

between the parties in the Mideast if that shrine had been permanently damaged. So this is good news.

At the same time, of course, we should not overstate it as an event. Clearly, there is much still happening in the Mideast. Israel, in exercising its rights, will probably proceed to take further action to try to find the people who are responsible for the terrible suicide bombing that occurred just a few days ago. There may be a military action in Gaza. At least that is what is being represented. I think we as a culture—our country—have to decide how we are going to deal with this situation.

The President has made it very clear that as a result of the terrorist attacks on our Nation, we intend to track down terrorists wherever they are and we intend to bring them to justice. In addition, if there is a government that supports those terrorists, we intend to treat that government as an enemy and bring it to justice, as we did in Afghanistan. I believe this to be the absolutely appropriate authority. This is the Bush doctrine. This is the guideline that we must follow. We are in a fight, whether we like it or not, for our cultural survival, for our civilization and its survival.

The purpose of our enemy is not to take real estate or take advantage of real estate or take advantage of economic gain, as has been the tradition of war over the centuries. The purpose of our enemy is to simply kill us because we are American. In fact, if you read the books of Osama bin Laden and of Mulla Muhammad Omar, you see this all the time. The quotes simply say they call on their followers to kill Americans because they are Americans, and for no other reason, and to destroy us. That is their goal.

Well, if the Bush doctrine states clearly and appropriately that our purpose is to find terrorists and bring them to justice, and to treat terrorist governments as if they are our enemy and bring those governments down, then we cannot say to Israel that they should not follow that doctrine. Israel is equally under a terrorist attack—in fact, in many ways, more so because they are more threatened because of their physical situation.

As the suicide bombers continue to kill innocent people and cause great personal injury and try to disrupt the Nation of Israel, which is a democracy and which is an ally, we as a nation must support Israel and say: You have the right, as we also believe we have the right, to pursue these terrorists and bring them to justice and pursue governments that support these terrorists and bring them to justice.

It is very clear—I do not think there can be any question about it—that the Palestinian Authority has been a source of support for terrorist activity. We need to support Israel at this time as we would expect our allies and have expected our allies to support us during our difficult time.

It does mean there probably will be further confrontations, but it also means that at least we will be standing for a purpose which is clear and definable and which is true and correct, and that is we will not tolerate terrorism against our country or against our allies.

#### TRADE

Mr. GREGG. Madam President, last night an agreement was reached on this trade promotion authority, on the trade adjustment language, and the Andean trade agreement, three bills which have been bundled by the majority leader—there is a fourth one, the general tariffs agreement—that we have been trying to work through as a body. Last night, I understand the parties negotiated a comprehensive settlement to these issues involving trade and trade adjustment.

Trade promotion authority is very important legislation. We as a nation, and States such as New Hampshire specifically—and States such as the Presiding Officer's State especially—depend inordinately on our capacity to have free trade with other countries because our States, our culture has its competitive edge not in some material or commodity we produce, such as an agricultural good or oil; our economic advantage in New Hampshire is that we have people who are very bright and produce goods that are on the cutting edge.

Unfortunately, in the international economy, when you are producing cutting-edge goods, there is a tendency of other nations that cannot keep up to block those goods from coming into their country.

It always works to our advantage to open up a country's trade with us because the goods which we produce—which are on the cutting edge, which are the next generation, and always a step ahead of their competition—become available for sale in that country where we have opened barriers.

In New Hampshire, for example, almost 30 percent of the jobs are tied directly to products which are produced and sold overseas. So trade promotion authority—which is basically a vehicle to allow the administration to negotiate trade agreements, almost all of which, I presume, will allow us to enter other markets—trade promotion authority is very important legislation. This Congress has passed it year in and year out—for many years. In fact, I voted for it innumerable times when I was in the House and even had a chance to vote for it in the Senate.

Unfortunately, in the last few years, it has become tied up with other issues, but I do believe there has always been a strong bipartisan consensus to give the President trade promotion authority.

Unfortunately, as I mentioned, we have now attached to trade promotion authority other issues because people realized around here that if there is a

train leaving the station and you can put something on it, the odds are you are going to be able to pass it. These are items which might not pass under a freestanding situation. That is unfortunate because trade promotion is so important. It should not be thrown into this type of a bundle. It should be voted on separately. But the majority leader decided to bundle it.

In that bundle he has put some things which I find to have serious problems, specifically the trade adjustment language and the expansion of the entitlements under the trade adjustment language.

There are two major initiatives in this proposal which are going to significantly expand direct costs and burdens on the taxpayers of America and will open the door to policy activity in an arbitrary way, and we cannot see the unintended consequences yet, which I think are going to be significant and extraordinarily expensive.

The trade adjustment bill, which is not involved in negotiating treaties, the purpose of which is to assist people whose jobs have been impacted as a result of trade activity—in other words, if you worked for a textile mill in New Hampshire maybe 20 years ago, and that textile mill was put out of business because of trade activity, because of low-cost cotton goods coming into the country—in fact, it happened even more recently than that. There are a couple companies in the western part of New Hampshire that have gone out of business in recent years as a result of trade activity. If you work for that type of company, under the trade adjustment authority, you would have certain benefits accrued to you in the areas of training and unemployment compensation so you can have an opportunity to get back into the workforce more quickly and be less impacted by that trade activity.

What is being proposed in this bill, however, is a significant expansion to benefit those people—well-intentioned, obviously—who have been dislocated as a result of trade activities, specifically the expansion of health care coverage and a wage supplement should they not take a different job. Let's talk about both of these.

Madam President, the health care benefit means if you lose your job and it is designated a job loss as a result of trade activity, you will be able to get health insurance. Seventy percent of the cost of that will be paid by the Federal Government. You will be out of work, but you will be able to get health insurance. You will have to buy it through a pooling agreement. You will not be able to go out on the market and buy it. You will have to buy it through a pooling agreement, and you will be reimbursed through what is called a refundable tax credit. It is a tax benefit, a payment which amounts to an entitlement payment and really is not tax related at all. You will get this money and be able to buy through this pooling agreement, theoretically

at least, health insurance. It might not be the health insurance you want, but you can buy it and get 70-percent support for it.

What is the problem with that? It sounds pretty good. Yes, it is pretty good, obviously. What does it do? It does a couple of things. First, if you are working today in America, you may not have health insurance. You are paying taxes, but you may not have health insurance. There may be a variety of reasons you do not have health insurance.

This bill says a person who is unemployed has a right to have their health insurance underwritten to the extent of 70 percent of its cost, but a person who is employed and may not have health insurance does not get health insurance. That clearly creates a huge inequity in our system.

It is a new concept: If you are unemployed, you have a right to health insurance. But if you are employed and you do not have health insurance, you are out of luck.

The implications of this are that either you are going to start covering everybody because, obviously, you are already covering the unemployed or you are going to leave a large segment of America saying: Hey, I am working for a living; I am paying taxes for a living; I do not have health insurance, but I have to pay extra taxes so that somebody who is not working can have health insurance.

I think that is going to be hard to swallow for people who are working and do not have health insurance.

In addition, the structure and the way the health insurance is going to be purchased make very little sense. The pooling agreements do not exist. In fact, the State that is probably furthest ahead in pooling agreements is New Hampshire, and we do not even have it up and running yet.

The concept that one cannot go out in the marketplace and buy it if they want, that one has to buy it through some sort of structured event which may mean they are going to get insurance they do not need, coverage they do not need, costs they do not need, probably get a lot better deal maybe if they go out and buy it through a different system, the limitation which basically is forcing them to buy it in one specific way versus allowing them to use the marketplace, completely makes no sense. If this is going to be done, which to begin with is to create a major new entitlement, then it ought to at least be done in a way that makes economic sense to the person who is getting the benefit and makes sense to the insurance market so that a healthier insurance market is made rather than a less healthy insurance market.

In this proposal, it will not be positive for health insurance for energizing better coverage. There is a major new entitlement being created under this bill, which is being created in back rooms somewhere, which has never

really gone through the light of day of the committee process and which has very little to do with trade—in fact, nothing to do with trade, for that matter—and is opening the door to a huge new issue of how we deliver health care coverage in this country.

As a result, it is setting down a path which we may not be able to get off and which may basically lead to a massive expansion along the lines of what was proposed by President Clinton of the way we address health care in this country, which is essentially a nationalization system. I do not think that is too far fetched a step to take. This is more than just putting your toe in the water as to moving down that road. When we start insuring people who do not have jobs and give them health insurance when there are people who do have jobs who do not have health insurance, it is going to be incredibly expensive. Who pays in the end? Well, the money we use in the Federal Government does not come from the sky. It comes from the wage earner. It comes from people who have to pay taxes.

This is a huge, brandnew entitlement being put together in the middle of the night—this one especially in the middle of the night—which has not been properly vetted and which has significant issues surrounding it.

The second concept in this bill which raises very serious public policy questions is this idea the Federal Government is going to come in and say to somebody who has lost a job as a result of trade activity that if that person goes out and finds a job that does not pay them as much as they had in the job they lost as a result of trade activity, the Federal Government is going to come in and arbitrarily pay a portion of the difference between what that person earned under their job prior to the trade activity and the job after the trade activity.

The ACTING PRESIDENT pro tempore. The Senator's 10 minutes have expired.

Mr. GREGG. I ask unanimous consent to proceed for another 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GREGG. I appreciate the courtesy of the Senator from Missouri.

What is the practical effect? Let's take an example. If someone is working, for example, for a steel company, which is an example that is fairly current considering the discussions, and they were being paid labor union wages at a very high rate—let's say they were making \$40,000 a year, maybe more—and they lost their job allegedly because the steel was no longer competitive with the foreign steel that was coming in—there are a lot of factors that may have led to that, including the fact that wage rates were no longer competitive—and then they move out of that job and take another job—let's say they decide, well, I would like to teach; I have done steel for 20 years and I am tired of it; I want to do some-

thing else, maybe I want to go into teaching—and they get a teaching job at a private school, say a Catholic school that does not pay too much—it is more of a social service really—and they are getting paid \$20,000 to do that, the \$20,000 they are not making the Federal Government is going to come in and supplement and say, we are going to pay the difference or a portion of that difference.

Well, that creates all sorts of unintended consequences and adverse selection issues. I can see a lot of people saying, I am going to close my company down, claim the trade caused them to close their company down and they are going to go out and get another job which pays a lot less, which is a job they always wanted to have; they are tired of doing this job, and they will let the Government pay the difference.

The implications of this are absolutely staggering. One does not have to think too long to see what the implications are. And who is paying the cost? Where is this money coming from? The American wage earner, the people still working for a living, working hard, they have to pick up that difference. Essentially we are going to pay people not to be as productive as they were before, because in our society theoretically people are paid based on their productivity. The implications for our economy are significant; the implications for the Federal Treasury are significant; the implications for our taxpayers are significant. It is a public policy initiative of huge import, and maybe we want to do it, but I do not think we want to do it in the middle of the night the way this bill is proceeding.

The trade adjustment language in this bill raises very significant problems, and to hook it to the trade promotion authority raises the question: Is it worth the price of getting trade promotion authority to put in place these types of expansive public policy initiatives which involve huge implications on the expenditure side of our Government? That is a question with which the Senate has to deal.

Obviously, the Senate may be supportive of it, but it is a question with which we have to deal. I think it is a question we should vote on because it is way outside the budget and a point of order is appropriate to these two issues because they are outside the budget. We ought to at least have a supermajority addressing this issue rather than having it passed on a simple majority.

I thank the Chair, and I especially thank the Senator from Missouri for his courtesy.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Missouri.

Mr. BOND. Madam President, first, I support and second very strongly the comments made by my good friend and colleague from New Hampshire. I am a traditionalist, and I like to see things

come out of the committee because, frankly, committee work ensures there is full consideration of all the measures that come to the floor. We have seen leadership rewriting bills—the farm bill, the energy bill, the stimulus bill—and the products are not good.

What my colleague from New Hampshire has described seems to me not only a very expensive, very bad policy direction that has been taken on this trade adjustment assistance, it is beginning to smell to me like an effort to love it to death. I have been around legislative bodies long enough to know if one does not want to stand up and kill something, such as trade promotion, they do not want to come out and say, no, I am not for free trade, the best way to kill it is to put so much stuff on it that it sinks.

This was not done in committee. This was not done in the light of day, as the Senator from New Hampshire said. This was done behind the scenes. This was an effort to sabotage trade promotion. I hope this body will say no. Frankly, if it were to go to the President with all of this junk on it, I hope he would veto it and send it back.

We need trade promotion authority. We do not need a huge new socialistic program to have the Federal Government paying people's salaries when they are working. Trade adjustment assistance traditionally as we have had it, yes, it makes a lot of sense, but to have a whole new health care program, not going through the committee structure, a whole new income supplement program not fully considered, not aired out, put on this bill, I think is an outrage. I hope it does not take a supermajority to get this—or 41 votes to get it off.

I hope we have an up-or-down vote and the people who are really for trade promotion authority, the people who want to give our farmers the opportunity to produce and sell in the world market will stand up and say no, we need trade promotion authority clean, not with all of these love handles on it.

#### THE STATE OF SMALL BUSINESS

Mr. BOND. Madam President, I rise to report on the state of small business and share with my colleagues, staff, and our constituents some of the concerns in the small business communities. The President declared this week Small Business Week and we have had small business activities all week talking about wonderful entrepreneurs who are making the economy grow and providing jobs as well as strengthening their communities.

I don't think there is any question that small businesses are the foundation of our economy. They employ over half the private sector workforce. Two-thirds of all new jobs are created by small businesses. They constantly lead the way in innovative and creative solutions to the challenges that face us.

Some very large businesses, obviously, started as small businesses. Oth-

ers have chosen to remain small. This country's future will be determined by today's small businesses.

With so much at stake, we have adopted the policy in the Committee on Small Business of doing something that was not traditional prior to 1995 when we started going out and listening to the broad range of concerns of small business. I am proud to say on a bipartisan basis the Committee on Small Business over the last 7 years has not only listened to the needs of small business but done a very good job in responding to those needs. As the ranking member of the committee, I can say I have always learned when I have listened to the small businesses in my State and around the country.

There is something now they are discussing that has moved to the top of their concerns, moved to the top of the ladder. Small business concerns used to be regulatory issues, tax issues, bundling issues, availability of the SBA credit assistance. The issue driving small business owners and their employees nuts is the issue of the cost of health care. Small businesses are saying they cannot get the kind of health care for themselves and their employees and families that a large business or a union or a government can provide.

There are about 40 million people in this country without health insurance. We talk about that a lot. This is a serious concern. Madam President, 60 percent of those—24 million—are in the small business family. Of the 40 million without health insurance, 24 million are from small business. They are either workers in small business or members of the family of small business employees. Why? To a large extent in the past we have not given tax deductions for entrepreneurs, small business proprietors who buy health insurance for themselves.

I started that battle in 1995 and by 2003 we finally get 100-percent deductibility. Now the problem is the cost of health insurance. Many individuals who are among the employed but uninsured work for small businesses that would like to provide health insurance but can't because in some instances it is too expensive; in other instances they cannot bargain with and get the kind of benefits they need. They are not talking about lavish benefits.

We are trying to get basic health care for employees, their families, their children, mothers who need prenatal and postnatal care, children getting vaccinations. It does not matter how many mandates are passed regarding what States say to businesses, what they ought to do, health plans saying what they ought to do, or even a Patients' Bill of Rights. One basic right the small businesses don't have is the right to be able to purchase affordable health care.

It seems to me the only solution to help the employed but uninsured is to allow small businesses across the country to pool together and access health

insurance through their membership in a bona fide trade or professional organization. This should provide small businesses the same opportunities as other large insurance purchasers. The association health plans, or AHPs, would reduce cost, to spread the costs and risk, increase group bargaining power with large insurance companies, and generate more insurance options for small business.

The principle underpinning AHPs is simple, the same principle that makes it cheaper to buy a soda by the case than in individual cans. Bulk purchasing is why large companies and unions get better rates for employees and small business. It is time we bring the same kind of Fortune 500-style employee health care benefits to the Nation's Main Street small businesses and their employees.

AHPs are not a new idea. They have been talked about, argued about, compromised for almost a decade. During that period, what once was thought to be a manageable problem has become the crisis we have today. A bill has been introduced by my neighbor, my friend from Arkansas, Senator HUTCHINSON, that creates these AHPs. It is the Small Business Health Fairness Act of 2001. I cannot overstate the urgency of moving this legislation. The House has passed a similar bill. The President has strongly come out in support of AHPs. The President does not want small businesses to be health insurance islands under themselves. I agree. We must do this for small businesses, their employees, and their employees' families.

Also, it is important we go ahead and make permanent the tax cuts we provided last year. More than 21 million businesses filed tax returns as individuals. These are nonfarm, sole proprietorships, partnerships and S Corporations. They had receipts of less than \$1 million. And 92 percent of all small businesses under \$1 million are pass-through entities. The tax rate relief we gave last year means there will be more money to invest in the business, to invest in equipment, and to put more people to work. We need to make it permanent.

We are not talking about rich "fat cats" here. According to 1999 Census data, of the nearly 15 million full-time, self-employed people in 1999, median business earnings were \$30,000 and 38 percent of them earned between \$30,000 and \$75,000.

In addition, the former chief economist for the SBA's Office of Advocacy, testified last March before the Senate Finance Committee that "[e]very dollar of profit or tax relief tends to be reinvested in the [owner's] firm." With more of their tax dollars in hand, these small business owners will be able to reinvest in their businesses—purchase new and more efficient equipment. They will be able to expand their product lines and the services they render. And—most importantly—they will be able to continue creating more jobs in our home towns.