

Commissioner Lester Crawford, for less money than the administration is spending on its advertisements to spin the truth about the recently passed Medicare bill, the FDA could set up a program to safely reimport drugs from Canada. With that knowledge, this body overwhelmingly passed legislation by a vote of 243 to 186 that would allow for the safe importation of drugs.

But instead of adopting our legislation, the final bill that passed the House and Senate contained no provisions to hold down the cost of drugs at all. And by tying the premium seniors will pay to cost, seniors' out of pocket costs will continue to rise.

Mr. Speaker, with the baby boom generation set to retire at the end of the decade, it is critical that Congress act now to protect the quality and the solvency of the Medicare system. That starts with bringing down costs, including giving the Secretary of HHS the power to negotiate lower prices with the pharmaceutical industry, just like they do at the VA. But legalizing reimportation and giving seniors access to international markets is something this body supports, and it should be the first step. It should be law.

Again, I want to thank my colleague from Minnesota for this opportunity. Let's do the right thing.

OUTSOURCING OF JOBS

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

Mr. SMITH of Washington. Mr. Speaker, I want to talk this evening a little bit about a subject that has been on everyone's mind and certainly being talked about throughout the country, and that is the issue that has come to be known as outsourcing or offshoring, the concern that many Americans have about the number of jobs that used to be done in the United States that are now being done overseas.

The best way to think about this issue is to think about our entire economy. It is not really just about outsourcing or offshoring of jobs. It is about the future of the U.S. economy and, most specifically, where the jobs are going to be. That is the fear that I hear expressed by my constituents and by people throughout the country. They are worried about what jobs are going to be here for them in the future and for their children and for their grandchildren. What should they prepare for? What type of economy are they going to have? Are we going to have enough good jobs across the board so that the people of our country can be employed and employed at a standard of living that we have all come to expect?

I think, when I look at the debate, we have to be very careful about how we approach this issue; and I am pleased in working with the new Democrats and also with other members of the House Democratic Caucus that we are working on a series of proposals and a series of issues to try to address this

issue in a serious and intelligent manner that will help us create the type of economy that we all want.

Right now, there are sort of two directions that we see being taken by the majority of folks, and neither one of them is particularly helpful. On the one hand, I do not think it makes sense to take a full-scale protectionist approach, to basically say that we need to stop trading with other countries that do not have the same labor and environmental standards that we do, that we need to cut off immigration and, in essence, we need to adopt a policy that says we are going to do whatever we can to protect every job that currently exists, regardless of the consequences. History has shown us that sort of approach leads to less economic growth in the future, and that is what this is all about, is long-term, sustainable economic growth for the benefit of all of us.

I would point out that the most protectionist economy in the world right now is, arguably, Japan. They have done just about everything they can to protect all of their existing jobs, all of their existing businesses. They subsidize industry. They erect tariff barriers to outside countries coming in and competing with them. They protect bad loans even long after they are no longer obviously going to be paid. They do everything they can to protect that economy, and it has led to a decade-long recession in Japan.

One needs to be able to change. One needs to be able to grow. One needs to be able to not just protect the bulk of the jobs they have but, most importantly, to be prepared to take advantage of the future economic opportunities that are to come.

That is what we do better than any other country in the world. We have a higher capacity for change than any other country in the world. We have consistently seen the next trend, gotten there first, and benefited economically. Most recently, we have seen this in technology, in the Internet, in software and hardware before that. We prepare ourselves for the new trends in the economy, take advantage of it, and get out front and have a leadership role, and we need to do that again.

As much as protectionism is not the best way to go on this, I think it is an equal mistake to take the approach that far too often the current administration has taken, which is to say that there is not a problem, basically outsourcing, offshoring, it is just the natural economic dynamic at work, creative destruction, it will all work itself out, we do not need to do anything. That, I think, is an equally unwise approach. There are policies that we need to adopt in this country to be prepared to deal with globalization, to deal with the economic changes.

They will point to past times when it looked like our economy was challenged throughout the 1980s. People thought that Japan and other countries in Asia would take over and we

would never be able to compete with them. That certainly did not happen as we came into the 1990s. With each economic change, there has been this concern that somehow we will not be able to compete, and we have risen above and competed. And that is true, but it is wrong to say that we did that effortlessly, that we did that without adopting policies to confront it.

In the 1950s and 1960s, we adopted policies to deal with the space race that we had going on with the Soviet Union. We set up the National Science Foundation. We did a lot of things to encourage people to study and get education in the areas where we thought the jobs and the economy would be in the future. We built the interstate highway system. We passed the GI Bill to make sure that all the people coming out of the service could have access to education.

We made policy decisions to deal with these changes. We did not just take a step back and say economics will take care of it. We adopted policies that made sense to move us forward. That is what we need to do today, and we have some specific ideas amongst the new Democrats and the Democratic Caucus to do that.

First and foremost, there is nothing more important than education and job skills in competing in the global economy. The more skills we have, the more education we have, the more we will be able to compete, particularly for those high-end jobs that are so important in keeping our economy strong and giving American families the opportunities that they deserve.

There is some despair out there about job training. We can see stories about people who were trained for jobs and then wound up being outsourced and they did not have access to them. But for every one of those stories, there are hundreds, if not thousands, of other stories of people who have used the advanced skills training and the advanced job training and education they have received to be employable, to be employed in many cases in better jobs than they had before.

That is why I and a number of other folks have introduced a bill on trade adjustment assistance to the number of people who are eligible for those benefits because we believe that trade adjustment assistance works. It would work a lot better if we fully funded it so everybody eligible for those benefits got all the benefits, but it works when it is used, and we need to use it more, not less. So our Trade Adjustment Assistance Bill would expand the number of people covered to include service sector workers who now increasingly face the same sort of competition that manufacturing sector workers have faced.

We also expand the bill to expand the number of countries to which, if they lose their job, they are eligible for these benefits. Currently, it is restricted to very few countries that we have specific trade agreements with.

We have lost many jobs to countries that do not fall into that category. We need to retrain those workers as well. We need to make that investment.

But when we look at the education and jobs skills issue, it is not just about retraining. It is also about basic education. We hear a lot of scary economic statistics out there, but for me the scariest statistic right now has to do with education and specifically with education in the area of math, science, and engineering. Those are the degrees and skills that are going to most create jobs in the future, that are going to most take advantage of the trends in everywhere from biomedical sciences to energy to the new ideas. It is math, science, and engineering that will grow our economy.

Right now, in China, 70 percent of all undergraduates get degrees in math, science, or engineering. That is what the Chinese are doing. What we are doing here in the U.S. is 5 percent of our undergraduates get degrees in math, science, and engineering; and, furthermore, the real number of degrees that U.S. students are receiving in those three key areas, math, science, and engineering, have gone down every year for the last decade. We are putting out fewer people with the skills that are desperately needed, and there are changes that we can make in our education system from the K-12 system forward that will help us deal with that and compete better. We need to set high standards. We need to place emphasis in the K through 12 level on math and science to get our students interested in it.

Too often right now, and I have visited just about every school district that I represent and many of the schools, when I talk to the students and the teachers there, they cite the same problem. By about the seventh or eighth grade, someplace between the seventh and eighth grade and 11th or 12th, students lose interest in math and science. It is happening to somewhere between 50 and 75 percent of our students. We lose them before they even have the chance to get into a university and get the advanced degrees that they need in these areas. We have to change that, and we have to increase the emphasis in those areas.

I am pleased to say that that is happening in a lot of States in the Union. Certainly in Washington State we have adopted higher standards. We have made math and science priorities. We have made those basic skills fundamental, and we are starting to see some changes. But we need to aggressively approach that. We need to do whatever we can to make sure that we get as many degrees in math, science, and engineering as is possible.

But it is not just about education. There are other issues that are important, and certainly trade is important. I mentioned that protectionism is not the way to go, and I believe that. We need to open overseas markets, get access to those markets so that we can

sell our goods. But that does not mean that we need to lay back and do nothing in the trade area. We need to make sure that our trading partners live by the same rules that we do.

One of the biggest mistakes that this country has made certainly in the last 3 years is to not aggressively enforce the trade agreements to our advantage. Certainly other countries are coming after us. Europe sued us over our manufacturing tax credit. Now we have to totally change that, possibly to the detriment of U.S. companies. We have dealt with many different issues where other trading partners have come after us for what they perceive to be trade violations on us. We, on the other hand, stand idly by while other countries do not give us the same access to their markets that they have to ours.

Most specifically, we have a huge problem with other countries, primarily China, stealing our products. And it is not just software and intellectual property like movies and books and recordings. It is everything. It is the basic manufactured product that some small businesses made where the Chinese come over, copy it, take it back, sell it as their own. We should issue trade actions to stop that.

We should also aggressively go after nations that unfairly manipulate their currency to gain a trade advantage. That is against the WTO. We voted, I think correctly, to bring China into the WTO, to make them part of a rules-based economy. That is great. But to bring them into a rules-based economic system and then not make sure that they follow those rules is ridiculous. It is not taking advantage of what we put out there. We have numerous opportunities to make sure that our trading partners' markets are as open to our goods as ours are to theirs. We should be much more aggressive in enforcing that. We cannot afford to lay back and assume that somehow we are always going to win these competitions.

The final issue I want to talk about is investing in research and development, basically making sure that we have the investments made with our companies and with our university system so that we can develop the next best thing first. That is what economic growth is really about, is being at the cutting edge of new inventions, and that is all about investments in research.

One issue of particular concern, when we look at economic growth, a lot of people will tell us that health sciences, biotech, biomedical, that is where the future is. When we look at what is going on with the human genome, with DNA, with a variety of different issues, with the development of pharmaceuticals, there is massive potential for growth in these areas. We have several advantages in being the leader on that.

But one of the ones that we are giving away right now is in the area of stem cell research. It is a critical factor in developing in the area of health

sciences. We have limited the funding for stem cell research in the United States, and a lot of those projects have gone to other countries. They are getting ahead of us in that technology.

In numerous other technology issues we have the ability to change our policy to make sure that we are making the investments in research and new technology to be the leaders. We need to make sure that we do that and move forward.

Overall, there is no question in my mind that the United States of America can figure out a way to create long-term economic growth so that we can compete in a global economy and create the kinds of jobs that we want. But we cannot sit idly by and pretend that that is just going to happen naturally. We have to make smart policy choices to help the workers, to help the people of our country in their efforts to compete in an increasingly challenging world. We can do it, no doubt about that whatsoever, but not if we are not smart as public policy makers about helping our workers in their ability to compete and create a strong, long-term, sustainable economic growth in this country.

I am pleased to be joined by one of my colleagues who has been working with me and others on this issue, very knowledgeable in economic policy issues. I yield to the gentleman from Florida (Mr. DAVIS).

Mr. DAVIS of Florida. Mr. Speaker, I thank the gentleman for yielding to me.

Let me elaborate on some of the points that the gentleman has raised about the outsourcing issue that we are experiencing throughout the country, in Washington State and my home State of Florida. Forrester Research, Inc., has predicted that American employers will move over 3.3 million white collar service jobs amounting to about \$136 billion in wages overseas over the next 15 years.

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There are clearly sectors of our economy that are among the most vulnerable. About 14 million jobs, or 11 percent of the U.S. total that have been identified at risk, are jobs that involve telephone call centers, computer operator, data entry operators, business and financial support, parallel and legal assistants, diagnostic support services, and finally, accounting, bookkeeping and payroll.

This is a phenomenon which we are experiencing right now throughout the country, Democrats, Republicans, Independents. There is no nobody who will escape this. The question is, how will we deal with it? We have to be honest. We cannot bring a lot of these jobs back. We can offer the Trade Adjustment Act, which the gentleman from Washington (Mr. SMITH) has introduced with a growing number of Members of Congress, Democrats and hopefully Republicans, that will provide support for people who are displaced by trade or

outsourcing. But what we really need to do, as was mentioned earlier, is try to get to this problem at the source.

We cannot promise anybody that having the highest level of education will guarantee them that they will not be competing against somebody from another country, but what we can guarantee to them is the best fighting chance they have of protecting themselves and their family.

We will be debating, hopefully, in this Congress changes in the tax law that assure that the United States taxpayer is not subsidizing companies to go overseas and to compete against the domestic workforce. But at the end of the day, our best weapon is the American worker and his or her job skills and work ethic.

One of the areas that we should be emphasizing as a Congress to deal with the problem of encouraging more students to enter math and science and engineering, as was mentioned earlier, is to attract more teachers into those fields.

There are ideas that abound in congressional districts and communities around the country, and it is the job of Congress and Washington to provide the funds to the community colleges, to the school districts, to the private sector, the not-for-profit sector that will come together for the good of the communities and attract people into the teaching profession and create the kinds of programs that will work in individual communities.

In every community in this country, there is an enormous amount of graduate school education that is occurring in these fields, math, science and engineering; yet the painful fact is that the vast majority of students that are entering these programs now are students who are entering here from other countries and helping us build bridges with those countries that are important; but ultimately many of these students are choosing to return to their homes and to benefit their own economies. We need to be getting more of our students into these graduate courses to become professors, to become inventors, to become some of the best forward-thinking engineers for the next generation of this country.

Ultimately, what we also need to focus on is a way for Congress, Democrats and Republicans, to write a tax credit that will provide an incentive to employers to invest in their workers. Not just to meet the needs of the employer, but to provide a lifetime of learning, to provide trainability for a worker, so that as more competition is experienced from other countries, that worker is able to adapt through additional training, whether they are doing it on their own or going back to a college, university, community college or vocational training, so, again, our workers have a fighting chance, they have the tools they need and the ability they need to sharpen those tools, to broaden their job skills, to compete in this increasingly global economy.

This is a time where Democrats and Republicans in Congress should be coming together trying to find solutions in education and job training to help our workers face this onslaught of competition from overseas. The agenda from the President and from this Congress so far has been to simply provide tax cuts that have gone to the most affluent Americans in this country.

It is time for us to acknowledge as competition heats up in the global economy that is not a solution for most of the people in this country who want to work, who want to succeed, who are prepared to go back to school, who are prepared to do some additional job training, but want us to support them, to help them do that.

So I hope that there will be other Members that will come to the floor here in the days ahead and join us in trying to identify how we write a bill that provides a constructive, positive agenda with confidence in the work ethic and the skills of the American worker, to help us ultimately succeed, as we have done throughout the history of this country.

Mr. SMITH of Washington. I thank the gentleman.

I want to follow up with a couple of the tax policy points. As I mentioned, job training and worker skills, the best way to do that is obviously to have the companies train their workers, because companies know what specific skills they need. Increasingly, in having job skills, it is not just a matter of knowing a certain computer programming skill or a certain scientific skill. It is knowing what a specific company needs, and the only way to do that is to get training from the companies, or I should say the best way to do that.

So tax credits that encourage companies to give training to their workers so that they can improve those skills and stay employable in those companies is an excellent idea, and also just overall developing the Tax Code to make sure it encourages businesses to create jobs here domestically.

We have a situation now in the Tax Code where if you have a plan, let us take a call center as an example, that is one of the ones that has been offshored, and you are here domestically in the U.S. employing workers and making profits on that call center, you pay taxes on it.

Now, if you take those same workers and move them overseas, even if they are still servicing U.S. consumers, U.S. customers, all of a sudden they do not pay taxes anymore in the U.S. on that. There is a proposal by Senator JOHN KERRY to change that, to make sure that if you are performing services here in the U.S., you continue to perform them for U.S. customers in a different country, you still have to pay taxes on that. That would discourage or take away one of the incentives the companies have to move jobs overseas.

The second idea within that area that Senator KERRY has introduced, which is a positive incentive, would be

to allow companies that have subsidiaries overseas and subsidiaries that serve overseas markets, not U.S. markets, whether it is in China, India, Vietnam or wherever, if they are doing that and making profits over there, right now if they want to bring those profits back to the U.S. from their subsidiaries, they have to pay taxes on them. If they leave them overseas, they do not.

It makes sense to reduce that tax rate to give them an incentive to bring the money back and invest here in the U.S., and that is another tax idea that Senator KERRY has supported. I think it is a pretty good contrast with the general approach of the Bush administration, which is just give tax cuts to the people who make a lot of money and hope that they invest that money here. We know there is no guarantee of that. They can invest that money any place they want to, and increasingly they are investing it overseas. So our tax policy needs to be smart to help grow jobs here domestically.

I want to now turn it over to the gentleman from Michigan (Mr. STUPAK), another of my colleagues who has worked extensively on this issue and understands the importance of job creation.

Mr. STUPAK. Mr. Speaker, I thank the gentleman for yielding. I am pleased to join the gentleman from Washington (Mr. SMITH) and the gentleman from Florida (Mr. DAVIS) in just talking a little bit about jobs and what needs to be done.

Those of us who have worked in many different aspects within the Democratic Party, we like to see different things done. It is not just simply a free trade issue, or it is not just a tax issue. It is a combination of things that are hurting this economy and hurting our States and the people we represent.

I come from the State of Michigan. We have already lost many, many jobs in Michigan, about 128,900 manufacturing jobs. Michigan is known as a manufacturing State because of the auto industry. But we have a total job loss of about 336,000 jobs, 128,000 in manufacturing alone.

Michigan continues to struggle. We need some help from the Federal Government; and we have to take a look at our fair trade agreements, as we call them. We also have to take a look at the tax structure in this country and what incentives are there to keep jobs staying here in this country.

Michigan, in the last few years, we have offered close to \$1 billion to try to retain corporations and jobs in my home State of Michigan. Nationwide, we have lost 2.8 million manufacturing jobs. Some analysts, as I believe the gentleman pointed out, believe we may lose as many as 14 million jobs in the U.S., or be at risk of going overseas.

To stop that hemorrhaging of job loss in this country, for whatever reason, the Committee on Ways and Means really should report out the Job Protection Act of 2004, also known as H.R.

3827, a bill with really strong bipartisan support.

Whether you are a Democrat or a Republican, we are seeing these manufacturing jobs leaving this country, so we have put together a bipartisan bill. There are 182 Members who have signed on to a discharge petition. If the chairman of the Committee on Ways and Means does not allow the bill to come before the House for a vote, the only way we can change that is to have 218 Members sign a discharge petition. We have 182 signatures right now.

We would like to see the Job Protection Act of 2004, a strong bipartisan bill, come before the floor. This bill would amend our tax laws to comply with the recent World Trade Organization rulings on the Foreign Sales Corporation benefit.

The Foreign Sales Corporation, that is a tax break for those corporations who sell their product overseas. When they come back to this country, it is not taxed. The World Trade Organization has said that is an unfair subsidy and should cease and desist. So we take care of that situation with the Foreign Sales Corporation, plus there are other tax benefits in there that do not encourage jobs to leave our shore, but actually keep them here in the United States.

It would revitalize our manufacturing base by lowering tax rates on all domestic producers, including small businesses and farms, by 3.5 percent. So as long as we keep it in the United States, keep them producing jobs here, we can lower some of that tax rate by 3.5 percent.

The proposal is fully paid for. We have enough deficits. We do not want to add to the deficit. We pay for this proposal, and it would not increase the deficit. We need to pass this bill, as millions and millions of Americans are relying upon it. Again, it is H.R. 3827, strong bipartisan support. We would like to see the bill moved.

The gentleman from Washington (Mr. SMITH) mentioned Senator KERRY. He has been on this issue. In fact this past weekend, Friday and Saturday, he was in my home State of Michigan. He has put forth a proposal to create jobs and stop the shipping of our jobs overseas.

He basically said, why do we continue to give tax rates to individuals and big multinational corporations in hopes they will create jobs? Why do we not give the tax break after you create the job? Produce and show results of a job, and we can then look at a tax break for your training, for your research, to put those people to work, give you back something for putting them back to work.

We spent a lot of time on manufacturing. Why is that so important? Recent studies have shown that a manufacturing job in this country pays on an average \$44,000 a year. Now, service industry jobs, which we hear a lot about, it is a good profession, but, unfortunately, they are only paying about \$24,000 a year for a job. Then, of

course, you have the retail industry, that pays about \$19,000.

So what happens to these people after they lose their manufacturing job at about \$44,000 a year? Well, there is service industry at about \$23,000, or \$24,000, and then there is the retail industry at about \$19,000. How do you ever make up for that lost income?

So Senator KERRY's plan addresses the problem in the tax system and makes sure we do not reward those companies that ship jobs overseas.

You take the Maytag Corporation. I was in Illinois about 2 years ago. Their profits were up 24 percent. Their profits for the year were \$360 million. That is their profit after paying everything. But still Maytag, which made refrigeration units for refrigerators and freezers, still thought it was so important to go to Mexico, where you pay about \$1.50 an hour; and our Tax Code, which Senator KERRY wants to change, would actually pay them \$30 million in tax credits if they shipped or moved to Mexico.

So, first of all, their profits are \$360 million; they were up 24 percent from the previous year. It is not that they were hurting. But still they felt it necessary to move out of Illinois, probably paying \$15 or \$18 an hour, to Mexico, where they are paying about \$1.50, and then our government is going to give them another \$30 million tax break on top of that. That is just plain wrong.

So Senator KERRY's plan would end these tax breaks that allow these companies to keep their earnings overseas and avoid paying U.S. taxes.

The indefinite deferral of paying taxes amounts to the U.S. taxpayer of about \$8 billion a year to these companies investing abroad. That is according to the conservative American Enterprise Institute.

So think about it. We are using taxpayer money and giving them \$8 billion to invest overseas, plus we are left with people who lost good-paying jobs with no recourse where to go with it. So the taxpayers are paying for them to go invest overseas, plus we have to take care of the unemployed workers.

The tax system has ability in incentive to ship jobs overseas. That has to change. We need to help out manufacturers and small business. Unfortunately, we have just seen the President's budget. We had debate on it last week.

The Manufacturing Extension Partnership Program, which has been used greatly in my district for Horner Flooring up in Dollar Bay, or Jacquart Fabric Products over at Ironwood, Michigan, that was cut by two-thirds. It went from \$111 million to \$39 million. That has helped our people to take care of jobs and try to ship their product overseas. Unfortunately, that program has been cut.

So I think the administration just has it backwards. We have to do something differently. It is not just the free trade agreements; it is the tax incentives built into our Tax Code.

It is also what we call HELP. The State of Michigan has been devastated, as we mentioned, about manufacturing, so we actually put together a program called HELP, which we sent to the Secretary of Commerce, Secretary Evans, and said, look at this proposal.

It is a lengthy proposal, but HELP really means, first, let us address health care needs. Every American should have the right to have health care. You take Ironwood Plastics, a small company up in my district. They were going to expand their plant, but they found their health care costs went up so much in the last 2 years, they cannot add on their plant. In fact, for every product they produce, 42 cents of it is just for fringe benefits; and they do not have lucrative fringe benefits. Health care is probably 60 to 70 percent of that 42 cents on every piece they make. It is just to pay for the health care in this country. We have to get a handle on health care prescription drug costs.

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That is the first part of "H" in HELP.

Unemployment compensation. Why is it that past years when we have had these downturns in the economy, in my state of Michigan we are at 6.6 unemployment, some parts of my district fall over 12 percent unemployment. Federal Government works the area with the States. The States have a program. We do 26 weeks of unemployment, but we have always extended it another 13 weeks. Unfortunately, we have not done that.

While people are unemployed through no fault of their own, we should be there to help them out to see them through those rough spots and keep them working and keep their health care going.

Level playing field. The third letter in HELP. "L" for level playing field. On these trade barriers, I am always amazed that we see these trade agreements, take the CAFTA plan, which is the Central America Free Trade Agreement, which will devastate the sugar industry in my State of Michigan, which is a half billion dollar industry, if Central America is allowed to bring their sugar into this country. They all do now. But if one takes down all barriers and it can freely flow into this country, it will wipe out the sugar beet industry in Michigan.

The sad part about that is, while we immediately lower our barriers in this country, it takes about 15 years for other countries to lower their barriers. Plus they put up these artificial trade barriers depending on the value of their currency, the environmental standards, their employment standards of their workers. Why can't we have a level playing field?

If it is truly going to be a global economy, and I was here back in 1993 through the NAFTA debates, which I did not support NAFTA because I felt it would hurt this country overall. But

when you take a look at it, in NAFTA and all the rest of it, if we are going to have a global economy, and that was the buzzword back in 1993, some 11, 12 years ago, then should not we really have global standards on workers' rights, on the environment, how we treat each other's currency so you do not have these artificial trade barriers for our products from the U.S. going to these other countries? So that is the third letter in our help program.

Last but not least, P for pensions. In this country we are funding pensions. Many people feel we are overfunding them. Some are underfunded. But we have to look at pension reform. There has been a bill that we tried to pass out of the House. It has been stuck in the Senate. We can do some work here and make this pension system fair to the workers, guarantee the benefit, but at the same time allow the companies to use it for research and development. That would free up some money so they can do their research, development, and investment in their countries. It just makes sense.

Training. We have to invest in this country. So there are so many needs, and one can just see what happens and in State after State, whether it is Washington, Florida, or Michigan.

Just one more: Electrolux, which was really a sort of French company that had been in Michigan for many, many years, besides making great vacuum cleaners, they also did refrigeration. They just announced it is closing its doors and going to Mexico also. It will cost Michigan 2,700 jobs.

We are losing about 2,000 jobs in Michigan just in the manufacturing section. Our governor, who is very concerned about it, has put together an aggressive manufacturing agenda to try to help companies. Our governor even offered Electrolux a new \$30 million building, \$182 million in tax credit, including a Renaissance Zone that would allow the company to operate virtually free of State and local taxes for up to 20 years.

There was even changes from the United Auto Workers that they said, look, we do not want to lose these jobs. It is good-paying jobs. We will change our labor agreement. We will give about \$31 million in concessions. But still the company still saw it lucrative to go to Mexico with the tax breaks they would get from the U.S. taxpayers and the low-wage-paying jobs in Mexico.

Electrolux was a very profitable company. It pays \$13 to \$15 an hour plus benefits, and that included health care to its employees. So why are they moving? Because they can go down to Mexico and pay people \$1.57 an hour.

Like I said, Michigan has lost about 128,900 manufacturing jobs since January of 2001. We have a total job loss in our State of 335,868 in Michigan, despite offering almost \$1 billion in tax incentives for companies to stay.

So I am pleased to join with the gentleman from Washington (Mr. SMITH)

tonight. I think my colleague said it best earlier when he said it is not just trade agreements, there are tax issues, there are employment issues, there are a number of issues we should tackle as a Congress.

I will go back and just repeat that. The Job Protection Act of 2004, H.R. 3827, a bipartisan bill. We have 182 Members who signed a discharge petition. I wish the majority in this Congress would allow to us bring that bill to the floor. If the majority party, the Republican party, want to vote against it, that is certainly their right. But at this critical time in our Nation's history, manufacturing jobs leaving, why cannot we have a good debate on the issue?

Maybe this tax break is not quite right. I am not saying we have all the answers, but let us at least get a debate going. Let us exchange ideas. Because we have to look at trade agreements, Tax Code, and other incentives we have out there that encourage people to leave offshore or go offshore with their corporations.

So I stand with Senator KERRY and my colleagues tonight and we look forward to a day when we invest in companies for keeping jobs here in the United States and not shipping them overseas, providing health care for all our workers so it is not such a burden on just strictly the employer, and reexamine these trade laws and make sure we all play by the same rules.

America can compete with anybody anywhere in this world. We are just looking for a level, fair, playing surface on trade agreements.

I thank the gentleman from Washington (Mr. SMITH) for once again yielding. I thank him again for stepping forth and organizing this special order tonight. It is always a pleasure to join with the gentleman and look forward to working with him on this and other issues in the future.

Mr. SMITH of Washington. Mr. Speaker, I want to thank the gentleman from Michigan (Mr. STUPAK) for his remarks, and I do agree, as I said, that we need to be more aggressive about enforcing our trade agreements.

I will point out I am actually fairly familiar with the CAFTA trade agreement, and it does not have the affect on sugar you describe. It raises the quotas for sugar from Central America by less than 5 percent over what they currently are and it is, in fact, spread out over 15 years.

So if my colleague looks at the details of CAFTA, sugar, corn, a variety of different issues, it is a pretty level playing field on both of those. It does not dramatically increase the quotas on sugar coming from Central America.

So I would urge my colleague to take a closer look at that and assure your folks in the Michigan sugar beet industry that they are going to be just fine with regard to that particular agreement.

Mr. STUPAK. Mr. Speaker, if the gentleman would yield on that one.

Our sugar producers and the Michigan Farm Bureau have come out against it because we do not have that big of a sugar industry. It is only a \$500 million industry. But they feel with it coming in, and my colleague is right, over 15 years, the barriers would fall down. That would just about do the end of our sugar in Michigan.

Mr. SMITH of Washington. Mr. Speaker, that cannot possibly be true. I would be happy to take a look at it, but it is not just over 15 years. At the end of 15 years the quotas are still there. They are just slightly larger than they are now. It does not even get rid of them.

So sugar was very important to me, and I was actually in conversations with Ambassador Zelik and others while they were negotiating that.

Mr. STUPAK. Mr. Speaker, I hope my colleague is right on that issue because we are concerned about it in Michigan. We look forward to my colleague's leadership on that issue to make sure we preserve our sugar industry in Michigan.

Mr. SMITH of Washington. Mr. Speaker, absolutely. We have a sugar industry throughout the U.S.

Mr. Speaker, I want to now yield to my colleague from my State, our State, I should say, the gentleman from the great State of Washington (Mr. INSLEE) from the first district who is the cosponsor with me on the TAA bill to expand trade adjustment assistance for service sector employees and expand it in other areas as well.

Mr. INSLEE. Mr. Speaker, I thank my colleague for yielding.

I want to make a couple points before I address the specifics of this trade adjustment which I really think is great, not a panacea but certainly one of the things we need to do that address this problem. But I want to make two points about why legislation like this is necessary right now, and that is that two I think interesting facts that demonstrate why Congress needs to act now and the administration needs to follow us in doing so.

That is the unemployment, the job loss that we have suffered in the last 3 years is actually understated. A lot of folks have heard now a familiar number that we have lost about 2.2 million jobs in the last 3 years which is a greater job loss than any other time since Herbert Hoover was President of the United States. But that number is really kind of a fake number, and the reason is that it fails to take into account the jobs that should have been created under any sort of normal rate of economic growth. The truth is we have lost specifically about 2.2 million jobs, but if we had just grown jobs to keep pace with the rate of population increase, we would have actually grown four and a half million jobs if we had only kept pace with the population increase in the United States in the last 3 years.

So it is not that we have lost 2.2 million jobs, sort of behind the curve by

2.2 million Americans that are out of work. It is actually closer to 7 million. So the job deficit, along with the largest Federal deficit in American history, we now have the largest job deficit in the last 50 years.

Mr. SMITH of Washington. Mr. Speaker, if the gentleman would yield, because that is a point I found interesting. When the President has proposed his tax cuts, for 3 years he has talked about the number of jobs he is going to create. The figure that he used for the tax cut that was passed was 1.2 million. He has fallen way short of at this point, I think it is about 400,000. But in making that proposal it is interesting that he assumes that, absent that tax cut, no jobs would be created, which flies in the face of history. Obviously, some jobs were going to be created.

As the gentleman points out, after we did this supply side tax cut for people at the high end of the scale, we actually created less jobs than economists tell us we would have created if we had done nothing. So it is worse than just not doing what he said it was going to do. It seems to be having a negative impact.

Mr. INSLEE. Mr. Speaker, that is another way of basically saying we have had no meaningful job creation for the last 3 years. So we have a \$7 million job deficit and we basically had an experiment and that experiment failed. The President basically said these very large tax cuts for the wealthiest among us, those who are over \$200,000 a year, we are going to create millions of jobs. It failed even to keep pace with just population growth.

There is four and a half million jobs missing that should have been there just to keep pace with population growth, and then there are 2.2 million jobs lost on top of that. So we are in a deep, deep hole; and whatever we are going to say, if we add one job now, we are still at the bottom of the well. So maybe we are one inch off the bottom of a 7 million foot well, if you will. We have got a long ways to go.

Second point is the reason Congress needs to act now is that these figures belie the severity in the length of this unemployment. Because we have over 2 million people who are unemployed tonight who have been unemployed for more than 6 months. That is the longest period and the largest number of people who have been unemployed over 6 months for over 50 years in America.

So not only are people not even counted in the unemployment insurance statistics because they have given up looking for work, those who are still on there we have the longest period of long-term unemployment in the last 50 years.

So I just want to point out those two points that we need to take into consideration whether we are going to act or not boldly and aggressively. And we think we should.

So one of the ideas, and this is not the only idea that we need to pursue,

but we need to bring our trade adjustment assistance for Members up to speed with what is going on in the U.S. economy. We, and I am sure the gentleman has talked about this, have had a program to help people who have lost jobs that are associated with the dynamics of trade in manufacturing now for some period of time.

We have seen in Seattle a great success with that program. We have seen hundreds of folks, if not thousands, in Boeing who several years ago during the downturn availed themselves of the benefit of this program to get retraining. I have talked to any number of those. It is not 100 percent, but any number of these folks have been successful in finding other careers with retraining.

But now we have this phenomenon in the service sector, computer programming, accounting, in radiological services, in call centers. Now the service sector employees are experiencing the dynamics of trade. We simply have to bring this up to speed to this century's challenges that exist.

Our bill will do that. It will simply say that people in the service sector who lose jobs associated with the dynamics of trade are going to have an assistance from Uncle Sam. It is a pretty simple commitment that Uncle Sam ought to fulfill. We hope that the administration will embrace this idea.

And I will share one piece of good news. I serve on the President's Export Council, which is a group appointed essentially to advise the executive branch on export policies and trade policies.

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It is a group of a lot of high-level executives of major corporations at General Motors, Intel, Boeing, a couple of Members of Congress; and last week, we met and this group sort of unanimously concluded that this idea of the extension of trade adjustment authority to service personnel should be pursued, and that will go to the President as a formal recommendation of this group here in the near future.

So we are hopeful that the administration and our Republican colleagues will join us in this very commonsense measure to help Americans get back on their feet, and we do not want to hear that we cannot do this for fiscal reasons, for two reasons; and there is a fiscal impact for this obviously, and we should be totally responsible in addressing that fiscal impact, but we believe that in the long term this is fiscally responsible to do because these folks are going to get back to work, they are going to get off the unemployment rolls, and they are going to start creating wealth and profits and wages and taxes themselves. This is a fiscally responsible thing to do, is we get people back to work. Over the long term it does not create the deficit; it helps to ameliorate it.

In addition, we think there are some future tax cuts for those earning over

\$200,000, which on a scale is not as important as the fact as getting these thousands of people who may have lost these jobs to folks in other countries due to trade. They have a higher claim on America's assistance right now, and they will be much more productive for the U.S. economy as well, and so we think this is a fiscally responsible approach; and we hope our Republican colleagues will join us.

There is one other thing that this bill will do. You may have talked about this already, but I want to allude to it. There are some imperfections in the existing trade adjustment bill, one of which would not kick in assistance for Americans except that they lost their job, at least the presumption is a country that we already had free trade agreement with. That is an artifact of history that we had to cure because if you are out of work, frankly it does not make a difference to your creditors whether you are out of work, losing a job to someone Uncle Sam has a free trade agreement with or not. So we hope to fix that in the long term.

The bottom line is, as the trade world has changed, as the economy has changed, Congress needs to change our provision for Americans to get retrained; and this is a fundamentally sound, fair, fiscal way to do it, and we are hoping that ultimately this becomes a bipartisan effort.

Unfortunately, we have not had our colleagues across the aisle coming in droves to join this, and that frankly is disappointing because anyone ought to understand when you are out of work and your job's been shipped to another country, and your mortgage still needs paying and your child's college education tuition still needs paying, it should not be a Republican or Democrat position the fact that we ought to help you get retrained, and we ought to recognize for those of us who recognize the value of trade, and I count myself among those who come from a very trade-dependent part of the world. The State of Washington is one of the trade-dependent parts of the country. We recognize the value of trade, selling Boeing planes to India, selling Microsoft software to China. We understand the value of trade, but those who care about trade have to recognize that there are dynamics of trade and people are discomfited and there are job losses associated with trade, and we need to create a lifetime learning situation where, as trade creates dynamic changes in the job market, we need to guarantee Americans the ability to get back on their feet and become retrained, and that is one part of that support system that I hope that we will pass.

Mr. SMITH of Washington. I thank the gentleman for his help on this issue. You worked very closely on it, and I thank you for your leadership.

I want to close off the debate, and we do not have anymore speakers for our hour, which is almost up, by emphasizing the point the gentleman from

Washington (Mr. INSLEE) made about the cost and some of the choices involved. It is interesting, business leaders throughout this country have come together and agreed with a lot of the items we have talked about tonight, agreed with the importance of education, the importance of job training, the importance of investment in research and development, the importance of another item we have not talked about, which is an investment in infrastructure, a building of roads and improving our energy system so that we can have a sustainable strong economy; and they know we need to do those things, and they consistently advocate for them and I appreciate that support.

But it is also tied into the issue of how do we pay for these things, and as the gentleman from Washington (Mr. INSLEE) pointed out, the tax cut choice. We have heard a lot already in this campaign about taxes and tax cuts; and the general approach of the President and his party is that, look, any tax cut there is has to be lower, anyone who is for higher taxes is by definition not worth being elected, but we have to take a step back and look at this in terms of choices, and take a look at those issues that I just talked about, the business leaders and many Republicans say they support, funding for education, funding for job training, funding for infrastructure.

There is the little problem of paying for these things, and we have to look at the choice that is being presented. The President wants to make his tax cut permanent, all of his tax cut, including the portion of that tax cut which is a pretty substantial portion of it that goes to people making over \$200,000 a year, also the portions of the tax cut that go to people who are paid dividends; and, yes, I know average Americans earn some dividends, too. If you look at the percentage of where dividend income goes, it goes almost entirely, 75 to 80 to 90 percent, to people again making a great deal of money; and I understand the philosophy behind that, give these people money, they will invest and everything will be fine.

It has not quite worked over the course of the last 3 years at this point, but more importantly it is a matter of choices. If the business community, other folks out there, want us to make that investment in education, job training and research and infrastructure, there has got to be some money left somewhere to do that; and when we are sitting here with an over-\$400 billion deficit due this year to pile on top of a \$7 trillion debt, to say that we are going to make the tax cuts permanent at the cost of somewhere around 2 to \$3 trillion, over the course of the 10-year period, and still make these investments in our workers, an investment in our economy, it does not add up.

It is a matter of choices, what is the best investment of that money. Is it really best to make sure that the top tax rate for people who make, it is

about \$250,000 before you hit that top tax rate, goes down from 39 to 35 percent? It goes down to 4, I guess, critical percentage points. Or is it best to take some of that money to get us back towards fiscal responsibility and to get us back towards making an investment in our workers that they can fairly compete? Looked at in that context, I think it is a pretty obvious choice; and I hope that we will make those choices.

We absolutely need tax cuts. Senator KERRY supports a number of tax cuts targeted to the middle class, the child tax credit, elimination of the marriage tax penalty, a number of different issues; but, absolutely, we have got to give those tax cuts to hardworking Americans.

When you look at the total package of tax cuts, these are some choices we can make to better invest in our workers and better invest in our country. We hope that we can make those choices so that we can deal with the challenges we face from outsourcing, from offshore, so that American workers can have that level playing field, can have that opportunity to grow our economy and to benefit from that growth.

I thank you very much for the time.

PAKISTAN NAMED MAJOR NON-NATO ALLY

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

Mr. PALLONE. Mr. Speaker, I rise on the House floor this evening to discuss Pakistan's recent designation as a major non-NATO ally.

Last week, Secretary of State Colin Powell visited India and Pakistan to support the efforts that have been made by both nations to seek peace. For the first time in decades, relations between India and Pakistan were easing; and as a result, confidence-building measures were being established, such as transportation across the border and cricket games between the two countries.

Although both countries are on a slow, yet steady, path for improved economic defense and political relations, unfortunately that balance has been damaged, in my opinion, by the Bush administration's favorable treatment of Pakistan in naming it a major non-NATO ally.

Mr. Speaker, although we have advocated for the U.S. to view India and Pakistan as two separate, distinct nations, at the same time we have advocated for fair treatment based on record of democracy, commitment to ending terrorism, and a variety of values important to the United States. India is a strong, vibrant democracy of over 50 years, and Pakistan is a rogue nation under military rule. India's nuclear program is civilian controlled, and Pakistan's nuclear program was sold to nations such as Libya, Iran, and

North Korea to assist illegal, covert nuclear weapons programs. India is protecting its citizens from terrorism in Kashmir, and Pakistan has sponsored terrorist activity in its own backyard.

It seems clear that the U.S. and India are natural allies based on our shared values. The reason why the U.S. and Pakistan are now allies is a result of the shared effort to end global terrorism. However, based on all the reasons I just stated above, I am taken aback by the new designation that the U.S. has bestowed upon Pakistan as a major non-NATO ally. Not only was I surprised, but India as a nation was surprised as well. Secretary Powell had just met with India's leaders, but he did not mention the new status of Pakistan that was soon to be announced.

Naming Pakistan a major non-NATO ally is completely inconsistent with U.S. policies. Pakistan is not a democratic nation. Pakistan supports terrorism in Kashmir, and Pakistan has engaged in nuclear activity for which it has recently pardoned a key scientist who aided covert nuclear programs to rogue nations. The result of this new designation, I think, has the potential to be devastating.

Not only was India surprised and disappointed, but further, Pakistan's new role will lead to severe implications in the South Asia region. It is unclear what the title "major non-NATO ally" means and what it means in legal terms, but the most immediate concern is that a rapid and large-scale supply of American military equipment could flow from the United States to Pakistan, including the possibility of F-16s. In accordance with the Pressler amendment of 1990, Pakistan was not afforded major military supplies until post-9/11, in which case specific counterterrorism supplies had been provided.

But this is very concerning because U.S. military supplies given to Pakistan for use against Russia and China have been historically used against India. Given the current climate of the conflict between India and Pakistan over Kashmir, any additional weapons provided to Pakistan will likely be used to escalate this conflict between the two nations and has the potential to build up a full-scale arms war.

In addition, this new designation has the impetus for breaking down negotiations in peace talks between the two nations that have just gotten underway. Pakistan's newly established access to U.S. military supplies could serve as an impediment to any further Indo-Pakistani talks.

Mr. Speaker, I cannot understand why the U.S. has afforded Pakistan this major non-NATO ally status. Pakistan has a history of abusing military and nuclear equipment, and yet we are allowing them to have access to depleted uranium ammunition, special privilege in bidding for certain U.S. Government contracts, radar systems, attack helicopters, and airborne early warning systems.