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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. MARSHALL).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

March 7, 2018.

I hereby appoint the Honorable ROGER W. MARSHALL to act as Speaker pro tempore on this day.

PAUL D. RYAN,

Speaker of the House of Representatives.

MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 8, 2018, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

The Chair will alternate recognition between the parties. All time shall be equally allocated between the parties, and in no event shall debate continue beyond 11:50 a.m. Each Member, other than the majority and minority leaders and the minority whip, shall be limited to 5 minutes.

TURNING ABUNDANCE INTO SCARCITY

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. MCCLINTOCK) for 5 minutes.

Mr. MCCLINTOCK. Mr. Speaker, Frederic Bastiat, the great 19th century economist, posed a simple question that we need to think about carefully as we consider tariffs and trade wars.

What is better: abundance or scarcity?

The answer might seem self-evident, but protectionists down through history just don't seem to grasp it.

Suppose widgets cost \$1 in Canada, but \$2 in America. That means you can buy twice as many Canadian widgets by importing them. That is called abundance.

But some say that is not fair. We need to slap a \$1 tariff on Canadian widgets to level the playing field. That means we can only afford to buy half as many. There is no more perfect way to turn abundance into scarcity than by levying a tariff on imports.

Yet that is what was precisely proposed for steel and aluminum. By slapping a tariff on foreign steel imports, the amount of steel Americans can afford will diminish as the price rises, so, too, the price of everything we make from steel, from cans to cars.

We are told this is necessary to save American steel jobs. Well, Bastiat would tell us that what we cannot see is just as important as what we can. We see the American steel jobs the tariff has saved by blocking foreign competitors. What we don't see as clearly are the jobs that disappear in every American industry that uses steel as their prices rise and demand for their products falls.

Remember, every producer in a society is also a consumer. No consumer benefits from higher prices, and no producer benefits from scarcer materials.

Every country that has cried protectionism has suffered terribly, including ours. Thomas Jefferson thought high tariffs could fund the government and promote domestic manufacturing. That caused a devastating recession that nearly destroyed our fledgling economy. Herbert Hoover responded to the recession of 1929 with the Smoot-Hawley Tariff Act. It didn't end well.

Trade is simply the exchange of goods, and both parties have to benefit from the trade or it just doesn't happen. If I pay you \$1 for a cup of coffee, I am telling you that your coffee is worth more to me than my dollar, and you are telling me that my dollar is

worth more to you than your cup of coffee. When we make that exchange, we both take away something of greater value than we had.

But what happens if we slap a \$1 tariff on that cup of coffee. Only two possible things: I am either going to buy less coffee, or I am going to buy less of other things to afford the tariff. Neither is good for the economy.

True, some governments subsidize their exports, and that puts our producers at a great disadvantage. In effect, these governments are picking up part of the tab for the stuff that we buy. As Milton Friedman observed, that is simply foreign aid to American factories and consumers, paid for by the unfortunate taxpayers in the exporting countries. The appropriate response for us is to say, "thank you."

Yes, that hurts the 140,000 American jobs that produce steel. But the other 6.5 million Americans who manufacture products using steel can make more of their products, causing their producers to hire more workers and to pay them more. Jobs will disappear in the steel mills, but they will reappear as better jobs in industries that can now obtain more steel at lower prices.

What would happen if we had a war?

Bastiat answered that question 150 years ago. He said trade, by its very nature "is a reciprocal dependence. We cannot depend on the foreigner unless the foreigner depends on us." If war clouds should gather between Canada—our biggest foreign supplier of steel—and the United States, we might face the prospect of losing their steel, but Canada would lose all of the American resources and products that their steel exports buy. Trade reduces the risk of war because it increases the value of peace.

Bastiat marveled at how much we spend to build ports and harbors, railroads and highways, all for the sole purpose of surmounting the obstacles to trade that nature has created. What

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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