since 1998, 9 percent average per year increase. Agriculture has gone up 21 percent since 1998.

My point is that we are spending a lot of money, and are we doing a proper job of prioritizing that spending? In some areas I think we are, because for example, we have had a 132 percent increase in education spending since 1996. In Health and Human Services, almost a 100 percent increase; in December, a 48 percent increase that does not include the extra money since last September 11, a year ago.

In conclusion, Mr. Speaker, I call on my colleagues, I call on the President to hold the line on spending and resist some of the pressures coming in from all of these special interest lobbyists that are giving millions of dollars toward campaigns for this election on November 5, saying we want more money for our constituency, for our particular clients. And so often, a Member of Congress, when they come up with more spending and new programs, they end up back home cutting a ribbon on some project they have taken back to their district, they get on television and in the newspaper. So the tendency has been for a Member of Congress to increase their chances of being reelected if they spend more money and take more pork barrel projects home to their particular district.

So, Mr. Speaker, it is going to take the President, number one, and it is going to take the American people, number two, to say, look, now is the time to hold the line on spending.

THE CASE FOR PEACE

The SPEAKER pro tempore (Mr. PUTNAM). Under the Speaker's announced policy of January 3, 2001, the gentleman from Ohio (Mr. KUCINICH) is recognized for 60 minutes.

Mr. KUCINICH. Mr. Speaker, I appreciate this opportunity to address the

House of Representatives. I would first like to say that in this next hour, I and several of my colleagues will discuss the issue which is uppermost in the minds of the American people, the issue of war and peace, the issue of whether our sons and daughters are going to be sent to a distant land to fight in a war which the American people really have not had a chance to talk about in their own communities. So tonight we are going to make the case as to why the United States should not go to war against Iraq. We are going to talk about the various elements which are motivating this effort to go to war against Iraq; and finally, we are going to talk about what people can do who are concerned about what appears to be this effort that has almost seemingly unstoppable momentum towards a war, because this still is the government of the people. That is the beauty of this wonderful forum we are in, the House of Representatives, and we are going to this evening have an opportunity to show how a government of the people works, not only here, but how it works back in the communities which we represent.

So as we begin our discussion, I want to recognize my colleague, the gentlewoman from Ohio (Ms. KAPTUR), who has been a fearless defender of the rights of working people, a defender of the highest principles this country stands for, and someone who is respected and admired across this Nation. I want to thank the gentlewoman for participating in this 1-hour, and at this time I yield to her.

Ms. KAPTUR. Mr. Speaker, I thank the able gentleman from Cleveland, Ohio (Mr. KUCINICH), for bringing us together and exhibiting the leadership role that he has, both within the Congress and outside in our country, in attempting to deliver the messages to the American people that they need to hear about decision-making here in Washington on the important issues of war and peace, and how it affects them in their families, in their communities, and, obviously, in our country.

I know there will be many other Members who will speak, and I want to thank the gentleman from Ohio (Mr. KUCINICH) for also appearing on programs like "Crossfire" and trying to get out the message to the American people, which largely is being blocked here in Washington because of the way we are functioning as a Congress. Here it is the middle of the week, we have had a few votes today, we could not say any of them were very earthshaking, and now votes have been canceled next Monday and Friday. We will not be here this Friday, we were not here this Monday, and our floor time is extraordinarily limited. So it has been very difficult to talk to the American people about this continuing drumbeat toward war because essentially, our institutions and our ability to function as a lawmaking body have been heavily proscribed by the Republican leadership in this Chamber, and it has been hard to get the word out.