

after the west coast consumers were cheated, bilked to the tune of billions of dollars.

So is that a part of government that we don't want to have around? We don't want the regulatory agencies looking over the shoulder of companies such as Enron that were manipulating price and supply in order to cheat consumers in an approach that now appears criminal? That is what FERC says. Do we want to reduce the number of regulators who protect consumers?

What about Wall Street? We saw last week there was a \$1.9 billion settlement because Wall Street firms were saying: Let's push this stock to the customers, despite the fact that internally these firms were saying: The stock is a dog; this stock is terrible. Yet what their salesmen in the field were being told by research analysts at these companies was: Push this stock along to an unsuspecting public.

Do we want to cut the money for the Securities and Exchange Commission, and others that are supposed to be regulators protecting consumers, and say let the buyer beware? I don't think so.

Fiscal policy has to be sensible and thoughtful. Tax cuts are fine. If you can afford tax cuts, that is fine. But when you face deficits as far as the eye can see, should this Government say: Let's send our sons and daughters to war and, by the way, we won't pay for it? And when you come back, what we will do is increase the Federal debt by \$1 trillion and say, as soon as you take your uniform off, you have to help pay the debt, because we wouldn't pay it, or your children and grandchildren will have to pay it because we wouldn't?

We are talking about implementing tax cuts that predominantly benefit the upper income people, to such an extent that if you were lucky enough to earn \$1 million a year, you would get an \$80,000 a year tax cut. Is that a priority?

Warren Buffett, the second richest man in the world, said he didn't support it because he said it favors the rich. That is what the second richest man in the world said about the President's tax plan. Is that what we ought to embrace when we are deep in debt, and headed deeper in debt, and about to vote on a \$1 trillion increase in the Federal debt? I do not think so. There are some activities in Government that are important. I mentioned schools and roads. There are activities we perform of which we are proud and of which we should be proud.

I once visited a Communist country. It was a country with which we were doing business. I met with the American Chamber of Commerce in that Communist country. Do you know what their message was? Their message was this is a great market for us to tap, but the problem is we need more government in this country to do business.

I said: What do you mean by that? They said: You cannot do business unless you have a judicial system that

can sort out the disputes, unless you have a system of administrative practices in which you have referees and regulators. If you do not have that government, the mechanism that establishes the rules and makes sure the rules are followed, you cannot do business. You just cannot.

I said this is really interesting because normally the Chamber of Commerce would not be calling for more government, but they are saying that in this Communist country, government is essential for us to do business.

We ought to remember that in this country as well—whether it is the Securities and Exchange Commission, the Federal Energy Regulatory Commission, you name it—there are structures and processes that are important for the governance of this country, and to decide they do not matter is to suggest our system does not matter. It is to say, let the buyer beware. Let the Enrons run wild and overcharge consumers by billions, and it does not matter.

That is not the kind of government I want. I want a government that allows the system to work, that helps establish fair rules and enforces them.

I mentioned we have these proposals for tax cuts that are very large at a time when we have very large Federal budget deficits. There are things we can do. A, we can cut wasteful Federal spending, and B, we can go after the tens and tens of billions of dollars that are not paid to this country in taxes because the companies that make a lot of money selling products to the American consumers have decided they are going to locate in tax-haven countries but take advantage of the American marketplace to generate their profits.

If it is the case that \$50 billion or \$70 billion would otherwise be owed to this country in taxes but are not paid because those companies have located in tax-haven countries, then this country should take a look at doing something about it and say to them: If you want to be an American citizen, part of the responsibility of citizenship is to help pay the bills in this country, to help pay for that which makes this country great—our schools, our roads, our infrastructure, everything that makes this a great place in which to live.

I think that is an area we ought to be tackling and trying to solve some problems. I would hope perhaps rather than just talk about tax cuts for the upper-income people, we might talk about tax responsibility for some corporations that have decided they do not want to be a part of American citizenship anymore.

My solution to all these companies that have decided they do not want to be an American citizen is, if you want to go to Bermuda, that is fine. If you get in trouble somewhere around the world and some government is about to expropriate your assets, who are you going to call? Call the Bermudan navy. I think they have 36 people in the Bermudan navy. Call them out. If you

do not want to be an American citizen, then do not ask the American military forces to protect your investment around the world.

That sort of behavior is not, in my judgment, something that is very patriotic, and it is something that requires, in my judgment, this Congress to do something about.

THE TRADE DEFICIT

Mr. DORGAN. Mr. President, I wish to ask another question. Why do we have a ceiling on Federal indebtedness? The answer is because we want to try to control it. But there is another form of indebtedness for which there is no ceiling, and that is the trade debt. There is definitely no ceiling on that.

We have a foreign trade debt of about \$2.8 trillion at the moment. Every single year, there is more and more red ink. There was a \$470 billion trade debt, merchandise trade deficit in 2002. Overall, \$2.8 trillion deficit is now about 27 percent of our GDP? How does that happen?

The foreign debt comes from record foreign trade deficits. We are the biggest debtor in the world. As one can see by this chart, we run a deficit every year, and every year it grows. One-fourth of the trade deficit is with China; \$103 billion last year alone. China is not the only country. We have deficits with Canada, \$50 billion a year; Mexico, \$37 billion a year. We have deficits with every major European country except Belgium and The Netherlands. We have deficits with every major Asian country except Singapore, and we are about to fix that because we are doing a free trade agreement with Singapore, and I am sure we will turn that into a trade deficit quickly. We have deficits with all the major countries in Latin America.

In addition to having deficits with the countries, let me talk about how our deficits are constituted: A \$110 billion deficit in motor vehicles; a \$47 billion deficit in consumer electronics; a \$58 billion deficit in clothing. I have been on the floor many times to talk about vehicles, so I will not do that today except to say, to use Korea as an example, Korea sends over 600,000 Korean automobiles every year; some 600,000 Korean cars come in to this country.

We sell 2,800 cars into the country of Korea. Why? Because our market is wide open, and the Korean market is largely closed, and nobody has the spine, the backbone, the nerve, or the will to do much about it. That is always the problem.

If you want to use potato flakes from the United States to make fast food in Korea, the potato flakes will find a 300-percent tariff going in to Korea.

The fact is, we have big problems in a range of areas and nobody does much about it. We used to have a big surplus in meat. That surplus declined by \$1 billion last year. Our deficit in livestock trade reached \$1.5 billion last

year. Our deficit in vegetables and fruits reached \$2.5 billion last year.

These deficits come from a very simple fact: Our markets are open to foreign products; foreign markets are closed to ours. Too often the products that flood into this marketplace are products made by 12-year-olds working 12 hours a day being paid 12 cents an hour, and it is not fair trade.

Let me use Bangladesh as an example. The fourth largest producer of garments for the U.S. market is Bangladesh. Workers in Bangladesh get paid on average 1.6 cents for every baseball cap they sew, under contract to an Ivy League school. That same baseball cap for which a worker gets 1.6 cents to sew is sold on the campus of this particular Ivy League college for \$17.

Each year Americans buy over 900 million garments made in Bangladesh, and yet workers in Bangladesh still cannot make the 34 cents an hour they need as basic subsistence.

If workers in one of the poorest countries of the world cannot even get paid 34 cents an hour, how do U.S. workers and U.S. businesses compete against that kind of trade?

Some say these trade deals are a way of getting other nations to improve their labor and environmental standards, but the fact is, our trade negotiators do not think about that and do not do anything about that. If one needs evidence of that, take a look at the trade agreement that was just negotiated with Singapore, which is going to come to the Senate floor at some point soon for a vote.

This agreement has a provision that would allow massive transshipment of products through Singapore into this country from countries with abysmal labor and environmental records.

How would that work? Article 3.2 of the agreement says the products made in third countries will be treated as Singapore products as long as the products are on a list approved by U.S. trade officials, which includes electronics, semiconductors, computers, cell phones, photocopiers, medical instruments. This chart shows what it says in that Singapore free trade agreement.

The Carnegie Endowment for International Peace issued a paper saying in that Singapore agreement this provision could very well torpedo the entire agreement. This is what a former senior official at the Department of State on labor matters wrote about what has happened in Indonesia:

Government enforcement of child labor laws is weak or nonexistent.

There is a long-standing pattern of collusion between police and military personnel and employers, which usually takes the form of intimidation of workers by security personnel in civilian dress, or by youth gangs.

She quotes a State Department study which says:

Institutions required for a democratic system do not exist, or are at an early stage of development.

So we have a free trade agreement with Singapore. And what happens with that free trade agreement? What is going to happen is we will get products from Burma or Indonesia which go to Singapore and are transshipped into this country. As long as they are going on the product list, what we are going to see is transshipment into this country of products coming from areas with abysmal records with respect to child labor and workers' rights.

This Senate has decided it would like to fit itself out with a straightjacket by unwisely passing something called the fast track agreement. The President called it TPA, which was a euphemism for a fast-track agreement, I should say. Under fast track rules, trade deals come to the Congress for an up-or-down vote, and there will be no amendments offered under any circumstance. And this very flawed Singapore free trade agreement will come to the Senate under fast track rules.

The fact is, our trade negotiators don't care what happens after they negotiate a trade deal.

We did a bilateral trade agreement with China a couple of years ago, and we did it so that China could then get into the WTO. When they joined the WTO in November 2001, the Chinese agreed to significantly expand the amount of imported wheat that could come into China at relatively low tariffs. China agreed that it would set a tariff rate quota of imported wheat at 8½ million metric tons. That meant 8½ million metric tons could enter the market at low tariffs.

According to the CRS, the Congressional Research Service, the Chinese imports were less than 8 percent of that amount. In fact, the Chinese Agriculture Minister was reported in the South Asia Post saying: 8½ million metric tons does not really mean that is what we are going to bring into our country.

This is a country that has a \$103 billion trade surplus with us, that reaches a trade agreement with us saying they are going to buy some of your wheat but never really intends to. What do we do about it? Well, we say it does not matter so much. Nobody is going to do too much about it.

It is unforgivable that this goes on. In fact, a U.S. trade official in charge of agricultural trade with China recently said China has not lived up to its promise. That official said the United States would be justified in filing a World Trade Organization case against China. The same official said the evidence of unfair trade by the Chinese was "undeniable," and the Chinese themselves privately acknowledged they are cheating on agricultural trade.

This official said the administration is reluctant to take action against China because the Chinese might be offended. The official said the administration is worried that a WTO case would be seen as "in your face" so soon after China joined the WTO.

Well, what is in your face is what these trade officials are doing to farmers, to workers, and to businesses all around the country. It is not fair. In my judgment, we expect and demand that there be action to enforce trade agreements.

I believe my time is about up. I am going to speak at greater length about China trade in the coming days, but I did want to say today that this is an area that is desperately in need of attention by Congress and the administration.

And the Singapore trade agreement is a terrible agreement. We ought to pay some attention to that.

Finally, going back to where I started, this fiscal policy does not add up. Everyone in the country understands it, and I hope when we talk about the need to increase the Federal indebtedness by \$1 trillion this Senate will ask itself: Does this make any sense at all?

The major subject before us is more tax cuts when we have the largest deficits in history for the next 10 years and a requirement to increase the Federal debt limit by \$1 trillion.

I come from a really small town. We had a guy living there named Grampy. He knew everything about everybody and everything about everything. I always wondered what would Grampy think if you explained to Grampy where we are—deep in debt as far as you can see; a requirement to increase the debt limit by \$1 trillion; and the next big thing on the agenda is to cut your revenue, the benefit of which will go largely to the upper income people.

I think Grampy from my hometown would say: Are you nuts? Can't you add? This is not higher math. This does not add up for the country and will not produce one new job. It will produce more despair, more concern, and less economic growth.

Get your fundamentals right. Make things add up and put things back on the right track.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

EXECUTIVE SESSION

NOMINATION OF DEBORAH L. COOK, OF OHIO, TO BE A UNITED STATES CIRCUIT JUDGE FOR THE SIXTH CIRCUIT

The PRESIDING OFFICER. The hour of 12:45 having arrived, the Senate will proceed to executive session to consider Executive Calendar No. 34, which the clerk will report.

The assistant legislative clerk read the nomination of Deborah L. Cook, of Ohio, to be United States Circuit Judge for the Sixth Circuit.

The PRESIDING OFFICER. The Senator from Ohio.