

bill and that he would approve of the Committee on Rules going ahead, in effect. He would still oppose the bill, still does oppose the bill and always will oppose the bill as he has done because he has been very consistent on this issue.

But there was also a statement made as though we were, "we" being the Republican leadership as well as outside groups, trying to intimidate these poor western Members in the United States who were afraid of ads.

First, the gentlewoman from South Dakota (Ms. HERSETH), the gentleman from North Dakota (Mr. POMEROY), the gentleman from Texas (Mr. EDWARDS), people in tough races, actually believe in gun rights. That is why they are on the bill. It is demeaning to have their colleagues undermine them on the House floor and imply that the only reason they got in the bill was for political purposes. That is things like people from our side would say about people from their side. Their own side should not be saying that. Furthermore, the last I saw, the gentleman from Michigan (Mr. DINGELL), the gentleman from Pennsylvania (Mr. MURTHA), the gentleman from Missouri (Mr. SKELTON), the gentleman from Pennsylvania (Mr. KANJORSKI), the gentleman from Texas (Mr. ORTIZ), the gentleman from Texas (Mr. REYES) are not in tough races and they are not intimidated by outside groups.

This bill has 45 Democratic cosponsors in addition to the majority of the Republican Party. When we talk about bipartisan legislation, this is bipartisan legislation. The D.C. handgun ban has failed. It has failed miserably. This bill is demanded by the people of the United States. They wrote into their Members. Members from both parties got on this bill. This is a good rule, and I hope Members will support and pass this rule and pass the bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, it is unfortunate that I am here today to fight a closed rule on what will be one of the more tragic pieces of legislation that we try to pass through the House of Representatives. We have very important interests that are being ignored by this closed rule.

Guns are disproportionately killing our children in our cities and this law has no basis to be here in front of us today. DC has its own rules regulating purchasing and owning a gun, and we do not need to create legislation to usurp their power and go against their interest.

We are drowned in rhetoric saying that a Member of Congress who does not think handguns should be floating freely on our streets is someone who is anti-gun and wants to take our hunting rifles away. That is not this bill before us. You can keep your hunting rifles, you can keep your loaded guns in your business, but you do need some semblance of order on the street, where a small, innocent mistake encounter can turn into a massive bloodbath once guns are used instead of words.

Right now, DC's local laws do not prevent law abiding citizens from owning a firearm. Since 1976, District residents have registered over 100,000 firearms (mostly rifles and shotguns) with the Metropolitan Police Department (MPD).

Study after study is showing that guns protect very few at home and result in thousands of Americans killed in family and acquaintance quarrels, domestic violence and suicides. Guns obtained legally end up as weapons in domestic or neighborhood quarrels. Is this what we want in our neighborhoods? What is wrong with the mentality that it takes guns to solve problems and make people feel safe?

As a member of the House Select Committee on Homeland Security, we need to be doing everything we can to keep the men and women who protect the nation's capital out of harm's way. The nation's capital is under an orange alert.

Placing more unregulated guns in the streets of DC undermines homeland security measures. Why must we compromise our own homeland security efforts by bringing more handguns to the streets? Where are our priorities?

I have been collaborating with my colleague and good friend from the District of Columbia, Congresswoman ELEANOR HOLMES NORTON. She can echo that DC's current firearm laws are working. 97% of all guns used in crimes in DC originate outside of DC and 59% of traceable guns were first purchased in Maryland and Virginia. In addition, 8% of traceable guns were bought in North Carolina, Florida, Georgia and South Carolina. It is a travesty that her concerns are being ignored, both by the House Rules committee and by the larger body.

As legislators, we must take our role in as decision makers very seriously. This includes knowing when we have overstepped our bounds. Please, listen to the people of DC to hear if they want guns on their streets.

Mr. HASTINGS of Washington. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### REMOVAL OF MEMBER AND APPOINTMENT OF MEMBER TO PERMANENT SELECT COMMITTEE ON INTELLIGENCE

THE SPEAKER pro tempore (Mr. LATHAM). Pursuant to clause 11 of rule I, the Chair announces the Speaker's removal of the gentleman from New York (Mr. BOEHLERT) from the Permanent Select Committee on Intelligence and pursuant to clause 11 of rule X, clause 11 of rule I, and the order of the House of December 8, 2003, appointed the gentleman from Missouri (Mr. BLUNT) to fill the existing vacancy thereon.

#### APPOINTMENT OF CONFEREES ON H.R. 4520, AMERICAN JOBS CREATION ACT OF 2004

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4520) to amend the Internal Revenue Code of 1986 to remove impediments in such Code and make our manufacturing, service, and high-technology businesses and workers more competitive and pro-

ductive both at home and abroad, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MOTION TO INSTRUCT CONFEREES OFFERED BY  
MR. NEAL OF MASSACHUSETTS

Mr. NEAL of Massachusetts. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. Neal of Massachusetts moves that the managers on the part of the House, on the disagreeing votes of the two Houses to the Senate amendment to H.R. 4520, be instructed as follows:

1. The House conferees shall be instructed to include in the conference report an effective rate reduction for income from production activities in the United States, and such an effective rate reduction—

A) shall be provided in the form of a deduction as in the Senate amendment, and shall not be provided in the form of a corporate rate reduction, as in the House bill,

B) shall be available to all businesses (including farmers, farm co-operatives, subchapter S corporations, and other unincorporated businesses) engaged in U.S. production activity as in the Senate amendment,

C) shall include the provisions of the Senate amendment that adjust the size of the effective rate reduction based on the respective portions of the taxpayer's business in the United States and overseas in order to provide the largest effective rate reduction for businesses that have not moved operations offshore, and

D) shall include the provisions of the Senate amendment (not included in the House bill) that ensure that the rate reduction will not be available for income attributable to cost savings resulting from purchasing imported parts or outsourcing labor overseas.

2. To the maximum extent possible within the scope of conference, the House conferees shall be instructed to not include any increase in tax benefits for the overseas operations of multinationals.

3. The House conferees shall be instructed to develop a conference report that will not increase the federal deficit in either the short or long term. In doing so, the House conferees also shall be instructed:

A. To include in the conference report the provisions of the Senate amendment that eliminate tax benefits for companies that reincorporate overseas, and the provisions of the Senate amendment that restrict corporate tax avoidance transactions, including codification of the economic substance doctrine and the provisions directly targeted at transactions utilized by the Enron corporation, and

B. Shall drop the provision of the House bill that provides for private collection of Federal tax liabilities.

4. The House conferees shall, as soon as practicable after the adoption of this motion, meet in open session with the Senate conferees, and the House conferees shall file a conference report consistent with the preceding provisions of this instruction at a time permitting passage before the adjournment before the election.

Mr. NEAL of Massachusetts (during the reading). Mr. Speaker, I ask unanimous consent that the motion to instruct be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. Under rule XXII, the gentleman from Massachusetts (Mr. NEAL) and the gentleman from California (Mr. THOMAS) each will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. NEAL).

Mr. NEAL of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

I am pleased that the House Republican leadership has finally seen fit to appoint conferees to resolve the foreign sales corporation or extraterritorial income issue that the World Trade Organization found to be an illegal export subsidy. I note that the appointment of conferees today comes more than 2 months after the Senate appointed their conferees. This delay by the House Republican leadership has only resulted in more trade sanctions on many of our industries.

Today I am offering a motion to instruct that I believe should be the framework for the conference report. First, the motion to instruct offers a requirement that House conferees include an effective rate reduction for U.S. businesses manufacturing or producing goods in the United States. This benefit for U.S. producers is the appropriate replacement for today's export benefit which was enjoyed by U.S. manufacturers and producers. The replacement benefit should also apply to U.S. manufacturers and producers. This motion requires that all businesses, including farmers, farm cooperatives, subchapter S corporations, and other unincorporated small businesses should enjoy the benefit of the new rate reduction. I have never understood the opposition of the House Republican leadership to permitting small businesses to be eligible for the new benefit. I have always agreed with the gentleman from Illinois (Mr. MANZULLO), chairman of the Committee on Small Business, in his insistence that small businesses be eligible.

This motion also requires that businesses that are purely domestic receive the largest benefit, as included in the Senate amendment. We should reward companies for keeping their operations in the United States. This motion also requires the inclusion of Senate provisions to ensure that companies do not receive benefits for income attributable to cost savings from purchasing cheap imported parts or outsourcing labor. Again, I do not understand why the Republican House bill encouraged outsourcing of parts and labor offshore.

Second, this motion requires that the conference report not further increase tax incentives for companies to move operations offshore. We have had ample opportunity in this House for the better part of 3 years to do something about an issue that I think causes great concern to the American taxpayer and to the American worker. Our current tax laws already provide incentives for companies to invest and move operations offshore. There is no reason

to provide additional tax benefits that could result in further U.S. job losses.

The Bermuda issue has never been debated vigorously in this House, and we should take that up perhaps as a separate issue down the road; but we sure could include it with this motion to instruct. We should be focused on increasing incentives for U.S. jobs, not incentives to create jobs overseas.

Third, this motion requires that the conference report be revenue neutral. We already are experiencing deficits of historic size, and there is no reason to further increase the deficit in this legislation. I would remind the consuming audience today that what began as a \$4.5 billion problem now looks as though it will have a \$130 billion solution. In making this bill revenue neutral, the motion also requires the House conferees to take the following specific actions:

First, the House conferees shall include the Senate provisions preventing corporations to avoid U.S. tax by merely reincorporating in a tax haven overseas. I have yet to meet anybody who believes that Tyco is a Bermuda-based company. I have never understood why House Republican leaders insist on defending companies that move to tax havens to avoid paying their fair share of tax, particularly at a time when we are engaged in combat overseas. Patriotism should never take a back seat to profits.

Second, the House shall include the Senate provisions addressing corporate tax avoidance transactions, including provisions targeting tax avoidance transactions utilized by the Enron Corporation. At one time we were prepared to give them, as we repealed the corporate alternative minimum tax, a \$250 million tax break. These transactions are purely paper transactions that have no purpose other than tax avoidance. The House has resisted action in this area for years, permitting corporations to continue to avoid their responsibilities. It is time to close and stop those transactions.

Third, the House conferees should be instructed to drop the House provision that authorizes private collection of Federal tax liabilities. We debated that issue years ago in the Committee on Ways and Means, and I thought that the evidence that was presented would have offered substantial support for the position as outlined in our motion to instruct.

Finally, this motion requires that the conference meet in open session and file its report before the House leaves for the elections. There is no reason that this issue should have taken so long to resolve. The bill that the gentleman from Illinois (Mr. CRANE) and many of us introduced last year provided that it was possible to have a prompt bipartisan solution to the World Trade Organization decision. Instead, it has been decided to use this issue to provide more tax benefits overseas.

Essentially, it has been recommended that a tax increase on U.S. producers

fund a tax decrease for offshore operations of U.S. multinationals. It is that decision and the decision to use this bill for narrowly targeted tax benefits that have caused trade sanctions to be imposed on some of our industries. This motion to instruct essentially rejects those decisions and provides a reasonable framework for properly completing the conference on this bill. I also would suggest that this motion to instruct urges the House to instruct the conferees on behalf of U.S. workers.

It is pretty simple. We provide benefits to manufacturers, particularly small businesses. We do not provide more tax incentives to move jobs overseas. And our legislation is revenue neutral.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Just as we began taking up going to conference in this motion to instruct, a number of Americans were not watching C-SPAN. They were watching other television programs which showed a private enterprise effort to go into space. Burt Rutan from Mojave in my district has built a spaceship called SpaceShipOne. It was launched earlier today. It reached an altitude unofficially, yet to be confirmed, of more than 100 kilometers, or 62 miles. It has returned safely and landed. The first private effort to enter space has succeeded. This is part of a competition stimulating private enterprise in an area that formerly was totally government-controlled.

He will now have a clock ticking in which 2 weeks will expire and prior to the second week, he will have refurbished SpaceShipOne, sent it back into space, achieved a second time an altitude of more than 100 kilometers; and, if he is successful in doing that, he will win the X Prize. It happens to be a \$10 million reward for the first privately financed space vehicle to achieve those parameters.

I cannot help but see how striking this initial part of the achievement is to the reward that in part led Charles Lindbergh to fly across the Atlantic in 1927.

□ 1145

That achievement sparked the initial age of commercial aviation. This is the beginning of commercial space aviation, and I find it somewhat ironic that, while people are pushing the barriers of man's involvement with minimal or no government involvement, that we are here on a motion to instruct that plows old ground, that does not yield any harvestable crop other than pure political rhetoric.

The motion to instruct indicates that the conference, which we are all anxious to begin, and I accept any criticism about how long this has taken to achieve but we are now ready to go, and yet there will be continued delays based on political rhetoric that has no merit whatsoever. How can I make a

sweeping statement like that? The gentleman indicated that the House bill contained international tax provisions which will send jobs overseas. A pretty inflammatory statement. But I think it might be worthwhile to examine those areas of the House-passed bill and the Senate-passed bill that are identical.

Interestingly enough, the single biggest area in which the House and the Senate bill are absolutely identical are the international tax provisions, the very provisions the gentleman from Massachusetts said drives jobs overseas. It might be useful to examine the way in which the Members of the Senate voted on this measure, which, if they supported it, would obviously mean they are also interested in driving jobs overseas.

This measure was presented in the Finance Committee, and a Member of the Finance Committee is the Senator from Massachusetts, Senator KERRY. Senator KERRY voted for the international corporate tax provisions. Following the logic of the gentleman from Massachusetts, his own Senator, the Democratic nominee for President, apparently supports sending jobs overseas, since those two provisions are identical in the House and the Senate bills.

Who else would support this outlandish position which we will hear repeated time after time after time on this motion to instruct? Let us see. On both the Graham amendment and the Hollings amendment, which were to remove these provisions which the gentleman from Massachusetts purports drives jobs overseas, willing to keep these measures in the bill on the Senate side was minority leader Senator DASCHLE, who voted in favor of keeping these provisions. Senator BAUCUS, who is the ranking Democrat on the Finance Committee, voted. I could obviously go down the list of Democratic Senators who apparently are interested in putting jobs overseas.

#### POINT OF ORDER

Mr. McDERMOTT. Mr. Speaker, point of order.

The SPEAKER pro tempore (Mr. ADERHOLT). The gentleman will state his point of order.

Mr. McDERMOTT. Mr. Speaker, is it appropriate to quote the votes of Senators in the other body in the midst of a speech?

The SPEAKER pro tempore. Under clause 1 of rule XVII, it is appropriate to quote Senate proceedings on matters under debate in the House of Representatives for the purpose of establishing legislative history on such matters.

Mr. McDERMOTT. In the other body, Mr. Speaker?

The SPEAKER pro tempore. If it is under debate here in the House of Representatives.

Mr. McDERMOTT. Mr. Speaker, so anything that has occurred in debate on an issue that is in the body here that has been debated in the Senate, we can bring in the Senate debate?

The SPEAKER pro tempore. Quotations from Senate procedures are permitted. Only quotations from the Senate proceedings for the purpose of making legislative history can be included.

Mr. McDERMOTT. Mr. Speaker, so if a speech has been made by a Senator on an issue that we are discussing here, we can use it verbatim from the Senate?

The SPEAKER pro tempore. For the purpose of making legislative history, quotations can be included.

Mr. McDERMOTT. I thank the Speaker for his answer.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for his inquiry.

Obviously, what I am quoting is the voting record which was established in the Senate on this measure. I can understand why my colleagues on the other side would not want to hear the list of Democratic Senators who supported the international tax provisions because it pretty well demolishes their argument, and what they want to do is continue this fantasy argument that the provisions in the House bill ship jobs overseas.

These provisions, as I said, were identical in both the House and the Senate versions. In fact, the vote on the Graham amendment was, yes, let us eliminate the tax provisions, 22; no, 77. On the Hollings amendment, it was yes, 23; no, 74. By 75 percent or better, the Senate said, let us keep these international provisions. A significant number of those were members of the gentleman's own party, and, as I said in committee, his own party's nominee for President voted in favor of those provisions, and those are the provisions they are arguing they are shipping jobs overseas.

I would hope that that part of the argument on the side of my colleagues on the other side of the aisle would now end because it is pretty obvious they do not ship jobs overseas because the Democratic Senators would protect jobs here at home, and hopefully, they would vote to enhance jobs here at home. As a matter of fact, the rejection of the Graham and the Hollings amendments did just exactly that, i.e., they support the international tax provisions that are identical in both the House and the Senate bill. They do not ship jobs overseas. Senator KERRY would not vote for that. Senator DASCHLE would not vote for that. They voted to keep jobs here at home and strengthen America's economy. We should not hear another argument on the other side of the aisle about shipping jobs overseas.

Just let me say, if we do, one, it does not make any sense if one takes a look at what occurred in the other body in rejecting the attempt to remove these provisions; but, two, it does create an opportunity to sow seeds of dissent about the fact that, when we try to strengthen the private sector, create more jobs, it just does not fit their rhetorical pattern. So I think it is fairly

ironic that, at the very time they are misrepresenting assisting private sector in enhancing the economy, that a private entrepreneur with private dollars has achieved for the first time reaching the edge of space. I would rather look with Burt Rutan up toward the stars and enhance our ability to create jobs at home than to argue a position which even members of their own party rejected on the Senate side and, wisely, the House rejected as well. Let us see if this argument is not made again during this debate. It should not be. Let us see if it is.

Mr. Speaker, I reserve the balance of my time.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would like to clarify that, while it is in order to include in debate quotations from Senate proceedings for the purpose of establishing legislative history on a matter currently under debate in the House, Members may not characterize Senate action, as by parsing votes of particular Senators.

Mr. NEAL of Massachusetts. Mr. Speaker, could the Speaker clarify that further? Was the gentleman from Washington (Mr. McDERMOTT) correct in what he said?

The SPEAKER pro tempore. To the extent that remarks include Senators' quotations outside of Senate proceedings, they are not in order.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the Chair for the ruling.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. NEAL of Massachusetts. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, my understanding of that interpretation is that I am not permitted to characterize the vote, and I believe I did to a certain extent. And, therefore, what I would like to do is to simply emphasize that one of the votes was a rejection of 77 to 22 and the other one was a rejection of 74 to 23, and people can reach their own conclusion on those votes rather than my presenting a conclusion, which was, I thought they were overwhelmingly rejected. I am not allowed to say "overwhelmingly rejected," but 77 and 74 can be concluded by anyone on their own.

To that extent, Mr. Speaker, I certainly want to correct the record in emphasizing that it was overwhelming rather simply make sure that the vote of 77 and 74 noes is on the record.

Mr. NEAL of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

I thank the gentleman from California (Chairman THOMAS) for that clarification as well. I hardly think that it is inflammatory rhetoric, by the way, which sometimes we are not as good at as some people on the other side when it comes to addressing some of these issues, but I hardly think it is inflammatory rhetoric to stand in the well of this House and to ask the following question: How did a \$4.5 billion

problem become a \$130 billion solution? That is really the point of much of the debate that is going to follow.

Mr. Speaker, I yield the balance of my time to the gentleman from Michigan (Mr. LEVIN), ranking member of the Trade Subcommittee of the Committee on Ways and Means, and I ask unanimous consent that he be allowed to control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LEVIN. Mr. Speaker, I yield 5 minutes to the gentleman from Washington (Mr. McDERMOTT).

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, it is rather amusing to hear the chairman of the Committee extolling the virtues of the other body. It is a very unusual occurrence here on the floor of the House in that we should always follow what the Senate does. That should not be, I think, our goal.

The gentleman from New York's (Mr. RANGEL's) motion is among the most important votes that this body will take this year. In fact, it may be the most important proposals that we have considered since the resolution that authorized the President to send people to war in Iraq.

The legislation that passed out of this House and will be taken up in the conference committee aims to raise taxes on domestic companies and lower taxes on firms that move overseas. Mr. Speaker, it is wrong to raise taxes on U.S. exporters and lower taxes on U.S. firms with overseas operations.

The gentleman from New York's (Mr. RANGEL's) motion will instruct our House negotiators to make certain that tax incentives that exist for corporations moving overseas are not increased. What is wrong with that? I mean what is wrong with that?

I am told, Mr. Speaker, that you instructed Republicans to vote against this proposal. You cannot be serious.

Our trade deficit reached an all-time high this year. Our country is selling fewer things to foreigners than we buy from them, which explains why the government data says we lost at least 1.5 million jobs due to foreign trade and outsourcing since Mr. Bush took office.

Why do the Republicans respond to this news by increasing tax incentives for U.S. firms to move overseas? I mean, I know that the President indicated that outsourcing is good, but does the Congress believe that? Does the House believe it? The Senate voted overwhelmingly. Well, that fixes it.

□ 1200

I guess we have got to go along with that. Get your rubber stamp, because if you vote against this motion, we are rubber-stamping the Bush outsourcing policy.

U.S. firms are continuing to set up overseas operations because our Tax

Code and the Bush administration encourage it. Republicans would have us believe that high taxes, government regulation, and labor unions are making the United States a less attractive place to do business. That assertion is bogus.

First, the Congress's Joint Committee on Taxation says that the overall tax burden and the corporate tax burden in the United States are among the lowest in the developed world. Corporate U.S. income tax revenue as a percentage of GDP is smaller than nearly every other developed country on the planet, and it is the lowest level since the Second World War.

Now, although corporate profits surged last year, the corporations paid significantly less taxes. The United States is simply the tax haven of the developed world.

Second, the World Bank issued a report 3 weeks ago entitled "Doing Business: Benchmark Business Regulation." It compares how regulations affect businesses in different countries. The report shows that the ability to obtain credit, acquire capital, register property, hire and fire workers and enforce contracts, in other words, to start and maintain a successful business, is easier in the United States than any other developed country, including India and China.

But, nonetheless, Mr. Speaker, the U.S. firms are relocating overseas to save money. Why? It is simple. The Tax Code encourages it. It provides tax incentives to U.S. firms who set up any kind of operation, from establishing a mailbox in Bermuda or building a factory in China overseas.

Take, for example, the article that appeared in Tax Notes on Monday. It shows that companies are using the Tax Code to justify shifting profits offshore. The U.S. pharmaceutical industry, who we gave a huge bonanza to in this body, has alone, since Bush has taken office, their offshore profits have surged 35 percent. I hope the old folks are listening to that. But their offshore activities and assets did not really change.

What does this mean? It means that at a time when our country faces the challenge of our generation, at a time when the costs of war are mounting, the Republicans are protecting a Tax Code that rewards corporations for moving profits and jobs offshore.

You are not only protecting the current Tax Code, Mr. Speaker, but unless the House votes to adopt the motion offered by the gentleman from New York (Mr. RANGEL), the Republican Congress will worsen the Tax Code by making offshoring and outsourcing more lucrative.

Get out your clippers, Mr. Speaker, because this body is considering fleecing American workers and American firms that do business the old-fashioned way, that produce here to export overseas.

If JOHN KERRY were President, we could save us from this Congress. He

has the plan to remove the tax incentives that reward companies that move overseas. If he were President, he would veto this legislation that this body proposes. But we have got to wait for another 34 or 35 days. I cannot wait until the 2nd of November.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, perhaps the gentleman from Washington knows his nominee better than I do, but the fact that he voted "yes" in Finance Committee and he suggests that he would veto it if he became President would certainly continue the pattern of first he voted yes, then he voted no. So I have no evidence to quarrel with him, that once again Senator KERRY will again be on both sides of the issue. It is just that he will change venues. The behavior does not change. Where he continually flip-flops, of course, would.

The gentleman from Washington also said that unless we pass the motion of the gentleman from New York's (Mr. RANGEL) motion to instruct, we will do something.

Oh, come on. Everybody knows motions to instruct are not binding. It has no influence whatsoever on the conference, unless the conference wants to.

Now, the measures that they are arguing, "Oh, by the way, did I tell you that, notwithstanding the fact the Senate supported overwhelmingly the international corporate provisions, and I assume that they believe that they will not ship jobs overseas or they would not have voted the way that they did, and they probably should not be mentioned again in this debate," but the very next speaker not only mentioned them, but made it the core arguments of his position, that if in fact there are 23 Senators, 10 of whom are Democrats, they are members of the Finance Committee, save for 2, which passed these provisions out of the Senate Finance Committee, 19 to 2. And I do not believe they have any intention of reversing their position, even if this ludicrous motion to instruct were to pass.

So, I just want you to forbear. We will go through, the time will be used up. We will vote down the motion to instruct, and we can then get on with the conference. And I can assure you, the senatorial members of the conference and a clear majority of the House members of the conference intend to support those provisions that will strengthen jobs here at home, and they will dismiss, for the obvious reasons, the argument that continues to be made by those individuals, even encompassing a denial of the Senate's minority leadership's decision-making ability indicating that we should not listen to them.

I happen to believe that you should take each issue on its merits and not dismiss them by stereotyping, and on this issue, I believe the Senate got it right, just as the House got it right.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ADERHOLT). The Chair would remind Members not to characterize positions of Senators.

Mr. THOMAS. Mr. Speaker, I would inquire of the Chair, characterizing a current Senator who is running for another office and what he would or would not do would fall under that same admonition?

The SPEAKER pro tempore. Senators who are nominated as candidates for President—

Mr. THOMAS. Who are still Senators, and how they would behave, does that fall under the same admonition?

The SPEAKER pro tempore. Nominated candidates for President are judged by the standards applicable to that office.

Mr. THOMAS. I will accept the non-responsive answer.

Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Texas (Mr. BRADY), a member of the Committee on Ways and Means.

Mr. BRADY of Texas. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, it is clear I think to the listeners today that we are nearing Election Day. This is one of those "scare America" type motions that is designed to appeal to voters in the hopes that perhaps they do not understand the issue and you can just scare them by yelling "outsource, outsource, outsource." But I think American voters are smarter than that.

What we have done here in the House, our frustration is that we have one of the greatest and most productive work forces in the world. But our Tax Code works against our companies and our workers and really forces people to have to compete somewhere else in the world.

We are convinced that we can create jobs here in America. So the approach we have taken is pretty simple and direct: We lower the tax rate for companies and workers that manufacture in America, and we keep a higher tax rate for companies that manufacture overseas. Lower if you produce in America; higher if you do it overseas. That way we encourage American companies and workers to keep the jobs right here.

For farmers and our agriculture community, we lower the rate if they produce here in America; we have a higher rate to tax them if they go overseas. That way we keep agriculture-producing income here in America.

For small businesses, rather than take money away from them and bring it up here to Washington, we want them to keep dollars back at home so they can create jobs and buy that new computer and do the things to keep small businesses in business these days in a competitive workplace.

That is what the American jobs bill does, and that commonsense approach is what the Senate, including majority and minority Members, overwhelmingly supported. They united to lower

taxes if you produce here in America and have higher taxes if you produce overseas, a commonsense approach to American jobs here.

Let me say this, too. Our problem with trade is not so much that we are buying from overseas, it is the fact we are not selling enough products overseas. What this does is make our products far more competitive.

What we do is we do not chase American companies overseas anymore, and we get a chance, a real direct chance, to take out the job killers in our Tax Code and create American jobs here.

That is what this bill does, and I think every American who really studies it, and I think American voters are smart, will see that we want to encourage jobs here with a lower tax rate and a higher tax rate for companies that try to move overseas. That is what this bill does.

A final point: If you really want to tackle outsourcing, one of our problems is that we have so many job killers in our business climate. For example, lawsuit abuse is a huge cost to American businesses. It is a bigger cost annually than the cost of Iraq.

Lawsuit frivolous abuse, because we are the lawsuit capital of the world, we outsource our jobs, we drive up health care beyond reach, we chase good doctors out of practice. If you really want to stop shipping jobs overseas, I would invite my Democratic colleagues to join me in ending frivolous lawsuits that drive our jobs overseas, and instead work with us to keep them here in the United States.

Mr. LEVIN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Maryland (Mr. CARDIN), my colleague on the Committee on Ways and Means.

Mr. CARDIN. Mr. Speaker, I thank the gentleman from Michigan (Mr. LEVIN) for yielding me this time.

Mr. Speaker, there is a real question as to whether the legislation that has moved through this body would encourage the outsourcing of U.S. jobs and exporting of jobs or correct a problem in the Tax Code that needs to be corrected.

This is a very serious issue. The Foreign Sales Corporation Act that was enacted was an effort to level the playing field for U.S. producers versus our trading partners, particularly in Europe. For, you see, we have a different corporate tax structure than the Europeans have and the Foreign Sales Corporation Act was an effort to level the playing field.

The problem is that the World Trade Organization that we belong to declared that to be unlawful and opposed imposed retaliatory tariffs against U.S. exports. That tariff is now 11 percent. It will grow to 14 percent by the end of the year and 17 percent by next March.

Mr. Speaker, it is unconscionable that we have not corrected this situation prior to this time. We had a bipartisan proposal that would have fixed the problem. As my friend from Massa-

chusetts pointed out, it was a relatively simple matter to fix the problem and to level the playing field for U.S. producers so that we can compete fairly internationally. But, instead, this legislation has become a Christmas tree for every conceivable tax provision, and it has been delayed and delayed and delayed, and our producers that manufacture products right here in America have paid a heavy price because of that delay.

The motion to instruct deals with the underlying issue. First, it asks for us to immediately resolve this issue, rather than further delays. Read the motion, paragraph 4.

It also says that the relief should be targeted to U.S. producers. That is the problem. The Foreign Sales Corporation Act was for U.S. producers who produce their products here in America. It is not for those who produce their products overseas. It should be targeted, because that is what the problem is.

That is what we are trying to do, is level the playing field. We are trying to respond to the World Trade Organization. It is right for us to target this relief to those who produce their products right here in America. That is the problem we are trying to deal with, and that is spelled out in the motion.

Then lastly, Mr. Speaker, we are saying that we should not be adding to the deficit of this country. We had a bipartisan solution that did not increase the national debt, but the legislation that passed this body certainly did that.

□ 1215

Again, it was another opportunity to show that we can be fiscally irresponsible.

We should pay for our tax cuts, and we can so that we do not add to the deficit; and this motion urges us to do that.

Mr. Speaker, I urge my colleagues to support the motion.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Florida (Mr. SHAW), a senior member of the Committee on Ways and Means.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, first of all, I think people listening to this debate are somewhat totally confused. In reading the motion, I can understand why there is confusion on both sides of the aisle.

To begin with, the Democrat motion to instruct the conferees to strike provisions that move jobs overseas, this instruction is absolutely meaningless, because H.R. 4520 does not include any provision that would move jobs overseas. As a matter of fact, quite to the contrary. We lower rates for people or companies that manufacture here in the United States.

Let me just take one provision of the motion to instruct. It says: "shall include the provision of the Senate amendment not included in the House bill to ensure that the rate reduction

will not be available to income attributed to cost savings resulting from purchasing imported parts for outsourcing labor overseas."

Now, how in the world are companies going to be able to operate in trying to segregate exactly what that means? Does that mean for the purchase of the agreement, the purchase of the parts? What if those parts are not even available here in the United States, and it is a question of just shopping the world market to find these parts? And then, is it going to include the effect of installation of those parts in the final product? It is totally unreasonable.

We need to fight in this Congress for simplified rules, simplified rules that are fair and understandable. And for us to adopt accounting procedures that are going to make compliance almost impossible does not bring credit upon this body.

What we need to do is to work forward and look in the mirror when we start saying, why are jobs moving overseas? Perhaps we are the problem. Perhaps the United States Congress and the Tax Code is the problem. We need to simplify the code. We need to move forward. We need to have a code that is friendly to those who would provide jobs in this country.

This motion to instruct does not make a bit of sense, and I would urge all of the Members to vote against it.

Mr. LEVIN. Mr. Speaker, it is my pleasure to yield 2½ minutes to the distinguished gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I rise in strong support of this motion. It provides all American business enterprises, large and small, with an across-the-board rate reduction from income derived from work done here in the United States. To pay for it, it would curtail tax incentives that would encourage companies to move operations offshore.

With 2.5 million manufacturing jobs lost in the last 3 years, including nearly 40,000 in my State of Connecticut alone, many outsourced to other countries like China and Singapore, we all understand that steps must be taken to revive what is the very backbone of America's economy.

Let me just talk about what the business model of the Bush administration and the Republican leadership is, because government, in fact, is not in the business of creating jobs; but government is about creating an environment in which jobs can be created.

The business model is as follows: assisting companies in sending the jobs offshore, technology offshore and, in many instances, allowing companies not to pay their fair share of their taxes to the United States Government, and then these companies can come around and get Federal contracts. That is the business model for this administration; and, quite frankly, it does not create jobs here in the United States.

But by clinging to the idea that we should be rewarding companies who

send jobs overseas, this majority has delayed action on this issue for more than a year. As a result, many manufacturers are now paying 11 percent tariffs on 1,600 American-made products, tariffs that could be as high as 14 percent by the end of the year.

What manufacturers need from this body is not more incentives to send jobs abroad; they need bold vision, recognizing that our Federal Tax Code could work for them, not against them, and by favoring those companies who keep their jobs here. That is exactly what my colleague's motion would do. American companies should not have to resort to transferring jobs to countries where workers make less and have fewer benefits to stay competitive.

Americans understand outsourcing. It is eroding our workforce; it has threatened every middle-class family in this country. It ought to end with helping our manufacturers here at home become more productive, more innovative; and if we want to boost sales, investment in modernization and employment, the House should pass the Rangel motion.

As I said, the American public understands outsourcing. I believe they are going to outsource some folks on November 2, people who do not understand what it means to have their jobs gone, to leave, when we could be providing this country's manufacturers with the opportunity to be able to stay here, invest in our technology, invest in our workers, and promote economic development in the United States.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am impressed with the gentlewoman's argument; and, in fact, her argument will be sustained if Members vote "no" on the motion to instruct and we can get on to conference.

Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Illinois (Mr. CRANE), the ranking Republican on the Committee on Ways and Means and the chairman of the Subcommittee on Trade.

Mr. CRANE. Mr. Speaker, I thank the gentleman for yielding me this time.

I would like to stress the fact that H.R. 4520 does not include any provisions that would move jobs overseas. It does contain provisions that would foster economic growth and create jobs here in the United States.

The bill reduces the corporate tax rate to 32 percent only for domestic producers, farmers, small corporations, and manufacturers' activities within the United States. Manufacturing that occurs overseas or offshore would not get the lower rate.

The bill extends enhanced section 179 expensing for small businesses and provides accelerated depreciation for leasehold improvements and offers other tax benefits for businesses. Companies with a lower tax burden have more resources to expand their business and to create jobs in the United States.

U.S. exporters are getting clobbered by penalty sanctions. Lower exports mean a smaller economy and less employment. H.R. 4520 will end the sanctions imposed on the exporters, allowing them to expand and hire more workers.

Mr. Speaker, I urge my colleagues to reject the motion to instruct.

Mr. LEVIN. Mr. Speaker, it is my pleasure to yield 5 minutes to the gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, what we are talking about in this motion to instruct is what we should do: send to President Bush a bill to try to help American companies create jobs. Secondly, we want to help American companies create jobs, some of us at least do, in America, not overseas.

What we are seeing today is a wholesale shipping-out of American jobs so that today, when you buy a product, if you look at your home and take a look underneath that dish or if you take a look at that chair, if you take a look at the curtains and find out what that label says about where it was made, chances are it will not say "made in America."

It used to be that toys were manufactured here. It used to be that your furniture was manufactured here. It used to be that just about everything in your home was made in America. Today, virtually nothing that you have in your home is made in America. Not only is it the case that what was manufactured is no longer made in America, but today, we are talking about all sorts of things from data entry, word processing, transcription, phoning services, product design, architecture, movie production. X-rays are being analyzed overseas for Americans who go to see a doctor to find out whether or not there is a particular condition or illness they are suffering from. X-rays are being exported for analysis today. That is where we are.

Is it bad? It sure is. Every hour America loses 127 manufacturing jobs overseas. That means that there are 3,200 jobs that will be lost today as we speak. At the end of the year, 1.2 million American jobs will have left.

My colleague, the gentleman from Texas (Mr. BRADY), said this is an effort to scare America. My God, if those figures and those facts do not scare America, then we are in trouble, because we have to wake up, wake up to the fact that we are losing jobs to others overseas, and we are giving incentives as a government for us to see American companies send those jobs overseas.

Now, every company has a right, and we should try to help every company make a profit; otherwise, they will not be around. But my God, if we have an opportunity to use the government to help incent companies to keep those



jobs in America or create new jobs here in America for American workers, then let us do it.

So why are we here? The bill that stands before us would actually give \$60 billion worth of incentives to companies who ship those jobs from America to overseas.

Let us change that. This motion to instruct simply says, you will get a tax break, you will get that incentive from the government, from the people, the 280 million Americans who pay taxes, if you create that job not in some other country, but here. That is pretty simple. And by the way, this also says, this motion to instruct also says, let us do this in a way that does not increase the size of the Federal deficit. We have a \$440 billion deficit, the largest this country has ever known; and this is going to spend money to give incentives to companies, this bill will give money to companies through incentives to send jobs overseas. That is crazy at a time when we do not have money to begin with, and we are losing jobs by the hour.

If we are going to continue hemorrhaging jobs in America then, by God, we should be scared about what is going on. We should not hide the facts. We should not try to deceive Americans. We should do everything in our power to help the private sector create the jobs that we need.

The Bureau of Labor Statistics, the Bush administration Bureau of Labor Statistics recently revised its prediction on the growth of the number of high-tech jobs, white-collar jobs here in America that we would have, somewhere between 2002 to about 2012, over that 10-year period. They have revised that figure. Not up; they are not saying they are going to create more jobs; they are saying 70 percent fewer jobs. This is not some left-wing think tank saying we are going to lose jobs; this is the Bush administration's Bureau of Labor Statistics saying, folks, we made a mistake. When we told you a few years ago that we thought we would be expanding the number of high-tech, white-collar, good-paying, for the most part, \$70,000-and-above-paying jobs, we were wrong. Today, guess what? We have to revise that figure down by about 70 percent.

Other analyses recently have told us that America is in jeopardy of losing a total of about 14 billion jobs into the future if we do not stop the hemorrhaging now. Between 300,000 and 500,000 jobs were lost in the U.S. since 2001, having gone overseas. That figure, by the way, did not come from another left-wing think tank; that came from none other than Goldman Sachs. You can go to Wall Street in New York and talk to them there, because those are the folks that told us that between 300,000 and 500,000 jobs have been lost, simply since 2001 overseas.

It is a crisis. Let us deal with it. It is not a scare tactic; it is real. Let us pass this motion to instruct.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would tell my friend, the gentleman from California, that I am a little concerned, because he has admitted that his own private purchasing choices are that he buys foreign products, but he is here on the floor trying to change the law of the U.S. to not allow that to happen. It seems to me that if you are going to be here expounding a position of not sending jobs overseas, that your purchase pattern should reinforce it.

A choice that people make in terms of their private purchasing is a choice that they control, and he did indicate that in his home there are a number of imported products. People have a choice. My hope would be that our private behavior corresponds to our public positions, because not only does the American Tax Code put us in the current position, which we are trying to correct with this legislation, but our own private behavior as well.

Mr. BECERRA. Mr. Speaker, will the gentleman yield on that point?

Mr. THOMAS. Not on my time. If the gentleman wishes to seek more time, I would certainly respond to him.

Mr. BECERRA. Mr. Speaker, I just want to mention that I have no choice, Americans do not have a choice. We cannot buy American products for our home.

Mr. THOMAS. Regular order. You always have a choice.

The SPEAKER pro tempore (Mr. ADERHOLT). The gentleman from California controls the time.

Mr. BECERRA. Show me the store that sells American products, and I will buy them. Show me the store that sells American products for my home, and I will buy them.

The SPEAKER pro tempore. The gentleman from California controls the time.

Mr. THOMAS. Mr. Speaker, perhaps it requires a little bit of endeavor and search, but that is what life is about.

□ 1230

Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), an honored member of the committee.

Mr. HOUGHTON. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS) for the time.

I have got to approach this issue from the standpoint of somebody who was in business for 35 years. This is a bill whose time has come. International commerce is always a balancing act, a balancing act between expanding markets overseas and protecting our job base. We did not ask for this fight. Europe did, and a man called Pascal Lamy forced it.

The concept in our tax situation, whether it was DSC or FSC or whatever, my colleagues want to call it, ETI, was to neutralize the differences in the tax system, the regional value-added tax versus our income tax, and it was accepted. We did a good job, and we flourished under this.

Then there were grumbles, and then, all of a sudden, Europe came back and

challenged our position. We should have challenged theirs, but we did not, but then we tried to make an accommodation with the World Trade Organization, not once, not twice, but three times. It did not work.

So this is the only way it seems to me that we can accommodate the European community. It is a good bill. It is not perfect. It does not shift jobs abroad. It allows American companies to produce abroad as it allows people abroad to produce here in this country, but basically, it firms up our economy, and that means it firms up our job base.

I think it is something we ought to encourage, we ought to support, and we ought to defeat the motion to instruct.

Mr. LEVIN. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me time, and I want to apologize to the chairman for trying to have him yield me some time.

I just want to make the case I am willing to stay on this floor if the gentleman can name me an American product from my home that I can purchase, I will look to buy it, but I have looked. Whether it is an electronic product, whether it is dishes, whether it is curtains, tell me, and I will look to buy it.

There is no reason why we cannot try to give incentives to American companies to be able to produce here at home. If it is a little bit more expensive, I guarantee my colleagues the American consumer would say, if I have to pay a little bit more for that product, but it is made by American hands, I will do so.

The difficulty is that we have no right using taxpayer dollars to help companies ship jobs abroad. That is my point. When we have an administration that has actually had a net job loss of the last 3 or 4 years of close to a million jobs; and by the way, if we did not include the government-sector jobs that have been created under a Republican administration, that would actually rise to over 1.5 million jobs that have been lost. Almost 3 million of those jobs that have been lost have been in the manufacturing sector. So if it were not for government jobs created, we would have a massive job loss. We do not even create today the number of jobs we need just to keep pace with the new people who are entering into the system.

So it becomes very difficult when we are trying to do something to see that we are spending \$60 billion which will, for the most part, help companies who may be American companies, who may have some of their operations here, but are still sending jobs abroad. Again, they have got to remain competitive. That is not a battle we want to fight. What we want to fight, though, is to give incentives to companies who are willing to commit to Americans here.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I might consume.

I suggest the gentleman take a trip to North Carolina, take a look at the furniture they have there, made in America, American products, American labor. Looking for curtains? There is still a cotton industry left. We produce flat goods. Carpets, you want to buy a carpet? They make them in Georgia. You want to buy cars? Take a look at American cars. You want to buy a radio or a CD player? An area where pretty obviously people say we do not have a choice, Bose makes an excellent quality American-made radio/CD. China? Glassware? I can go on and on.

There are products made in America. If you take the time to do it, you can help in your private life instead of arguing you are compelled to buy foreign products, and you come to the floor and demand that we change the laws to stop you from your private behavior.

Mr. Speaker, it is my pleasure to yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, I thank the gentleman very much for the time.

Mr. Speaker, I rise in opposition to the motion to instruct, and I urge my colleagues to vote against it.

The jobs bill before us is urgently needed. We need it to remove the international sanctions put upon our United States products by the European Union that are hurting sales of U.S. goods overseas and are jeopardizing jobs here in the United States.

We need the jobs bill to help promote job creation here in the United States by reducing taxes on United States manufacturers.

We need the jobs bill to update provisions in the tax code that are decades old and penalize American companies and keep them from competing with foreign companies.

We need the jobs bill to move forward in the spirit of the bipartisan progress that has already occurred and has been made on these issues.

The provisions that some are contesting here on the floor right now won bipartisan support in the other body and also here on the House floor. This bill is not about moving jobs overseas. It is about creating incentives to keep jobs right here in the United States.

We need to move the jobs bill to conference, and we should do it without delay. For these reasons, I urge my colleagues to reject the motion to instruct, to support going to conference so that we can bring back a conference report that everybody can support.

Mr. LEVIN. Mr. Speaker, I think we have the right to close, and the gentleman from New York (Mr. RANGEL) is not here, and I am not sure he will be here. We would have divided the balance of the time. He is not here because of the memorial service for our distinguished, and if I might say, beloved former colleague Frank Horton. So, therefore, under those circumstances, I reserve the balance of the time and I will close.

Mr. THOMAS. Mr. Speaker, I thank the gentleman, and all of us who served with the gentleman from New York, Frank Horton, certainly feel saddened by his passing.

I will tell the gentleman from Michigan, I have two additional speakers, and he has the right to close. We will conclude, and the gentleman from Michigan can then close.

Mr. Speaker, it is my pleasure to yield 3 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), the subcommittee chair of the Subcommittee on Health of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the chairman for the time.

Let us look at this issue of outsourcing. Last year, foreign investment in America doubled. That means that other countries outsourced jobs to America at twice the rate they had the preceding year. We need them to keep doing that!

Next, in the 1980s, I worked hard with some of my colleagues on the other side of the aisle to force Japanese companies producing cars in America to buy American parts; not just hire American people, buy American parts. We forced them to do it because we did not want "screwdriver" plants.

Well, when we produce airplanes in other countries for those countries, when GE gets a contract to produce locomotives in Russia and rehabilitate all the Russian locomotives, do my colleagues not think Russia wants some of those jobs? Do my colleagues not think Russia wants some of those parts bought in Russia? Of course, they do, but expensive, high-value parts come from New York State and have kept our ability to produce locomotives as one of the foremost capabilities in the worldwide market.

So, yes, outsourcing is a worldwide phenomenon, and we are the beneficiaries far more often than we are the losers. In net, we are by far the winners.

Secondly, competitiveness, absolutely, top in communications, top in medical technologies. Take the Department of Commerce's list of the 18 top technologies, and we are the highest quality producer and the lowest cost producer in two-thirds of them. So, yes, we are driving the economic forces of America into the international market, but we must do more. We must help our companies compete.

We must pass this legislation to eliminate the retaliatory tariffs that have been put on American goods, thereby increasing their price abroad 10 percent and soon to be 15 percent.

We must reduce taxes on our manufacturers that compete internationally. We must do what we do in this bill, make it cheaper for them to invest in machinery and equipment and hire more people, and yes, we must go further.

We are going to have to do something to control and reduce health care costs

so they can compete internationally. We are going to have to eliminate frivolous litigation and all the costs that that imposes on our industry and particularly on manufacturing, driven by pure greed.

So let us get with it. Let us pass this bill, and then let us go right down the agenda of the things we need to do to make American manufacturing more competitive in the international global market, but let us not pretend that outsourcing is the villain here. It is something we need to be able to do fairly and receive from other countries, and I urge opposition to this motion.

Mr. THOMAS. Mr. Speaker, how much time is left on my side?

The SPEAKER pro tempore (Mr. BASS). The gentleman from California (Mr. THOMAS) has 3½ minutes remaining.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield ¾ minutes to the gentleman from Louisiana (Mr. MCCRERY), the chairman of the Subcommittee on Select Revenue Measures of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I thank the chairman for yielding me the time.

Mr. Speaker, this Democratic motion to instruct conferees reflects what is their increasingly obvious 19th century state of mind. One would think, listening to the comments of our colleagues on the left, that we are back in the industrial revolution, or maybe, they have moved forward to the first part of the 20th century, mid-20th century, maybe even right after World War II, when the United States was not only the biggest and baddest bear in the industrial woods but just about the only bear in the industrial woods. Those times have changed. This is the 21st century. The market has changed significantly.

One of my colleagues on the Committee on Ways and Means pointed out that he learned from Goldman Sachs that, over the last couple of years, we have seen 300,000 to 500,000 jobs outsourced, in other words, American companies creating 300,000 to 500,000 jobs off our shores in foreign countries. That is true.

But what he did not tell my colleagues and what he could have found out at Goldman Sachs or from our own Department of Commerce is that, during that same period of time, even more than 300,000 to 500,000 jobs were created here in the United States by foreign companies wanting to access our market. That is the 21st century market. No longer are we building infrastructure to transport American made goods from the east coast to the west coast like we did in the 19th century. Those were great days, but today, American companies have to build some of their things overseas to access those markets, to compete with the numerous companies that are in competition with them today, unlike the 19th century and mid-20th century.

In today's market, we dadgum better get over there and compete, or we will



lose market share, and when we lose market share, we lose income, and when we lose income, we are not able to invest, and when we cannot invest, we cannot create jobs.

Get with it. This bill gets with it. It modernizes our tax code. It says to our American companies, we realize they have got to compete in the world market, not just in the United States market, and oh, by the way, if they do produce products here in the United States and sell them overseas or even here in the United States, we are going to give them a tax cut.

One of my other colleagues on the Committee on Ways and Means said we need to target this tax relief to American manufactured goods. Well, guess what, this bill does that. The tax rate cut for manufacturers only applies to income derived from the sale of goods manufactured here in the United States.

So this Democratic motion to instruct basically is a bunch of hyperbolic language thrown out to scare people, to try to make it seem like they are the defenders of American jobs when just the opposite is true. This bill, crafted by Republicans, wants to create jobs here in the United States, preserve jobs here in the United States.

□ 1245

Mr. THOMAS. Mr. Speaker, I yield myself the balance of my time.

In history, Mr. Speaker, there are those who opposed change, modernization. They were called Luddites. Please vote "no" on the motion to instruct. Do not be a Rangelite.

Mr. LEVIN. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. BASS). The gentleman from Michigan has 6½ minutes remaining.

Mr. LEVIN. Mr. Speaker, I yield myself the balance of my time.

Well, my Republican friend from Louisiana talks about the 21st century market and the chairman talks about modernization. So far, under those mantras, what has happened is more poverty in America, stagnant income for families in America under this administration, and millions of fewer jobs, almost 3 million fewer jobs in manufacturing. And if you call modernization their Republican tax bills, or if this is the 21st century market, just reading from the Detroit News, a rather conservative newspaper, summing up material from the CBO, in 2004 the average tax cut for the middle-income family is \$1,090 and for the richest 1 percent it is \$78,460.

I am for a 21st century market, Mr. Speaker, but not for that kind of a market. We are for modernization, but not for that kind of modernization. We cannot go backwards. We need to move forward. And here is what the bill did that came through here and is reflected in the dilemma that we have.

We had a \$50 billion problem. The WTO ruled FSC inappropriate under WTO rules. What happened was, in-

stead of passing a bill that was a bipartisan bill that addressed the manufacturing sector as FSC did, we ended up with about a \$140 billion bill. Three times as large. And it is really larger than that because some of the provisions were to expire when they are unlikely to, and there was a delayed phase-in.

So, essentially, once again we are adding to a deficit because so much of this is not paid for. So we had a \$50 billion problem. We now have a bill three times as large, and it is going to increase the deficit.

Now, let me point out quickly some of the provisions in this motion to instruct, because we need to look at the whole document. It says that we should accede to the Senate amendment so there is a deduction rather than a corporate rate reduction. That is of importance to many manufacturing companies in this country. The Senate bill is preferable.

Also, we say that this tax amendment should relate to all the businesses, not simply limited as in the House bill. We also indicate that we should accede to the Senate approach so that the rate reduction really reflects the amount of business done in the United States and not overseas.

And then we go on to provide a remedy for corporations that move their businesses in form overseas, called inversions, and say that we should accept the provisions in the Senate amendment. And we also say that we should drop the provision in the House bill that provides for private collection of Federal tax liabilities, a horrendous idea that I do not think most Americans will accept.

Now, let me say just a few words about the issue of outsourcing, of moving businesses overseas. The House bill had in it a number of provisions that will stimulate movement of operations overseas. One of them is not in the Senate bill. These are complicated provisions, but they have a simple clear-cut impact. The provision, for example, relating to tax credit baskets, the House would move it from 9 to 2. Essentially, this is going to stimulate the investment of companies in tax havens instead of bringing back the monies to the United States. It cost \$8 billion. It is not in the Senate bill.

Then there are the so-called look-through provisions that are in both bills. Do not say that this will not stimulate movement of jobs overseas, because essentially, for a multinational, there will be encouragement instead of bringing the profits back here and investing them here to move those profits into a third country, often a tax haven country. That will stimulate the movement of jobs from here overseas.

When the Senate voted, they voted for this provision as part of a much larger bill that came to include a provision on overtime. So members of the Senate were faced with the dilemma of how we attack this problem of the

elimination of FSC. And we need to do that, but focused on manufacturing. Do we look at the problem of overtime? And because they did not control the proceedings in the Senate, they were faced with a dilemma.

So let us be clear. You mentioned furniture. Go to North Carolina. Go there. China has been taking furniture business away from the United States unfairly. Overseas movement is a problem. Outsourcing is a problem. Vote for this motion to instruct.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Massachusetts (Mr. NEAL).

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. LEVIN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

The point of no quorum is considered withdrawn.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed without amendment a bill and a concurrent resolution of the House of the following title:

H.R. 4654. An act to reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2007, and for other purposes.

H. Con. Res. 475. Concurrent resolution encouraging the International Olympic Committee to select New York City as the site of the 2012 Olympic Games.

The message also announced that the Senate has passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4011. An act to promote human rights and freedom in the Democratic People's Republic of Korea, and for other purposes.

The message also announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 2742. An act to extend certain authority of the Supreme Court Police, modify the venue of prosecutions relating to the Supreme Court building and grounds, and authorize the acceptance of gifts to the United States Supreme Court.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 1663) "An Act to replace certain Coastal Barrier Resources System maps."

The message also announced that the Secretary be directed to request the return of the papers to accompany (S. 2589) "An Act to clarify the status of certain retirement plans and the organizations which maintain the plans," in compliance with a request of the Senate for the return thereof.