

price controls. This is perennial around here. A lot of folks believe that price ceilings for pharmaceuticals to be a feasible solution to the high costs that we experience with pharmaceuticals, but they never work.

Against the advice of economic advisers, including Nobel Prize-winning economist Milton Friedman, one President instituted a broad range of price controls in August of 1971; but many of the Members saw the PBS series "Commanding Heights" last year in which the author, Daniel Yergin, recalled "the public was convinced that food prices were going up," so the President "opted for wage and price controls. Voters liked the price controls, and the President was reelected in a landslide." Owing to that we can control prices but we cannot control the laws of supply and demand, the economy did not respond as the President hoped it would. Mr. Yergin said, "Right away, the economy went out of whack; people couldn't cover their costs. Ranchers stopped sending their cattle to market. Farmers started drowning their chickens. Instead of controlling inflation, they were controlling shortages."

To those old enough to remember 1971, remember those price ceilings? Lines for gas were all over the place for our cars. Black markets were started. New work started for organized crime. Shortages on grocery shelves. And prices still continued to rise, while just as the public clamored about too expensive food, some begged for more price controls.

Why do price controls not work? According to even a basic-level college text dealing with macroeconomics by Byrns and Stone, "price ceilings keep monetary prices from rising but not average opportunity costs . . . there will be excess demand (or shortages). But price ceilings keep prices down, do not they? Unfortunately, the answer is NO!" This is from a basic text in all of our college economic courses.

The people who most value a good or service and are willing to pay an extra dollar in nonprice resources, such as waiting time, lobbying efforts, bribery, or black market premium, will do so. Have the Members noticed that more than a few Canadians who live under a price-controlled health care system, if they need health care beyond their primary care, what do they do? They travel to the United States to get it because it is the best in the world. So the Members do not have to trust what I am saying today. Just read some of the basic text in our college economic courses.

But why is it that a majority of pharmaceutical innovation occurs in the United States? Because the free market offers a reward to undertaking that risk. How many blockbuster drugs has Canada invented lately? The National Taxpayers Union warns lawmakers "America is the world leader in the research and development that results in innovative lifesaving medications." For the United States to look to Can-

ada for "drugs at an artificial price set by some other country would be, quite simply, a way to rob the pharmaceutical companies of revenue needed to refund research. It is certainly cheap to manufacture pills if someone else supplies the research and development funding. On average, it costs the pharmaceutical companies over \$800 million and takes 12 years to bring a new drug to market. While countries like Canada may beckon to us with their centrally controlled drug prices, none of those types of countries can begin to approach the United States in the development of new, innovative drugs that can save millions of lives."

Citizens for a Sound Economy point out "prescription drug prices differ between nations based on a variety of factors, including per capita income and type of health care system" that is provided. Perhaps one of the reasons American seniors and disabled are looking at Canada's and Europe's ceiling-priced pharmaceuticals is because that is what they lack. We do not hear seniors asking for relief on the prices of outpatient visits or MRIs because they are not paying out of pocket themselves.

One more unique viewpoint, that of interfering with Americans' right to vote with their dollars: Americans for Tax Reform ponders how the "impact of Canadian subsidies on the U.S. market will affect American taxpayers. Government subsidies of any kind interfere with market forces to drive competition and innovation. Foreign subsidies usurp taxpayers' ability to affect democratically the prices of necessary medicines."

The solution is not for Congress to manipulate prices, but to expand coverage to Medicare beneficiaries, to expand private sector health insurance coverage to the uninsured. Price controls never work.

THE IRONY OF NO CHILD LEFT BEHIND

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Texas (Mr. BELL) is recognized during morning hour debates for 5 minutes.

Mr. BELL. Mr. Speaker, I rise today to talk about the irony of No Child Left Behind, a very popular phrase here in our Nation's Capitol. My colleagues on the other side of the aisle tout No Child Left Behind when in actuality they deliberately choose to leave millions of children behind.

President Bush signed a new law that would provide tax cuts of \$93,500 to the 200,000 taxpayers making over \$1 million. Let us go over that again: \$93,500 in tax cuts to the 200,000 taxpayers making over \$1 million. However, 53 percent of all taxpayers will get less than \$100 under the GOP tax cut, just another example of the administration choosing the wealthiest over America's working families. But as they used to say on the old television commercials,

but wait, there is more. What is even more egregious in this particular case is that the administration chose not to provide or increase the child tax credit to working families making between \$10,500 to \$26,625 per year. That is right. If they make \$10,500 to \$26,625 per year, they miss out on the child tax credit.

Mr. Speaker, Republicans in the other body dropped a provision added by Senator LINCOLN that would help nearly 12 million children and their families get such a tax credit. Out of that 12 million, a staggering 8 million received no child tax credit under the GOP law. Mr. Speaker, the Republican plan in no way, shape, or form protects the children that need it the most. Instead, the plan deliberately excludes these children. In actuality, the Republican plan should be called the "Plan to Leave Children Behind."

This is why I urge my colleagues to support H.R. 2286, the Rangel-Davis-DeLauro bill. I am proud to be a co-sponsor of this bill. It is a great start to preparing the damage inflicted by the administration's reckless and negligent tax package. H.R. 2286 would restore the child tax credit to families making minimum wage by providing greater tax relief to working families. Nineteen million children and their families would benefit from this bill. In fact, over 2 million children in my home State of Texas would benefit under the Rangel plan.

In addition to the child tax credit, H.R. 2286 would create more jobs. The provisions in this bill are key elements to the House Jobs and Economic Growth package and would create more than 1 million jobs without adding one penny to the deficit, welcome relief in a State like Texas where we are looking at our highest unemployment in 10 years, reaching close to 7 percent. Lastly, this bill has key elements that would ensure our brave men and women in uniform are not denied tax relief just because they are on active duty.

Mr. Speaker, I urge my colleagues to support H.R. 2286. This tax plan is fair. It helps America's economy, America's men and women in uniform, and it helps America's working families. Most importantly, it allows us to not just talk about it, but it allows us to actually leave no child behind.

INNOVATION, MANUFACTURING, AND JOBS

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized during morning hour debates for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I rise this morning to talk about the danger of losing good-paying jobs and our strong economy here in the United States.

Manufacturing has been America's economic strength. For 3 decades now, manufacturing productivity has increased more than any other sector of

our economy. The average manufacturing worker produces four times as much per hour as the average worker did 50 years ago. As a result, manufacturing has been one of the most important parts of the economy and has produced higher living standards for Americans as those products from American manufacturing have become cheaper and better and wages in manufacturing have risen. But now we are losing our manufacturing base as we tend to move towards a service economy.

With manufacturing suffering in recent years, other industries such as the service sector have offered alternative employment. The trouble is that manufacturing cannot be simply replaced by insurance companies or the legal profession or retail trades. There are only four economic sectors that generate material wealth. Only four. And they are agriculture, where they produce things; mining, where they produce things; manufacturing, where they produce things; or construction. And those are the four. Of those, only manufacturing is not limited by natural resources and is capable of export.

We need innovation to produce better products at competitive prices to regain our manufacturing leadership. We cannot pay American-level wages unless we can still be competitive. That means innovation for quality products and increased productivity. Innovation starts with basic research, followed by application and commercialization.

As chairman of the Subcommittee on Research under the Committee on Science, I am familiar with the government's efforts to find and promote basic research, mostly through the National Science Foundation. NSF has seen substantial increases in recent years, and we need to ensure that this money is spent in ways that research discoveries can have the greatest impact in terms of promoting innovation and practical application for United States businesses. The development of basic research for industrial use has generally been the province of businesses which undertake these efforts to create new products. Unfortunately, according to witnesses at a recent Committee on Science hearing, application is the hardest part. Companies facing intense competitive pressure find it difficult to set aside sufficient resources, money, to develop new products, especially if the results cannot be anticipated before 5 or 6 years. So we are having a gap. Government is now the substantial payer of basic research; and having that research with tech transfer and to apply that research for better and more products and efficient ways of manufacturing is what we are lacking.

Development also suffers from low prestige. The academic community and Federal grants generally reward those who seek knowledge for knowledge's sake rather than those who do the necessary development work. Some foreign countries spend their research dol-

lars monitoring our government funding basic research and then spend the rest of their government money to apply that research for commercial products ahead of our getting that application in the United States.

Another problem we face is the shortage of math and engineering talent. The United States has long lagged far behind other nations when it comes to producing top-notch engineering and research talent. Let me just give an example of China. China produces 10 times as many engineers as we do in the United States. This cannot continue if we expect to continue a strong economy in the United States. It cannot continue to go on without erosion of our international competitiveness. That is why I have pushed NSF to do a better job of promoting math and science careers to students. We need more capable math and science students for research and business and for our future.

In summary, Mr. Speaker, the decline in manufacturing employment is something that we ignore at our peril. Over the long term, we cannot hope to have a healthy and growing economy unless we make lots of tangible goods that people want to buy both in the U.S. and overseas markets. Government needs to support not only basic research but to provide incentives for American business to develop applications to ensure continued economic health.

IN SUPPORT OF THE CHILD TAX CREDIT

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Illinois (Mr. EMANUEL) is recognized during morning hour debates for 5 minutes.

Mr. EMANUEL. Mr. Speaker, yesterday's New York Times story ran a headline: "Iraqis Are Out of Jobs, But Pay Day Still Comes." With the administration's blessing, 200,000 Iraqis are receiving \$20 a day for no-show jobs. They do not work. They do not show up for work. They do not do any work. Twenty bucks a day. I come from Chicago, from Cook County. We like no-show jobs. We think that is a good thing. We built an entire political party on no-show jobs, not at 20 bucks a day; but for everybody's appreciation, in the last 2 months we have given Iraqi families nearly \$900. That is equal to the amount that we would pay for the child credit. So we are paying Iraqis and Iraqi families 900 bucks over the last 2 months, which is equal to what we are fighting over here, which I do not believe we need to fight here in the House since the Senate agreed 94 to 6 for the same amount of money. Yet somehow we said in Iraq if they do not work, if they do not show up for work, we will give them 20 bucks a day. It is a no-show job. It looks pretty good to me. But here if they work full time, trying to help their families, trying to raise their kids with the right values,

trying to provide them clothes for school, food for the summer, a camp, a program, YMCA, they are not part of the American family.

I want to tell the Members something. Here is an American official, a government official who said nobody is going to quibble about paying a few dollars into this economy.

I am going to quibble. I do not know whom he talks to. I do not know who is paying him except for all Americans, and he says nobody is going to quibble? But what we are quibbling about is whether the children of America, 12 million children, 6.5 million families, are going to get the same sense of value here in America that we are saying in Iraq that for 20 bucks a day they do not have to show up for work and we will pay them. But here if they show up for work, work hard and pay their taxes, they do not deserve a tax cut, that they are unappreciative.

Who are these children? They are America's children, and they have done right. Parents are trying to raise them with good values, trying to teach them right from wrong. And what do we do in Congress? We turn those values on their head. We turn those values upside down and say if they work full time trying to do right by their kids, they do not deserve a tax cut. We are going to treat Iraqis with a different sense of values, a different sense of appreciation.

Let us be clear about what this says about who we are. America's children. Enron in the last 4 out of 5 years had record profits, did not pay taxes 4 out of 5 years. They got breaks. WorldCom, \$12.5 billion in profits, 2 out of 3 years did not pay any taxes. They were big recipients of government contracts, yet did not pay taxes. We are paying their taxes. Tyco decided to move their address down to Bermuda, got a new ZIP code, new area code. \$600 million dollars in government taxes were not paid; yet they got benefits in government contracts. That is a form of corporate welfare. If they do not pay, if they do not work and they are a corporation, we take care of them. America's children, 12 million of them, we are not going to give them a tax cut.

Recently on a Friday, the unemployment rate hit 6.1 percent. When this President came to office, the unemployment rate was 4 percent. Nearly 3 million Americans have lost their jobs, and we have added \$3 trillion to the Nation's debt. What a deal, as we would say back in Chicago. \$3 trillion dollars added to the Nation's debt, and Americans are paying with their jobs.

I believe the Senate did right. They did right by our values as Americans; and I know people on the other side of the aisle. They are good people with good values, but those values that left the 12 million children on the floor while corporate interests were circling the conference room are not the values we came here to vote for. We all came not just to be a vote, but we came to be a voice for our values and the values