claims by the President and others that there was an ongoing nuclear program in Iraq at the time, and I think that will be borne out.

Now, all of this leads me to several conclusions. One is particularly pertinent to this appropriation. Our Army and our marines—particularly our Army—are stretched thin, taut. They won't break because they are magnificent soldiers. They are under extraordinary pressure.

Let me suggest where our Army is. We have 370,800 soldiers in 120 countries, not just Iraq. In Iraq itself, we have the 3rd Infantry Division. These are the troops who led the fight into Baghdad. They have been told they are going home; they have been told they are staying. Once again, decisions have been reversed because of the situation. They are good soldiers. They will do their job, but certainly this is not the way to have a good plan, to rotate and move soldiers throughout the world.

The 4th Infantry Division is in the north. The 101st Airborne Division is in the north in Mosul. The 1st Armored Division has elements in the country. The 173rd Airborne Brigade conducted a parachute assault in the first days, and they are in Kirkuk. The 2nd Brigade of the 82nd Airborne is there. The 2nd and 3rd Light Cavalry Regiments are there. There are about 134,000 soldiers, together with 44,000-plus soldiers in Kuwait for supporting operations. In Afghanistan, we will have, by the end of summer, two brigades of the 10th Mountain Division. In the Balkans, we have the 34th National Guard Division from Kansas. In Kosovo, we have elements of the 1st Infantry Division, which will be replaced shortly by the Pennsylvania 28th National Guard Division. In the United States, we have soldiers deployed in counterdrug and other operations. Our Reserve elements are the 1st Cavalry Division, 1st Infantry Division Brigade, and we have new Stryker battalions or brigades up in Fort Lewis, and one in Alaska.

This is an extraordinary deployment of American forces. Included in the total are a significant number of National Guardsmen. These National Guardsmen and Reserve are one part of our great Army—one whole unified element.

I have left for last Korea. We have 37,000 soldiers there from the 2nd Infantry Division. I was shocked when I read yesterday of Secretary William Perry's conclusion that we are in a serious crisis with North Korea. Over the last few months, the administration has been trying diplomatically. But Secretary Perry, who is probably the most knowledgeable and experienced with respect to North Korea, is now convinced that we might have missed our opportunity for diplomacy to work.

One of the factors that goes into our strategy is whether we can complement our diplomacy with real military force. There is not much left to do that. Those 37,000 soldiers from the 2nd Infantry Division are not the kind of combat power you need to stare down the North Koreans if there is a serious breach of the current situation. But we are stretched thin. We cannot pull forces out of Iraq. We would jeopardize the mission there. We cannot pull them out of Afghanistan. We would jeopardize that mission. We have to consider what is most important for the Army, and we have to make decisions. Those decisions have to come to us quickly from the Department of Defense. What will we do?

This bill should have considered and included those types of recommendations—not our ideas, but the proposals of the Department of Defense and the administration, and there is scant detail with respect to Iraq and potential conflict with Korea. I hope diplomacy will work. But we have discovered that diplomacy without credible and complementary military forces is not as effective. This is a situation where we are stretched and we have an ongoing classic guerrilla war in Iraq, we have a situation in Afghanistan that is unstable, and we have a potential crisis in Korea. We need recommendations from the Department of Defense about where we are going to get soldiers to take these missions. I had hoped this bill would include such information. It doesn't.

Certainly, I am going to support the legislation, but I hope these questions are answered very quickly.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

STEEL TARIFFS

Mr. ALEXANDER. Mr. President, President Bush is working very hard to get this economy moving again. I have strongly supported his jobs growth and tax cut plans. I believe his hard work and those plans are paying off. But in one case I want to respectfully suggest that the President consider making a midcourse correction. That case is the sad story of steel tariffs. It is a story of an honest effort by our President to save jobs that has backfired.

The backfire could not be coming at a worse time. As our economy recovers—and I believe that it is—the last thing our country needs is a wave of plant closings in the auto and auto parts industry. But that is exactly what will happen if the steel tariffs continue. The tariffs have become a job killer in the United States and a jobs growth program for Korea, Japan, Germany, and other countries that produce quality auto parts.

In March 2002, the Bush administration imposed tariffs of up to 30 percent on 10 different categories of steel imported from Europe, Asia, and South America. The tariffs may have saved a few steel-producing jobs for the time being. But since their institution in March 2002, the steel tariffs have already destroyed nearly as many jobs in the steel-consuming companies of America as exist in the entire domestic steel-producing industry.

Some auto parts plants in my State of Tennessee are already closing because of the higher cost of steel imposed by the tariffs. On top of that, last Friday the World Trade Organization ruled that these U.S. Steel tariffs are illegal and in violation of global trade rules. The European Union has already announced that it intends, therefore, to impose $2.2 billion in retaliatory sanctions on American imports sold in Europe, ranging from footwear to fruits and vegetables. And that would destroy still another batch of American jobs.

If these steel tariffs continue through the years 2004 and 2005, as scheduled, there will be a wave of plant closings across Tennessee and other steel-consuming States, especially among auto parts suppliers. Ironically, many of the steel-producing jobs themselves will also disappear for two reasons: One, when the tariffs eventually end, the protected and inefficient steel mills will find they are unable to compete in the world marketplace. And second, the demand in this country for this kind of steel will have dropped because automakers and auto parts suppliers will be buying parts overseas instead of buying U.S. steel to make parts in the U.S.A.

Fortunately, the President has an opportunity in September to review the decision that he made in March 2002 to impose steel tariffs. I respectfully urge him to chalk this one up to experience, to acknowledge that this exercise proves once again that protective tariffs are self-defeating and usually boomerang and to finally end the tariffs. Ending the tariffs would allow America's steel-consuming auto parts manufacturers and other American manufacturers a fair chance to make their products in the U.S.A. instead of overseas.

I began to first notice the effects of the new tariffs during my campaign for the Senate during 2002. Tennessee is home to at least 900 auto parts suppliers employing almost 100,000 people. Let me describe just how important these jobs are to us Tennesseans.

Before the auto industry came to Tennessee in 1980, we were the third poorest State. Only Mississippi and Arkansas were below us in family incomes. Our average family incomes were 80 percent of the national average family income. Then Nissan came to Tennessee. Then Saturn came to Tennessee. Then BMW and Toyota and other automobile plants put their assembly plants in other parts of the South and the Southeast.

These automakers wanted just-in-time quality auto parts suppliers close by. So to attract them, Tennessee built the best four-lane highway system in the United States. As a result, and as a result of our central location, over the last 20 years, the number of auto parts suppliers in our State has grown phenomenally, from a couple dozen to at least 900. These auto parts suppliers became the greatest contributors to a new prosperity in our State.

During the 1980s, Tennessee became the fastest growing State in family incomes. Our incomes by 1990 became 100 percent of the national average family income—from 80 percent in 1980 to 100 percent by 1990. During this time, of course, we were losing many other jobs, especially in the textile industry, but the textile jobs were being replaced by new higher paying jobs in the auto industry, and these auto parts plants usually came to smaller communities, to Shelby, to Rogersville, to Lexington, and to dozens and dozens of smaller Tennessee communities, usually adding 100, 200, 300 $30,000- to $50,000-a-year jobs with good benefits. And because labor costs of these auto suppliers are low—typically 15 to 25 percent of the cost in an auto supplier's budget is labor cost these higher wages are not enough of the whole total to justify having to move the plant overseas.

At a time when our greatest challenge seemed to be how do we keep our manufacturing jobs from moving to China or to Mexico or to Southeast Asia, the auto parts suppliers in Tennessee seemed like a godsend. They were good jobs that seemed likely to stay—stay, that is, unless some unexpected new costs forced the auto plants and suppliers to look outside the United States for a more competitive environment.

Enter the steel tariff. The President's decision in March 2002 boils down to this: It slapped a tariff of up to 30 percent on 10 different categories of imported steel. For Tennessee, most of it affected hot and cold rolled steel, the kind that is used to make cars and trucks in our country. Here is the irony. At the time of the tariff in March 2002, many auto parts suppliers in America were buying only about 5 percent of their steel overseas. In other words, of about $5.4 billion the U.S. auto industry purchased in 2002 of steel, only about $270 million came from overseas. But as soon as this tariff was placed on the 5 percent that came from overseas, domestic steel producers in this country raised their prices on the 95 percent of steel that was being produced in the United States, and suddenly auto parts suppliers and other steel-consuming businesses were paying up to 30 percent more for all their steel. In some cases, even more than that because of shortages.

In addition, steel companies broke their contracts in order to charge higher prices to auto parts suppliers. The auto parts suppliers then turned to their customers, the big automobile companies, and tried to pass along these price increases. The answer from the auto companies was: Sorry, we are cutting costs; we are not increasing them. So because the auto suppliers could not raise prices to cover increased costs, they suffered losses, and they began to lay off employees. In a few instances, entire plants closed.

Both the automakers and the auto parts suppliers began to consider the next logical step: looking offshore in another country for a place to build parts where steel is cheaper and is pegged at the global market price, not an artificial price as it is here.

Most small American manufacturers live on the edge. They are constantly under pressure to cut costs, and if costs cannot be cut, they cut a job or two. And if cutting a job or two does not do it, the only option is to move all the jobs overseas where costs are lower. It is that or go out of business.

Let us think what will happen during 2004 if the tariffs continue. It is very predictable, and it is this: Auto parts suppliers will move from Tennessee, from Wisconsin, from West Virginia, from Minnesota, from steel-consuming States, particularly auto parts suppliers. They will move to Mexico, to Korea, to Japan, and to Germany. There are many such countries capable of making quality auto parts where steel is at global market prices.

Since the United States tariffs do not apply to auto parts, only to the steel material, the auto parts suppliers will do only what they can do: Make the parts in Japan and ship them to the Nissan plant in Tennessee at a much lower cost than what they can make in Tennessee using United States steel.

This means small manufacturing plant after small manufacturing plant in small American town after small American town in State after State in 2004 will be closing their doors and shipping those good paying jobs with benefits to Korea, to Germany, to China, and to Japan. These same jobs that more than any other factor helped my State of Tennessee become prosperous will be gone, and I am afraid it will be hard to get them back.

Let me say just a word about steel-consuming jobs, like auto suppliers, versus steel-producing jobs, like steel plants. This tariff is a good-faith effort by the administration to save jobs in U.S. steel mills. There are more than 200,000 of these steel-producing jobs nationwide.

Here is the backfire. According to a study by Dr. Joseph Francois and Laura Baughman, almost 200,000 Americans in steel-consuming industries have lost their jobs in the last year since the imposition of the steel tariffs.

So when one considers the huge number of jobs in the steel-consuming sectors of American business, especially the auto industry, compared with a relatively small number of steel-producing jobs, I am afraid what happened last year is only a fraction of the job losses that will occur during 2004 and 2005.

Tennessee, for example, has only 3,396 steel-producing jobs, but Tennessee has 100 times that many steel-consuming jobs, 328,000, and 95,000 of those jobs are those auto-related jobs, those $30,000 to $50,000 jobs with good benefits that are in the small towns of Tennessee.

This is not just a Tennessee story, Mr. President. The United States has 12.8 million steel-consuming jobs, 2.1 million of which are auto related. The United States has only 226,000 steel-producing jobs.

I have selected at random a dozen other States and compared the number of steel-consuming jobs versus the number of steel-producing jobs. I will run through just a few of them.

Ohio has 770,000 steel-consuming jobs. Those are the auto parts suppliers. Ohio has over 38,000 steel-producing jobs; Florida, over 470,000 steel-consuming jobs. Florida has only a little over 1,500 steel-producing jobs. Even Pennsylvania, 72,300 jobs are auto related; 553,315 jobs are steel consuming like the autoparts suppliers. Only 35,730 are steel-producing jobs. Michigan, nearly 800,000 are steel consuming, 11,744 steel producing. West Virginia, 8,800 are auto related, 57,932 steel consuming, only 6,718 steel producing. Same in New Mexico. Same in Iowa.

Here is an interesting one. Minnesota has 248,047 steel-consuming jobs; 36,550 of those are autoparts suppliers. Minnesota has only 1,087 steel-producing jobs. The same in Wisconsin, Washington, Oregon, and in many other States.

In conclusion, let me say a word and give two or three specific examples of how the steel tariff has affected my State, Tennessee, during the last year. Tennessee ranks fourth in production of cars and trucks in the United States. It has nearly 100,000 employees in the automobile industry. It is the seventh largest State employed by the auto industry and a growing number of indirect and direct jobs in this sector.

According to the Motor Equipment Manufacturers Association, more than 70 percent of the employment of the auto industry comes from auto-parts suppliers. One example of how a steel-consuming company has been affected by the tariffs is Arvin Meritor. Arvin Meritor is a leading automotive supplier. It sells to the passenger car and commercial truck and trailer markets, as well as their related aftermarkets.

Arvin Meritor currently has six facilities in Tennessee in Loudon, Morristown, two in Pulaski, one in Brentwood, and one in Columbia. It employs 1,500 people. In 2002, Arvin Meritor purchased more than 1 million tons of steel globally. More than 95 percent of that steel consumed by Arvin Meritor in the United States during 2002 came from North American steel mills. Now, Arvin Meritor has faced a number of critical challenges since the inception of the tariffs.

In terms of pricing, Administration officials advised the company only to expect a 4 to 6 percent increase in the cost of steel in the United States after the tariffs, but their experience was far worse. They found that cold-rolled steel prices from one of the company's U.S. steel suppliers rose by as much as 25 percent after April 1, 2002, just a few weeks after the steel tariffs were imposed, as compared to before the imposition of the tariffs. The current price is 13 percent higher.

Galvanized steel prices from one of Arvin Meritor's U.S. steel sources increased as much as 40 percent after April 1 of last year as compared to before the imposition of the tariffs, and the current price is 28 percent higher.

Once, Arvin Meritor had seven facilities in my State, but earlier this year, Arvin Meritor announced the closing of its 317-employee Gordonsville, TN, facility which produces doors, seats, and sunroofs. These are the $30,000, $40,000, and $50,000-a-year good jobs with benefits gone from Gordonsville, TN. This closure and the related reduction of Arvin Meritor's employment levels at its Pulaski, TN, facility, which produces aftermarket parts, they have cut down by 100 jobs. Both those incidents were due to the increased cost of the company's business units attributed in large part to steel tariffs.

A second example, the Dana Corporation, is one of the world's largest suppliers of axles, driveshafts, frames, brakes, chassis, et cetera. The company employs approximately 60,000 people worldwide. On April 1, 2002, Dana employed 3,000 people in facilities in Tennessee. Dana is one of the largest single purchasers of domestic steel in the U.S. with more than 95 percent of its total steel requirements purchased from U.S. steel producers.

Due to its product line, steel is Dana's largest single cost. As in the case of many auto suppliers in Tennessee and across this country, steel represents a large part of the overall production costs of automotive components. So after March 2002, Dana experienced steep price increases on domestic steel ranging from 20 to 50 percent. Coupled with delivery delays and supply restriction, in other words, shortages, the tariffs have forced Dana to begin seriously evaluating a number of steps to limit its exposure to problems arising from steel tariffs.

Among these steps is the use of offshore facilities to produce intermediate and finished products, as well as the active procurement of steel from exempt countries such as Mexico and Canada.

Now, if the goal is to save American jobs, how does it help to cause Dana, a large auto supplier, to move its facilities offshore—those are not Tennessee jobs—and to buy steel overseas? Those are not Tennessee steel producers.

A last example, Dura Automotive Systems, has five facilities in Tennessee, Gordonsville, Greenbrier, Lawrenceburg, Milan, and Pikeville. Dura employs 1,765 individuals in my State. It is the world's largest independent designer and manufacturer of driver control systems and a leading supplier of seating control systems, engineered assemblies, and structural door modules.

Dura is a leading supplier of door and window systems. Dura is an American company that used to purchase 100 percent of its steel from U.S. steel sources, once again, a prominent supporter of this Nation's domestic steel industry. Dura experienced a loss of $10 million in 2002 due to the higher steel prices, mainly for hot- and cold-rolled stripped steel, and was forced to increase its steel purchases from the spot market which is even more costly.

In addition, Dura's lead time for deliveries of steel from domestic sources, sources in this country, increased from 10 or 12 weeks to 18 or 20 weeks, adversely affecting just in time the manufacturing process and imposing significant additional costs on Dura.

American automobile companies and companies from all over the world that make automobiles in this country do not want delays in their autoparts. They want them the same day they order them, and if the tariff produces delays, that is just as costly as tariff price increases. Overall, the prices for Dura's required steel have increased by an average of 30 percent since March of last year. The result, Dura is currently considering a number of strategic alternatives such as moving production overseas and sourcing its steel from offshore sources.

That is very bad news to Tennesseans in Gordonsville, Greenbrier, Lawrenceburg, Milan, and Pikeville; 1,765 families who have these good jobs.

Our President, George Bush, is working hard to improve this economy. I am his strong supporter. I believe he is on the right track. I believe his jobs growth plan is working. I want him to succeed. I believe the economy is beginning to recover, and the last thing we need is any new cost on a major segment of American manufacturers that slows this economy's growth down.

I fear if the steel tariffs stay on as scheduled that we will see wave after wave of plant closings in the automobile industry across this State, in Tennessee, Ohio, Florida, Michigan, Pennsylvania, West Virginia, New Mexico, Illinois, Iowa, Wisconsin, Minnesota, Washington, and we do not want to see that. So I respectfully hope as the President comes to September and sees this opportunity, he will say: I did my best. I made a good-faith effort to help save those steel-producing jobs. It has not worked. It has backfired. It is the wrong policy, and the best thing I can do for the American worker is to end the steel tariffs.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALEXANDER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. ALEXANDER. On behalf of the majority leader, I ask unanimous consent that the Senate proceed to a period for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

HONORING OUR ARMED FORCES

Mr. BAUCUS. Mr. President, Montana has been proud to send many of our young men and women over to serve in the Gulf these past few months. As their stories come back to us, we see more clearly the personal side of this war. We see the bravery, the commitment, and the courage of these men and women. Our Armed Forces remain engaged in a complicated, difficult effort, and they continue to carry out their mission with the type of professionalism and compassion that you could expect only from the most dedicated and finely trained individuals.

As I have done before, I would like to take the time this morning to acknowledge a few of the many Montanans we have serving in the Gulf region. It is important that we let them know just how proud of them we are.

I have recently received news that Marine Cpl Chad M. Taylor, of Kalispell, MT, has been awarded the Purple Heart. Chad was wounded last month while serving somewhere between the Iraqi cities of Baghdad and Tikrit. He was riding in an amphibious personnel carrier when it was hit by two rocket-propelled grenades. He has sustained shrapnel wounds in his legs, and he told his folks it would probably take ''a couple of surgeries'' to put him right.

Chad has not been the only member of his family serving over in the Gulf—his twin brother Bobby is also a marine. The brothers joined up the same day, almost 4 years ago now. Before Chad's injury, both of them were stationed for a time in Baghdad, camping in separate Saddam palaces a few blocks apart. We hear they have seen each other fairly regularly, and once, passing in the steets of Baghdad, were able to exchange a high-five.

The boys' father says it is some relief to know that Chad is now safe, though wounded, but with Bobby still in the field, he remains ''on pins and needles.'' We are all praying for Chad's quick recovery and Bobby's safe return. Hopefully, it will not be too long before this strong family can be back together again, celebrating the service and success of their wonderful boys.

LCpl Mike Tobey is also among those who have been wounded in Iraq. Mike's legs were broken in multiple places when a shell struck his troop carrier during the fighting in Baghdad. How's this for bravery and commitment? When interviewed by reporters he said, ''I'd give anything to be back with the squad right now.''

Mike's mother Julie lives in Whitefish, MT, and Mike's bravery has really brought the human side of this war into the lives of local residents. Mike has in fact become quite a local media sensation, indicating just how deeply support for our troops runs in Montana.

Maj Patricia Camel Kelly of Ronan, MT, is currently serving as a surgical nurse in the 86th Combat Area Hospital in Iraq. She is working at an Enemy