nationwide whose health and quality of life are negatively impacted most by environmental injustices. For example, 5.5 million Latinos live within a 10-mile radius of a power plant, and 68 percent of all African Americans live within 30 miles, the range where health impacts are most severe. Over 70 percent of all African Americans and Latinos live in counties that violate the Federal air pollution standards, compared to 58 percent for nonminorities.

The administration is allegedly committed to protecting low-income and minority communities; yet the budget is just one of several actions taken recently which puts this commitment in doubt. Last year the Bush administration proposed removing race and income as considerations of environmental justice. Removing these considerations, in my opinion, would significantly disadvantage those communities which are already disproportionately affected by environmental toxins and the least able to defend and empower themselves.

Most recently the Bush administration proposed changing toxic reporting requirements to benefit polluting industries at the expense of the health of this Nation's communities. In California, the State I represent, this would include nearly 60 ZIP codes, over half of which have at least 45 percent minority residents and large proportions of people living well below the poverty line.

This budget also shortchanges our water infrastructure and water providers. It cuts funding for the Clean Water Revolving Fund by $199 million and funds safe drinking water infrastructure at 10 percent below last year's level. Yet our water infrastructure needs at least $300 billion invested just to maintain current services.

President Bush's budget fails to adequately address the more than 119,000 confirmed releases at underground storage tanks, like the more than 1,000 in my congressional district alone, and that is in Los Angeles. In the interim the onerous burden of shoring up our water infrastructure and protecting supplies falls on our cities, our States, and ultimately the water providers.

The budget fails the one in four Americans that live within 4 miles of a Superfund site, including 10 million children under the age of 12. There are three such sites in my own community. In fact, EPA itself admitted publicly the serious problems facing Superfund site cleanup. On December 2, 2004, then Assistant Administrator Thomas Dunne noted: ''For the last 3 years, we haven't started cleanup at some new sites. If we assume that EPA's budget will remain flat for the foreseeable future, construction funding could be delayed at more and more sites. Within a few years, unfunded cleanup work could total several hundred million dollars.''

Yet President Bush's budget is $100 million less than the request which was made in 2004 and $20 million less than the fiscal year 2005 request.

Ultimately, the budget forces our country to continue to fall behind in its commitment to clean water, further disadvantages environmental justice communities like the one I live in, and passes the buck to our States. The Bush administration is putting its own policies above science, above the needs of public health, the environment, and our communities, and yet this administration is not being held accountable. Not once in the last 6 years has the Bush administration defended its budget in front of the Energy and Commerce Committee. Not once. It is well past time for this administration to defend its policies on environmental justice, water infrastructure, brownfields, and Superfund sites, where failures such as these will be even more costly for our country.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. EMANUEL) is recognized for 5 minutes.

(Mr. EMANUEL addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. WYNN) is recognized for 5 minutes.

(Mr. WYNN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Mrs. MALONEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has agreed to a concurrent resolution of the following title in which the concurrence of the House is requested:

S. Con. Res. 80. Concurrent resolution relating to the enrollment of S. 1932.

□ 2015

THE ECONOMY

The SPEAKER pro tempore (Mr. CAMPBELL of California). Under the Speaker's announced policy of January 4, 2005, the gentleman from California (Mr. DREIER) is recognized for 60 minutes as the designee of the majority leader.

Mr. DREIER. Mr. Speaker, I have taken out this Special Order this evening because in the past several weeks and months we have seen a wide range of public opinion polls, including one that came out just recently from ABC News and The Washington Post showing that an overwhelming majority of the American people believe that we have an economy that is, if not in recession, in deep, deep trouble. For some reason, there is a perception that the U.S. economy is in the tank.

Today, in the East Room of the White House, President Bush signed the budget reconciliation bill, the first time since 1997 the Congress tackled a measure to reduce by $39 billion the so-called entitlement spending which goes on without interruption unless the Congress takes action, and we did so in this body. It took, unfortunately, only Republican votes in both the House and the Senate to do it, but we were able to rein in the spiraling increase in spending. More needs to be done, but we took that first step.

Today, in the East Room, as the President prepared to sign that measure, he began talking, Mr. Speaker, about the tremendous improvement that we have seen in our economy. We all know that everyone is entitled to their own opinion, but no one is entitled to their own facts. So for that reason, Mr. Speaker, I feel compelled to offer some prepared remarks about the state of our economy, the challenges that lie ahead, and the work that we have done and the work that we need to continue to do.

It was just last Tuesday night, a week ago last night, that President Bush stood right behind where I am here and addressed a joint session of Congress, delivering his State of the Union address. Since 1934, Presidents have delivered such a speech following the first of every year.

In much that same way that we Americans take stock every new year, assessing the present and looking forward to the future, the President came here to this Chamber to describe where we stand as a Nation and where his leadership will be focused in the coming year. President Bush spoke about the strength of our Nation, our economy, our troops, our resolve. He also spoke about the challenges we face, the war on terror, maintaining our leadership in the global economy; but despite these challenges, we face a very promising future.

As President Bush said, and I quote: ''And so we move forward, optimistic about our country, faithful to its cause, and confident of the victories to come.''

During the speech, Mr. Speaker, I was reminded of the optimism of Ronald Reagan when his Presidency began exactly 25 years ago last month. As my colleagues surely remember, pessimism in January of 1981 would have been

well-founded. Economic growth was erratic, inflation was out of control, unemployment was abysmally high, interest rates were soaring through the roof, and communism, as we all know, was a global menace. Violence and chaos were spreading throughout Central America, right in our own backyard, in this hemisphere. Yet, Mr. Speaker, President Reagan was optimistic because he believed in the American spirit.

In his inaugural address on January 20, 1981, again 25 years ago just this past month, he said, and I quote: ''If we look for the answer as to why for so many years we achieved so much, prospered as no other people on Earth, it was because here in this land, we unleashed the energy and individual genius of man to a greater extent than has ever been done before.''

Mr. Speaker, Ronald Reagan knew that when Americans are freed from the burdens of an intrusive government and are empowered to work hard and achieve success, we prosper. That is why Ronald Reagan embarked on an 8-year crusade of cutting taxes, reducing burdensome regulation, and opening up new global opportunities through free trade.

When we look at everything that has been accomplished in the 25 years since Ronald Reagan spoke those words, we see clearly that he was right to be optimistic, to have faith in the American spirit. But while Ronald Reagan had little more to go on than that faith, today we do have facts.

If we take a look at all the indicators of the strength of our economy, it is clear that we face a very promising future. I would like to take the opportunity to review these positive indicators, examine the policies that got us here, refute our economic nay-sayers, and outline our path to an even brighter future.

As The Wall Street Journal recently reported, over the past 277 months, our economy has been in recession for only 15 of those 277 months. Ninety-five percent of the time our economy has been growing and creating wealth. The 25 years since Reagan's first inaugural address have brought us 43 million new jobs and $23 trillion in new wealth. There can be no question that when Americans are not held back by government we fulfill our own best hopes for the future.

Today, with over 143 million Americans working, more than ever before in our history, it is very important to note that. Over 2 million payroll jobs were created last year, according to the payroll survey. The household survey demonstrated even stronger job growth than that, with over 2.6 million new jobs created in 2005 alone. This strong pace of job creation has resulted in an unemployment rate of 4.7 percent, the lowest rate in 4½ years, and below the average of the 1970s, the 1980s, and the 1990s.

Not only are more Americans working than ever before, but more of our fellow Americans own homes than ever before in our Nation's history. Greater household wealth and rising living standards have resulted in a homeownership rate of nearly 70 percent. These gains have been achieved across a broad demographic range, as minority homeownership is also at an all-time high of over 51 percent. Household income and wealth are at all-time highs. Household net worth grew 11 percent in the last year alone. Real hourly compensation is steadily rising. Real after-tax income has grown 7.2 percent since the 2003 tax cuts were put into place.

America's working families are experiencing greater prosperity, greater financial autonomy, and an ever-improving quality of life. Growth in gross domestic product, the broadest measure of economic strength, tells the same story.

The GDP grew at 3.5 percent in 2005, as the President pointed out today in the East Room of the White House. Despite a dip in the fourth-quarter growth, the annual rate was very strong, and analysts predict a growth rate as high as 4 percent or more in the first quarter of this year. This robust growth is responsible for tax revenues surging to their highest levels ever. Total tax receipts were up 12 percent in December as the Treasury Department announced the first monthly budget surplus in years.

Perhaps the most telling and significant indicator of our economy's strength is productivity growth. Since the end of 2001, the recession that existed in 2001, productivity has increased at the fastest rate since World War II. Averaging at a pace of 3.4 percent growth annually, workers are now over 17 percent more productive than they were in 2001. Let me say that again: productivity, one of the most important gauges of success, is up to the point where workers today are 17 percent more productive than they were just 5 years ago.

These numbers are so important because no factor is more critical to long-term sustainable growth and increasing standards of living than improved productivity. It is essential to maintaining steady creation of increasingly better paying, better quality jobs.

Let me continue in my presentation in which we are talking about the level of productivity which has surged in the past several years and is such an important, important gauge of the kind of economic success that we are enjoying.

It is amazing. Given the storms of our economy, what we have weathered since the stock market bubble burst back in 2000, this level of strength and vitality that we have seen in productivity is truly astounding. In order to give the numbers some additional context, I think it is very useful to compare our current economic circumstances with the same point in the previous business cycle just over a decade ago.

In April of 1995, we were 4 years out of the recession that existed in the early 1990s, just as we are today 4 years out of this past recession. Mr. Speaker, by virtually every measure, our current expansion economy is stronger and more promising than the expansion economy of the spring of 1995.

Today, we have an unemployment rate of 4.7 percent, as I said earlier. In April of 1995, unemployment was more than a full percentage point higher at 5.8 percent. Furthermore, employment is stronger today across minority demographics.

The current unemployment rate for African Americans is 8.9 percent. In April of 1995, a little more than a decade ago as we were 4 years out of economic recession, this rate was at that point nearly two points higher for African Americans than it is today. It was 10.7 percent versus the 8.9 percent unemployment rate for African Americans today.

The improvement for Hispanics is even greater. Today, the unemployment rate for Hispanics is 5.8 percent. At this point during the last expansion, April of 1995, the rate was 8.9 percent. That is 8.9 percent Hispanic unemployment at that point. Today, Hispanic unemployment is at 5.8 percent, a difference of almost three full percentage points.

Clearly, minority workers, as well as the workforce at large, are facing a much brighter economic outlook. This pattern holds throughout nearly every major economic indicator.

The homeownership rate is nearly four points higher today than it was in April of 1995. Minority homeownership is 7.7 percentage points higher today than it was in 1995, as I say, at record levels of homeownership and minority homeownership. Annual growth in household net worth over the past year is nearly 3 points higher than it was.

Mr. Speaker, real hourly compensation is now growing at a rate of 1.2 percent versus an actual decline in April of 1995 of seven-tenths of 1 percent, that is, actually a decline took place 4 years out of the last economic recession that we reemerged from in the mid-1990s to today, real hourly compensation growing at 1.2 percent today.

Today, that all-important investor class, those who have investments, has grown to include 56.9 million American families as the stock ownership rate for Americans has risen to nearly 60 percent of all households, or 19 percentage points greater than it was in April of 1995. Again, that investor class, Democrats and Republicans, all the way across the economic spectrum, has grown dramatically. GDP growth is 1.3 percentage points higher than it was in April 1995, again, when we were 4 years out of economic recession.

Mr. Speaker, annual productivity growth, which is so fundamental, as I said earlier, to sustaining rising living standards is a staggering 10 times greater than it was at this same point in the previous expansion. The rate of

growth over the past 4 years at 3.4 percent is not only impressive for an expansion economy; it significantly outpaces historic rates.

□ 2030

From 1973 to 1995, productivity grew at 1.4 percent; 1973 to 1995, 1.4 percent. At that rate it would take 50 years to double the standard of living. But stronger growth has now put us on the path to double living standards twice as quickly as it did from that period of time between 1973 and 1995, that 22-year period.

We recently witnessed a symbolic reminder of the 1990s economy as the Dow Jones Industrial Average broke through the 11,000 mark on January 9, closing above 11,000, pierced a barrier that had not been surpassed since June of 2001 when our economy was several months into a decline that had become a recession.

And we obviously should not gauge the markets on a daily basis. Today we saw the Dow Jones Industrial Average up by over 100 points.

A great deal of fanfare accompanied the return of the stratospheric level of the late 1990s when the Dow hit 11,000. But this milestone was significant not only for the symbolism. Whereas what was called by Alan Greenspan, the former Chairman of the Federal Reserve, as irrational exuberance, it played a great deal in driving the Dow up to this level before, back in the 1990s, this time the Dow hitting 11,000, up 100 points today, as I said, was soundly grounded in sound economic and market principles.

Several years of strong, steady growth, rising incomes, more jobs, and a growing and increasingly prosperous investor class have led to sustainable gains in the stock market. We did not reach this level of economic strength by accident or by chance.

Many people talk about the cycle. I was listening to the radio this morning, and some people were saying, regardless of policies, we still see these surges take place in the economy, whether you have had tax increases or tax cuts. That is just plain wrong. Our economic strength is the direct and predictable result of an aggressive Republican agenda of progrowth policies, decreasing tax and regulatory burdens, expanding free trade and opening new markets around the world. Empowering entrepreneurs and small business owners to innovate, adapt and grow is critical to sustaining this kind of success.

These policies have created an environment that has increased the prosperity of Americans, created new opportunities, and brought about all of the positive economic news that I have discussed from job creation to home ownership. Perhaps the starkest illustration of cause and effect comes from those 2003 tax cuts.

The day the Senate passed those tax cuts, the Dow Jones Industrial Average was at 8,601. Again, the Dow was at 8,601 the day that the Senate passed those 2003 tax cuts. Today, as I have said, we have seen the Dow once again surpass 11,000, up 100 points today. It has remained close to that 11,000 mark.

During that time, the bull market propelled by our booming economy, since we put into place the 2003 cuts, has created $5 trillion in new shareholder wealth. The total return to stock investors since the tax cuts were enacted has been 41.3 percent.

Now, remember, that is not simply the rich. With nearly 60 percent of American families now members of the investor class, the total return to stock investors since those 2003 tax cuts has been, as I said, 41.3 percent.

We have seen the same direct benefit to job creation. Following the 2001 recession, the payroll jobs number hit its lowest point the very month the 2003 tax cuts were enacted. Since that time our economy has added nearly 5 million new payroll jobs. And as I have already cited, real after-tax income has increased by 7.2 percent over that same period of time.

Furthermore, we accomplished all of this while increasing Federal tax revenues. Revenues to the Federal Treasury have increased as a byproduct of implementing those 2003 tax cuts. Total receipts in 2005 were up nearly 15 percent. In all, tax receipts for last year totaled $2.2 trillion, the largest margin, the largest amount of revenues ever collected, ever collected in a 12-month period, $2.2 trillion. And that has all happened since we put tax cuts into place.

And I remember vividly debating my colleagues on program after program when they would say that if we put into place these tax cuts, we would see the U.S. economy go right into the tank, and we would see a great reduction in the flow of revenues to the Federal Treasury. The exact opposite is the case. In fact, tax receipts have been at record highs since last August when the previous 12-month record of $2.1 trillion was broken.

So, Mr. Speaker, let us review. By every major economic indicator, our economy is booming. Gains are being made by the economy at large, and by individuals of all demographics. Across the board the American people are benefiting. Our economic strength is remarkable by any standard, but it is even more impressive when compared to the same point, as I said, that previous postexpansion period, in April of 1995, 4 years out of the economic recession. The markets are returning to their bubble-era levels, but this time these levels are solidly grounded, as I said, in real growth.

And, finally, Mr. Speaker, all of those tremendous gains have been achieved through the Republican commitment to a progrowth agenda of lower taxes and greater economic freedom.

And yet incredibly, my colleagues on the other side of the aisle deny this good economic news. I have listened to the Special Orders that they have taken out here on the House floor, and I can understand if the American people simply listen to that message why they believe the economy is in the tank. And even more incredibly, they claim that our progrowth agenda is actually hurting our economy and bankrupting the Federal Treasury.

Now, it is one thing to predict failure at the outset. It is one thing to predict failure as they did when we were looking at implementing these tax cuts in 2001 and 2003. It is quite another to claim that our agenda has failed amid clear and overwhelming evidence of its success.

Mr. Speaker, our economy has recovered from the bursting stock market bubble, a recession, terrorist attacks, and corporate scandals. Our economy has weathered storms, literally and figuratively, such as Hurricane Katrina, high oil prices and stagnating growth that is existing for some of our trading partners in their economies.

Our economy, Mr. Speaker, has increased the prosperity of Americans, and all the while the rhetoric that we hear from the leadership on the Democratic side has remained constant. But we in the majority have worked, sometimes in a bipartisan way, but unfortunately not in concert with the Democratic leadership.

Well, we have worked to ensure everyone has the opportunity to pursue and potentially achieve the American dream. They have worked only to advance the myth of, you remember this line, two Americas. They have tried to instill that standard old but failed argument of us versus them, the class warfare mentality that disregards the truth, and tragically, Mr. Speaker, it greatly divides our country.

Now, Mr. Speaker, when perpetuating this myth that only a privileged few have access to the American dream, my colleagues on the other side of the aisle will frequently invoke the threat of outsourcing. Do you remember that word, outsourcing? You could not turn on cable television news without hearing that word outsourcing.

That is a term that you do not hear all that often anymore. Frankly, whenever they tried to explain away all of the positive economic news of the past few years, American jobs moving to places like China and India were usually held up as Exhibit A. They are still talking about it. They tell us of struggling plants such as the Paper Converting Machine Company in Green Bay, Wisconsin.

They tell us about how this company, PCMC, the Paper Converting Machine Company, and its workers faced some very, very difficult times. We are told that first the recession was bad for business, and then one of its biggest customers demanded drastically reduced prices, encouraging PCMC to outsource, to move production to China. And then when things could hardly get worse, PCMC was acquired by another company that cut workers

and cut pay. Throughout this whole process, sales for PCMC plummeted by 40 percent, and jobs were slashed from 2,000 American jobs to 1,100 jobs. Times were indeed very hard.

But, unfortunately, Mr. Speaker, what my Democratic colleagues, when they hold up that example of PCMC of Green Bay, Wisconsin, they do not tell the rest of the story. The story of PCMC does not end with lost jobs and plunging sales. They at PCMC had a strategy for reversing these losses and prospering once again, and it included the process of outsourcing to India.

They saw that they were losing orders because of the limits in their engineering department. So their chief engineer developed plans to utilize an engineering center in Chennai, India. Because U.S. and Indian engineers can now collaborate around the clock, PCMC has been able to expand their engineering services while making the whole process more cost-effective.

The result has been a strengthened U.S.-based company that continues to grow in Green Bay, Wisconsin. The CEO, Robert Chapman says and I quote, we can compete and create great American jobs, but not without offshoring or outsourcing.

This is the true story, Mr. Speaker, of the American economy. It is not a story of the haves and have-nots. It is not a story of doom and gloom. Mr. Speaker, the American economy thrives and grows, because when entrepreneurs face adversity, they have the freedom and flexibility to innovate, pursue new strategies and prosper. Allowing business owners to tap into the vast resources of the global economy is essential to our continued economic strength right here at home.

But you do not have to just take my word based on one anecdote of PCMC and their success. If all the positive economic data demonstrating the strength and vitality of the U.S. economy is not enough, the Information Technology Association of America, the ITAA, recently conducted a study on the direct impact of trade in services, otherwise known as offshoring or outsourcing. The study looked specifically at outsourcing in the IT field, the information technology field, and it found that trade in IT services is a clear net benefit for our economy. The new economic activity generated by increased trade in services ripples throughout the economy, creating jobs, boosting growth and increasing exports.

Specifically, this study that the ITAA did found that offshore outsourcing resulted in the creation of 257,000 net new jobs in 2005. Let me say that again, Mr. Speaker, because I realize it is counterintuitive. I was actually talking to the President today about this study, and I know that people have a difficult time understanding this. Offshoring, outsourcing, actually in 2005 created a net new job increase of 257,000 jobs, meaning if we had taken action here and somehow tried to stop that, it would have cost 257,000 new jobs that were created right here. And more than 337,000 net new jobs are expected to be created within the next 5 years, just from this issue of outsourcing.

It is true that greater engagement in the global economy contributes to a considerable churn in our workforce and accelerates the rate of change. And I am not going to stand here and claim that there has been no American who has been detrimentally impacted from this change. But we all know that change is inevitable, and we also know that the net increase in jobs that has taken place because of so-called outsourcing or offshoring has been dramatic, in excess of a quarter of a million net new jobs created in the last calendar year alone.

□ 2045

But as we saw with the manufacturer in Green Bay, PCMC, it creates new opportunities for American workers and ultimately leads to stronger job growth right here at home. Again, remember, we have a 4.7 percent unemployment rate, Mr. Speaker. So all of those people who predicted that outsourcing was going to wipe out the U.S. economy have got to recognize that we have the lowest unemployment rate that we have had in 4½ years, lower than the average for the 1970s, the 1980s, and the 1990s.

The study also demonstrates overall gains in economic growth. ITAA estimates that IT offshore outsourcing contributed an additional $68.7 billion in real GDP growth in 2005; $68.7 billion in real GDP growth right here in the United States of America because of so-called outsourcing, offshoring. Greater global engagement in IT services is expected to create another $147.4 billion in real GDP growth by 2010, within the next 5 years, 4 years now I guess.

Exports are boosted as well, Mr. Speaker, with an additional $5.1 billion in exports in 2005 and another $9.7 billion predicted by 2010. Again, $5.1 billion in new exports that have been a byproduct of policies that have included offshoring. These gains are an obvious and direct benefit to the workers who gain jobs and the business owners who boost both sales and revenue.

But the increased efficiencies and economic activities spread throughout the economy at large. These disbursed benefits, as I said to everyone, by lowering inflation, increasing productivity, and helping to keep interest rates low, the economic benefits of greater engagement impact every single one of us. We as Americans reap the benefits through higher wages, new opportunities, and rising living standards.

Opponents of open trade and a policy of global economic engagement paint outsourcing as an effort by, and you will recall this term that was used in the 2004 Presidential campaign, ''Benedict Arnold CEOs'' who supposedly exploit cheap labor overseas while American workers are suffering. But as I discussed, Mr. Speaker, the empirical as well as the anecdotal evidence proves precisely the opposite. When American entrepreneurs are free to leverage all of the world's resources, the result is new and better opportunities for workers right here in the good old United States of America.

The benefits of being free to globally engage are just further demonstration of what has always been true of the American economy: our strength lies in our ability to innovate. Change has always been an inescapable part of the American economy. We have grown from an agrarian economy, as we all know, to an industrial economy, to what is today's 21st century high-tech Information Age economy. We prosper not because we have resisted change. We prosper because we have used change as an opportunity to innovate, to think creatively, to adapt, and to grow. Outsourcing simply presents a new opportunity for the United States to maintain its role as the world's leading innovator.

The cost savings of outsourcing have enabled businesses to remain competitive and have spurred new economic activity. But business analysts agree that the real power of outsourcing is in enabling companies to innovate and transform themselves. The new buzz word in the business world is ''transformational outsourcing.''

Business Week recently noted: ''Many executives are discovering offshoring is really about corporate growth, making better use of skilled U.S. staff, and even job creation in the United States, not just cheap wages abroad.'' They go on to say: ''True, the labor savings from global sourcing can still be substantial, but it's peanuts compared to the enormous gains in efficiency, productivity, quality and revenues that can be achieved by fully leveraging offshore talents.'' Meaning that we can take advantage right here at home of utilization of offshoring.

Mr. Speaker, outsourcing provides an opportunity for businesses to stage 24-hour-a-day, 7-day-a-week operations. U.S. workers can collaborate with other skilled workers around the world. New solutions to old challenges can be explored. Limited resources can be shifted from routine low-tech processes to higher value-added activity. By tapping into all the resources the global economy offers, American entrepreneurs have the opportunity to revitalize struggling businesses, spur innovation, and develop new projects that would otherwise be impossible.

All of this potential has led many business analysts to believe that U.S. companies are on the cusp of a new burst of productivity, driven by this transformational outsourcing. We saw this worked for that manufacturing company that I have used as anecdotal evidence, PCMC, in Green Bay, Wisconsin.

Now let me go close to home for me. IndyMac Bancorp, Inc., which is a

Pasadena, California-based financial services company, is an example of a 21st-century services company that has made offshore outsourcing an integral part of its business model, and it is thriving.

Three years ago, IndyMac was the 22nd largest mortgage issuer in the United States. Today, Mr. Speaker, it is number nine and I believe moving up. IndyMac's consumer banking CEO credits its success in large part to their strategy of aggressive outsourcing. He has said that outsourcing has made IndyMac ''more productive, cost efficient and flexible than our competitors with better consumer service.''

Now, Mr. Speaker, by working with an Indian firm, IndyMac is developing new software platforms and applications that it expects will boost efficiency another 20 percent at least over the next 2 years. They have also moved 33 back-office functions offshore. Thirty-three of those back-office functions have moved offshore. And what has been the impact on job creation right here in the United States?

Mr. Speaker, by moving 33 of their operations offshore, IndyMac has doubled its American workforce to almost 6,000 in the past 4 years, and at this moment they continue to hire more Americans. All of this is possible because of the openness and flexibility of our wonderful U.S. economy.

Now, Mr. Speaker, our goal as Republicans is to reduce the burdens on workers and business owners and increase their access to the global economy.

Now, I mention the fact that Democrats have assailed, they talk about Benedict Arnold CEOs, they would say the CEO of the consumer bank operation, IndyMac, is some sort of Benedict Arnold CEO I am sure. And, of course, Democrats have proposed a massive tax increase and barriers to innovation and entrepreneurship. We as Republicans have pursued greater engagement. We have cut taxes, regulation, and other market barriers of entry. We have continued a policy of greater trade liberalization. We have worked to reduce the size and scope of government so that Americans are increasingly free to prosper.

In short, Mr. Speaker, we have continued the Ronald Reagan vision of hope and optimism in the American spirit. We have carried Ronald Reagan's legacy of empowerment and prosperity through greater economic freedom. Mr. Speaker, I wish that President Reagan could have seen last year's great milestone in the fulfillment of his vision, the passage of the Dominican Republic-Central American Free Trade Agreement. He had envisioned, as we all know, and announced it on November 6 of 1979 when he proposed his candidacy, he put forward his candidacy to be President of United States, he at that point did something that many thought was heresy. He proposed a free trade area of the Americas stretching from the Arctic to Tierra del Fuego, as President Reagan used to love to say.

When he first spoke, as I said, of this FTAA when announcing his candidacy, the idea seemed even more far-fetched than his optimism for the U.S. economy at his first inaugural address 25 years ago last month. Much of the Americas at that time, particularly Central America, as we all will remember, was ravaged by violence and dictatorship; and yet these last 25 years have seen the birth and growth of democracy and free markets in the region.

The passage of DR–CAFTA last year was hugely significant in pursuing that ultimate goal and vision that President Reagan put forward: first, as a further commitment to the region of greater political and economic freedom and liberalization; and, second, as a major stepping stone, as I said, towards implementation of that vision of the FTAA.

There may still be those who believe the idea of a free trade area of the Arctic to Tierra del Fuego to be far-fetched, and it is being undermined, we all know, by some leaders in this hemisphere; but Ronald Reagan and the continued Republican legacy have proved that any people can prosper when given the freedom to do so. We have seen this demonstrated right here at home throughout this region and, Mr. Speaker, in this hemisphere when we have seen improvements in trade opportunities developed.

We have seen it demonstrated worldwide, Mr. Speaker. Every year Canada's Fraser Institute publishes a report on economic freedom throughout the global, documenting the direct link between economic freedom and quality of life. The 2005 report finds that economic freedom continues to be determinative in individual well-being and opportunity. The report's authors at the Fraser Institute, in conjunction with nearly 70 public policy organizations from around the world, found that life expectancy in the world's economically freest countries is more than 25 years longer than in countries with the least economic freedom.

Freer countries have lower unemployment; those living in the poorest 10 percent demographic have much higher incomes and a much better standard of living in countries with high economic freedom than in those countries that are most restrictive.

Corruption in public office goes down as freedom goes up. Political rights, political stability, and civil liberties all go hand in hand with increased economic freedom. Year after year, the economic freedom of the World Annual Report finds the same thing. Everyone experiences greater prosperity with greater economic freedom while the world's poorest gain the most. By pursuing greater liberalization abroad through free trade, we help to increase prosperity for our allies and our neighbors. By reducing taxes, regulation and other economic burdens here at home, we increase the prosperity of Americans. And as we all engage in the global marketplace, we prosper together.

Ronald Reagan knew this to be true and then went on and proved it. President Bush and our Republican majority have built on this success by continuing to liberalize our own economy as we encourage our trading partners to do the same.

□ 2100

The result has been a strong and growing economy, new job opportunities, and a rapidly rising standard of living.

So when we look to the coming year, what is the path that we will choose? First and foremost, Mr. Speaker, we must remain committed to the agenda that gave us this tremendous success. This Republican Congress will continue to reduce the tax burden on America's working families. We will continue to reduce the size and scope of the Federal Government, as was evidenced today by the President's signing of that $39 billion reduction by signing the budget reconciliation package. We will work hard to reduce the size and scope of government, as I said, and to rein in the reach of the government by minimizing regulation and decreasing the bureaucratic red tape that strangles job creation. And we will continue to liberalize our trade relationships. We will continue to pursue more free trade agreements.

This agenda will not only continue to increase our prosperity; it will enable us to maintain our global competitive edge through innovation. The lesson of trade and outsourcing has been that global engagement has helped us to remain competitive. President Bush spoke a great deal about competitiveness at the State of the Union address. He spoke about it today when he announced, first here and again he is continuing to talk about this moving across the country, referring to his American Competitiveness Initiative. The President's plan will contribute an additional $136 billion to scientific research and the promotion of math and science education.

By strengthening the fundamentals of education, research, and with a well-educated, highly skilled workforce, we can ensure that we will continue our global competitiveness far into the future. As President Bush said when he stood right here in this Chamber last week, Mr. Speaker: ''The American economy is preeminent, but we cannot afford to be complacent.'' The President said: ''In a dynamic world economy, we are seeing new competitors. To keep America competitive, one commitment is necessary above all. We must continue to lead the world in human talent and creativity.''

Now, Mr. Speaker, in the coming months and years, this Republican majority remains committed not only to expanding economic freedom at home and abroad. We are fully committed to an agenda of competitiveness and innovation. As we begin this new legislative

year, it is important that we recognize where we are and how we got here, and look optimistically, as Ronald Reagan did, to the future.

I am very proud of the fact that we have achieved such economic success. As I said, everyone is entitled to their own opinion, but no one is entitled to their own facts. I am even prouder of what we have been able to achieve through our Republican pro-growth, pro-economic freedom agenda. And, Mr. Speaker, as Ronald Reagan said so well, he believed that the American spirit has the ultimate potential when it is unleashed, and that is why I join that spirit of Ronald Reagan, as I know President Bush and our Republican colleagues do, and we certainly welcome Democrats to join in this effort as we look optimistically, hopefully, and very confidently to our future.

As I said, Mr. Speaker, it is very important for us to note that many people have tried their darnedest to claim that somehow the U.S. economy is in the tank. I hope that what I have shared over the past few minutes, which provides both anecdotal, through companies like PCMC in Green Bay, Wisconsin, and IndyMac Bank in Southern California, that that anecdotal information shows the success that we are enjoying.

I also hope that the empirical studies done by the Information Technology Association of America, the ITAA, showing that a net 257,000 new jobs were created in 2005 because of so-called outsourcing and offshoring, and that the Fraser Institute study from Canada demonstrating that when you unleash potential through greater economic liberalization, standards of living grow, and even those at the lowest end of the economic spectrum in those countries have higher standards of living than those who live in restrictive societies, that those facts are understood by the American people so that the American people will have an understanding that the gloom and doom negativism consists of nothing but words, because the facts belie them.

THE PEAKING OF WORLD OIL

The SPEAKER pro tempore (Mr. CAMPBELL of California). Under the Speaker's announced policy of January 4, 2005, the gentleman from Maryland (Mr. BARTLETT) is recognized for 60 minutes.

Mr. BARTLETT of Maryland. Mr. Speaker, sometime ago, our Department of Energy commissioned a study with SAIC, Science Applications International Corporation, to do a study on the peaking of world oil production, impacts mitigation, and risk management. This very prestigious scientific organization took some time to complete this study; and when they completed it, they made a recommendation to the Congress and to the Department of Energy. Part of what they said in their recommendation is included here:

''The peaking of world oil production presents the U.S. and the world with an unprecedented risk management problem.''

That is quite an adjective to use. No risk problem like this ever in the history of the world is what they are saying: ''. . . unprecedented risk management problem. As peaking is approached, liquid fuel prices and price volatility will increase dramatically. And without timely mitigation, the economic, social, and political cost will be unprecedented.''

Again, Mr. Speaker, they are pointing out, and they will use these words in a chart I will have a little later, that the world has never faced a problem like this.

''Viable mitigation options exist on both the supply and demand side, but to have substantial impact they must be initiated more than a decade in advance of peaking.''

When will peaking occur? Do we have a decade? And they are saying if we do not have a decade, we're going to have problems. Dealing with world oil production peaking will be extremely complex, involve literally trillions of dollars, and require many years of intense effort.

Our next chart, which speaks to the same phenomenon, inspired 30 of our leaders, Boyden Gray, McFarland, James Woolsey, and about 27 others, many of them four-star retired admirals and generals, to write a letter to the President. In that letter they said, Mr. President, the fact that we have only 2 percent of the world oil reserves, that we use 25 percent of the world's oil, and we import almost two-thirds of what we use represents a totally unacceptable national security risk. Mr. President, we need to do something about that.

Two other numbers here are of significance. We represent a bit less actually than 5 percent of the world's population, about one person out of 22. And in spite of the fact that we have only 2 percent of the world oil reserves, we produce about 8 percent of the world's oil. We need to keep this in mind for some of the later charts we are going to show, because what this means is that we are pumping our little reserves, only 2 percent, four times faster than the rest of the world.

If we were pumping it as fast, with 2 percent of the reserves, we would be producing 2 percent of the production; but we are producing 8 percent. So if the world is going to run into trouble with decreasing amounts of oil, Mr. Speaker, we are going to get there first because we are pumping our oil more rapidly.

How did we get here? The next chart speaks to that, and we need to go back about six decades. There was a scientist by the name of M. King Hubbert, who worked for the Shell Oil Company; and he noted the exploitation and exhaustion of individual oil fields. We would find an oil field, we would start pumping, and the oil field would reach a maximum production. And then after the maximum production, at about half of its total ultimate production, it would start falling off. No matter how hard they pumped, it would produce less and less oil, until finally the field petered out.

He rationalized that if he knew how many oil fields there were in the United States and roughly what their reserves were, and if he could predict how many new oil fields the United States would find, he could then add up all these little bell curves and he would get a big bell curve which would tell him when the United States was going to peak in oil production. So he did that in a paper in 1956, and he wrote in that paper that with this analysis he predicted that the United States would peak, and that was the lower 48 at that time, that the United States would peak in oil production and consumption of our own oil about 1970.

Right on schedule, and some authorities will say 1970 and some will say 1971, but as this chart shows, the smooth green curve here was his prediction peaking about 1970, and the more ragged large green symbols represent the actual production, which pretty much followed his curve. And it did peak, as you can see, at about 1970; and it has been downhill since then.

By 1980, we knew very well that we were downhill, and the early Reagan years provided a lot of incentives for drilling. There were a lot of oil wells drilled in our country. Notice the tiny increase from that. It simply brought us back to the curve that had been predicted by M. King Hubbert.

Now, the red curve here is the curve for the Soviet Union. They had more oil than we, and they peaked higher than we. And when the Soviet Union fell apart, you see that they broke away from the predicted decline. They are now going to have a second little peak here, and then it will be falling off. They will never get back to their earlier peak of oil production.

The next chart shows some detail about where our oil has come from through the years. And if you are looking only at the lower 48, you are going to be following this curve. And if you add to it the liquids that we are getting from gas, you will see that it still followed Hubbert's curve. It peaked in 1970 and then fall off.

But we found a lot of oil in Alaska. As a matter of fact, I have been there, Mr. Speaker, at mile zero, at Dead Horse, Prudhoe Bay. And through that pipeline has come for the last several years a fourth of all of our domestic production. But notice that in spite of that enormous find of oil in Prudhoe Bay, there was just a little blip on the downside of Hubbert's peak.

This yellow here on the chart is very interesting. That, you may remember, Mr. Speaker, was the fabled Gulf of Mexico oil discoveries. I remember how that was hyped. That was going to save us. There was plenty of oil there.

That was all it did, Mr. Speaker. It hardly slowed us down. In terms of the total amount that we were producing,