

responsive as I would expect a representative of the administration should be.

We now know that thousands of orphans in Haiti are now without food because there is no means of getting food supplies up into the locations where they are. We understand that children have been killed. A young boy who was willing to give his bicycle to one of the thug insurgents was shot dead on the street. Another young boy was injured by a flying canister and lost his life. A Fulbright scholar was fleeing for her life, having to leave the country because of the danger. Thousands of Americans have gone. The U.S. military, specifically the Marines, are in danger because of the refusal to increase the numbers of allied troops on the ground.

It is noted that in 1994 when President Clinton sent 20,000 troops into Haiti to uphold the Santiago Agreement which requires the United States to defend any duly elected democratic government in the western hemisphere, not one military personnel was harmed or was anyone else harmed.

So we know that we have a failure in this policy, we have blood shed in the street, violence in the street, and we have a duly elected president whose supporters are continuing to rebel, if you will, now in exile without any knowledge of his condition or ability to return to a place where he can engage in discussion and be part of a peaceful resolution of installing a peaceful government into Haiti. We have failed in this effort.

It is sad to say that we have not met our goals in Iraq. We have not met our goal in Afghanistan. Now we come full circle to the western hemisphere. Children are starving. People are dying. Violence is raging. No government there for us to negotiate with.

Mr. Speaker, I think for all of us this is on our hands. It is time now for us to stand up and be counted for peace around the world.

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

(Mr. PAUL 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 gentleman from Texas (Mr. NEUGEBAUER) is recognized for 5 minutes.

(Mr. NEUGEBAUER 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 gentleman from Florida (Ms. HARRIS) is recognized for 5 minutes.

(Ms. HARRIS addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

INTERNATIONAL TRADE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 60 minutes as the designee of the minority leader.

Mr. DEFAZIO. Mr. Speaker, I come to the floor tonight to talk about the issue of trade. The Bush administration rolled up yet another record for the month of January, and I believe it deserves notice. It is quite an achievement. Our trade deficit widened to \$43.1 billion in January. One month, \$43.1 billion.

Now, they have been telling us for the last year just be patient, the dollar is overvalued, it is going to drop a little bit. And as soon as the dollar drops a little bit, why then, U.S. manufacturers will become more competitive and people will start to buy our goods again.

Well, I had two questions for them. I said what do we make anymore since we are exporting so much of our manufacturing to China? And will it not perhaps mean instead that Americans will buy more expensive goods that are made overseas and that, in fact, our trade deficit will widen? Despite all the Ph.D.s and experts and luminaries they have down there, apparently my concerns have been proven out and not the administration's.

In terms of goods, our deficit went from 44 last year to this year \$48 billion. In terms of services, we had a minor increase of about \$300 million.

So, the fact is we are hollowing out the manufacturing of the United States of the America. There is a new trend where we are hollowing out what was supposed to be the next generation of jobs and intellectual technology, and I will get to that a little bit later.

What does the Bush administration say in reaction to this huge and growing deficit in trade and the debt we are mounting up overseas? China alone, \$124 billion trade deficit last year. China is now the largest foreign holder of United States debt. And they are beginning to acquire assets in the United States of America with the huge pile of dollars they are amassing with this extraordinary trade deficit.

Now, the Bush administration's answer is, well, more of the same, free trade, free trade, free trade. They are unabashed radical, knee-jerk free traders. At least they are consistent. It is good. They went on the attack yesterday saying there are only two choices: the failing trade policies of today, which are hollowing out manufacturing, our industrial base, losing jobs, outsourcing, exporting jobs to other countries, quality jobs, losing the next generation of intellectual technology jobs, jeopardizing, I believe, in the future the security of the United States as more and more critical sectors and technologies are exported overseas.

Just last week in the Wall Street Journal, General Electric, there was an article about how they have sold a

whole \$1 billion worth of turbines to China. There was just a small price they had to pay. It is a state-of-the-art, newly developed turbine, took them half a billion dollars to develop it. The Chinese demanded, in violation of the WTO and rules-based trade, which the Bush administration is such a great fan of, demanded that they give them the technology in exchange for this rather insignificant purchase. Because the technology is going to be worth far, far more; and the Chinese admit they are going to use the technology to build competing turbines. But GE in a very short sighted way decided they would be blackmailed. They were going to give them the technology and get \$1 billion worth of sales. It will look good on this year's balance sheet, but not too good 3 or 5 years from now when the Chinese are eating their lunch internationally using the technology which GE went to so much trouble to develop.

But this is repeated time and time and time again by the Chinese. I have a small company in my district called Videx. They developed a new kind of scanning technology. They developed an electronic lock. They are selling in 44 countries, including, their mistake, China, where they were selling about a \$1 million a year. But it turns out, they say in China if you bring in intellectual property within 24 hours it is counterfeited and for sale.

And the Videx company had followed all the laws and protections, went to the trouble of getting supposed Chinese protection and patents and all that. One day they found their entire company had been cloned in China including their Web site. In fact, the Chinese, the fake Chinese Videx, had gone them one up. They had a little fake American flag waving at the top of their Web site, this Chinese company.

They even copied and translated into Chinese the U.S. copyright and patents on their software. They did not make a very good product, the company found out, because they started getting product support calls from people who thought they were clients of the U.S. Videx, but were actually clients of the phony Chinese Videx. This happens time and time again.

When I went to the Bush administration and asked that perhaps we could get some help, get my two Senators to join me in this for Videx, they are a totally American company, they have 160 employees in my district, they do all of their outsourcing in the United States of America, that is all their subcontracting, not in China, and employ people even in Texas to help build their product, the response, after a lengthy delay from the Bush administration, was that the United States of America will not file intellectual property complaints against China for theft of intellectual property, will not help this relatively small company Videx, because the big corporations, the multinational corporations who are exporting their factories to China would not like that

because it might cause problems with the Chinese government.

□ 2130

A pretty extraordinary statement. And that is what the Bush administration is now going to emphasize. They support these failing trade policies. They are trying to cover up the outsourcing of jobs. They have now banned at the White House the term outsourcing, job exports.

They talk about level playing fields. Well, it is not a level playing field when other countries can, when their government condones the theft of your intellectual property and will do nothing about it and your own home government will do nothing about it in terms of dealing with that foreign government. But now the Bush administration says they may in the future file some minor complaints about some of the tariffs the Chinese have. They would not want to tread on the Chinese's toes here. They do not want to go after the big problem here, which is the outright theft of American technology or the blackmailing in violation of the WTO of American corporations to sell there, and other practices of the Chinese government, the things that are costing us so much productive capacity and jobs.

The Bush administration says they want a level playing field. Well, if it is not going to be level there, where is it going to be level? Are they saying that they will bring up the wages of the Chinese workers, that they will see that the Chinese follow worker health and safety protections? That they are going to see that the Chinese begin to enforce minimal environmental laws?

No, I guess what they mean by level playing field is in the vision of the Bush people we will drag Americans down to that level and then we will be competitive. If only Americans would work for \$1 a day, they could compete with the Chinese. Because they are competing not in old crummy, labor-intensive shacks and factories, but in state-of-the-art world-class factories built significantly with American capital, multinational capital and American capital that is being invested in China to access the cheap labor, to access the lack of worker health and safety protections, to access the lack of environmental protections so they can dump the waste right out the back door.

So the level playing field is a pretty phony argument. They are banning the word at the White House, globalization, outsourcing, as I said. And they are going to call people who want to call for a new trade policy, one that does not fail our country so badly. One that does not run a \$500 billion-a-year trade deficit; one that is not hollowing out our manufacturing trade capabilities; one that is not seeing some of our best technology either extorted or stolen by the Chinese and other unfair traders.

They have no answer to those things. They just say more of the same is

going to help, and anybody who wants to do anything about that is an isolationist. Well, they are either fools or they are deliberately, as some have said, facilitating Benedict Arnolds and others who are exporting American jobs, technology and undermining this country. It is not clear which on certain days because when you see today's news, you have got to wonder what is really going on down there.

Six months ago, the President announced he was going to create a job, a job in America, that related to manufacturing. That was the President's promise 6 months ago. Here we are 6 months later, and he is on the verge of creating that job tomorrow. Congratulations to the President. One job related to manufacturing. That job will be the so-called manufacturing czar, someone who is going to try to find out what is wrong. Why is the U.S. hemorrhaging its productive capability to China and other unfair traders with extraordinarily low wages? For most Americans and for me it is pretty obvious; but to the Bush administration it is not, so they need a manufacturing czar. It took them 6 months to find the right guy.

It would have been good if maybe the manufacturing czar could be by the President's side when his name is released tomorrow. They will be doing this in Ohio, which has suffered horribly with the loss of productive capability. But the gentleman in question is not available. His name is Tony Raymundo, is not available because he is in China. He is in China where his company is building a factory. It is kind of like an awfully bad joke here. The Bush administration in dealing with China and the outsourcing of jobs is going to put a manufacturing czar in their administration who is over in China overseeing the construction of his own plant in China. And, no, I am not making this up. That is actually true.

So the Bush administration says soon they are going to push hard, as I said earlier. They are going to ban the word outsourcing, globalization. They are going to empower the word "insourcing" at the White House. They are going to brand people like me who have been raising the alarm both in Democrat administrations and Republican administrations about the failing trade policies of this country. I bitterly opposed Bill Clinton's push for NAFTA, and I think that was a shameful moment in the Clinton administration and began the undoing of our productive capacity. I think it was only really facilitating Bush One and Reagan who had negotiated the agreement. But, unfortunately, Bill Clinton saw fit to jam it through the Congress. But now Bush is taking all that one step further.

His newest free trade agreements, first, he wants to expand NAFTA, which promised the United States hundreds of thousands of job and trade surpluses with Mexico, which has brought us huge and growing trade deficits with

Mexico and lost us hundreds of thousands of jobs, actually the reverse effect of what they have promised. But the President wants to replicate NAFTA all the way through Central and South America. The President has a proposal called CAFTA. CAFTA would expand NAFTA to all of Central and South America. Imagine how many jobs and much capacity we could export to Central and South America if the same rules applied all across that entire region.

The President is right now; it is held up because the Republican majority is a little bit nervous on voting on such a gigantic expansion of a failing policy in an election year. But you can be certain if the President is reelected, we will either have a special session or at the beginning of the next session of Congress he will be jamming through this mega-expansion of NAFTA, doing what Bill Clinton did with NAFTA, 10, 20 times over.

But even better, the President has shown us a model in some of his proposed free trade agreements which also certainly does exceed the problems with the Clinton administration on trade. The Chile and Singapore agreements are cases in note, free trade agreements voted for by this Congress and signed blithely by the President last year. In the case of Chile, it is the first-ever trade agreement to mandate the importation of foreign skilled labor.

Yeah, that is right. It is an actual section of the bill that establishes a new category of Chilean workers to be imported into the United States to be trained in the jobs that will be exported when the companies move to Chile. It is efficient for those companies, that is true, but does not do a whole heck of a lot for the American workers left here holding the bag when their job has fled south to Chile. But that is quite an extraordinary new improvement if you think, as the President's chief economic adviser does, that exporting jobs is good. Now, I am not making that up either.

Mr. Mankiw, the President's Chief Economic Adviser in the economic report to the President signed by the President of the United States, endorsed by him, says, "Outsourcing is just a new way of doing international trade. More things are tradeable than were tradeable in the past and that is a good thing. Shipping jobs to low cost countries is the latest manifestation of the gains from trade that economists have talked about for a century."

Is that not peachy. That is Mr. Mankiw, the President's Chief Economic Adviser, expressing the opinions of the President and his administration that the export, the outsourcing, a word now banned at the White House, of U.S. jobs overseas is a net benefit to our country under the theory that things will be produced more cheaply there which will be good for American consumers. Of course, a little fallacy with their logic here is if Americans

cannot find jobs, and we have growing unemployment and job loss under this administration, then no matter how cheap the goods get produced in China and some other place that might even produce things more cheaply, Americans are not going to be able to afford those goods for long; and ultimately that will lead to some very severe economic problems. But they persist. They are stubborn at least. And the President is going to push for more free trade.

Now, we have some research here about outsourcing, a word banned at the White House now, but that is the export of American jobs which they are no longer going to reference at the White House; and one company, Deloitte Research, predicts 2 million jobs will be exported in the next 5 years; Forester Research, 3.3 million white collar jobs in the next 15 years. Those were the intellectual technology, high-technology skilled jobs that we had heard for so long, what did they say to me when I raised concerns early on about these trade policies? They say, Congressman, you do not understand. These are the old obsolete manufacturing jobs. We do not want them anymore. I said, I do not understand how we can be a great Nation, a great power, if you do not make things anymore. They say, Do not worry about it. We will not make the things but will design them, and we will have all of the brain power. We will retrain all those workers to run computers and work in the high-tech industry.

Now we find that industry is flooding overseas very quickly and expect 3.3 million of those next-generation jobs will flow overseas the next 15 years. The question becomes, what is next? They said, we do not know, but do not worry, something always comes along. That is a heck of a thing to bet your economy on.

Mark Zandy of economy.com estimates 995,000 jobs have been lost overseas since March, 2001. That is about a third of the jobs that the President has lost on his watch, since he has been President, have been lost overseas. Yet he believes that our trade policy is working, and the head of his economic council says it is working just exactly as it is designed. It is exporting jobs overseas. That was the intention of the trade policy and they are standing behind that. But they will not use the word outsourcing anymore down at the White House.

The Gardner Group estimates that 10 percent of jobs at U.S. information technology vendors will move offshore within the next year. IBM is exporting 5,000 jobs to India, China, and Brazil. They will save \$168 million a year by doing so. This is a very, very disturbing trend. Computer programming jobs in the U.S. that pay 60 to 80,000, nice wage, but it also recompenses someone for a heck of a lot of education and training. They go for about 8,000 in China; 5,000 in India; 5,000 in Russia.

So when the President says we will have a level playing field, I guess he is telling people to go to college for 5 or 6 years, get a masters degree, become a skilled computer programmer, run up 40, \$50,000 in debt or more in obtaining that education, and they should work for \$5,000 a year because that will give the President his level playing fields in these areas because Mr. Mankiw says it is good that those jobs are so much cheaper there.

Think of how much cheaper the products will be. Of course, what most of us see is the products really are not that much cheaper, but the profits which flow to a relatively small number of people; the profits are much better.

According to a recent survey of 1,091 CEOs, 27 percent planned to export jobs within the next 3 years; 20 percent, one-fifth of the CEOs polled in America expect to export jobs in the next 12 months. They say, and there is a new big business coalition that has come together about this, and like the White House, they want to ban the word outsourcing. I think that quite soon John Ashcroft is going to begin having people who use the word outsourcing arrested. But the word they want to use now is worldwide sourcing. And these business lobbyists, as it says in this article here, business lobbyists are talking to the Bush administration about adopting this language. But, of course, as we know from the article I read earlier, the Bush White House did in fact adopt that term just yesterday to emphasize, and they have of course banned any discussion of the exported jobs.

We have got a few other problems. Here is Craig Barrett, the CEO of Intel. This is 1/26/04, New York Times: "If you look at India, China and Russia, they all have strong education heritages. Even if you discount 90 percent of the people there as uneducated farmers, you still end up with about 300 million people who are educated. That is bigger than the U.S. workforce. The big change today from what has happened over the last 30 years is that it is no longer just low-cost labor you are looking at; it is well-educated labor that can effectively do any job that can be done in the United States."

He goes on to say, this is Craig Barrett, the CEO of Intel, the company that was going to produce the next generation of jobs for educated and skilled Americans here: "Unless you are a plumber or perhaps a newspaper reporter or one of those jobs which is geographically situated," cutting lawns at the estates of rich people, for instance, "you can be anywhere in the world and do just about any job." Barrett was asked, Are we not talking about an entire generation of lowered expectations in the United States for what an individual entering the job market will be facing?

□ 2145

He responded. It is tough to come to another conclusion than that. If you

see this increased competition for jobs, the immediate response to competition is lower prices and that is lower wage rates. Back to what the President is talking about with a level playing field. Americans should go to college, graduate and expect, as skilled computer programmers, to work for 5 or 6,000 a year in the world of Mr. Mankiw, President Bush and the CEO of Intel, Craig Barrett. That does not sound like a tremendous bargain to me, I think, or to most Americans who I represent.

Jeffrey Immelt, CEO of General Electric, now here is a company who does not just engage in intellectual property. They make great products. I fly on planes back and forth across the country, will be on one tomorrow, and a lot of them have GE engines. I have been to the plant they still have in the United States, great stuff, incredible product. But here is an investor meeting in 2002.

When I am talking to GE managers, I talk China, China, China, China. You need to be there. You need to change the way people talk about it, how they get there. I am a nut on China. Outsourcing from China is going to grow to \$5 billion. Well, it has already eclipsed \$5 billion. He was a little modest in his estimates. Outsourcing, that is, U.S. job exports to China with U.S. or multinational producers, U.S. capital producing jobs there, producing products there and shipping them back to the United States. Every discussion today has to center on China. The cost basis is extremely attractive, i.e., cheap wages. You can take an 18-cubic foot refrigerator, make it in China, land it in the United States, land it for less than we can make an 18-cubic foot refrigerator today ourselves.

This list, I cannot possibly do justice to and read the entire list, but this is a list from Lou Dobbs on CNN, someone who formerly was a great supporter and advocate of free trade policies until he studied it a bit, until he looked at the impact on hollowing out the intellectual might of our country, the industrial might of our country, the loss of jobs. Every night now on CNN he talks about the issue of exporting America, outsourcing jobs.

He has a list here of companies that are exporting America. They are companies either sending American jobs overseas or choosing to employ cheap overseas labor instead of American workers. As you can see, it is quite small print, and it goes on for pages and pages. It is available on his Web site. He has talked about it extensively, but the list is shocking, and I would urge that for reading for all Americans, particularly those who are unemployed because of these policies, have a lot of time on their hands and wonder what happened to their job. They can read this list and see perhaps where it went.

Now, all this is bad enough, but guess what. We are asking American taxpayers to subsidize the export of jobs

to foreign countries. It has been estimated that if we repealed any reference in the U.S. Tax Code to overseas income, that that means no taxes at all. I mean, once a U.S. company went over there, we would not even think about taxing them. We would save \$20 billion a year. That is how much they are able to deduct from their U.S. income by producing overseas with cheap foreign labor. We are through some other programs actually giving direct subsidies to companies to set up manufacturing overseas.

So, in terms of solutions to this problem, the first and easiest thing it seems that we need to do is stop any taxpayer subsidy for these conglomerates, multinationals and even some U.S. firms from outsourcing their jobs, a word again not allowed at the White House, to India or China or Mexico or elsewhere. Then after we do that, we need to begin to actually use the rules of trade.

Remember, the President came to Congress a little more than a year ago, and he said the Chinese, really, the only way we are going to get them to clean up their act, it is true, they are violating intellectual property left and right, they are doing all sorts of things to undermine us, but the only way we are going to become truly competitive in China is if we give them what is called Permanent Most Favored Nation status; that is, we would no longer annually review, as is required of all Communist countries and they are a Communist dictatorship, their trade status and determine whether or not we would renew it.

That drove some of the largest corporations in this country absolutely berserk because they wanted huge amounts of capital and produce their goods over there, and the prospect of having China lose Most Favored Nation status on an annual basis would drive them into a lobbying frenzy every year.

So they successfully lobbied the Bush administration, saying we are going to make it permanent, never again will we review China for unfair trade, but instead we will shift our emphasis to the World Trade Organization, and we will have rules-based trade. I have already talked about the company in my district that has been cloned in China, illegally, copying their U.S. copyrighted and patented and even Chinese copyrighted and patented product in violation of Chinese law, U.S. law, international law, and the rules of the World Trade Organization, and the Bush administration has said they will do nothing about it.

In fact, every year the President's special trade representative puts out a report which documents page after page after page of intellectual property theft by Chinese firm. Again, as I said earlier, apparently within 24 hours of bringing intellectual property into China it will be copied and available on the market, sometimes good quality, sometimes lesser quality.

So how many complaints has the Bush administration filed since the ob-

jective was to get China into the WTO and use rules-based trade to really teach them a lesson against China? Well, none, none, zero. How many have they failed on the issue of intellectual property worldwide? None, none, not one. It seems that it was a false promise. I am not supporter of the WTO, but we are stuck in it, and I do not think we should be in it, then we should at least use its rules that would advantage American people, American consumers, American workers, we should use it, because we certainly see it used by other countries to our disadvantage, but this administration is refusing to do that.

I will give another example and it is very timely, the issue of oil. The OPEC countries have meetings every month it seems lately, and they decide on quotas and what they are doing intentionally with those quotas is restricting the supply of oil, creating artificial shortages to drive up the price, 38 bucks a barrel now, seen the price at the pump, heading up toward \$2 in my State, and I hear it is even higher in other parts of the country. I bet you Memorial Day it will be pushing two and a half, three bucks in places around the country.

The oil companies always tag on a little extra margin so they are doing fine. Their profits are up, but the OPEC countries obviously are getting a bundle of money from us, too.

The only problem with that is that five of the eight major countries in OPEC are in the WTO, and guess what. Rules based trade, the WTO, does not allow countries to get together, producers to get together and collude to restrict supply to drive up the price. Again, this is something I asked the Clinton administration to investigate and file a complaint with the WTO on, and they refused. I have asked the Bush administration to file a complaint on this, and I got back after 6 months a nice letter from the White House counsel saying, no, they would not do that and in their opinion that it was just fine if OPEC colluded to drive up the price of oil in violation of the rules of the World Trade Organization, international law, U.S. law to gouge U.S. consumers. They really just did not think that it merited a complaint or their attention.

So this whole thing that the Bush administration is now going to push after banning the word "outsourcing," after calling people who are calling for new trade negotiations, for new trade rules, for rules that do not hollow out this country, the Bush administration calling people like me and others isolationists, they want to just say there is nothing but what they are doing which is failing or isolationism.

I say there is another way to deal with this within the existing frameworks by pursuing complaints, by protecting American consumers, and try to keep some of those jobs home. I would go further than that. I would say ultimately we are going to have to

look at managed trade because you simply cannot, as the President is saying here, asking American workers or the head of Intel to compete with \$5,000-a-year engineers overseas, we cannot drive our country down that far and our people down that far, maintain our great stature and our standard of living. We should not be asking them to do that. We should not be thinking about doing that. We should not be allowing our companies to be blackmailed, to give their state-of-the-art technology to countries like China for a pittance. We have got to stand up for our own.

We are essentially in a trade war. This guy wants to be the war President. Well, I tell you what. This war is a war that has some extraordinarily serious implications for the future, not only of the military security of this country, but the economic security of this country, the basis of the wealth of this country, and we are fighting right now with both hands tied behind our back and a blindfold and ear plugs down there at the White House. They do not want to hear about it. They do not want to engage in it. Well, if they do not start doing that soon, we are looking at some very, very dire implications for the future of the American economy.

Mr. PALLONE. Mr. Speaker, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from New Jersey.

Mr. PALLONE. Mr. Speaker, I just wanted to commend the gentleman for coming to the floor this evening and discussing the issue of these trade groups and the impact on the outsourcing, and I really believe that this is the most important issue facing the country right now.

I just wanted to come and maybe I could ask you a couple of questions relating to what you said. I thought it was very interesting, I read an article a couple of months ago, maybe it was less, in the New York Times, about NAFTA, and I voted against NAFTA. I voted against Fast Track. I think the only one of these I may have voted for was the Jordan one because they had negotiated it so that there were sufficient labor and environmental safeguards, but generally speaking, I have opposed all these major trade agreements exactly because I am worried that we give away the store and we do not provide any protections that arrive at what I call fair trade.

Even the President, if you listen to him, will say that even though he is a free trader, he believes in fair trade in the sense that there is supposed to be some reciprocity, but as you point out, that reciprocity never exists. There is never anytime that I can remember when the President invoked any rule or said that we were going to, as you said, file a WTO complaint or complain about other countries' treatment with regard to trade.

Anyway, this article said that with regard to NAFTA, essentially the

United States lost big time. Mexico, interestingly enough, lost big time because their standard of living and their workers wages actually declined I think during the time that NAFTA. It said the only country that may have gained somewhat was Canada, and I am not an expert on this. They said the reason for that was the Canadian government basically involved themselves in what you might call economic nationalism. In other words, they knew they were getting into this NAFTA agreement, they knew that some jobs were going to be lost, but their system provides that at the government level, if some jobs are lost to the U.S. or to Mexico, that they quickly figure out areas where they can train people and basically take over through national policy the manufacturing or whatever it happens to be, and they provide very generous benefits to people who lose their jobs so they do not lose their pension or their health benefits or whatever else.

So it was sort of their aggressiveness and their willingness to be involved in figuring out where to be aggressive in terms of trade that made them a winner, so to speak.

Again, these are gross generalizations, but I was listening to what you said because it seems like we do not in any way involve ourselves in what you might call economic nationalism. Nobody in the Bush administration is in charge, or even I guess would imagine that they would try to look at the flow of trade in the way to try to take an advantage for American workers or protect American workers.

□ 2200

And even if you look at the European countries, if somebody loses their job, they usually have something, some wages or some income or some benefits that they can live on. It is almost like we just cry uncle. We say, okay, we are going to sign all these free trade agreements; we do not really care. Let the chips fall where they may. We lose jobs, it does not matter. Everything is outsourced; it does not matter.

It is this complete lack of concern about the American worker, which I think was epitomized with the President's economic report, which the gentleman mentioned several times, where his chief economic adviser, whatever his title is, said that outsourcing was a good thing.

I completely agree with the gentleman. If you take this to its extreme and say we are going to sign more of these free trade agreements, which the President is now negotiating with Central America and there have been several that have passed here in the last couple of years, Singapore, I forget there are so many, and there are more he is negotiating, now Morocco, I think, is ready, if we just say it is okay, *laissez faire*, or whatever the word is, I just do not see any end to it. There is no way we are going to compete.

I guess my question to the gentleman is, Is it really true a lot of these coun-

tries, the gentleman mentioned China, practice economic nationalism? They take advantage of these free trade agreements to either subsidize an industry or capture a market and we do not do anything of that sort? I wanted the gentleman to comment on that.

Mr. DEFAZIO. Well, Mr. Speaker, let us go to Europe, which is a higher cost competitor than the United States with all the social welfare and all the other programs over there. Airbus is now exceeding Boeing in terms of production. Now how can that be? Well, all of their costs of development are subsidized by the European consortium. If you buy an Airbus plane, they will throw in goodies. Buy an Airbus. Well, there are no slots to land at Heathrow. Buy an Airbus, we have a spot to land at Heathrow, prime time. Oh, okay.

So they use the laws and the rules of their own countries and the European Economic Union to further their own critical technology and high technology and high-value manufacturers like Airbus. Boeing is now going to China and Japan. It will not be long before we do not make planes in this country any more. Then what happens?

So they have a much more global view and long-term view of where they want to be positioned in the world economy, and we are just engaging in *laissez faire*, saying, no, our highest priority is the cheapest production of a good by the cheapest unit of labor somewhere out there, and we do not care what it does to our economy or the people at home because it is good for consumers. But, again, consumers are not able to consume much if they do not have jobs.

Mr. PALLONE. If the gentleman will continue to yield, Mr. Speaker, the reality is when we challenge the President, the gentleman from Oregon, myself, and others, and say, look, your economic report that came out essentially says that that is your policy, let the jobs go wherever they want, we do not care, whatever, this will save American consumers, the President and a lot of Republicans here in the House backed off from that and said, oh, no, we really do not mean that.

I think they realize if they say it the way we just did, which is essentially the way the economic report of the President said it, it is just not acceptable. Nobody buys that. Rationally you cannot sell that, so to speak, to the American people. So now they are backing off and saying we really did not mean outsourcing was good, but they have not changed their policy in any way. They are still trying to negotiate all these free trade agreements without any safeguards.

Mr. DEFAZIO. Right. They want to keep doing, in fact, more of the same thing, but they want to pretend they are doing something else. And then they come up with all sorts of words. Like I said, they banned the word outsourcing at the White House. Mr. Mankiw was taken to the woodshed and beaten severely for having been so

truthful about what they are doing. He is an academic; and he thought, well, I should put up the theory to show why it is what we are doing what we are doing. So they want to keep exporting America and our jobs and outsourcing, but they are going to call it something else.

I think it is particularly bizarre that their new manufacturing czar, who it took 6 months to find, is over in China and unavailable for comment because he is building a plant over there. That kind of goes to the issue too.

Mr. PALLONE. The amazing thing, too, is we saw a document yesterday, and I do not remember the name of it, but I will kind of summarize it, that basically showed that as far as the economy was concerned the stock market continues to go up, there is still a demand in the United States for manufactured goods, and so far the consumer spending is out there, people willing to spend money and buy things; but the big flaw in this economy and the reason why we are not doing that well economically is because of the loss of jobs.

So if we just managed to somehow practice, I call it economic nationalism, I do not know if that is the word, and say, okay, look, we are just not going to let all these jobs go overseas, we are going to be careful about it, we are going to demand that American companies hire people here, we may pass certain laws that make it more difficult for them to send jobs or production overseas, that probably the economy would be in pretty good shape. The jobs would be there.

It is not like we are a poor country. It is just that we are shipping everything overseas without any regard whatsoever for our own public.

Mr. DEFAZIO. In fact, the Bush administration said that the huge growth in the trade deficit, the \$43.1 billion last month, we are borrowing \$43.1 billion from overseas to finance our purchase of goods made overseas, putting people out of work here was showing that our economy was reviving. Well, wait a minute.

Mr. PALLONE. That is amazing.

Mr. DEFAZIO. What about jobs here? What about production here? They are happy with the way this is going.

Mr. PALLONE. The gentleman is exactly right. I have actually had discussions with Republican colleagues, and they have said to me, well, you act as if the economy is not doing well; and they point to all these indicators like the stock market and productivity and all these different things. And I just kind of stare at them and say, well, what does that matter if people do not have work, if people do not have jobs, if people do not have income? Ultimately, we will suffer, because if we do not have jobs, we will not be able to buy anything.

What was it Henry Ford said? I am not going to be able to build cars unless people can afford to buy them. It just seems like you cannot convince

the President or the Republican leadership that somehow the job problem is a problem. They do not buy into the idea that it is a problem, yet they will not admit that their policies are what they are. They just continue to say, well, this will solve itself somehow. This will come around and the jobs will be created.

The President keeps saying, well, we are going to create more jobs next month, and then the February report came out and said there were no new private sector jobs net resulting. So I am just sort of baffled. Because I go home and this is what people talk about to me, they talk about how they had an IT job and it went overseas. I talked to some physicians the other day who told me that now their x-rays are shipped overseas, and they have them back the next day.

The public just sees this gradual creeping up of every type of employment being lost overseas, and we just keep passing these free trade agreements. It is just very frustrating to me because I think that this issue has to be addressed. And it does not seem like it is that hard to address it, yet we do not see any effort on the part of the Bush administration to do anything about it.

Mr. DEFAZIO. Mr. Speaker, if I could, we are politicians talking. I was doing a round of town hall meetings in my district, and this is a pretty short letter so I would like to read it. Rayburn M. South, Oakland, Oregon, rural town in Oregon, and he wrote what he considered to be the State of the Union.

He said, I could not afford a new car. He is an older gentleman, does not have a large income, \$18,000 to \$20,000. I bought a used car and drove it home. Looking it over, it was made in Mexico, a Nissan. I had to buy a jack so I could service my car. Went to Sears, bought a Craftsman jack. Came home, unpacked it. Made in China. Then I needed a pair of shoes. Came home, looked at the bottom of the shoe. Made in China. Ran out of batteries for my light. Came home, took the paper off the batteries, maximum alkaline batteries. Made in China. Christmas came. Someone gave me a shirt. Cutting the tape out, one read "Made in China." Then my TV went on the blink. Looked around at TVs. Bought a good old RCA. I thought it was a good old American brand. Brought it home, unpacked it. Made in Mexico. Then I called my cousin in North Carolina. She was laid off. Her job went to Mexico. I called my other cousin in North Carolina. She is working 2 days a week. She does not know where her job is going. Seems like the people in China and Mexico are doing pretty good. We have a Congress, Senate, and President. Surely there is something you can do to help our people. Something stinks. Sincerely, Rayburn M. South, Oakland, Oregon.

He speaks with more wisdom than most of our colleagues here in Congress who are ignoring the reality of this

problem and just saying, oh, just hang in there, something will happen. Well, the something that is happening is really pretty bad.

As I think I said earlier, they told us if only the value of the dollar drops, our goods will become cheaper, and we will sell more abroad. The value of the dollar is down 35 percent, and yet the amount of goods that we imported is up over a year ago by \$5 billion, a deficit in goods. So how far does the dollar have to drop and what are the implications for the U.S. consumers and our standing in the world if the dollar gets into something like Argentina?

I spoke a couple of years ago to a couple of economists, and I said I am pretty worried. I look at Argentina, and I said, I think that used to be one of the wealthiest countries in this hemisphere. They have an educated populace and a lot of stuff going for them, and look. I said their economic collapse is extraordinary. I said, but when I look at where we are, their deficit in trade was less than ours as a percent of GDP and their foreign debt was obviously much, much lower than ours. We owe over \$2 trillion around the world because of these trade policies. I said, I think maybe we could become Argentina.

I said to these economists, I think this could happen in 5 or 8 years. And they sort of leaned over to one another and whispered; and then one of them said, no, no, no, it will take at least 10. But the response was not, no, we are not at risk of becoming Argentina; no, we are not hollowing out our wealth, our manufacturing, our future; no, we are not exporting new technology jobs; no, everything is going to work out. The response was, well, it will take a little longer than that to totally destroy our standing in the world and our economy.

That is a pretty alarming statement; but they said, oh, yeah, that is kind of the way things are going.

Mr. PALLONE. The other thing, Mr. Speaker, the gentleman has just pointed out, which is important, is that we do not have to accept what is happening. In other words, some people have said, okay, we have already signed some of these free trade agreements, they are in effect, the WTO is in effect, the U.S. is in it. But the bottom line, as the gentleman pointed out, is there is a lot we can do.

First of all, we can sort of review all these agreements. I think it was JOHN KERRY who said that once elected President that he would spend like the first 6 months reviewing all the existing free trade agreements to see to what extent they are harming the United States. And as the gentleman pointed out, the U.S. can file complaints with the WTO, can investigate how these other companies subsidize things and dump them in the United States. There are a lot of things we can do that this administration is not doing.

And most important, stop signing new free trade agreements with other

countries. Because I guess the majority of countries still do not have free trade agreements with the United States, and so simply not continue the policy until we review it and see how we can protect ourselves.

Mr. DEFAZIO. Oh, Mr. Speaker, my colleague just used a bad word. Protect. We should protect the American standard of living? We do not want to become protectionists. That is what this administration would say.

I agree with my colleague. There is something at risk here. I think we are in an economic war, as I said earlier. I think we need to protect ourselves and maybe fight back. And this administration is choosing not to do that because there are a few people here in this country who are accumulating just fabulous wealth by outsourcing, by moving jobs and production overseas, producing goods much more cheaply. They are selling them at roughly the same price back here in the United States, but the profit margin is a lot larger.

I noticed a number of years ago when we could still buy shirts made in America. I think that is probably something we cannot do any more. But I used to go through the labels looking for them, and 5 or 8 years ago I could still find some. I would notice they were right on the rack next to shirts made in Bangladesh or somewhere else, and they were all the same price.

The Bangladesh shirt did not sell for 15 cents. It sold for \$25. The U.S.-made shirt sold for \$25. The person who made the U.S. shirt made enough money to raise a family, buy a home, be a productive citizen in our economy and live a good life. The Bangladeshi was earning less than a dollar a day, very often child labor or whatever else, but they sold for the same price.

That is what is going on now, except now there is this new spin where the Bush people say they want a level playing field. And if their level playing field does not bring other people up, which they are indicating they have no intention of forcing, then what they are saying is they are expecting Americans to come down, as the CEO of Intel said. If people want to compete, they have to look at competing with engineers from Russia who earn \$5,000 a year.

Mr. PALLONE. It is just amazing. I was at a clothing store for kids with my wife buying some things for the kids, and I searched throughout and I think I counted 50 countries that were on the labels, and the only thing I could find that was made in the United States were some socks. And then another day I was at Cracker Barrel on the way back to New Jersey on 95, and I had to wait in line, so I just looked around to see if there was anything made in the U.S. I found one shawl, or something like that, that was made in North Carolina. A cotton shawl. That was the only thing in the place.

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As the gentleman said, they were certainly no more expensive than the

other things in the store. They looked like they were on the way out. Once they were sold, I felt like I was looking at the last item. My own town of Long Branch was a major textile center. My grandmothers on both sides both worked in textile factories and raised the kids that way.

The Bush administration does not do anything to try to promote American manufacturing or American jobs. They basically follow this policy that it is okay for everything to flow out of the country. It has got to stop. Maybe because they have refused to acknowledge that is their policy is something, but unless they actually change their policy in day-to-day operations, it is not going to make any difference.

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman. The implications are dire, not only for the standard of living of Americans, our productive capacity, our future standing in the world as a great power, but just one last item. During the war with Iraq, we used a lot of cruise missiles. There is a critical component of the cruise missile made in Europe, either Sweden or Switzerland make that component, and they refused to sell us any because they did not support the war.

What is going to happen in 10 years when China is looking at invading Taiwan or Mongolia for its resources, and the United States has to go to the Chinese and say can we buy some weapons from you because we think next year we are going to have to defend ourselves from you.

I do not understand the hawks around here who are blithely allowing this hollowing out of our wealth and capacity to happen. I know it is enriching the contributor class in this country, which has a lot of clout at the White House and in Congress; but it is very disturbing to me. There are so many reasons why Members should be appalled by the trade policy. The policy at the White House is to change the names, not the policy.

Mr. Speaker, I thank the gentleman for participating on this, and for all the time he spends on the floor on this and on so many other issues.

REVOLVING DOORS

The SPEAKER pro tempore (Mr. BRADLEY of New Hampshire). Under the Speaker's announced policy of January 7, 2003, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes.

Mr. PALLONE. Mr. Speaker, I do not plan to use the entire hour, but I did want to come to the floor tonight to discuss a troubling issue that seems to be becoming more and more rampant within the Bush administration and within the back rooms of the Congressional Republican Caucus, and that is the revolving door of powerful lobbyists turning in their corporate lobbying cards in order to undermine the programs they are supposed to strengthen within the administration, a revolving

door where Republican congressional staffers leave Capitol Hill, but continue to advertise their relationship with their former Republican boss, relationships they claim can get their clients anything they want with Republican legislation.

Mr. Speaker, before I get into that discussion, I want to talk about another revolving door, this one at the White House and Camp David. Today the Associated Press reports that President Bush opened the White House and Camp David to dozens of overnight guests last year, including at least nine of his biggest campaign fund-raisers. According to the Associated Press, more than 270 people have stayed at the White House since President Bush took office with at least the same number spending the night at Camp David. The President appears to be opening the White House and Camp David to the highest bidders.

Members may remember the controversy surrounding President Clinton and how he allowed guests to spend the night in the Lincoln bedroom. Republicans came to the floor and were aghast at that. At the time, candidate Bush also expressed his outrage over what he said was happening at the White House. In fact, during a debate with Al Gore in 2000, then-candidate Bush stated, "I believe they have moved that sign 'The buck stops here' from the Oval Office desk to 'The buck stops here' on the Lincoln bedroom, and that is not good for the country."

Today, the Associated Press article clearly shows that President Bush has changed his tune. The story lists nine of Bush's biggest fund-raisers either sleeping over at the White House or at Camp David.

First, there is Mercer Reynolds, an Ohio financier, who is leading Bush's campaign fund-raising effort. He stayed at both the White House and Camp David. Then there was Brad Freeman, a venture capitalist who is leading Bush's California fund-raising effort, and he has raised at least \$200,000 for President Bush's re-election campaign. Freeman also stayed overnight at the White House.

Then there is William DeWitt, who also raised at least \$200,000, and who also spent the night at the White House. The list continues. I do not want to take up my whole hour, so I am not going to go over the whole list.

Over the last 3 years, the President's credibility has been tested from creating jobs to the issue of whether or not Iraq had weapons of mass destruction; and now we learn that President Bush, who sharply criticized President Clinton's actions in allowing people to stay overnight in the Lincoln bedroom, is doing exactly the same thing. Nine of his largest contributors have spent the night at the White House or Camp David. As a candidate, Bush criticized these same actions.

Mr. Speaker, the door at both Camp David and the White House continues revolving with President Bush's cam-

aign contributors coming in and out. And as President Bush said, the buck does not stop at his desk. The buck stops with these campaign contributors as the President opens the White House and Camp David to the highest bidder.

Mr. Speaker, since President Bush entered the White House more than 3 years ago, the buck has also been passed to administrators who have acted in the best interests of the corporate interest rather than the best interest of the American people. On Valentine's Day, the gentleman from California (Mr. GEORGE MILLER), who is the co-chair of the Democratic Policy Committee, released a 21-page report that was titled "How the Republicans Have Turn the Government Over to Special Interests." In the report of the gentleman from California (Mr. GEORGE MILLER) he stated, "Pick almost any issue of public concern, water quality, food safety, defense contracts, pension security or health insurance, and you will find that at every level of the Bush administration, powerful roles and key agencies have been turned over to industry advocates who in many cases have long opposed the very programs they are now charged with implementing."

Imagine that, the Bush administration has appointed former industry officials to run national programs that they oppose. Let me give a few examples from the report of the gentleman from California (Mr. GEORGE MILLER).

The first one I would like to mention is when President Bush appointed David Lauriski, the Assistant Secretary for Mine Health and Safety at the Department of Labor. Lauriski's background was 30 years in the coal industry. No wonder last June Lauriski's department issued controversial industry-friendly regulations that would cut down the amount of coal dust testing in mines. In addition to promoting industry-friendly regulations at the expense of miners' health, the report cites a whistle-blower in Lauriski's department who alleged in a complaint that Lauriski awarded no-bid contracts to former business associates and friends and that he pressured investigators to approve an inaccurate report on the devastating coal slurry spill in Kentucky. This is the guy that President Bush appointed to supposedly ensure that miners working in coal mines around our Nation are safe.

Another example from the report of the gentleman from California (Mr. GEORGE MILLER) is when President Bush appointed William Hansen as the Deputy Secretary of Education where he was in charge of, among other things, overseeing the department's direct college loan program which competes with private lenders. You ask where was William Hansen before he joined the Bush administration. Well, Hansen served as CEO of a trade group representing private lenders, and he founded a PAC that gave contributions to Federal candidates who favored private lenders over the department's direct loan program.