

American citizenship to become a citizen of the Bermuda, the next time their assets are threatened anywhere in the world through expropriation, have them call in the Bermudan Navy; see if there is a Bermudan destroyer to move into the region. I don't think so.

What I want is for this country to say, yes, we are the leader in expanded trade, and, yes, expanded trade helps all in the world—but only if it is done on a basis that is not a race to the bottom, and on the basis that it brings everybody up.

The White House doesn't want to talk about it. The President won't talk about it. Neither did President Clinton. The Congress doesn't want to deal with it. Why? Because the minute you do talk about this, they say, well, you are raising this trade issue, you are some sort of xenophobic isolationist stooge who doesn't get it, but we get it; we all see over the horizon. They say, you don't understand the global economy.

What I understand is that when last year we imported \$470 billion or more in goods than we sent out, this country is obligated to repay that at some point with a lower standard of living. You can argue that our budget deficit is money that we owe to ourselves. You cannot argue that with a trade deficit. A \$470 billion trade deficit means we owe that liability to those living outside this country, which gives them a claim on this country's assets and a claim on a lower standard of living in the future for American citizens.

We must get at the business of solving this problem. I am not saying we should put walls around our country. I want our marketplace to be reasonably open, but I want us to be a leader in developing the basic rules of trade that are fair to this country's interests.

That has not been the case, regrettably. I wish I didn't have to make this speech. I made it repeatedly during the Clinton administration, and I will probably make it during the Bush administration because trade deficits are consistently going one way, and that is up. Jobs are consistently going one way, and that is out.

We were told by the economists in support of those who wanted NAFTA passed—and I voted against it—that what we will get from Mexico under NAFTA is the product of low-skilled labor. Do you know what we get from Mexico now, with the big trade deficit we have with them? We get the product of high-skilled labor. The three largest imports from Mexico are the products of high-skilled, not low-skilled labor: automobiles, automobile parts, electronics. They are all products of high-skilled labor. This is exactly the opposite of what economists and politicians said who pushed this fast-track NAFTA onto this Congress.

What we are doing now, having passed fast track over my objection in recent months, is once again negotiating new trade agreements. When those agreements come back to Congress, nobody in Congress will have any

opportunity to offer even one amendment to change an obvious problem in the trade agreement. I think that shortchanges this country. I hope very much the trade ambassador, for whom I have a lot of respect, but a great deal of disagreement with—I hope he and others in this town will understand, including my colleagues, that this is a very serious abiding problem for this country. We cannot ignore it.

This country ignores this growing trade deficit of nearly \$1.5 billion a day, 7 days a week, at its own peril. We must solve this problem, and the sooner the better.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

#### AMERICA'S TRADE DEFICIT

Mr. HOLLINGS. Mr. President, I thank our colleague from North Dakota because his words are music to my ears. He is a student of competition. He knows there is no such thing as free trade. It is only competitive trade. Every nation necessarily tries to build up its manufacturing, its production, its economic strength not only in finished products, but in agriculture.

The significance of the words of our distinguished colleague, Senator DORGAN, is that he is an agricultural Senator. For years, I have been trying, with the textile industry in my home State, to get some awareness of the fair competition in our textile industry, which is the most productive in the entire world. But since NAFTA, we have lost 58,100 jobs. As we have passed textile bills through the Senate over the past almost 37 years that I have been here, it has been the airline/aircraft industry that has been so strong. Well, Boeing is finally joining me. They have 7½-percent unemployment up in Seattle, WA, and Boeing is manufacturing in China. And our \$435 billion trade deficit also includes a deficit in agriculture. No one has been a better protector of the interests of agriculture than the distinguished Presiding Officer.

It is only the second time in our history that we have a deficit in the balance of trade in farm products. That is not news to this Senator from South Carolina. I remembered when we finally, just in the last few years, got a deficit in the balance of trade in cotton with China. So I understand it is going to all agricultural products.

We have the facts and figures. I am ready to join in the debate for us to start treating foreign trade as foreign aid. It was good that the Marshall plan worked, but now we have to rebuild our economy, and that is a very important problem.

But there is one more important thing, and that is this war in Iraq. What we are saying—and I talk advisedly—to that GI is this: Look, we want you to go into Iraq and we hope you come back home safely. The reason we want him or her to come back safely is not for their welfare, but for our welfare. We want them to come back

because we are going to give them the bill. My generation is not going to pay for it. The fellow fighting the war is going to have to pay for the war.

For the first time in the history of wars in the United States of America, we said the Army is going to war, but the country is not. The President is not going. The Congress is not going. Oh, we are going to wear that flag on our lapels. Yes, we are patriotic and we will give you patriotic talk anytime you want it.

But as far as actual support, let's find out what the record shows because I had to listen to Bob Novak, the distinguished columnist on TV, the other night when he said: How are we going to pay for it? Just like we did in Vietnam. We borrowed the money.

No, sir, we paid for Vietnam. I was in the room with George Mahone, chairman of the Appropriations Committee. We called over to Marvin Watson and said: Ask the President if we can cut another \$5 billion. He said cut it. Why? Because the President of the United States was very sensitive about guns and butter. He wanted to pay for both, and President Lyndon Baines Johnson paid for both. That is the last time we had a balanced budget in the history of this particular Senator being up here—back in 1968. Yes, we paid for guns and butter in Vietnam under President Johnson.

Let's go back to the Civil War.

I was amazed that President Abraham Lincoln instituted not only the income tax to pay for the Civil War, he instituted a tax on dividends. They have the unmitigated gall to say what we need now is a cut of all taxes on dividends when they were giving TRENT LOTT the bum's rush. The party of Lincoln, the party of Lincoln; that is all I heard on my TV at home. Where is Abraham Lincoln when we need him? He taxed dividends and instituted the income tax in 1861. They had to repeal it—they said it was unconstitutional—by 1870, but they paid for that war. They sacrificed.

When you have a mutual sacrifice, then we are all committed. I believe the country is going to war in Iraq, not just the army. I want to pay for it. I put in a 1-percent value-added tax to pay for that war, and I can't get a hearing before the Finance Committee.

I had a hearing before the Finance Committee when Lloyd Bentsen was the chairman. I brought in Dr. Cnossen, the expert who not only instituted that plan in Japan, the United Kingdom, and Canada, but knew all the ins and outs. He was my expert. He testified. As we were leaving the Dirksen Building that day, former Senator John Chafee turned to Chairman Bentsen and said: If we had a secret ballot, we would vote that matter out of the Finance Committee unanimously because we were beginning to run into these astronomical deficits as a result of voodoo 1 under President Ronald Reagan.

In World War I, we raised taxes to pay for the war. During World War II,

we had a marginal tax rate of 94 percent to pay for it. In the Korean war, we had a marginal rate of 91 percent. In Vietnam, we had a 77 percent rate. So we paid for wars. But not this Congress; no, no, we are not going to go. That is their war. I do not know whether it is for oil, for democracy, whatever the arguments—get rid of Saddam—but one thing is positive, I say to the Senator from Alabama, this Congress is not going to go. We are going to give the bills to the poor GI who fights the war. I think it is a dirty shame. It is an embarrassment to me that I cannot even get a hearing and nobody to even talk about paying for the war.

This is a time of national sacrifice because it is a time of national commitment, but not a national commitment on the part of this particular war, I can tell you that now. I have a 1-percent tax proposed.

#### SOCIAL SECURITY

Let me talk about our friend, Alan Greenspan, the Chairman of the Federal Reserve. He came out last week and suggested Congress consider switching to an inflation measurement that would trim billions of dollars from all cost-of-living adjustments provided to the 46 million Social Security recipients.

He said:

Lawmakers should consider trimming the benefits, raising the retirement age, or other ideas before raising the payroll tax.

Chairman Greenspan also debunked the idea advanced by some conservatives that faster economic growth alone would be able to deal with the shortfalls in the Government's two biggest benefits.

He finally came out against this so-called voodoo or economic growth. The buzzword is growth. It is cut the taxes to grow the economy. We can only go back to what Mr. Greenspan said in 1983 in his annual report from the National Commission on Social Security Reform, section 21. I ask unanimous consent to print that section of the report in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### REPORT OF THE NATIONAL COMMISSION ON SOCIAL SECURITY REFORM—JANUARY 1983 SOCIAL SECURITY AND THE UNIFIED BUDGET

(21) A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI, and SMI Trust Funds should be removed from the unified budget. Some of those who do not support this recommendation believe that the situation would be adequately handled if the operations of the Social Security program were displayed within the present unified Federal budget as a separate budget function, apart from other income security programs.

Before fiscal year 1969, the operations of the Social Security trust funds were not included in the unified budget of the Federal Government, although they were made available publicly and were combined, for purposes of economic analysis, with the administrative budget in special summary tables included in the annual budget document. Beginning then, the operations of the Social Security trust funds were included in the

unified budget. In 1974, Congress implicitly approved the use of a unified budget by including Social Security trust fund operations in the annual budget process. Thus, in years when trust-fund income exceeded outgo, the result was a decrease in any general budget deficit that otherwise would have been shown—and vice versa.

The National Commission believes that changes in the Social Security program should be made only for programmatic reasons, and not for purposes of balancing the budget. Those who support the removal of the operations of the trust funds from the budget believe that this policy of making changes only for programmatic reasons would be more likely to be carried out if the Social Security program were not in the unified budget. Some members also believe that such a procedure will make clear the effect and presence of any payments from the General Fund of the Treasury to the Social Security program. (Under present procedures, such payments are a "wash" and do not affect the overall budget deficit or surplus.)

Those who oppose this recommendation believe that it is essential that the operations of the Social Security program should remain in the unified Federal budget because the program involves such a large proportion of all Federal outlays. Thus, to omit its operations would misrepresent the activities of the Federal Government and their economic impact. Furthermore, it is important to ensure that the financial condition of the Social Security program be constantly visible to the Congress and the public. Highlighting the operations of the Social Security program as a separate line function in the budget would allow its impact thereon to be seen more clearly.

Mr. HOLLINGS. Mr. President, section 21 said to put Social Security off budget in trust, not to be expended on anything other than Social Security. We spend Social Security trust funds on any and everything but Social Security. Has Mr. Greenspan thought of that solution: Just do not spend the Social Security taxes on every endeavor or that we could possibly imagine but Social Security?

I had a dickens of a time trying to get that written into law. It took me 7 years, and finally on November 5, 1990, George Walker Herbert Bush signed into law section 13301 of the Budget Act. It is the law of the land: You shall not report from the Congress or the President a budget including Social Security. But we do, and Alan Greenspan started that nonsense back in the eighties because he wanted to cover taking those moneys to go along with what Vice President Bush at that particular time called voodoo.

Let me get up to voodoo 2 because we ought to understand, when this recession in the economy started. I am not an economist, but I am a politician. I have been chairman of the Budget Committee. I have worked with Alan Greenspan. I went over in 1980, right after the elections, to brief President-elect Reagan on the budget. We walked in the snow over to the Blair House. I will never forget it. President Reagan said he was going to balance the budget in 1 year, and after the briefing he said: Oops, I never realized how bad it was. It is going to take me 3 years. That is when we went from 1-year budgets to 3

years, and then under Gramm-Rudman-Hollings we went to 5 years, and later under Vice President Bush we went to 10 years. I suggest for this irresponsible Congress, let's go to 20. You can project anything and just keep on spending because that is exactly what we are doing.

But let's jump back to September of the year 2000 when Governor Bush, now President Bush, was running. He said he was going to cut taxes. I knew how we had just gotten the best 8 years of economic growth in the history of the United States: with an increase in taxes. We were on the tail end of our recovery. We still had a deficit. We were trying to work toward a balanced budget, and I will give my colleagues the facts and figures.

The point is, when he talked about cutting taxes, I thought, oh, heavens, we can't start that again; we are just getting back into the black. We had not gotten into the black in September 2000 nor in November, the Friday after the Tuesday election, when Vice President nominee CHENEY, our good friend, said: Yes, that is exactly what we are going to do—cut taxes. When Vice President CHENEY made that statement, go back and look at the market in October, November, December, and into January.

The Republicans are trying to say the recession started in March 2000. No, it started in the fall of 2000 because of this tax cut idea and running up these enormous deficits and running up the interest costs and the borrowing.

So what happened was, on January 25, Alan Greenspan appeared before the Budget Committee. What did the gentleman say? We were paying off too much debt. When he said we were paying off too much debt, that was right, title, and interest to this young new President, George W. Bush, coming into office for him to spend up to the ceiling. On February 27, I'll be darned if he didn't do just that. The new President came before the Senate in a joint session on February 27 and said: Here is my budget. I have \$2.6 trillion to protect Social Security. I have \$2 trillion for domestic and defense programs, and that leaves another \$1 trillion for unforeseen circumstances.

We had an unforeseen circumstances on September 11, later that year, but let's go down now and find out when this recession started and when we were really in the black and in the red. I have here the public debt to the penny as reported by the Secretary of the Treasury. The latest we have—February 27, 2003—is \$218 billion. That is this fiscal year—including September, October, November, December, January, and February, we got this country another \$218 billion in debt.

I ask unanimous consent to have this printed in the RECORD.