

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

#### GOVERNMENT FUNDING

Mr. GRASSLEY. Mr. President, today I want my colleagues to listen to some ideas that I have about tariffs, generally, and where we are on tariffs and where we might be on tariffs in a couple of weeks, depending on what the Secretary of Commerce says, because in a few days, that Secretary is expected to provide the President a report.

This report will detail his Department's findings in the investigation of whether imports of automobiles and auto parts pose a national threat to the United States. Common sense tells me it doesn't. Let me repeat that because I think it is important for us to understand whether the cars that everyday Americans rely on to get to work, to drive their children to schools, to visit their families—whether or not the importation of those automobiles threatens national security.

Now, having said that, you might think that I disagree with the President—and I don't—that we must have fair and enforceable trade agreements that benefit Americans. Sometimes we have to make hard decisions in order to get and have fair and enforceable agreements. I do not agree that we should alienate our allies or jeopardize the health of our economy to achieve the good outcomes of fair and enforceable agreements.

The Tax Foundation has found that a 25-percent tariff on auto imports would amount to roughly a \$73.1 billion tax increase. According to the Center for Automotive Research, a 25-percent tariff on auto imports would also result in the loss of 700,000 jobs and raise the price of an average car by nearly \$7,000.

Dealers would see a decline in annual sales by as many as 2 million vehicles. Consumers would face up to a 10-percent increase in the cost of repairs and replacement parts. In short, raising tariffs on cars and parts would be a huge tax on consumers who buy or service their cars, whether those cars are imported or domestically produced. Make no mistake, Americans will be paying those taxes.

Tariffs are a tax paid at the time of import. Historically, they have been a protectionist tool intended to prop up domestically produced goods by making foreign goods more expensive. Tariffs are not a long-term solution, and nobody wins with the producing of tariffs.

While they may provide short-term protection for domestic industries, they do so at the expense of ordinary consumers and industries increasingly dependent on a complex global supply chain. On the whole, I think this all adds up to damaging the economy. For an administration, including this Senator and most Republicans on this side

of the aisle, who have been crowing about the benefits of the tax bill of late 2017 and the jobs it has created and the good it has done for workers, why would you want to put on a \$73 billion tax increase through tariffs that would undo a lot of good that we say and the President says the tax bill has done. Let me repeat it again. On a whole, this is going to be damaging to the economy.

A 2018 study by the International Monetary Fund reviewed tariff changes across 151 countries between the decades of the 1960s to 2014. The International Monetary Fund found that tariff increases led to less output and less productivity, and, then, you know what happens. There is more unemployment, and when you have more unemployment, you get greater inequality.

The recent U.S. tariff increases have invited tariff retaliation from our trading partners. I know because Iowans are bearing the brunt of this retaliation. Imposing tariffs on auto parts will inevitably invite more retaliation, and we simply can't afford more of that.

The United States must continue to lead the world on trade and economic issues, as we have for at least the period of time since World War II. We have benefitted from one of the most open markets in the world, and we must continue to lead the world by providing a good example. We have led to a better world since World War II, and the results have been these. Several decades ago, 50 percent of the world's population was in poverty. Today, it is less than 10 percent. Recently, in two or three references I have seen, the fact is that right now or next year, as for major middle class status in the various countries around the world and in different ways around the world, half of the world is middle class. President Trump is right to hold our trading partners accountable. So I don't find fault with him there.

We can't take benefits we have received from international trade for granted. International trade has been a tremendous benefit to farmers and businesses in my State of Iowa and across the country. We are better off because we can sell our products around the world.

Our farmers say they don't want aid from the Federal Treasury. They want markets. They want to trade. You develop those markets and you keep those markets. Tariffs and retaliation send a signal to other countries that you might not be a reliable supplier, and they go elsewhere to create relationships that they can depend on. America ought to be able to be depended upon any place in the world from the standpoint of trade.

When you talk about America and Iowa exporting products, these are some of the best products in the world. In this vein, then, I hope the President will heed my call to forego the auto tariffs and instead focus on opening up new markets.

The U.S. auto industry is a major driver of our economy, supporting nearly 10 million American jobs and accounting for 3 percent of the gross domestic product. Without question, any tariffs that are imposed will have a negative effect on the U.S. auto industry and our economy.

Our focus, instead, should be on strengthening our relationships with our allies, while targeting China's harmful trade practices and policies. Tariffs on autos and auto parts will not help us achieve these critical priorities.

#### TAX POLICY

Mr. GRASSLEY. On another subject, I would like to, as I did yesterday, remind my colleagues about some of the benefits of tax policy. This is speaking about tax policy that I thought would be adopted as part of the upcoming appropriation bill to make sure we don't shut down government.

For several months now, we have been working to extend a set of tax provisions that expired at the end of 2017. Around here we commonly refer to these as "tax extenders." We have also been working to enact bipartisan disaster tax relief to help families and businesses that continue to recover from the disasters that occurred across the country in 2018, and I thought that, too, would be in the bill we are going to vote on later today.

The best and most timely option to advance these provisions is with the government funding deal being worked on this week, but that isn't going to happen. There have been press reports stating that if the extenders aren't part of the funding bill, they are dead, and I reject that conclusion.

Regardless of what happens on the bill to keep the government open, I will continue to fight to get the extenders enacted and to work toward a longer term resolution. Since the House has failed to send us a government funding bill that includes the tax extenders and disaster tax relief provisions, look for me to introduce a bill addressing these tax matters here in the Senate, and I would ask my colleagues on the Finance Committee to join me in that effort.

When these provisions were extended early last year, the tax extenders had been expired for more than a year already. Now we are back in the very same place, with these tax incentives now expired for more than a year, again.

It seems to me that the right thing to do now is to extend these provisions for 2018 and 2019. Some people are saying you ought to do it longer. Why 2 years?

First, we need to provide clarity for taxpayers trying to file their 2018 returns, which are due in just over eight weeks. Even though the year has obviously ended, a repeated extension of many of these provisions has led individuals and businesses to assume that we will do so again.