

Look what happened in this recession.

Notwithstanding three successive substantial tax cuts, we still have a loss of 2.7 million jobs in this country. That is a fact. As was said, once again, you can look it up. You can get it from the Department of Labor.

One other point I would like to make before closing is Social Security and Medicare. One reason that we are so concerned about the deficit, the mounting national debt, is that in 2008 we will have a demographic change in this country like none we have ever seen. The baby-boomers will begin to retire.

There are 77 million of them marching to their retirement right now. They are already born. They are not going anywhere. They will soon be claiming Social Security and then their Medicare, and in 10 to 20 years the number of people on Medicare and Social Security will almost double. The resources required will be substantial for those two programs, which are underfunded.

Most people look at these numbers and say there is no way feasible to deal with this problem, we will just have to restructure the programs. That means we will have to cut benefits, we will have to reconfigure the programs, cut the costs in order to make them affordable.

In truth, if you look at the first bar graph over here, this big fat bar graph of \$14.2 trillion at the top, that is the total amount, the present value of all the tax cuts that the 2001, 2002 and 2003 tax cut laws will necessitate or allow over the next 75 years, 75 years being the timeframe we look to make Social Security solvent.

If you compare the requirements that would be imposed, that are imposed to make Social Security solvent and Medicare solvent, the two come to \$11.9 trillion, the green and the blue here. So the amount of these tax cuts over 75 years is actually more than what is required to make Social Security and Medicare solvent.

We can have this. So those who say this is a set of circumstances we did not foresee and could not control, here is the answer: These are freely chosen policies, and they choose. They choose additional debt, additional deficits, over deficit reduction, and they choose tax cuts over Social Security solvency.

There is a choice here. There is a deliberate choice being made. Those who today say we are victims of circumstance will say the same thing then, but here is the proof right now. If you want to save Social Security, the wherewithal is there to do it, if you do not prefer doing it otherwise for tax purposes.

#### TAX FREEDOM DAY MOVING UP BECAUSE OF TAX CUTS

The SPEAKER pro tempore (Mr. BURNS). Under the Speaker's announced policy of January 7, 2003, the gentleman from New Mexico (Mr.

PEARCE) is recognized for 60 minutes as the designee of the majority leader.

Mr. PEARCE. Mr. Speaker, as most of the Members did, I just concluded about 16 days in my home district. We had visits about Medicare for the first week and about the economy and the job growth for the second, first of all, addressing concerns and answering questions.

Mr. Speaker, I will tell you that as I talked to my constituents about the prescription drug Medicare bill, there was a deep understanding that we have done significant work here, first of all, in creating the benefit for our seniors that is desperately needed, but, secondly, causing deep reforms in the Medicare program which should begin to increase the financial stability of that program.

Mr. Speaker, while we were home, there was a dramatic event. During my entire life, I have seen Tax Freedom Day, that day which every American works up until that time to provide their entire income for the Federal Government. That Tax Freedom Day has been as far out as the middle of May, tending toward the first of June.

Mr. Speaker, this year, because of the tax cuts created during the last 3 years, Tax Freedom Day came on April 11. That means every American worked their entire workweek for the Federal Government up to April 11, but those days from April 11 on to December 31, they are working to use the money for their families, for the education of their families, for just the rent, paying for their house, owning a car, or those things that the American dream really entails.

□ 2130

Mr. Speaker, it is extremely important that we are beginning to cause Tax Freedom Day to move back toward January 1, rather than further out toward December 31. We should work less for the government and more for our families.

I will tell my colleagues, Mr. Speaker, that without doubt the family is the key building block of society. Strong families create strong individuals. And strong individuals create strong countries. That is exactly the paradigm that we should be following and have followed in this country throughout our history.

And as we tax less and put more into the pockets of hard-working Americans, I will tell my colleagues, Mr. Speaker, that the strength of the family increases, thereby increasing the strength of our country.

Mr. Speaker, one of the questions that comes up, and it is a fair question, why are we in the economic straits that we are in? What things have contributed to the financial situation that this country faces?

Mr. Speaker, the first event which really shocked our economy, and there have been three deep events that shocked our economy, and it is instructive that we would remember all three

of those, but the first of them was the collapse of the dot-com economy.

Most Americans will remember in the late 1990s that the dot-com industry had really sprung up from very little to something significant, companies that really did not have product. They were not even selling anything. They had no cash flow, no revenues. Those stocks were escalating from no value to \$200 and \$300 value.

Just the capital gains tax off of those sales of stocks began to thrust our growth curves upward. It was primarily due to those capital gains taxes, Mr. Speaker, that we were seeing what economists and what politicians felt like were surplus as far as the eye could see. We remember those days at the end of the Clinton administration where there were the surpluses as far as the eye could see, but they were based on stock values that really had no foundation under them. It was an explosion in value that was driven by emotion, but not fact.

Now, that collapse in the dot-com industry came, as well it should have. Stocks absolutely at some point have to have something to back them up. That collapse came, brought us back down actually to the same level of economy we had been sustaining, about a 3.5 percent of growth. It was the incline up, then it bubbled back over. And after the collapse we had about a 3.5 percent rate of growth.

That shock into our economy was significant, though, shocking us into a mild recession, one that we should have come out from fairly soon. But just as we were coming up out of that recession, 9/11 came without warning. Now, that was a significant shock on the economy, Mr. Speaker. That shock, by the estimates of some, cost \$2 trillion and over 2,000 lives. \$2 trillion needs to be put into the perspective that our total economy is in the \$11 trillion range, so approximately 20 percent of our economic size was taken out of the economy in one day.

When people are concerned about the cost of the war on terror, and it is extremely high, no doubt about it, if we assume that we are up to around \$200 billion at this point, Mr. Speaker, it still is only about one-tenth of what that one day cost on 9/11 was.

That shocked our economy on the heels of the dot-com collapse into a deeper recession and continuing difficulties. But until 9/11, several things had happened. In those eras and those times of surpluses as far as the eye could see, both the Federal Government and the State governments began to reorient their spending, beginning to pay for programs that had long been underfunded.

It is a complaint of our friends across the aisle, and that is fine that they would complain about it, that spending increased tremendously under President Bush. But I will tell you that some of the areas that the spending increased in are the very ones they are criticizing as underfunding.

It is really difficult for me to understand when education spending was at \$27 billion from the Federal programs and has increased under President Bush to over \$66 billion, approaching \$70 billion, that we are described as underfunding education. But if one listens to the rhetoric very carefully, Mr. Speaker, it is underfunding the authorized amount. They do not want to say they are cutting funding, although they occasionally slip over the line and say that, because the truth is we have more than doubled funding for education from Federal sources under President Bush.

And keep in mind it might have been at a better time. It might have been that we might have understood that those surpluses did not exist as far as the eye could see. But I am not sure anyone on either side understood the reality of what was going on. And it is very easy to understand after the fact.

A second area that often we hear our friends on the other side of the aisle discussing is the underfunding of the IDEA, the Individuals With Disabilities Education Act. Now, it is curious that we hear those descriptions of underfunding in that program, when the truth is that at the inception of IDEA the funding was about \$1 billion and for almost 30 years stayed very constant, much of that time under Democrat control.

The funding stayed constant at about \$1 billion. And finally under President Clinton, it eased up to almost \$2 billion. Now, today you will hear all-out assaults that the President is desperately underfunding IDEA. One would think maybe he had cut it back to \$1 billion. But if we actually look at it, the facts would show that the funding is actually at \$11 billion, almost five times the dramatic increase that came under President Clinton.

Now, one has to begin to ask at some point, are we interested in communicating the situation that the country faces or are we simply throwing out facts?

I would say that this President made commitments to fund serious programs, including education, that at the point right now are causing us to stress as far as our deficits are concerned. So we saw that the Federal Government began to escalate its spending at a time when both parties felt like the surpluses were there as far as the eye could see. It is a fact also that almost every State did the same thing. The economists there were viewing the results the same as the Federal economists.

Just my State and, I think, one other actually preserved budget surpluses through that time because even in the surplus era as of the late 1990s, the Republican Governor of New Mexico said we are going to hold spending very, very tight. And to his credit he did that. Thus, when the dot-com collapse came, when the later 9/11 attack came, shocking our economy into recession and driving down revenues, New Mex-

ico and one other State maintained a surplus, and we saw many of the States begin to have tremendous economic difficulties.

Now, was it their fault that they are in economic difficulties? I do not know. We could place blame. But I think the greater understanding is to know why.

So, again, we experienced increased spending because the perception was that we had surpluses, but we also had two deep shocks into the economy at the very time we were experiencing those surpluses, causing us to go into an economic tail spin.

The third shock, the third of three deep shocks came just as we were about to come out from underneath the effects of 9/11, Mr. Speaker. That is when Global Crossing, WorldCom, Enron, and several other companies had to reveal that they were actually cooking the books, that they were misleading their investors, that they were doing things with accounting procedures that they declared correct, that they declared legal, but which, in fact, may have been legal but certainly were not right. And they did not lead to right conclusions by investors.

At that point of deception, many, many investors began to pull their money out of the stock market and put it into savings accounts and banks. That began to remove needed capital from our companies where economic expansion was no longer available.

So three deep shocks into the economy: the dot-com collapse of the late 1990–2000 time period; 9/11/2001, a second deep shock; the third deep shock was the corporate scandals led by Global Crossing, Enron, and WorldCom. All those three things combined to give us a significant change in our economic climate.

Now, at that point in our economic climate, when we had increased spending believing that surpluses were there as far as the eye could see, we had increased spending and suddenly three shocks into the economy caused the revenues to drop. Now we are faced with some management questions.

It is easy at this point, Mr. Speaker, to sit and say what should be and should not be. But I will tell my colleagues when we get to that discussion there really are only three solutions that I see: one is to cut spending, the second is to increase taxes, and the third is to grow the economy. If we grow the economic size, and it is about \$11 trillion now, if we grow the economic size from about \$11 trillion or 13 or 14 trillion, it is easy for anyone to understand that at the same rates of taxes that we are going to have more revenues.

So we can, again, to solve the problem of deficits from both internal and external causes, caused by increased spending and recession that has been thrown into us from three violent shocks to the economy, given those situations, again, the three solutions are to increase taxes to bring in more revenue, to cut spending, or to grow the

size of the economy. It is really simple. There are not many other choices than that.

Now, the problem is if you begin to increase taxes at a time of economic stress, you come into an economic principle and economic reality that when government spending begins to increase to a certain percent of the economy, and generally the range is in the 20 to 24 percent range, Mr. Speaker, at that point you begin to take so much of the investment capital out of the economy that recovery is simply not available.

The Germans find themselves in that situation right now. When I came back from Iraq, we stopped in Stuttgart and met with several key business leaders at a dinner at night. Around the table uniformly, and the head of DaimlerChrysler is at that location, it was in that meeting they said please get your economy going because if your economy is going, if the United States economy is going, maybe it will raise the level of the entire economic output in the entire world because we are one-third of the world's economy. And if we can get our economy going in the U.S., just maybe they can get their economy going in Germany.

Now, the difficulty they face in Germany is about 44 percent of their current gross domestic product is government spending. They cannot get out of a recession. They cannot create jobs. They cannot do it because they refuse to cut spending, and they refuse to cut taxes. Taxes would begin to lower that amount of government spending down as a percentage. But keep in mind they are desperately high at 44 percent.

We were approaching the 24 percent level, which really does begin to dampen down an economy and put the economic brakes on. So we had some choices to make in this Congress and the preceding Congress of just how to handle this. How do you go about creating economic growth? How could you create economic growth when you have had three deep shocks that have taken tremendous assets, both physical assets and the lives of our countrymen?

My colleagues recall after 9/11 people just began to stay home. They did not consume, and they did not spend. It was a sadness, there was a deep sorrow in our Nation that really affected us emotionally as well as spiritually and emotionally.

So, Mr. Speaker, we have those situations that existed in our economy. I will tell my colleagues that the Democrat Governor of New Mexico said it best last year. He said that my party should get over the fact that tax cuts create jobs.

That is what we wanted to do in this body. Keep in mind we have three choices: we can cut spending, we can increase taxes, or we can grow the size of the economy so that our tax rates bring more revenues.

We elected, Mr. Speaker, in this House, and I am proud to have been a part of that vote, to begin to try to

grow the economy. And we did that by decreasing the amount of government spending, that is, by increasing the take-home pay of our people in our economy. We began to give tax cuts.

Now, those tax cuts began to show immediate promise. The biggest tax cut took place last year. We had estimates in the House, estimates that said we hoped we would get 3.5 percent rate of growth from the tax cuts that we gave. But we would have been satisfied for any rate of growth. We were stunned, Mr. Speaker, when we saw the economic growth in the third quarter of last year jump to 8.2 percent. No one had even anticipated that level of growth in our economy. In the fourth quarter it settled down to a more stable sustainable 4 percent and continues in that 4 to 5 percent range today with Alan Greenspan saying that the economic indicators are good. Independent watchdog groups have looked at our economy and said it looks positive for the next 2 years.

□ 2145

One of the problems, though, in the recovery was that jobs had not been created. I heard a lot of my colleagues on both sides of the House express concerns, and I understood the concerns, but, Mr. Speaker, as a business owner, I also understood the other side because as a business owner, the last thing I wanted to do is hire permanent employees. If I am in a period of growth, then, first of all, I want to work overtime because I do not want to hire employees and then have to lay them off if we are just in a little bubble upward.

So the first thing we will do to see if we are going to get through this pick-up in activity is we begin to work overtime just an hour here or an hour there. The next thing we begin to do, Mr. Speaker, is work weekends. When those two things do not combine to fill the needs for employees, Mr. Speaker, at that point we would always bring in temporary employees, and I say "we" because my wife and I were co-owners in the company. She managed one piece, I managed the other piece, and we have always made our decisions together. But always on hiring we wanted to do the same thing, so we would progress through this sequence over time, working Saturdays and Sundays, temporaries, and then we would hire part-timers. Usually we would go to retirees who did not need full-time jobs, but always would like to have 3 or 4 hours a week or 3 or 4 hours a day.

So we would do these four steps before we hired full-time employees. And so, Mr. Speaker, it was not so concerning to me at that point that we had not seen the job figure growth after two successive quarters of significant growth in our economy. As we went into the early months of this year, again the job growth had been small, at about 300,000 for about a 2- to 3-month period, but in March alone, Mr. Speaker, we had stunning news

that this economy that had shown all the signs of economic recovery in fact produced 308,000 new jobs in 1 month. That 308,000 new jobs, Mr. Speaker, combined to make almost a million since August of last year.

At this point, Mr. Speaker, we feel the signs of recovery. We are beginning to show those signs of job growth which is beginning to show growth signs, and we are beginning to hear it frequently on the floor of the House from our friends. I would expect to see the 300,000 jobs in 1 month. They will begin to rejoice with us because no one would like to see a Nation in suffering. We would like to see a Nation that has found the key to recovery, and these keys are not so simple as going out and causing recovery and passing a law. We have to rekindle the confidence of the consumer. We have to rekindle the confidence of the investor, the confidence in companies that were shaken by corporate wrongdoing, the confidence of purchasers that were shaken by the tragic events of 9/11. So this restarting of the economy should be a rejoicing for each one of us, and I hope that it is that, because, in my view, the last thing we want to do is begin to change courses.

I, along with my friends on the other side of the aisle, am very concerned about the deficit, but also I know that we have done some very expensive things last year that could not be put off. The Medicare prescription drug bill was an expensive bill that 78 percent of Americans said needed to occur because people were choosing between food and medicine. Yet it was very expensive. We must have the will to pay for it, and we must have the economic discipline to pay for it.

The war on terror is extremely expensive and is taking much, much out of our economy, and that needed to be done, and the President is pursuing that with bold determination to win that war on terror and preserve the liberty that is the world's, because terror and liberty cannot live in the world together. 9/11 changed forever the way we look at this world.

Mr. Speaker, another important expenditure that we have undertaken that have helped create the deficits, and even though we do not like them, we begin to understand that we are having to do things that could not be put off, homeland security could not be put off. We must begin to seal our borders so that the American people would feel safe. We must begin to do those things which will keep terror outside our borders. So we fight the war on terror to kill and disable terrorists in their own areas, but we begin to build our own borders that would protect the lives of our children and give them access to the hope and opportunity that peaceful neighborhoods give to each one of us and that we have raised our families with.

These are the things that we have been spending money on in the last year and 2 years that are going to fund

a deficit. And do we like the deficit? No, we do not. But we must be patient. This year the discussion is should we allow the tax cuts to expire because they are temporary, and they expire towards the end of this year. So the discussion is, and we should be on the floor of this House having that discussion, and we have will it, should we allow the tax cuts to expire?

I will tell you that once we have charted a course, the worst single thing is to begin to withdraw and to find another course. In history we can determine that several courses usually will solve a problem, but we have elected to a course here; we have chosen the course of trying to grow the economy. We have given the tax cuts that have stimulated the growth and jobs, and the last thing we need to do is to retreat out and not pursue that one single objective of growing the economy, reestablishing our economic stability, creating jobs so that every American in this country is able to find a career that they look for, is able to have employment security with the outcome of raising and maintaining good families.

So, Mr. Speaker, we will continue this discussion this year. I myself believe that we must stay with the tax cuts that we have put into place; that to do otherwise would again begin to thrust up the percent of government spending as a percent of our gross domestic product and run the risk of pouring water on the flames, the low flames of our economic recovery.

Mr. Speaker, I am joined in the House tonight by my colleague from Colorado (Mr. BEAUPREZ). We came in as freshmen. He, like I, has been a businessman. He, like I, has made a payroll; and like I, he married above his head, and his wife now runs their business, as mine does. So I, Mr. Speaker, would yield to the gentleman from Colorado to discuss this economic recovery from his eye, and is from the eyes of a man with a dairy background and with a banking background. I yield to the gentleman from Colorado.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman, and I especially thank him for acknowledging the quality of our wives. We are blessed indeed, are we not? And I thank the gentleman for bringing this Special Order to the floor tonight.

It strikes me that there are a lot of people out there that are trying to convince people that maybe conditions are different than they really exist. Mr. Speaker, the gentleman from New Mexico (Mr. PEARCE) just acknowledged that I have been a businessman before myself. I have met payroll. I have created jobs. Most recently I was CEO and president and chairman of a bank. I am kind of prone to analyzing things and getting a basis of comparison, the "compare to test" I call it. Compared to what?

Folks are talking about how bad things are. Well, I have done a little reading. I think my colleagues in this Chamber, all of us, do quite a lot of

reading, and I have found a few things that I think are fairly interesting. Specifically, there has been a lot of talk lately about how great everybody else is, and especially our friends over in Europe, how good they are doing. Well, I was in Europe. In fact, I was in France last May, not quite a year ago, representing this great body as a representative of the United States Congress at a conference on terrorism and the growth of anti-Semitism in Europe. And I witnessed for myself how "good" they are doing. They were not doing all that great, as a matter of fact, Mr. Speaker.

In fact, according to an article in the *National Review* just this very month, our economy has grown about one-third faster than Europe's or Japan's, Mr. Speaker, even though, of course, as my colleague from New Mexico just cited, it was us that experienced the ravages of 9/11, an event, Mr. Speaker, that I submit to you, I submit to this body, would have crippled, perhaps destroyed, the economies and the governments of nearly every other nation on this Earth. But yet we are growing faster.

Now, some of us, myself included, are certainly old enough to remember an index that was created some time ago called the misery index. It was not created by me. It was not created by you, Mr. Speaker. I think we remember where it came from. It was invented by our friends in the other party in an attempt to bludgeon a former President, Gerald Ford, for the condition of the economy.

Let us go back and look. Let us use that as a comparison. When Gerald Ford was running for reelection in 1976, this misery index, which was a simple combination of the inflation rate and the unemployment rate, add the two together as an indicator of the pulse, if you will, of the economy. Well, that misery index in 1976 when President Ford ran for reelection and was unsuccessful was 11 percent. In 1980, that misery index rose to 17 percent under then President Carter, and the country decided to make a change. When President Clinton ran for his reelection in 1996, which our colleagues on the other side continually cite as the best of times, the misery index, again, inflation plus unemployment, stood at 8 percent. Now, Mr. Speaker, that same index today stands at 7.8 percent, the lowest, obviously, of that entire period. And yet our colleagues on the other side of the aisle night after night, day after day are trying to convince the American people that they administration under this party's leadership is experiencing "the worst economic performance since Herbert Hoover."

Mr. Speaker, I cannot find evidence to support that claim. And just because you say it is so does not make it so. The facts do not bear it out.

A few other facts, Mr. Speaker, if I might. Again, I will remind you, Mr. Speaker, I have created jobs. I have met payroll, and I am proud of that. So

I am concerned like many about those seeking employment in this country but not able to find it. We are addressing that situation. Jobs are coming back. We all know that they are the lagging indicator. That does not make us feel any better, but it is one of those economic realities.

Now, if we go back to 1979, 1980, that recession, unemployment hit 7.9 percent. The mini-recession in 1982, it peaked at 10.8 percent. Then in 1990, one I remember very well, it hit 7.8 percent before beginning to fall.

Now, all of this seems to me, Mr. Speaker, to pale by comparison to the 6.3 percent that we hit even following 9/11, even with the effects of a recession and then the tremendous impact of a 9/11. Why? Because with this President's leadership, the 107th Congress enacted tax cuts in 2001, and we have followed now with tax cuts again in 2003.

Now, to reference again what is going on in the European Continent, which many seem to want to cite as some sort of utopia, some sort of model, well, over in Europe right now the European Union is averaging unemployment of about 8 percent, Mr. Speaker, about 8 percent.

□ 2200

We are at 5.7 today and falling, and we are the ones, again, who experienced the ravages of 9/11. If we were doing as well, and I use that in quotes, as our friends in the European continent, we would have 3 million more jobless Americans, Mr. Speaker. That is my comparison. That is one of my comparisons.

Additionally, let us look at just some statistics. We are under assault nightly for the terrible, again, I use that in quotes, tax cuts that we imposed last year and the conditions that it has created, and there is at least one person running around this country campaigning to be our next President to change the course, that wants to rescind those tax cuts. Well, let us make a little comparison.

Beginning in May of 2003, which is shortly before this body approved those tax cuts and before the President even had the pleasure of signing those tax cuts, until February of this year, to give a baseline of when we got current numbers, the Dow has increased almost 20 percent, the NASDAQ almost 30 percent. Not everybody has stocks, but it is a pretty good bellwether of what is going on economically in this country and where we are headed, the faith and confidence in the market; and I know full well and I would guess my colleagues, too, Mr. Speaker, have had any number of constituents come up to them and talk about that 401(k) that is now a 1(k). Remember that joke, Mr. Speaker?

Well, the markets have come back, and that is real value in the pockets and the wallets and in the bank for the people all over the country that have got an IRA, 401(k), any kind of pension plan, a little investment in a mutual fund.

It is estimated that some 3 trillion, with a T, Mr. Speaker, \$3 trillion have returned to the market, returned to people's net asset value. That is a good thing. Real gross domestic product, same period of time, just inside of 9 months, increased 6.1 percent. Productivity, 6.4 percent while we are increasing job growth, albeit a little bit slow, but increasing job growth, adding employment figures, productivity up 6.4 percent, just inside of 9 months.

Housing starts, strongest in 20 years, Mr. Speaker, increase of 9 percent just inside that 9-month period of time, all while unemployment on a percentage basis fell 8.2 percent. Mortgage rates lowest in 20 years, prime interest rates lowest in 45 years, and inflation the lowest in 4 decades.

Mr. Speaker, the numbers do not bear out their claim that this is the worst economic performance since Herbert Hoover. We should be celebrating, Mr. Speaker, not only the actions of this body, the other body in Congress and the White House, but especially celebrating the will, the fortitude, the entrepreneurship of the American worker and the American businessman. That is who we ought to be celebrating. They are doing the heavy lifting, and they are performing. The system is working. It is not time, Mr. Speaker, to change course nor captains of the ship.

It has been cited that manufacturing has taken a tough hit. Indeed they have, indeed they have; and no one, no one should know better what the true nature of the reason for the difficulties, the struggles that manufacturing has gone through, nobody should know better than manufacturing.

I happened to come across a little communication from the National Association of Manufacturers, an organization that represents, Mr. Speaker, manufacturers all over this land, largest organization of its kind, so far as I know. I would assume that they are a legitimate mouthpiece for their members.

I do not like to read at this hour or during these Special Orders very often, but I do not want to misstate anything either, Mr. Speaker. So I am just going to quote what the National Association of Manufacturers tells us.

Let us look at the real sources of manufacturing job loss. While many were lost to productivity gains in technology, there were many other major factors as well, such as 900,000 jobs lost when U.S. exports tanked owing to the overvalued dollar and slow growth abroad. That is the problem in other countries. Their economies were in the tank, the value of our dollar went up, 900,000 jobs because of foreign problems.

75,000 jobs lost in the chemical sector alone, due largely to skyrocketing natural gas prices. Mr. Speaker, maybe we can talk about that at another point in time, too.

60,000 jobs lost due to asbestos litigation that drove companies right into

bankruptcy. We have a solution to that. We have a solution that will save companies, save jobs. Members on the other side of the aisle say no, no, no, let us give it to the trial lawyers and bankrupt companies. I do not know how you can have it both ways, Mr. Speaker, create jobs and put companies out of business at the same time and thousands more jobs lost because of the high cost of doing business in America.

Here is what they say: nonproduction costs, nonproduction costs such as taxes, excessive legal and regulatory burdens, and the rising cost of natural gas and health care add 22 percent to the cost of making a product in America relative to our major trading partners. Mr. Speaker, I am not making that up. This is from the National Association of Manufacturers. That is why we struggle in this country to be competitive in a global market, even a domestic market, because taxes, excessive legal and regulatory burdens, and the rising costs of energy and health care are stifling American business, thus, American workers.

Mr. Speaker, this is a critical subject. I thank the gentleman for bringing it to the attention of this body and I see he has something on his mind that he would like to say. I thank him for the time.

Mr. PEARCE. Mr. Speaker, I thank the gentleman from Colorado (Mr. BEAUPREZ) for his thoughts on this subject and for the calm approach that he has to dissecting a very difficult problem.

Always when you face difficulties it is easy to discuss the difficulties, but understanding those elements that must be changed in the very measured way that they must be changed is the difficult part of this business.

He began to discuss why would American jobs be leaving our country. I think that he is on a very, very timely subject in discussing the cost of frivolous lawsuits, lawsuits that would drive companies out of this country.

About a year ago, Mr. Speaker, right at this time of year, I went to Ground Zero in New York. We went across the street to American Express; and the head of American Express told us, as congressional leaders, that if you do not reform lawsuit litigation problems in this Nation that you will not have a major company left in America in 20 years. I see those pressures that litigation costs us.

Currently, the cost of lawsuits on the U.S. is equivalent to a 5 percent tax on wages. Litigation cost \$233 billion in 2002. This is \$807 per U.S. citizen. Increased litigation costs have burdened American families and businesses with higher insurance premiums and contributed to higher medical costs and, in some places, removing medical care completely as doctors go into retirement or refuse to practice under the conditions that face them.

Individuals suffered directly by having less disposable income than they would otherwise have due to increased

prices for products but also higher insurance premiums. Individuals suffered directly when businesses raised their prices on goods and services to pay for the litigation costs.

The U.S. Chamber of Commerce 2 years ago was advertising in my district that the cost for every consumer who bought a new car for the litigation costs throughout the production of that car was over \$500 per vehicle that every single American consumer paid.

Individual wages bear the brunt in the form of lower wages in jobs and fewer jobs when we are exposed to continued litigation, and that is not litigation to respond to problems. These are frivolous lawsuits that come up simply because the legal community feels like they can get redress outside the courts, that they can get settlements outside the court without jury trial.

Frivolous lawsuits discourage businesses and individuals from taking risk, which means that fewer new products are brought to production and new technologies are either delayed or foregone completely. Consequently, good, high-paying jobs are not created because of the fear of lawsuits. Companies are left going bankrupt instead of being able to pay the high cost of litigation.

Currently, this House has passed four kinds of tort reform, four kinds of litigation reform that currently have stalled out in this city, unable to move further because of the influence of the personal injury lawyers in this community. Out of this House, Mr. Speaker, we have passed class action tort reform, asbestos tort reform, medical liability reform and then also, just recently, that cheeseburger bill because the personal injury lawyers are trying to tap into the pockets of every single restaurant owner in America saying they are the cause that people are sick or overweight.

Mr. Speaker, just the asbestos litigation reform is needed to begin to deal with the tremendous numbers of cases that face us. An estimated 300,000 claims are pending, 730,000 individuals have already brought claims and 60 to 100,000 new claims are filed every year.

Asbestos victims face uncertainty, delay, and risk in the current tort system. Today, a person's compensation is more likely to be determined by where and when the claim is filed and who is the lawyer or judge rather than by the severity of his illness. Many victims even die before receiving anything.

To name a few examples, after having his claim consolidated with 1,000 other plaintiffs in a Louisiana trial, a former Avondale shipyard employee died of mesothelioma before his trial even began. An Ohio welder died during trial. A flooring contractor died during his trial in California. While some courts prioritize cases where plaintiffs suffer from mesothelioma, other times plaintiffs can die before or during the trial. Exponential growth in claims involving plaintiffs who are not sick is clogging the system. Those people who

are simply making claims with no physical symptoms are clogging the system so that those who are legitimately sick are unable to move forward with their claims. Mr. Speaker, this is an economic distress to companies that maybe never even manufactured asbestos. It is an affront to our entire system.

In 2001, an asbestos verdict awarded six unimpaired Mississippi plaintiffs \$25 million each. None of the plaintiffs claimed prior medical expenses or absences from work due to any related illness; but they were awarded a combined total of \$150 million, Mr. Speaker, and they had never claimed any absences from work due to related illnesses. These unimpaired awards have bankrupted 67 companies and wrung \$54 billion from companies. Some experts estimate that under the current broken system the past and future trials of asbestos liability will ultimately reach as much as \$200 billion or more.

Mr. Speaker, to put these numbers in perspective, the savings and loan sector crisis in the 1980s and 1990s cost approximately \$153 billion. The collapse of Enron and WorldCom resulted in losses of as much as \$42 billion in gross domestic product and as much as \$50 billion in insurance industry losses and as much as \$50 billion in insurance losses stemming from the September 11 terrorist attacks.

□ 2215

Most unfortunately, the asbestos litigation system imposes billions of dollars of costs, while claimants receive very little of what is paid. Transaction costs have accounted for well over half of the spending. Plaintiff attorney fees alone can be 40 percent of any settlement, with expenses often reducing the settlement to less than 50 percent.

It is not just the American companies that are left with the cost, it is the American worker. Companies bankrupted by these 75 percent of unwarranted asbestos claims have slashed 60,000 jobs and failed to create 423,000 new jobs. Each displaced worker has lost up to \$50,000 in wages and an average of 25 percent of the value of their 401(k) accounts. Even the AFL-CIO testified before the Senate Judiciary Committee, noting that the uncertainty for workers and their families is growing as they lose health insurance and see their companies file for bankruptcy protection.

So while our friends on the other side of the aisle continue to talk about the jobs that move overseas and the failure of this economy to create jobs, they are overlooking one of the most important cures, Mr. Speaker, that can be found to be effective: that of litigation reform.

Mr. Speaker, I see that the gentleman from Colorado has additional comments, and I yield back to him.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman, and I thank him for his timely comments as well.

We talk about large numbers in this body. We are dealing with a \$2.4 trillion

budget this year. And running the United States of America's business is certainly an expensive business. But while I was home over the last couple of weeks, I talked to a whole lot of constituents. I know the gentleman has a great deal of familiarity with the energy business, and, not surprisingly, energy came up over and over again.

I think in the context that we have been discussing these last about 45 minutes now of embedded costs, costs that stifle competitiveness, job creation, economic growth, and all the things we are all talking about, now we have this rapidly escalating cost of energy.

A friend of mine, a young mother, she has three children. I think the oldest is about eight. So this mother of these three little children, she is absolutely beside herself. She does not work outside the home. She is home doing what moms ought to do, taking care of her three little kids and doing a good job of it. Her husband works and is bringing home a decent income, but one can imagine that things are pretty tight around her house.

She is now faced with rapidly escalating costs of gasoline and in their utility bill at home. So I went looking for numbers. She pulled up to the pump just behind me and she said, oops. Regular unleaded that day was about \$1.85, and the next two grades were over \$2. I think it was \$2.05 and \$2.13, if I remember correctly. The AAA estimates that in the average two-car household, they use about 1,200 gallons of gasoline a year. I know the gentleman is from New Mexico. I am from Colorado. Out our way we drive even more miles, I think, than the average, so that 1,200 gallons is probably a conservative number for the average household.

Now, imagine just a 50-cent-per-gallon increase. And we have had all of that. Maybe it is closer to 60 or 70 cents now in just recent months. But at 50 cents, 1,200 gallons a year, that is obviously a \$600-a-year additional burden on that family. That \$600 has to come from somewhere, so I asked her, where does it come from, Teresa? Teresa says, I just have to do without something. We do not take the kids to the zoo, or we do not take the kids to McDonald's for a Happy Meal. We are starting to make those tough choices.

We have to stop and ask ourselves, I think, what are we doing to American people? In addition to that extra \$50 a month to pay her fuel bill, Teresa tells me that her energy prices, the utility bill at home, has gone up about \$30 a month, too. Now, sooner or later it gets to be real money.

That evening I spoke to a group of realtors. They have been enjoying pretty good times, because, thankfully, interest rates have been very low, and, to a very real degree, the housing market has kind of kept us going as we get jobs coming back on the market. But they are concerned, and they are concerned for exactly this reason: I asked them, I said, how many of your clients have

wanted to put a contract on a house, and they pushed the numbers, and, having been a banker before, I understand how this works, and they find out they just barely or maybe not quite qualify for that new home they would like to buy? It is often \$50 or \$100 a month one way or the other. When energy costs alone go up that much, you just have a whole pile more folks who cannot afford going that next step up the ladder. That does not make sense.

We have passed an energy bill out of this body three times since 2001. It is time that the entire Congress, with the cooperation of the other body, do what America desperately needs and pass an energy bill, send it down Pennsylvania Avenue and let the President sign it.

There is no silver bullet solution. But as the gentleman knows, we need to address some common-sense regulation relief, common-sense permitting, and create some jobs at home. And that is the other thing that is so maddening, as we talk day after day after day, and we hear rhetoric in the media and from candidates running for all kinds of offices about jobs. Pass an energy bill.

The Department of Commerce estimates that for every \$1 billion we send offshore, those foreign sources which we are now two-thirds dependent on for our total energy supply, for every \$1 billion we send them, we are sending them 12,389 jobs. With what we are sending in total today, the billions and billions, that is 1.7 million American jobs that are somewhere else on this planet, and in the meantime we are paying more. Less jobs; more for our energy.

Mr. Speaker, you do not have to be the proverbial rocket scientist to figure out that that will not work forever and ever and ever. So rhetoric is not going to get it done. Sooner or later we have to have some decent policy. The American people are feeling the pinch right now, and they need to hear the truth.

My colleague talked about litigation reform. We talked about how we have to have some regulation relief in this country. We talked about the effects of the tax cuts. We need a good energy policy to go with it.

Mr. Speaker, I see the gentleman has that look in his eye that says he has something to close with, so I yield back to him and thank him for his kindness this evening in letting me participate.

Mr. PEARCE. Mr. Speaker, I thank the gentleman from Colorado (Mr. BEAUPREZ), and he is exactly right. We have passed the energy bill out of this Congress, and it is stalled out, unable to move further. The estimates are that energy bill would create 800,000 jobs nationwide.

Now, the most important thing it would do is begin to limit our dependence on foreign oil. And when people ask, what is suddenly causing the price of oil to escalate, it is very simple. The OPEC countries decided they are going

to try to squeeze off the supply, understanding our demand is fairly constant. If they squeeze off the world supply of oil, the price goes up.

Now, those are independent countries. They operate on their own. Our President is asking them, it is an arbitrary decision on their part, if they will not consider going ahead and increasing the supply where the price will moderate. But the fact remains that we do get about 60 percent of our energy from overseas, and there are people in this country, the extremists, who would say we should not produce any energy in this country. They would like to move all drilling to other countries. They do not want to drill offshore, they do not want us to drill in the Rocky Mountains, they do not want those jobs in America, and they do not want an America independent of foreign energy production.

Mr. Speaker, this economy that America has is built on one thing and one thing only: It is built on affordable energy. And right now the price of natural gas in this country is between \$5 and \$6, last year spiking up to \$10. In Russia and in Africa right now the price is between 50 cents and 70 cents. We cannot sustain our economy at the levels it is and the levels that it has traditionally been, paying five times for our energy.

There are those extremists who say that we cannot and should not drill in areas that have been drilled before on our public lands. Mr. Speaker, we are going to decide in this country if we want a vibrant economy or if we are going to send all those jobs overseas, because that is what will happen. Infrastructure will eventually relocate to the area where energy costs are one-tenth of what they are today. In the meantime, we are going to be faced with paying more at the pump because we have internal policies which refuse to allow drilling to occur in places in this country where there are known and proven reserves.

Mr. Speaker, I would also make comment that it is time that we have these discussions. I think that in this Nation we can reach the balance between preserving the environment and providing affordable energy, and it is time that we begin to look at those policies which will allow us to do that. We cannot continue shipping jobs overseas because of the cost of litigation, because of the cost of energy, because of our unwillingness to deal with the regulatory climate that simply frightens people out of investing in new jobs in this country.

Mr. Speaker, we ourselves, as Americans, are going to determine at what level our economy operates, and it is each one of those small increments that will determine exactly what we do.

In concluding the discussion tonight, Mr. Speaker, and I thank the gentleman from Colorado for participating with me, I would remind the House that our economy has been suffering

from three deep shocks. It is suffering from the deep shock of the dot-com collapse, of the 9/11 strike, and finally the corporate scandals, which are now being tried in our courts.

Mr. Speaker, the Republicans and the President have charted bold initiatives that are pulling us out of the economic recessions that began in the late 1990s and early 2000. Those recoveries must be sustained. That tremendous job growth in March is an indicator of what lies ahead, 308,000 new jobs in 1 month.

Mr. Speaker, we have 138 million jobs in this Nation, but every single person who needs a job and a career should be able to find it. And with the policies that this administration and this Congress have passed, we are on the road to recovery and providing careers for every person that looks for them.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BURNS). The Chair must remind Members to avoid improper references to the Senate.

#### IRAQ AND RECENT REVELATIONS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Ohio (Mr. STRICKLAND) is recognized for half the time remaining before midnight.

Mr. STRICKLAND. Mr. Speaker, I am happy to be joined here this evening by my colleague, the gentlewoman from Texas (Ms. JACKSON-LEE) and another of my colleagues, the gentleman from the State of Hawaii (Mr. ABERCROMBIE) as we talk about what is happening in Iraq, the needs of our troops, and what the American people need to know. Much of the information is just now becoming clear to us as a result of Mr. Woodward's book, which became available to the general public today.

□ 2230

Mr. Speaker, I would like to begin my comments by making reference to a comment the President made in his most recent press conference when he made reference to what he would say to the troops. In that statement he said, "We will provide them what they need." That sounds like a rather direct and simple statement, but the truth is we have not provided our troops in Iraq with what they need, not in terms of equipment certainly, equipment that has the potential to save lives and to avoid serious injuries.

Mr. Speaker, the war began in March 2003. Soon after that war began, I received a letter from a young soldier from my district who is a West Point graduate and a gung-ho Army guy, and he started his letter by saying, Congressman, I am so proud of the Army. I am so proud of what we are trying to do here to help these people. But later in his letter he said to me, my men are

wondering why they have not been provided with these life-saving interceptor vests, which became available, I believe, in 1998. They cost \$1,200 to \$1,500 apiece. They are made with Kevlar with pockets in the front and back where ceramic plates can be inserted which will stop an AK-47 bullet. They are life-saving equipment, and yet we send our soldiers into battle in Iraq, and thousands and thousands were without this equipment.

Now, the war began in March. I received this letter from this young soldier in the early summer. I wrote the Secretary of Defense Donald Rumsfeld a letter sharing what I had been told by this young West Point soldier, and asked him when our troops would be provided with this life-saving equipment. He wrote me back. I got a letter in September from the Secretary telling me that he expected that our soldiers would be fully equipped with this life-saving equipment in November. Within a day of getting the letter from Secretary Rumsfeld, I received a letter from the chairman of the Joint Chief of Staff General Myers, and in his letter General Myers indicated it would be December, not November as Secretary Rumsfeld had said, but it would be December before all of our soldiers were equipped with the interceptor vests.

Then before we left this city for our Christmas vacation, our holiday vacation, the Pentagon held a briefing, and in that briefing we were told that it would be January before our soldiers were equipped with these life-saving vests. I remind my colleagues that the war began in March, and we are being told that it will be January before the soldiers are provided with life-saving vests. Lo and behold, after I came back to this city after the holidays, and I was continuously troubled that this problem had not been solved, so I wrote Secretary Rumsfeld another letter reminding him that the self-imposed deadline had passed.

Finally, finally, in March of this year, I received a letter informing me that finally all of our soldiers had been equipped with this life-saving vest, 1 full year after the war began.

Now we have a similar problem because many of our soldiers are being killed and wounded in Iraq because they are driving around in Humvees that are not up-armored Humvees. In other words, they do not have the proper armor that will protect them if the soldiers are attacked while on patrol. Soldiers are driving in Iraq with unarmored Humvees. I am concerned about this, and I say to the gentleman from Hawaii (Mr. ABERCROMBIE) and the gentlewoman from Texas (Ms. JACKSON-LEE) the only company that has a sole contract with the Pentagon to provides these up-armored Humvees and the kits to armor those already deployed is an Ohio company, O'Gara-Hess.

O'Gara-Hess officials came to my office, and they told me under their current contract with the Department of

Defense, they are being asked to produce 220 of these up-armored Humvees each month. However, they are capable of producing up to 500 a month. The Pentagon says there are about 4,000 of these Humvees in Iraq that need to be so armored to protect our soldiers, and it will probably be sometime in 2005 before it is all done. The question that I would ask: If the President was standing where you are standing, I would say to the President, Mr. President, this is a life-saving matter. Why are you not directing your Pentagon to provide our soldiers with this protection as quickly as possible?

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman would yield, the answer would be, as has been enunciated in a series called The Spoils of War on Marketplace. Members may be familiar with the program Marketplace. It is on the radio and follows the National Public Radio news, All Things Considered, the afternoon edition of it. There is a business broadcast called Marketplace which reviews the market decisions, the business activities of the country, and in their series entitled The Spoils of War, Members will find that the money which otherwise might have been spent, according to the contract that your company represents, to provide armor for the Humvees is now going out at the rate of tens of millions of dollars a week, perhaps a month, in graft and corruption through the Bank of Iraq, with nothing in the way of any kind of accountability under the Provisional Authority, Mr. Bremer's Provisional Authority.

This is being done today. They are done with DGs, or director generals, of the various Iraqi ministries. They are the equivalent of under secretaries. They go into the bank and walk out with cardboard boxes full of cash. Corruption is in the hands of clerks who simply rubber-stamp the action, and the American companies that are over there taking the money are paying bribes, are involved in mass corruption, and this is where the money is going. This is what the Provisional Authority is involved in. This is what is happening.

We cannot respond to you and your constituents in Ohio and those people in Ohio who are capable of providing armor for our troops because we have to make sure that those who say they were on our side, those who say they were the sources of Iraqi information and intelligence and upon whom we could rely are the very ones who are involved up to their eyeballs in corruption and graft in Iraq and Baghdad itself to the detriment of our own troops' capacity to be able to defend themselves.

Mr. STRICKLAND. Mr. Speaker, I yield to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, let me just say that I wish there could be the kind of sunlight that our distinguished friend, the gentleman from Hawaii (Mr. ABERCROMBIE) has