

**SENATE—Tuesday, June 22, 1999**

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

**PRAYER**

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

*The hour is coming, and now is, when true worshippers will worship the Father in spirit and truth; for the Father is seeking such to worship Him.—John 4:23.*

Gracious Lord of our lives, we respond to this invitation to worship You. In the quiet of this moment, we worship You in the splendor of Your majesty. You are infinite, eternal, and unchangeable; in Your being, You are wisdom, holiness, goodness, and truth. We worship You in response to Your grace: Your unqualified love for each of us. Thank You for Your faithfulness. You never give up on us. Even though we falter and fail, You neither leave nor forsake us. Your providential care for our Nation has been consistent all through our history. As a people we return to You.

Now Lord, how shall we worship You in the midst of the work of this day? We want to live magnificently by magnifying You in the mundane as well as the momentous. We want our work itself to be our response of worship. Our desire is to glorify You in all we think, decide, and do. Everything within us stands on tiptoe to worship You, for You are our God in whom we place our trust. Amen.

**RECOGNITION OF THE MAJORITY LEADER**

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

Mr. LOTT. Thank you, Mr. President.

**SCHEDULE**

Mr. LOTT. Today the Senate will resume consideration of the State Department authorization bill under a previous order. A cloture vote on the motion to proceed to H.R. 975, the steel import limitation bill, will take place at 12:15, with 40 minutes of debate on the motion prior to the vote.

Following that vote, the Senate will stand in recess until 2:15 p.m. so the weekly party caucuses can meet. It is our intention to complete action on the State Department reauthorization bill during today's session of the Senate and to resume consideration of the agriculture appropriations bill.

I thought we had reached an agreement as to exactly how to complete the State Department authorization bill

late yesterday afternoon, but because of the absence of some Senators who needed to be consulted, we were not able to lock in the procedure and the time for completing that action. I hope we can complete it this morning and have a vote or votes on or in relation to the State Department authorization bill after the party caucuses at 2:15. When we go back to the agriculture appropriations bill, we would expect a number of votes this afternoon.

Unfortunately, the Democratic leadership has chosen to confuse the issue and delay action on the agriculture appropriations bill by offering the Patients' Bill of Rights to this very important bill. We could work out an agreement otherwise, if they would be reasonable as to how we might consider that issue. But for now it is pending to the agriculture appropriations bill, and I would expect there would be a couple of votes on or in relation to that issue also.

**MEASURE PLACED ON CALENDAR—S. 1256**

Mr. LOTT. Mr. President, I understand there is a bill at the desk due for its second reading.

The PRESIDENT pro tempore. The clerk will read the bill by title.

The legislative assistant read as follows:

A bill (S. 1256) entitled the "Patients' Bill of Rights."

Mr. LOTT. I object to further proceedings on this bill at this time.

The PRESIDENT pro tempore. The bill goes to the calendar.

Mr. LOTT. Thank you, Mr. President. I yield the floor.

**FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2000 AND 2001**

The PRESIDING OFFICER (Mr. VOINOVICH). Under the previous order, the Senate will now resume consideration of S. 886, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 886) to authorize appropriations for the Department of State for fiscal years 2000 and 2001; to provide for enhanced security at United States diplomatic facilities; to provide for certain arms control, non-proliferation, and other national security measures; to provide for reform of the United Nations; and for other purposes.

Pending:

Feingold amendment No. 692, to limit the percentage of noncompetitively awarded grants made to the core grantees of the National Endowment for Democracy.

**ORDER OF PROCEDURE**

Mr. MACK. Mr. President, I ask unanimous consent that I be able to address the Senate as if in morning business for up to 15 minutes.

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

Mr. MACK. I thank the Chair.

**STEEL QUOTA**

Mr. MACK. Mr. President, proponents of the quota legislation to be considered later today have spoken with vigor and passion regarding the "injury" that was suffered by domestic steel companies and the threat imports pose to the workers at those companies.

However, I am compelled to rise today to respond to many of the assertions raised regarding the steel industry specifically, and more generally I think it is important to speak to several other factors related to the bill. First, there are economic benefits all Americans enjoy as a result of lowering trade barriers; second, the harmful message a quota bill would send to our trading partners; and, third, the inappropriateness of Congress singling out a specific industry for special treatment.

The first point I would like to make is that the import surge is over. According to the Department of Commerce, imports have returned to their traditional levels. In fact, overall steel imports in the first 4 months of 1999 were below the "pre-import" surge level. Moreover, even with the import surge of 1998, U.S. steel producers reported profits of over \$1 billion.

Furthermore, in reviewing data provided by the Steel Manufacturers Association, I was surprised to find that U.S. steel production has increased over the last 10 years. The 1998 steel output of 107.6 million tons was 10 percent greater than 1990 and the highest for any year since 1981.

Additionally, I was interested to discover that since 1987, imports as a percentage of domestic consumption have remained constant at around 20 percent. Again, according to this data, no ground has been lost despite protestations to the contrary.

Some have argued that the financial ill health of several specific companies such as Bethlehem Steel Corporation, Weirton Steel Corporation, Laclede Steel Company, Acme Metals Incorporated, and Geneva Steel Company are the direct result of last year's import surge. However, the fact is that many of the integrated steel mills have a history of declining financial health

evident well in advance of the Asian crisis and the 1998 import surge. This is reflected in their stock performance which, without exception, shows a pronounced decline in the value of the stock over the last 5 years. Again, it has nothing to do with the surge in imports.

Noting the declining employment figures in the steel industry, proponents of the quota bill suggest that the United States is losing market share, but the fact is imports have not led to a decrease in market share. U.S. steel production in traditional integrated mills has remained fairly flat. Import competition has merely forced U.S. steel to become more efficient. The growth in domestic production that has allowed U.S. steel to retain its domestic share has been almost exclusively a result of our Nation's mini-mills which now account for almost 50 percent of domestic steel production. Mini-mills use an innovative production technique to recycle scrapped steel. These highly efficient and environmentally friendly producers are transforming the steel industry, and I think here it is worth noting that the association of mini-mills is neutral with regard to the proposed quota legislation.

Finally in this area, some argue our foreign competitors are playing by a different set of rules. This is exactly what our current antidumping laws are intended to address. The steel industry has shown itself to be intimately familiar with and more than willing to take advantage of these laws. Even though steel accounts for only 5 percent of our imports, the industry has generated 46 percent of the unfair-trade complaints brought before the U.S. International Trade Commission during the last 2 decades. Our current laws provide appropriate protection for all industries. They should not be circumvented in order to provide extraordinary protection for a single industry.

All too often we hear complaints of lost jobs and invariably the blame is laid on trade. This allegation has gone unanswered for far too long. Trade has given us far more jobs than would otherwise be available. The fact is that the size of the trade sector has grown steadily during the last 50 years. As a share of the economy, trade doubled between 1950 and 1980, and it has doubled again between 1980 and 1998. Not surprisingly, employment has expanded from 99 million in 1980 to 133 million today. And, the unemployment rate has fallen to 4.2 percent, the lowest level in 30 years.

Far from harming our economy, trade has been a major contributing factor to our growth and our prosperity. Real GDP is now 64 percent greater than it was in 1980 and we have experienced only 9 months of recession during the last 16 years. Moreover, our growth rate is now the highest and our

unemployment rate the lowest among the G-7 nations.

Trade makes it possible for us to focus on the production of the things we do best, and thereby produce a larger output and enjoy a higher standard of living. For goods and services that we produce cheaply, we can expand our output and sell abroad at attractive prices. And for things we do poorly, we can acquire them more economically from foreign producers. Thus, trade promotes prosperity.

We have fought for open markets both through GATT and now the WTO. And we have been engaged in this fight, this battle for almost 50 years. For some time, we have told the world that economic freedom and a market economy are key ingredients of prosperity. The steel quota bill undermines this message.

Let me make four points with respect to the message.

A quota bill would send the wrong message to the European Union. A quota bill would send the wrong message to the former Communist countries seeking to establish market economies. A quota bill would send the wrong message to investors. And a quota bill would send the wrong message to our trading partners.

Let me just touch lightly on each of those.

With respect to the European Union, we are currently in the midst of a trade dispute with the EU regarding their restrictions on both bananas and beef. The steel quota bill undercuts our position on these issues. How can we complain about the restrictions of others while we ourselves are erecting trade barriers?

With respect to the leaders of the former communist countries, this bill says when we think it is convenient, it is all right to substitute political manipulation for markets. I can assure you, the leaders of the former communist countries are watching. If a prosperous America with a low unemployment rate is willing to bail out troubled firms, how can we expect them to refrain from such action.

With respect to investors, while much of the world has been in recession, investment flowed into the United States and the U.S. economy remained strong. In no small degree, this confidence of investors was due to the openness of our economy and our reliance on markets rather than politics.

Again, with respect to our trading partners, our trading partners—most of which have lower and slower rates of growth and higher unemployment—are unlikely to stand idly by while we impose trade barriers. Retaliation and escalation of trade barriers are likely side-effects.

Finally, it bears mentioning that it is a serious mistake for Congress to play favorites. This is precisely what is involved here.

This bill imposes a tax on steel-users in order to subsidize steel-producers. A substantial share of the U.S. steel industry refines raw steel into finished and specialty goods. The U.S. steel industry is therefore a major purchaser of imported steel. Higher steel prices which will surely accompany import quotas will increase the cost of refined steel and make these products less competitive than would otherwise be the case.

Moreover, this bill would treat the steel industry different than other industries. Steel is not the only industry that has been adversely affected by currency devaluations and weak demand due to the Asian crisis and recession in several parts of the world. The sales of many firms were affected as the result of these factors. Why should this industry be singled out for special treatment?

In conclusion, I want to stress that the legislation we will be considering later today proposes that the Congress intervene in the market, risk a trade war, and endanger the future health of our economy in order to insulate a segment of our steel industry from competition. I maintain there is already sufficient legislation on the books to protect industries against unfair competitive practices. Quotas and trade barriers are the wrong path. The world has already gone down this "trade war" road once before with the Smoot-Hawley Law of 1930. Let's not make that same mistake again.

Additionally, I should note that Chairman Greenspan recently has sounded the dangers of protectionism. He now believes that rising protectionism is the single most dangerous threat to our future growth and prosperity. I share his concern.

Make no mistake about it—important principles are at stake here. We should be reducing trade barriers rather than increasing them. We have no business playing favorites. As our recent High-Tech Summit indicated, trade in both goods and ideas has made an enormous contribution to our prosperity. We must not allow this misguided effort to assist some at the expense of others and endanger American prosperity.

With that, I yield the floor, Mr. President.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I congratulate our dear colleague from Florida, the distinguished chairman of the Joint Economic Committee, for his remarks. I identify myself with what he said.

The steel quota bill is a trade war starter and a job killer. It is imperative that this bill be defeated on the floor of the Senate today. Let me just try to outline a few reasons why I think that is absolutely essential.

First of all, America is the world's largest steel user. We have 40 times as many jobs in America using steel as we have jobs in making steel, so if we decide we are going to effectively, through this quota, impose a tax on steel, for every 1 worker we help we are going to hurt 40 workers. In fact, it has been estimated that to save one job through protectionism in steel it will cost Americans about \$800,000.

How can it make sense to impose a cost of \$800,000 to save a \$50,000 or \$60,000 job? It makes absolutely no sense. It would be an irrational decision for an individual or a family to make such a decision. And what is wisdom for an individual or family cannot be folly for a great nation.

You might ask yourself, if, in fact, everybody knows we have 40 steel-using jobs for every 1 steel-producing job—and we are debating imposing a quota on imports which will hopefully protect a few jobs while destroying many jobs—why are we doing it? We are doing it because the steel workers are very organized and are very tied in politically. That is what this is about.

The important thing to remember, however, is it costs not only about \$800,000 per worker to protect a steel job, but because the steel quota is World Trade Organization illegal, it means that our competitors around the world, who will find these quotas being imposed on their steel, will be able to impose similar quotas and tariffs on American manufactured products, American agricultural products, American services that we sell around the world.

So the first point I want people to understand is that, by the most conservative estimate, when you take into account 40 jobs in steel using for every 1 job in manufacturing, when you take into account that this steel quota is illegal and therefore will produce countervailing quotas and tariffs against American products where we clearly are competitive on the world market, we are going to end up paying, as American consumers, over \$1 million for every job in steel we might protect under this quota.

The next point I want to make is that the problem in steel is largely not imports. In 1980, we had 459,000 people employed in the steel industry. Today, we have 163,000 people employed in the steel industry.

You would think, in looking at these numbers, that steel production in America had fallen right through the floor; but, in fact, steel production since 1980 is up 56 percent. In fact, steel production in America was at an all-time high in 1997, even though we had reduced the number of people working in steel production from 459,000 to 163,000.

How do you reduce the number of workers from 459,000 to 169,000 and have production go up by 56 percent? You

have that occur because of modernization and because of the implementation of new technology. In fact, since 1980, on average, America has reduced the number of people working in steel production by 9,000 a year, and they have done that not because of foreign competition but because of the implementation of new, modern technology.

Senator MACK mentioned it, but we have trade law section 201 that allows an industry that is suffering from foreign competition, where it can prove that job loss is due to the foreign competition, to get granted relief under current law. The steel industry, which has a record of filing more unfair trade practice suits and more complaints under the trade laws than any other industry in America, has not availed itself of 201. Why? Because if you look back to 1980, the primary reason they are losing jobs is not foreign competition.

In fact, in 1997 we had a record level of steel production in America—105 million tons. We had a record level of demand; hence we had a surge in imports and we had the demand because we are producing more cars, more trucks, more heavy equipment, and we are producing more washing machines, more dryers, more dishwashers than ever in history. And I can't think of a happier time, in terms of the economy, than we are looking at today.

In fact, in 1998—the last year we had data—steel production in America was near the all-time record, at 102 million tons. So the second point is that there is not a lot of data to suggest that the problem is with imports.

The third point I want to make is that the import crisis, if there ever was one, has passed. Steel imports are down from November 1998 to April of 1999—the last month we have data—by 28 percent. So if this ever was a problem, it is a problem that has largely been eliminated.

Finally, where is the evidence that the steel industry is on its back? The steel industry earned \$1.4 billion in 1998. Of the 13 largest steel makers, 11 earned a profit in 1998. The bankruptcy of the three steel companies that are largely discussed as part of this bill, most analysts estimate, would have happened without regard to imports because of their high level of debt and because of the failure of investment that they made in new technology.

Now, no one is unconcerned when 10,000 Americans lose jobs in a year. That is a very real human story, and to be opposed to the quota bill is not to say that you don't care about the 10,000 people who lost their jobs. But it is important to remember that 9,000 people a year have lost their jobs due to technological change since 1980, and nobody wants to stop that change because it has created more jobs; it has produced better products; and it has produced products at lower prices, which have

raised the real wages and living standards of every working family.

Finally, we are creating 7,500 jobs a day in America. We are the envy of the world. We are the world's most open market. We are the world's largest importer and, as a result, every day in America we are creating 7,500 new permanent, productive, taxpaying jobs for the future. We are creating them in industries that are going to grow and prosper, where these jobs represent jobs that will be there 20, 25, 30 years from today. Why in the world would we, the greatest beneficiary of international trade, want to start a trade war over 10,000 jobs when 9,000 of them were probably lost due to technological change, and in the process, jeopardize the creation of 7,500 jobs a day?

So the question we have to ask ourselves is: Do we want to risk 7,500 jobs a day in job creation in America due to being the world's greatest trading Nation? Do we want to put those jobs at risk for 10,000 jobs in the steel industry that will cost us over a million dollars, in terms of consumer cost, individually to protect? And, finally, there is no guarantee that technological improvement will not end up eliminating these jobs in any case.

I think our choice is clear. I think we have to reject this bill. This bill will kill jobs. This bill will start a trade war, and since we are the greatest trading Nation in the history of the world, we will lose more than anyone else. So I urge my colleagues to vote no on this bill, and to vote no because we are the richest, freest, and happiest people in the history of the world because we are the one Nation in the world that believes in trade and practices it every day.

Why we would want to change our minds on trade in the midst of an economic boom that is virtually unprecedented in the history of the world is a great mystery to me. Why this bill is even on the floor of the Senate is a testament to the level of economic illiteracy in America. Why it would make any sense whatsoever to impose an effective tax on steel and destroy 40 jobs for every one job that you save is a great mystery, and only politics can explain it.

This is a bad bill. It could not come at a worse time. It is totally unjustified. It threatens the economic future of America, and I urge my colleagues to reject it.

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#### FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2000 AND 2001

The Senate continued with the consideration of the bill.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from Minnesota is recognized.