

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

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

IRAQ

Mr. LYNCH. Mr. Speaker, I ask unanimous consent that I be allowed to speak out of order.

The SPEAKER pro tempore. Without objection, the gentleman from Massachusetts is recognized for 5 minutes.

There was no objection.

Mr. LYNCH. Mr. Speaker, lately it seems that the national debate over the next move in Iraq has become bogged down in a way that really reflects the military struggle itself. The administration has dug in, believing that simply staying the course, we can simply outlast the military insurgency.

Conversely, there are some in my party who, angered understandably by war under false pretenses, are seeking a pell-mell evacuation complete with a publicly announced evacuation date, which I think makes the withdrawal of 136,000 troops more dangerous and more difficult.

But, Mr. Speaker, drawing upon the lessons of history, I would like to propose a third way: creating a mechanism to more effectively empower the new elected Iraqi Government, which will allow for a gradual but permanent U.S. troop reduction.

Mr. Speaker, I would like to take a moment to talk about a process that we went through in my office after five visits to Iraq to try to find a model that would allow us to shift the governmental operations in Iraq away from the U.S. military and to their new government. And the example that we came up with, that has been used by this government in the past, is actually the model that was developed during the Second World War.

In 1944, after driving Japanese forces from the Philippines with the help of the Filipino resistance, the United States military, like today in Iraq, found itself in complete control of the Philippines, over 7,000 islands. It found itself in complete control of the basic services that government would provide in the Philippines. And because of the recent occupation by Japanese forces, there was no incumbent government in the Philippines that could take the responsibilities for these government operations.

So, by default, the U.S. military took over these government operations; and while U.S. policy at the time strongly supported Filipino independence, the military had no choice but to temporarily exercise control under the fragile circumstances.

Clearly, that situation could not endure indefinitely. And what Congress did next, in 1944, under the tutelage of John W. McCormack and the Franklin

Delano Roosevelt administration, and later the Truman administration supported, was instructive and I think worth repeating.

In 1944, this Congress passed and the President signed the Filipino Rehabilitation Act, which created a national commission comprised of three appointees each from the White House, the Senate, and the House, and their mission was to plan and coordinate and oversee the transition of government operations away from the U.S. military and over to the newly forming Filipino government.

Of course, there are certain arguable differences between the situation in the Philippines in 1944 and Iraq in 2006. However, after my five visits to Iraq and dozens of meetings with General George Casey and top generals in his office and in the field, as well as Iraqi President Jalal Talabani and members of the Iraqi Council of Representatives, I believe the critical weakness in our current strategy is this persistent inability to empower the new Iraqi Government.

With this in mind, I recently introduced the Iraq Transition Act of 2006, H.R. 5716, drawing from the Philippines model. And I give credit to those in 1944 who devised this. This is not original thought; this is borrowed from their example.

I have proposed the establishment of a national bipartisan commission comprised of appointees, again from the White House, the Senate, and this House, whose specific and targeted purpose would be to help facilitate the orderly, deliberate, and expeditious transition from U.S. military control to Iraqi civilian control of operations of government in Iraq. It is important to remember that the transition to civilian control in Iraq is a political process, and while I have many times witnessed the excellence with which our military has performed in Iraq, I also believe it is a strategic disservice to the military for us to add political reconciliation to the massive burdens of security and reconstruction that they are now shouldering.

Simply put, the newly created Commission on Iraqi Transition would be held directly responsible for working with the military leadership and the Department of State to accomplish the transition to Iraqi civilian control of government operations in Iraq and to regularly report its progress to the Congress, the President, and the American people.

While this approach may not satisfy the "stay the course" advocates or those who would prefer to announce a specific date for withdrawal, I believe it offers a responsible and workable plan for two important reasons.

In closing, firstly, this bill introduces a level of direct accountability to the political transition process that does not now exist and has made measuring progress extremely difficult. And secondly and lastly, it has precedent and success to support it and offers the best

opportunity for the earliest withdrawal of U.S. forces, while leaving the Iraqi people with the greatest chance for preserving their newly found democracy.

I look forward to working with my colleagues.

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

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

TRADE BALANCING ACT OF 2006

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, newspapers across the world today carry the story that China has hit a new record in terms of its exports to countries like the United States. Surges in exports all over the world demonstrate that since last year, the Chinese have actually increased their exports by over 25 percent, and since the beginning of this year by 55 percent.

Truly, this Nation is the dump market of the world. We are absorbing everybody else's imports, and nations like China are not taking as many exports as they could from us in order that we have a balanced trade account. Newspapers like the Toronto Star indicate that this new record surpasses the record that was set last month in May.

As you think about the outsourcing of jobs in the United States of America, going to Mexico, going to China, it is very interesting that the United States is cashing itself out in order to float its currency and its borrowings during this period of time when the Bush administration and its allies here in the Congress are driving us into deeper and deeper debt, more and more borrowing. This is a reciprocal of that kind of phony economy here at home.

In China, even the Chinese admit that that country needs to rely more on domestic demand, selling things inside their own country rather than exporting everything to the United States. And if China's industrial boom, and they grew about 10 percent since the beginning of this year, is to be sustained, they have to start selling to their own people.

Years ago, they said the answer to the trade issues with the Asian countries, the Asian tigers, is to manipulate the currency rate. So you hear a lot of discussion in this country about the Treasury trying to rig the relationship between the yuan in China and the U.S. dollar. But the facts are that the United States is in a huge trade deficit with almost every other industrial country in the world, and we are having to borrow in order to float the borrowings that we are doing on the trade accounts in order to sustain the hollowing out of our economy.

Recently Maytag announced its closure in the State of Iowa. All the way back to when Goodyear first closed in Los Angeles, we have a reborn steel industry. Our steel industry was killed back in the 1980s, but guess what. It has been reborn all through foreign ownership. We don't even own it anymore.

Won't the American people recognize what is happening to the real wealth creation of this country?

I do not want America to be owned by transnational corporations that have no loyalty to the United States of America and the values for which we stand.

This is the latest example of why we never should have had permanent normal trade relations passed with China, because it only digs us deeper and deeper and deeper into debt. Our people do not have good middle-class jobs. They cannot hang on to their pensions. Their health benefits increase in cost. And we literally are making our children, as graduates of the colleges across this country, debtors, because we cannot even pay the educational bills of the next generation. What a sorry state to begin this new millennium and this 21st century here in the United States of America.

I am deeply distraught by these latest numbers from China, and surely, at a minimum, Members of Congress should sponsor my Trade Balancing Act of 2006, which basically says to any Presidential administration, if we have more than \$10 billion of debt in trade with any nation in the world, we ought to go back and figure out why we do and then renegotiate those trade agreements.

We cannot depend on fiddling around with currency manipulation because they told us if we did that with Japan back in the 1980s, our accounts would just look terrific. If the dollar and the yen came into balance, the trade accounts would heal. But guess what. They never did because you know why? Japan never opened its market to our goods. And neither will China. So you have to deal with the Asian tigers in a different way.

Surely, surely this should be a wake-up call to the American people. Surely, surely this should be a wake-up call to the Members of this Congress who could change the trade laws of this country in order to create a balanced trading environment, a level playing field where our businesses, where our workers, where our communities have a chance to compete again.

Mr. Speaker, I will include in the RECORD this article from the Toronto Star, the title of which is "China's Trade Surplus Hits New High."

And I would have to say as it hits a new high, America's economy hits a new low here at home.

[From the Toronto Star, July 11, 2006]

CHINA'S TRADE SURPLUS HITS NEW HIGH
(By Elaine Kurtenbach)

SHANGHAI—Month after month, China's export-driven economy pushes its trade surplus with the rest of the world to new heights.

June was no exception. Yesterday, China reported that its global trade surplus rose to a record monthly high of \$14.5 billion (U.S.), after a record \$13 billion surplus in May.

The data from China's Commerce Ministry is sure to raise the likelihood of more tension over Beijing's currency controls, especially with the U.S., which is one of China's \$202 billion in 2005, has fanned antagonism over the persistent imbalance between the two countries. That figure is bigger than China's global trade gap because China has trade deficits with some nations.

June's increase raised the trade surplus for the first half of the year to \$61.5 billion, a 55 per cent jump over last year's first-half surplus of \$39.7 billion.

The surge in exports also has worried China's economic planners, who say the country needs to rely more on domestic demand than on exports and investment to fuel growth if its industrial boom is to be sustained.

The economy grew at an annual rate of 10.3 per cent in the first quarter of the year. First-half figures have yet to be released but state media reports, citing authoritative government officials, have said it likely would remain at about 10 per cent.

But he added "these numbers suggest that the PBOC is fighting back effectively."

The latest trade figures were likely to ratchet up complaints over China's currency controls, which its trading partners say keep the value of the yuan artificially low, making the country's exports cheap in overseas markets.

China still limits daily movement in the yuan's value to just 0.3 per cent above and below its daily official rate. Chinese officials have pledged to make trading more flexible, but have shied away from setting a timetable.

In the meantime, the yuan has risen about 1.5 per cent since it was revalued by 2.1 per cent against the dollar to 8.11 yuan per dollar.

THE FEDERAL DEFICIT

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

Mr. EMANUEL. Mr. Speaker, with very much fanfare yesterday, the President held a press conference to claim vindication for his economic stewardship and his fiscal policies. He announced, and I just now calmed down, that the United States Government would only have a \$3 billion Federal deficit for the fiscal year 2006.

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By this administration's standards, this qualifies as a monumental achievement? \$300 billion deficit and the President wanted applause for what he had done because after creating the three largest deficits in history, you are making progress if you do not set any standards or any records.

This time it is only the fourth largest deficit ever in the United States. In the Nation's capital, the President's budget is becoming known as the "World of Diminished Expectations." Let us go back a little.

In 2001, President Bush inherited a surplus of \$284 billion, and it was predicted by the year 2006 we would have a surplus of \$516 billion, and they are only off by \$800 billion. By Washing-

ton's standards, that is just a rounding error. So it makes sense to put away the champagne glasses for a while.

In addition to celebrating the fourth highest deficit ever, the President touted the significance of his tax increases. What he did not know is, in his administration, we have added \$3 trillion to the Nation's debt, \$3 trillion in 5 years, the largest increase in the Nation's debt in the shortest period of time ever in American history, \$3 trillion, and on the present course, with Iraq spending and spending by the Federal Government and the revenue structure, we are on course to add another \$1 trillion in 5 years.

Now, here is what Greg Mankiw, the President's former Chief Economic Adviser, said about the President's claim that his tax cuts can be paid for and actually help on the economy: "There is no credible evidence" that "tax revenues rise in the face of lower tax rates." That is the President's own economic adviser. He went on to compare an economist who says that tax cuts can pay for themselves to a "snake oil salesman trying to sell a miracle cure."

The Economist magazine recently wrote, "Even by the standards of political boosterism, this is extraordinary. No serious economist believes President Bush's tax cuts will pay for themselves."

Not only have they not paid for themselves, they have left a huge burden on the middle class families and their children for generations to come to pay for.

Let us look at what is also happening in the President's economic stewardship.

In July of 2001, 5 years ago, under President Bush gas was \$1.33 a gallon. Today, in Chicago, my district, it is \$3.40. It has more than doubled. Health care costs have gone up 73 percent in premiums to \$11,000 a year for a family of four. College costs for a 4-year college education at a public school is up 38 percent. And incomes, the median income in this country has declined 2.3 percent.

So while college costs have gone up, energy costs have gone up, health care costs have gone up, the savings rates in this country are down in negative territory for the first time since World War II. Median incomes are flat, and the President wants your applause for a \$300 billion deficit because it is so good.

So while the prices have spiraled out of control for middle class families and the standard of living is coming under increasing pressure from the global economy, energy costs, health care costs, college costs, savings rates, incomes have not gone up, in fact they are flat to declining. The American people need a raise. It is that simple.

Now, the well-to-do are doing well. It is time we make sure that this government is working on behalf of the American people, not the American people working on behalf of their government.