

the degree to which the Republicans in the House, and maybe elsewhere, are prepared to stand with the tobacco companies, it is an outline for a tobacco bill that holds the children liable and lets the tobacco companies go free.

In addition to that, there is no price increase whatsoever for the effort to reduce youth smoking. We can argue about what this level ought to be. The Senate rejected the notion that it ought to be \$1.50, but the Senate did accept the notion that \$1.10 seemed to make sense. At least no one voted to strip that \$1.10, and I doubt that they would.

So it is clear, all of the evidence thus far makes it clear, that raising the price has some impact on smoking. Let me quote from Philip Morris. You don't have to believe the Senate debate, but this is Philip Morris speaking, this is an internal document from the Minnesota trial:

You may recall from the article I sent you that Jeffrey Harris of MIT calculated . . . the 1982-1983 round of price increases caused two million adults to quit smoking and prevented 600,000 teenagers from starting to smoke.

In 1982, the tobacco companies took note themselves of the fact that a price increase prevented 600,000 teenagers from starting to smoke:

Those teenagers are now 18-21 years old, and since about 70 percent of 18-20 year-olds and 35 percent of older smokers smoke a [Philip Morris] brand, this means that 700,000 of those adult quitters had been [Philip Morris] smokers, and 420,000 of those non-starters would have been [Philip Morris] smokers. Thus, if Harris is right, we were hit disproportionately hard. We don't need this to happen again.

Philip Morris says, "We don't need this to happen again." Evidently, NEWT GINGRICH agrees with him because he has come up with a proposal that allies himself directly with the tobacco companies and with that memo.

Mr. President, it is clear we need serious legislation. We have made it clear that we are going to return on future pieces of legislation to try to pass tobacco legislation in the Senate.

Let me be clear. If we were to simply come back with the same bill that was defeated, I think we would be both stupid and we would deserve a vote of rejection by the Senate. So it is clear that we need to rethink how we do this in an intelligent way.

The Senate found cause to cite specific kinds of problems with the last piece of legislation. I am not going to disagree that there were not legitimate problems. I do disagree that we could not have cured them in a legitimate legislative process. But it is clear that, if we put our minds to it, we can constrain a piece of legislation so it adequately is tailored to meet the needs of reducing teenage smoking and of creating a sufficient amount of funding, if you will, of the States' needs with respect to the settlement process. After all, the tobacco companies and the States agreed to a \$368 billion base over 25 years, and that provided about \$200 billion to the States to be able to settle. They came to agreement on that.

It would seem to me we ought to be able to ratify something in the Senate that establishes a comprehensive proposal to have a State settlement at the same time as we meet the needs of health care with respect to reducing the number of kids smoking at the same time as we meet the needs of farmers.

So, we will be able to test that, in the next weeks, through a proposal that I and others will make, which ought to be able to address the most critical concerns that were expressed by Senators in opposition but at the same time provides us with something completely different from what Speaker GINGRICH is talking about.

We do not need a figleaf. We do not need a photo opportunity. We need a serious piece of legislation that will allow the States to be able to do what they need to do to provide counter-advertising and cessation efforts to address the health care needs of our country and to reduce teenage smoking while simultaneously allowing us to come to a global settlement.

I believe that is achievable. I hope when we return the Senate will act seriously to make that happen. I look forward to the U.S. Senate sending over to the House a serious piece of tobacco legislation that will provide the country with an opportunity, in bipartisan form, to be able to deal with this important problem.

I yield the floor.

Mr. CRAIG addressed the Chair. The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, before I make comments on trade, let me only say to the Senator from Massachusetts, long before the Senate decided to put down the very ill-conceived piece of legislation, the Speaker of the House was saying that the House would address teenage smoking problems. So, whether the Senator from Massachusetts decides to characterize it today as a figleaf or Johnny-come-lately, that was clearly the intent of the House all along. Obviously, the Speaker is now honoring his commitment by stepping forward with a proposal.

I hope in the end we can address this issue and not allow teenagers to be the figleaf of big taxes and big government, and find a real solution to this problem.

#### U.S. GOVERNMENT IS ALLOWING EVASION OF U.S./CANADA LUMBER AGREEMENT. AT THE EXPENSE OF U.S. MILLS AND JOBS

Mr. CRAIG. Mr. President, I would like to talk today briefly about an issue that affects hundreds of American companies and tens of thousands of American workers, and that is, of course, the proper enforcement of the 1996 U.S./Canadian Softwood Lumber Agreement.

On several occasions I have stood before this body to express disappointment at our trading partners who are violating trade agreements with the United States. Generally, the problem arises abroad and requires aggressive

efforts by the administration to insist on compliance by other countries to ensure that our products and our workers can compete on a level playing field. But the foremost problem for the Lumber Agreement is action by the U.S. Customs Service that is affirmatively undermining the current softwood agreement that I am speaking to.

As many of us who are from lumber-producing States are so keenly aware, the 1996 Lumber Agreement is our largest sectorial trade agreement with our largest trading partner, Canada. It is a very moderate response to a massive Canadian subsidizing of lumber. Unlike United States lumber mills which must buy timber at market prices, Canadian mills are provided timber by the Provinces at prices that are oftentimes one-quarter to one-third the market value of real timber on the stump. Those subsidies amount to \$4 billion Canadian dollars a year. Subsidized imports have cost the United States thousands of jobs and have injured and constrained a pivotal U.S. industry.

In 1991, Canada unilaterally abrogated a 1986 settlement of that dispute. Canada's imports to the United States climbed from about 27 percent of market share to almost 37 percent. The compromise in the 1996 Agreement was intended to offset, in part, Canada's subsidies and bring Canada's share of our market back to around 33 percent to 34 percent.

In February of 1997, however, a ruling by our own Customs Service enabled Canadian producers to evade the agreement merely by drilling holes in the lumber. Let me repeat that—by simply drilling holes in a 2X4 or a building stud, ostensibly, the argument was, for wires and pipes in construction purposes. Customs said this lumber with a hole was "joinery or carpentry," like doors or window frames or built-up truss. This was a ridiculous ruling, by almost everybody's evaluation. It is inconsistent with other classifications. It is inconsistent with common commercial understanding. Official guidance issued by the Commerce Department, the International Trade Commission, and the Customs Service all confirmed that drilled lumber is "lumber" for import classification purposes, not joinery or carpentry. The U.S. Trade Representative confirmed that this product was intended to be covered by the Agreement.

Not surprisingly, though, once Customs opened the door, imports of "joinery and carpentry" rose from about \$8-10 million a month to nearly \$46 million a month in April. This loophole is allowing over \$1 million a day—let me repeat that—\$1 million a day of subsidized lumber to evade the Agreement and destroy the Agreement's intent of offsetting the subsidy.

The U.S. industry is again experiencing widespread shutdowns, slow-downs,

and job losses. In my State of Idaho, mills are closing or anticipating closure because of this flood of Canadian timber now hitting our market.

Last September, Congress confirmed its intention that drilled lumber be considered "lumber." But while Customs promised a quick reassessment of the February 1997 ruling, our report was ignored. Customs finally requested formal comments on the ruling by late October, but then gave a 60-day comment period rather than its normal 30-day comment period. You almost have to say, "U.S. Customs, whose side are you on?"

Customs delayed its response until April 15—that is from a February ruling of the year before—when it acknowledged its mistake, but again failed to take action. Instead, even though it had thoroughly reviewed extensive public comment, it asked for more comment, but this time referenced a statute with a deadline for formal action by June 15. Now we are almost a year and a half into the process. After 17½ months of review, the agency failed to meet that statutory deadline. Highly subsidized drilled lumber continues to pour over the border, damaging the agreement and destroying jobs in my State and in every other timber-producing State in the Nation.

Now, some are arguing that even if Customs finally corrects the error, it will take another 60 days for implementation, at the cost of more than \$70 million in U.S. sales. I have to say—and I use this word, but I would like to find a stronger word—"Customs, how ridiculous can you get?" Importers were warned by Customs in the October 27, 1997 Federal Register notice that they could not rely on the old ruling. Once Customs decides that this product is properly covered by the United States-Canadian Lumber Agreement, further invasion should be stopped. By its terms, the international agreement will cover this lumber.

What is particularly shocking about this loophole is that before the Agreement was signed, the administration expressly committed to the U.S. lumber industry that USTR, Commerce, and Customs would work aggressively at full and effective enforcement.

Now, I do not know if you call stumbling through the darkness of statutes for 17 months an aggressive effort. Mr. President, this "ain't" aggressive.

Mr. President, the Customs Service handled this issue in what I would have to say is the most outrageous of ways. U.S. mills and workers should be able to expect their Government, their President, to work for them by enforcing trade agreements. Heaven knows, they should be able to expect their Government not to affirmatively undermine trade agreements and cause them to be defenseless against unfair imports. That Customs would continue to do so in violation of a direct statutory requirement and blithely ignoring this Congress' report is beyond the pale. Of course, now with the Asian flu,

we have Indonesian dimensional lumber beginning to hit the west coast at even well below our cost of production.

In the strongest terms, I urge Customs to begin doing the job that it is commanded to do by U.S. law and for which U.S. taxpayers are paying. Customs must immediately issue a definitive, corrected ruling on drilled lumber and implement the ruling at once—not 30 days, not 60 days, not 17 months—but at once. It must also correct related miscalculations regarding notched lumber that are also undermining the lumber agreement. Reported efforts by the administration to clarify with Canada the Agreement's treatment of drilled and notched lumber do not affect Customs' obligation to act in accordance with U.S. law and policy. In fact, if Customs fails to act properly and reclassify this product, we can only expect more delay and more efforts at evasion in the future. More broadly, the agency must vigorously enforce the agreement and help the U.S. lumber industry realize that full subsidy offset is exactly what they deserve.

Failure by Customs to proceed in conformity with U.S. law and policy could have grave implications for other trade agreement programs. Just at a time when this country must awaken to not only the fairness of trade, but the importance of trade, and the balance of it, the administration is apparently moving in the other direction by ignoring it and allowing the flow of subsidized imports. The administration promised full and vigorous enforcement. With this loophole, it is not living up to that commitment.

Trade agreements serve U.S. interests only if they are effective. If the American people cannot trust the administration to maintain the integrity or much less enforce such agreements, the administration cannot expect a continued mandate to pursue trade agreements. Here we are trying to, struggling to, get this administration the ability to deal in trade, and they are simply doing the slow waltz at a time when it is costing this country hundreds of jobs, if not thousands.

Customs' mishandling of this important issue could also have budgetary implications. The taxpayers should not be expected to fund activities that actually worsen their position. Moreover, Congress should reconsider who has authority to make and implement classification decisions which can undermine our international trade agreements. In the context of countervailing duty and antidumping duty cases, the Commerce Department has direct authority to prevent these types of evasion. Perhaps we need to give USTR direct authority—and a mandate—to stop Customs from the twiddling of their fingers and their willy-nilly attitude toward obeying and enforcing the law. "Customs, I'm sorry, 17 months doesn't cut it."

Mr. President, this is truly one of those situations that makes most Americans outside the beltway just

shake their heads in disbelief at our Government. I, and I know others in Congress, will demand drastic actions if this problem is not rectified in a prompt manner. I am sending a copy of this to Secretary Rubin, and I am going to ask other senior Treasury officials to report to Congress immediately about the agency's intentions on this matter.

At a time when trade is of utmost importance to the producers in our country, we must recognize that balance is what really counts, and not allow industry or certain industries to die simply by arbitrary decision or inaction on the part of Customs and other agencies of our Federal Government.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. HAGEL). Without objection, it is so ordered.

Mr. GRAMS. I ask unanimous consent to be able to speak for up to half an hour in morning business.

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

#### WHAT CAN WE LEARN FROM THE PAST? A HISTORY OF SOCIAL SECURITY

Mr. GRAMS. Mr. President, on July 1st, concerned Americans will gather in Cranston, Rhode Island, for the second in what will be a series of public meetings called the "Great Social Security Debate."

I want to thank the Concord Coalition, the American Association of Retired Persons, and Americans Discuss Social Security for sponsoring this event.

The first forum, which took place last April 7th in Kansas City, Missouri, was a great success. The discussions in Rhode Island will no doubt be equally compelling, especially given the focus of the debate: "Retirement in the 21st Century."

It is with one eye to the 21st Century that I rise today to speak about Social Security's past—to offer some perspective on its history and what we can learn from our attempts at social policy making.

In recent years, as more and more Americans become aware of its looming financial and demographic crisis, Social Security is no longer the "third rail" of American politics.

Both Democrats and Republicans have offered reform plans, including ones that would set up individual retirement accounts—a suddenly mainstream idea that would have been considered heresy just a couple of years ago.

Long before President Clinton's "Save Social Security" State of the