

## SECTION SUMMARY—THE SECURE BORDERS ACT

The SECURE Border Act is designed to implement the recommendations of the report, *Transforming the Southern Border*, issued by Representative Jim Turner, the Ranking Member of the Select Committee on Homeland Security. The bill seeks to close the security gaps that exist on the Southern Border that were identified in the report.

## TITLE I—SECURING OUR BORDERS

## Subtitle A—Infrastructure Enhancements

*Sec. 101—Creation of a Land Border Infrastructure Improvement Fund*

This provision authorizes \$1 billion for an infrastructure investment fund to enhance and facilitate security and commerce at our nation's ports of entry. The Secretary of Homeland Security is authorized to carry out infrastructure improvement projects recommended in the report submitted under Section 102.

*Sec. 102—Requiring a Vulnerability Assessment of Land Border Ports of Entry*

This provision requires an assessment of and a report on the vulnerability of our nation's ports of entry to terrorist attack, the infrastructure and technology improvements needed based on the level of risk posed by vulnerabilities at the ports of entry, and follow up assessments every two years to monitor progress in securing ports of entry. Funds authorized in Section 101 should be distributed based on assessed priority.

*Sec. 103—Enhancing SENTRI, FAST and NEXUS Pre-Enrollment Programs*

This provision expresses the Sense of Congress that pre-enrollment programs should be expanded to every major port of entry, and authorizes pre-enrollment programs, the creation of pre-enrollment centers away from the border, funds necessary to build infrastructure to effectively access pre-enrollment lanes, funds to reduce participation fee in order to increase participation and creates an appeals process for those whose participation has been terminated. Additionally, the provision requires a report detailing the cost of the program as well as enrollment and enforcement information.

## Subtitle B—Enhancing Border Monitoring Technology

*Sec. 111—Deployment of Surveillance Systems Along the US-Mexico Border*

This provision requires the deployment of surveillance systems along the southern border, such as the integrated surveillance and intelligence system (ISIS), and ensure that the entire border is monitored 24/7.

*Sec. 112—Deployment of Surveillance Systems Along the US-Canada Border*

This provision requires that the development of a plan to deploy surveillance systems along the northern border and provide Congress with a cost estimate and deployment schedule by September 30, 2005.

*Sec. 113—Level of K-9 Units Working on the Southern Border*

This provision requires an increase in K-9 bomb detection units by 20%.

*Sec. 114—Deploy Radiation Portal Monitors*

This provision authorizes \$49 million to install radiation portal monitors at all land border ports of entry by September 30, 2005. Subtitle C—Ensuring Well Trained Personnel at Our Borders

*Sec. 121—Double the Number of CBP Personnel*

This provision authorizes the doubling of Customs and Border Protection personnel based on existing positions in FY 2004, and increasing the number of Border Patrol agents stationed between ports of entry by 3000 over FY 2005 and 2006.

*Sec. 122—Assessing Staffing Needs at Our Borders*

This provision requires DHS contract with an independent entity with human resource and staffing expertise to produce a study on staffing levels should be at ports of entry and between ports of entry in order for CBP to accomplish its border security mission. The study is due within one year of enactment.

*Sec. 123—Additional and Continuous Training for Inspectors*

This provision requires training for inspectors and where needed for associated support staff in new technologies. The section also requires that inspectors along the southern border be proficient in Spanish, and that appropriate language training be provided to inspectors and border patrol on the northern border. The provision also recommends the creation of a program to ensure the retention of customs and immigration expertise to supplement the One Face at the Border Initiative.

*Sec. 124—Requiring a Report on the One Face at the Border Initiative*

This provision requires the DHS to submit to Congress a report on the One Face at the Border initiative outlining the goals, strengths and weaknesses, and information relating to training and staffing. The GAO is required to provide Congress with an assessment of the report.

## Subtitle D—Establishing a Comprehensive Border Security Strategy

*Sec. 131—Border Security Strategy*

This provision requires the development of a comprehensive inter-agency national Land Border Security Strategy to identify and fix security gaps along the land borders of the United States. The strategy is to review a variety of issues related to land border security including personnel, infrastructure, technology, coordination of intelligence among agencies, legal responsibilities, criminal statutes, apprehension goals, prosecutorial guidelines, economic impact and the flow of commerce. The report is due on year after enactment and a GAO assessment is due fifteen months after enactment.

*Sec. 132—Improved Information Sharing*

This provision requires that IDENT, a two fingerprint database, and IAFIS, a ten fingerprint database, be made interoperable by October 1, 2005.

*Sec. 133—Creation of Northern and Southern Border Coordinators*

This provision creates northern and southern land border coordinator, appointed by the Secretary who serve as the primary official of the department responsible for coordinating federal security activities along the border.

*Sec. 134—Smart Border Accord Implementation*

This provision requires the President to submit to Congress quarterly updates on the progress of the Smart Border Accord Working Groups.

*Sec. 135—Sense of Congress on the Period of Admission for Border Crossing Card Holders*

This provision expresses the Sense of Congress that citizens and nationals of Mexico and Canada should be treated with parity in establishing the periods of time that they are in the US. The provision directs that once US-VISIT is fully implemented that the period of admission for Mexicans using a border crossing card should be increased to 6 months.

## Subtitle E—Enhancing Border Security Programs

*Sec. 141—Creating a More Effective Entry-Exit System*

This provision authorizes the creation of a US-VISIT Outreach Office to better inform

border communities about the implementation of US-VISIT, reauthorizes the creation of the Data Management Improvement Act Task Force to study issues related to border security, and requires that information currently collected by the I-94 arrival/departure form be collected by electronic means, namely US-VISIT.

*Sec. 142—Transportation Worker Identification Card*

This provision requires the submission of a report by December 31, 2004, on the development and distribution of the transportation worker identification card, including (1) information on how the card will be distributed, (2) the eligibility of Canadian and Mexican truck drivers who are certified under FAST, (3) selected biometric feature and (4) the cost and deployment schedule for card reading equipment.

*Sec. 143—Standards and Verification Procedures for Inter-modal Cargo Containers*

This provision requires that the DHS develop standards for container security 180 days after the enactment of this bill. It also requires the Department to develop a security verification process for container seals and evaluate container tracking technologies, cargo targeting data, and the inspection policy for empty containers.

*Sec. 144—Sense of Congress on the Need for Additional Staff for the US Consulate General in Mexico*

This provision expresses the Sense of Congress that the level of staffing for the US mission to Mexico has not kept pace with rising consular workloads and that a 25% increase in staff is necessary.

## Subtitle F—Securing Our Tribal and Federal Lands and Territories

*Sec. 151—Office of Tribal Security*

This provision creates an Office of Tribal Security to coordinate relations between the federal government and Indian tribes on issues relating to homeland security.

*Sec. 152—Transfer of "Shadow Wolves" from CBP to ICE*

This provision transfers the Shadow Wolves unit from Customs and Border Protection to Immigration and Customs Enforcement.

*Sec. 153—DHS and DOI Coordination on Border Security; Provision of Temporary Authority to DHS to Transfer Funds*

This provision provides the Secretary of Homeland Security with temporary authority to transfer funds from the DHS to the Department of the Interior to compensate the DOI for border security activities. The DHS and DOI are instructed to enter into a Memorandum of Agreement establishing (1) criteria for DOI to receive such funding, (2) priorities among projects, and (3) scope of activities for such projects. The DHS is required to report the transfer of funds to the appropriate congressional committees and a copy of the Memorandum of Agreement must be submitted to Congress. This provision will expire on the completion and implementation of the National Land Border Security Plan in Section 131.

Mr. TURNER of Texas. I thank the gentlewoman from the great State of Texas.

## THE NATIONAL ECONOMY

The SPEAKER pro tempore (Mrs. MILLER of Michigan). Under the Speaker's announced policy of January 7, 2003, the gentleman from California (Mr. DREIER) is recognized for 60 minutes.

Mr. DREIER. Madam Speaker, as I look at the clock, I see it is 10 o'clock. At this time tomorrow evening, we will be two-thirds of the way through the debate that is scheduled to take place between President Bush and Senator KERRY, and I know that the focus of that debate is going to be on foreign policy issues. And so I have chosen this evening to talk about economic issues because that obviously will be down the road, but I think that as we get ready for the debate on foreign policy and we spend a great deal of time talking about that, I think it is also important for us to talk about very important economic issues.

Just a few weeks ago, Madam Speaker, most American kids headed back to school signaling what obviously was the end of summer. Kids had 3 months away from the classroom which is usually enough time for them to forget most of what they learned the year before. September is the time when teachers across the country settle down to the task of reviewing what was forgotten and maybe even tackle some new material.

Madam Speaker, I am standing here tonight because I believe that it is not just America's youth that spent the summer forgetting what they have already learned. Last spring I spent a lot of time standing here talking about our economy and debunking a number of the economic myths that were being propounded by so many, like the myth of the, quote-unquote, jobless recovery that is a familiar term. We have heard it so often. We were dealing with a jobless recovery. The myth that we have an economy similar to that of the Great Depression. And, of course, the ever-popular myth that all we have created are hamburger-flipping jobs.

Eventually we saw some sanity in the debate over the state of our economy. Overwhelmingly positive economic news managed to silence or at least quiet this economy's noisiest critics because we were getting very positive news. Strong growth, high consumer confidence, record homeownership, and robust job creation all made it quite clear that our 21st century economy is strong and very vibrant. And the economic policies of this Congress and this administration have been a tremendous success. That was sort of the word that was finally getting through to the American people and to our colleagues on both sides of the aisle before the summer.

Then a few misrepresented statistics this summer managed to convince a lot of pundits, talking heads and even some of my colleagues that our vibrant, dynamic economy was tanking. Once again they began to believe that no jobs were being created, or at least no good jobs were being created. Perhaps it is not just the youngsters that needed to go back to school. I would like to set the record straight on the true state of our economy and give this summer's data and figures a very much needed perspective.

Gross domestic product is perhaps the broadest measure of the economy's health. The growth in GDP. In the second quarter of this year, Madam Speaker, gross domestic product growth grew at a 3.3 percent annualized rate. This is a very healthy and solid pace. But initial GDP estimates were somewhat lower, first 3 percent, and they were later revised downward to 2.8 percent, just under that 3 percent growth. Even these numbers indicate a healthy rate of growth.

But because they were lower than predicted by most economists, the growth rate was widely reported as an alarming sign that our economy was in trouble. I think perhaps the media missed the point. The fact that economists incorrectly forecasted second-quarter growth may be interesting, but the big news here is that the U.S. economy has had 11 straight quarters of economic growth. Eleven straight quarters uninterrupted growth in this economy. Not only do we now know that it grew by 3.3 percent in the last quarter, but the first-quarter rate was revised upward from 3.9 percent to a 4.5 percent rate. This means that the average growth rate of our economy for the first half of 2004 was 3.9 percent, very robust by any standard and higher than the average during the much-heralded Clinton era where we had strong economic growth. The rate then was 3.7 percent on average. Again the first 6 months of this year saw a 3.9 percent GDP growth.

Another supposed cause for concern are the latest consumer confidence numbers. After steadily rising month after month, consumer confidence decreased somewhat in recent months. There is no doubt that constant headlines reporting rising oil prices caused Americans to wonder what impact they would have on the economy resulting in a modest dip in consumer confidence. But despite this blip on the screen, consumer confidence remains at a nearly 2-year high. Let me say that again, Madam Speaker. Consumer confidence, even with that dip with the increase in oil prices, it is at a nearly 2-year high.

Perhaps the more telling number, consumer spending, is also very healthy. Retail spending has grown 5 percent over the past year, a strong pace by historical standards. Excluding auto sales, retail sales have grown at a rate of 7 percent. Americans are clearly demonstrating their confidence in the strength of our economy. Madam Speaker, real earnings also continue to grow. Real average weekly earnings grew seven-tenths of 1 percent in the month of July, and they are up 1 percent during the Bush administration.

To give these numbers a little context, real average weekly earnings increased by just four-tenths of 1 percent during the first 4 years of the Clinton administration, less than half the growth that we are experiencing today. Real hourly compensation has grown four-tenths of 1 percent in the first half

of this year and is up 5.2 percent since President Bush has been in office.

Again, in order to give some context, Madam Speaker, real hourly compensation fell four-tenths of 1 percent during the first 4 years of the Clinton administration. That is 5.2 percent growth that we have had during the Bush administration versus a four-tenths of 1 percent reduction in real hourly compensation.

Real disposable personal income is perhaps the best and broadest measure we have of an individual's wealth because it takes into account many forms of after-tax income. This measure also shows a steady, solid pace of growth. During the Bush administration, real per capita disposable income has increased by \$1,521 versus the \$1,332 increase of real per capita disposable income during the first 4 years of the Clinton administration. So we have actually seen a pretty dramatic increase in the 4 years of the Bush administration juxtaposed to the 4 years of the Clinton administration.

Again, the reason I make these comparisons is that we constantly hear about how we long for the days of the bold and strong and dynamic economic growth that we had during the Clinton administration; and, of course, we recall very well that Bill Clinton was running for reelection in 1996, running on that strong, bold and dynamic economy; and if you look at real per capita disposable income, it actually has increased more in the past 4 years of the Bush administration than it did during those first 4 years of the Clinton administration.

Industrial production continues to climb. Manufacturing output is stronger than ever. Let me underscore that again, Madam Speaker, because we have over the last few months been continuing to hear these lines about how the manufacturing sector of our economy is in the Dumpster. Manufacturing output is stronger than it has ever been.

Productivity. Remember how important productivity is. Constantly for decades we have really had a focus on productivity. Productivity is on a long, steady upward trend. Exports, one of the important things that this administration has focused on, prying open new markets for U.S. goods and services, exports are surging. Business investment is very healthy, growing nearly 9 percent in the last quarter, marking the fifth consecutive quarter of growth. This is particularly significant in light of the 2001 economic recession which was characterized by abysmally poor business investment.

Madam Speaker, today's robust investment demonstrates the strength and competitiveness of U.S. companies as well as a healthy climate in which firms are willing to take risks. Madam Speaker, on all fronts, the U.S. economy is vital and strong. Despite some misrepresentation, the recent economic data demonstrate a healthy and growing economy.

This is not just a temporary phenomenon. These positive indicators are part of a 2½-year trend of growth and a rising standard of living. Of course, we are not going to be satisfied until every single American who wants a job has a job, but as we hear these constant gloom-and-doom predictions and these outlines from so many of our colleagues that you would think that we were in a deep depression, the numbers as well as empirical evidence prove otherwise.

Of course, as I say, in any discussion of the economy, the issue of job creation is obviously the highest priority. On this front as well, the outlook is very bright and continues to be bright. But once again, as I say, some misrepresented numbers are leading to more rhetoric of doom and gloom that have come from so many naysayers.

In July, the new payroll jobs number, the payroll survey jobs number was 32,000. This was much lower than previous months' numbers and fell far short of expectations. Immediately when those numbers came out for the month of July of 32,000, we heard the naysayers, led by JOHN KERRY. They could be heard lamenting the end of our recovery and the start of a downward trend. That is what we continued to hear at midsummer. The announcement of 144,000 new payroll jobs in August has quieted some of the gloom-and-doom rhetoric, but JOHN KERRY & Company still claim that good new jobs are not being created.

But in order to understand what the payroll numbers mean, the payroll survey, there are several key points that we need to keep in mind. The first is that in spite of the July number, the payroll survey does in fact show a very strong job growth. This is the payroll survey, and I am going to talk about the difference between the payroll and the household surveys in a moment; but the payroll survey itself has shown 1.4 million new jobs created in this calendar year alone and almost 1.7 million new jobs created since August of last year.

The second point, Madam Speaker, to keep in mind is that the payroll survey is notoriously inadequate at accurately accounting for new job creation following an economic recession.

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This survey showed a very weak job recovery following that recession in 1991. Quarter after quarter, the meager payroll survey numbers seem to suggest a jobless recovery. Sound familiar? Once more, complete data became available, and once we were able to look at more complete data, we realized that the job creation had, in fact, been very strong throughout 1992. The payroll numbers were revised upwards significantly. Most economists agree that this phenomenon is taking place again today and that the payroll numbers will once again be revised upward.

But the third and more fundamental point about the payroll survey is that

it does not measure the entire workforce. Again, the payroll survey numbers that we regularly have come out on a monthly basis do not reflect the entire workforce of this country. This survey only counts jobs in established firms. It does not count self-employed workers. It does not count small-business owners, independent contractors and consultants, LLC partners, and it does not count farmers. The payroll survey, the numbers that we regularly look at, do not take all of those into consideration. Those innovative job creators out there are not taken into the mix.

Historically self-employed workers represented only a small slice of the entire labor force. That is one of the reasons people have relied on the payroll establishment survey as opposed to the household survey. But our economy is many years into a fundamental shift in the overall nature of job creation. Self-employment currently accounts for one-third of all new job creation. Self-employment accounts for one-third of all new job creation, Madam Speaker. That means that that is not taken into consideration in the payroll survey. The Internet and modern technology, especially digital technologies, are making the American dream of owning one's own business a much more accessible reality. Small business startups are booming. LLC partnerships are exploding, doubling the total number in just 3 years in some States. And these small merchants, empowered by the Internet age, are able to compete in the global market right alongside the multinational counterparts. And yet their work is not taken into consideration when the payroll survey is done.

Our 21st Century economy is giving a quickly growing number of Americans the flexibility to work independently and to be their own bosses. This is very good news for workers and, Madam Speaker, for families as well. But it means, as I say, that the payroll survey is increasingly inadequate for measuring this new dynamic 21st Century workforce because that innovation and creativity that is out there is not taken into the mix. It is not taken into the mix at all. Furthermore, the payroll survey numbers are highly susceptible to changing the rates in job turnover. When job turnover is high, a significant amount of double counting takes place as workers move from one employer to another during a short period of time. The result is an inflated payroll number during periods of high turnover. Subsequently, when turnover begins to ebb, the payroll number is artificially deflated.

A number of economists have long been pointing out this volatility in the payroll survey. Tim Kane, who is a very bright economist whom I know at the Heritage Foundation, estimates that high turnover could inflate the payroll jobs survey number by over a million jobs. As a result, there is huge potential for overstating job losses dur-

ing points in the business cycle when turnover drops. The Bureau of Labor Statistics recently published its first assessment of this problem. Its report did not estimate the full potential for inflating payroll job numbers during high-turnover periods. But the Bureau of Labor Statistics did find that this turnover effect has led to an undercount of at least a quarter of a million, 250,000 jobs, during the period between March of 2001 and June of 2004, a period of low turnover and economic recovery.

Let me run through that problem again. High job turnover prior to the 2001 recession inflated the payroll number in the preceding years. The result has been that, over the past 3 years, while turnover has been low, the payroll survey has shown an artificially low number by at least 250,000 jobs. Based on Mr. Kane's estimate of a potential overstatement of 1 million jobs, the current undercount could be even greater than that quarter of a million. It could certainly be smaller.

Steven Braun at the Council of Economic Advisors estimates that the current undercount could be as low as 145,000. But the point is, there is simply no doubt that the payroll survey is vulnerable to distortion from the job-turnover effect.

So we know that the payroll survey has its shortcomings. But we have several measures of our labor force that, taken together, help to paint what is clearly a more accurate picture of job creation in this economy. The Bureau of Labor Statistics' household survey that I have been mentioning, for example, counts employed workers by going directly to households, directly to the households and counting the number of employed persons. Rather than surveying established businesses, the household survey counts all types of workers. This method makes it possible to account for the self-employed workers who are missed by the payroll survey.

As I have said, the self-employed historically accounted for a relatively small section of the workforce in years past. Because of this, the payroll and household surveys, while taking different approaches to assessing employment, came up at that time in the past with similar results. There were differences here and there, but the two surveys, because of the fact that self-employed made up such a small segment of the workforce in the past, the difference between the household and the payroll surveys, so-called establishment survey, trended together, and the differences were not that great, and they demonstrated a very similar sort of the same employment climate.

In the last few years, however, as I have been saying, an unprecedented divergence has taken place between the establishment payroll survey and the household survey. Since March of 2001, the two surveys have shown an incredible discrepancy in job creation. The gap currently stands at nearly 3 million jobs. That is a 3 million job spread

in the disparity between the prediction of the establishment payroll survey, which simply takes into account those in companies that are actually employed, juxtaposed to looking at the household survey, which goes directly to the homes and asks if people are working there. And while the household survey measures 1.9 million new jobs created since 2001, the payroll data suggests a net job loss of a million over that same period of time.

This divergence shows no sign of correcting itself. In July, the household survey showed a net job creation of 629,000. Remember, as I said, the payroll survey, as I mentioned a few minutes ago, showed 32,000 jobs created. So by the antiquated way of determining jobs in the pre-21st Century economy, what we had was 32,000 jobs created, and yet with the household survey, the month of July showed 629,000 jobs created. There are likely a number of reasons contributing to that major divergence. The turnover factor, as I was mentioning earlier, has obviously had a big impact. And as I discussed, the payroll survey tends to undercount jobs in periods of recovery as was the case in the months following that 1991 recession.

But it is clear, Madam Speaker, that the fundamental changes in the nature of job creation that are taking place in our economy have led to a far greater slice of the labor force that is working independently. As this trend continues, the payroll survey will be increasingly incapable of accounting for all working Americans. I think it is already there myself if we look at the numbers. The household survey alone is not enough to see the complete picture, however. But if we look at all the numbers that are available to us, it is clear that the current household survey numbers are much more in line with other economic indicators than is that very antiquated payroll survey. Average weekly jobless claims have been dropping for 13 straight months. The unemployment rate has fallen to 5.4 percent, lower than the average for the past 3 decades. The ISM manufacturing employment index has shown gains for 15 straight months. The same index for nonmanufacturing employment has been showing gains for 11 straight months.

All of these employment figures are pointing in one direction, and that one direction is up. And yet Democratic presidential nominee JOHN KERRY tries to claim that the economic policies of the Bush administration and this Republican Congress have been an abysmal failure. He claims that no jobs are being created. We have heard that line over and over again: "George Bush is the first President since Herbert Hoover to preside over a net job loss." And yet faced with the evidence that thousands upon thousands of jobs are being created, JOHN KERRY says that they are only low-wage hamburger-flipping jobs that have been created.

Yet we can see from the overwhelmingly positive economic data that this

is clearly not the case. Even the payroll survey, Madam Speaker, has shown 13 consecutive months of job creation. And these gains have been across virtually every single industry in our Nation. Gains have been especially strong in high-wage, high-skill industries like business and professional services. There is simply no denying the fact that job creation in this economy is strong and sustained. But the negative rhetoric just keeps on coming, and with it comes several new economic proposals.

JOHN KERRY says he would repeal the very tax cuts that halted a recession, revived business investment, gave Americans bigger paychecks, and produced all of the strong economic indicators that I have just been discussing, including \$56 billion in unanticipated revenue to our Federal Treasury that came in because of the economic growth that followed our tax cuts.

In addition to raising taxes on individuals, the Senator from Massachusetts would increase the tax burden on U.S. companies, the job creators, who compete and invest in the worldwide market. He would also impose new labor regulations on these global leaders and create new restrictions.

For example, JOHN KERRY supports preventing globally engaged companies from competing for federal contracts. He is also a cosponsor of the so-called Jobs for Americans Act. Sounds great, but it would impose dramatic new restrictions and regulations on any company, large or small, that invests in growing overseas markets. JOHN KERRY would also bring our trade liberalization agenda to a standstill. He has proposed reopening the trade agreements that have removed barriers to U.S. goods and services, and we are all very proud of this Congress having in the past year passed agreements with Morocco and Chile and Singapore and Australia, very important; yes, small economies but very important market-opening opportunities. So he has proposed reopening the trade agreements that have removed barriers to U.S. goods and services and created new opportunities for American workers and provided quality, affordable choices for the American consumer, which is something we so often forget in the trade debate. He says he would put a moratorium on all negotiations currently in progress. And he has called for reinstating the Super 301 process, which would violate our commitments to the World Trade Organization. Remember, the WTO, often maligned, is an entity which has as its goal eliminating tariff barriers, and it would also, by taking the action that JOHN KERRY has proposed, open up an opportunity for retaliation by our trading partners in the world.

In short, JOHN KERRY's economic platform consists of claiming that our vibrant, growing economy is actually weak and then proposing to make innovators and job creators even less competitive than they are today.

Madam Speaker, several months ago I stood in this well and discussed many of the proposals that JOHN KERRY has made and pointed out that he has been advocating policies that countries like France and Germany have had in place for many years. For decades, Madam Speaker, the French and the Germans have saddled businesses with high taxes and heavy regulation all in the name of what? Protecting jobs. As I said a few months ago when I stood here, we do not have to wonder what the impact of the Kerry economic agenda would be. Why?

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All we need to do is look at the economies of France and Germany and decide that that is what our economy would look like under the policy proposals that have been put forth by JOHN KERRY.

So let us look, Madam Speaker, at these numbers again. Since 1999, unemployment in France has been stuck right around 10 percent. At the end of 2002 it dipped as low as 9.1 percent, but it is now back up to 9.5 percent. The French unemployment rate is nearly double the 5.4 percent unemployment rate that we have here in the United States, and it continues to rise at a time when the overall unemployment rate for OECD countries is actually falling.

Remember, this increase is being led by falling unemployment in the United States. For the overall number of OECD countries, our economy is providing leadership. Unfortunately, the French economy, setting the example for the policies that JOHN KERRY has proposed, unfortunately is headed in the wrong direction.

Economic growth, overall economic growth in France has also been very disappointing. Last year GDP growth grew at a very paltry 1.8 percent. Remember, we have talked about it in excess of 3 percent growth here. Estimates for 2004 are that economic growth in France will be at 1.7 percent. Its finance ministry announced it is hopeful the economy could grow by as much as 2.5 percent next year. But even they admit that this relatively slow rate of growth will be difficult to achieve. Getting up to 2.5 percent will be tough for them.

This stagnation is not a recent or temporary situation in France. Average annual growth in gross domestic product throughout all the 1990s was less than 2 percent, Madam Speaker, just over half of the average growth of 3.4 percent that we have had here in the United States.

Germany has faced similar dismal jobs and growth numbers. Since the late 1990s, unemployment in Germany has remained just above 8 percent, and has steadily climbed over the past year. In 2003 it inched up from 9 percent to 9.2 percent; and unfortunately for the German people, it continues to climb.

At the same time, German GDP growth has been a very meager 1.7 percent for the last 2 years, and economic

forecasters have downgraded their predictions of growth for 2004 from 1.8 to 1.6 percent.

Just like their neighbor to the West, Germany has experienced economic stagnation for many, many years. Throughout all the 1990s, economic growth averaged just 1.5 percent, an abysmal one-third of the U.S. growth that we have seen.

But perhaps the most telling numbers of all, Madam Speaker, are what I call the "innovation indicators," the innovation indicators, in terms of new patents, research and development, and venture capital. The United States far outpaces France, Germany, and the entire European Union. As a result, we are the world's leading innovator, right here in the United States.

Our level of innovation, which demonstrates the vitality and dynamism of an economy, together with factors like unemployment and growth in GDP, clearly show that our economy is creating far more and far better opportunities for workers.

Madam Speaker, the competitive edge has led to a significant brain drain from Western Europe to the United States. Over 100,000 European researchers currently work in the U.S. A recent European Commission survey found that more than 70 percent of European recipients of U.S. doctorates in the last decade plan to stay and work in America. This has the commission fretting that by the end of the decade Europe will have 700,000 fewer scientists and engineers than will be necessary to compete in the global economy.

This realization, along with years of flagging growth and rising unemployment, has served as a wake-up call to Europe that their economic policies have failed.

In fact, the policies that JOHN KERRY is advocating have performed so poorly in France, Germany, and throughout the euro-zone area that the Europeans are now proposing significant reforms. It is long overdue, but it is great to hear it. They are starting to move in precisely the opposite direction that JOHN KERRY is proposing to see the U.S. move in. The European Union has realized it is time for them to go back to school and learn what it takes to make sure that economies thrive.

The most sweeping changes are taking place within the European Commission, beginning with the appointment of Jose Manuel Barroso of Portugal as the new president of the European Commission. France and Germany had supported the Belgium Prime Minister Guy Verhofstadt, who favors high taxes and heavy-handed government intervention. But EU member countries chose Portugal's Prime Minister, a staunch free market proponent with strong reform credentials.

Mr. Barroso has signaled his continued commitment to the principles of economic liberty in virtually every major appointment he has made for his team of commissioners. The competi-

tion portfolio is one that France in particular was interested in nabbing. But the job did not go to a French favorite. Instead, it went to Neelie Kroes-Smit of the Netherlands, a member of the free-market Liberal Party in the Netherlands. As transport minister in the 1980s, she supervised the privatization of key naturalized industries, such as the postal system and the telephone monopoly.

The trade post went to a Brit, Peter Mandelson, a close ally of Tony Blair and a strong proponent of aggressive trade liberalization. The internal market position went to Charlie McCreevy, that great supply-sider who cut Ireland's taxes to the lowest in the European Union and helped Ireland enjoy 8 percent, 8 percent, GDP growth. Latvia's Ingrida Udre was given the taxation portfolio in a clear signal of his support for lower taxes.

Madam Speaker, Latvia adopted a 25 percent flat tax 10 years ago, and has experienced growth rates averaging over 6 percent during the last 5 years.

Clearly, the European Union has witnessed the damaging effects of Franco-German policies of high taxes and high regulation which stifle innovation and entrepreneurship; and as a result of that, the new leadership is attempting to make a fundamental shift in the EU's economic and labor policies.

While France and Germany still seem to be lagging behind in this enthusiasm for change, there are signs that even they realize that their policies are not working. The German Chancellor, Gerhard Schroeder, has been struggling to institute new labor reforms that would significantly reduce the burdens of employers, particularly small business owners, in an attempt to jumpstart job creation.

There have also been some surprising proposals in the area of tax cutting. Last month the influential advisory panel to Germany's Finance Ministry actually proposed a flat tax of 30 percent on both corporate and personal income. That is still a high rate by international comparisons. Russia's individual flat tax rate, for example, is 13 percent. But it would be a significant reduction, not to mention dramatic simplification, of the very, very complex system that they have in Germany.

German corporate profits are now taxed at 37 percent and individual rates as high as 45 percent. The tax burden is so formidable that a recent European Commission report estimates that the black market in Germany has grown to 6 percent of its GDP.

While much of Western Europe still has a very long way to go to undo the decades of burdensome labor regulations and protective tax policies, the seeds of change, I am happy to say, are being sown. But it is simply mind-boggling that at precisely the same time that the European Union is getting the message and beginning to deal with the very detrimental effects that they have had of years of bad economic policies,

JOHN KERRY is proposing that we as Americans begin adopting those failed policies.

He wants to saddle employers with new regulations. He wants to burden U.S. companies that are global leaders and innovators with higher taxes. He wants to disrupt trade agreements that have created new opportunities for American workers, business and consumers. He wants to fundamentally alter the U.S. business environment that has made us the global economic leader and a magnet for the world's best and brightest.

It is hard to understand what JOHN KERRY could possibly be thinking, but at least he provides the American people with a very clear, distinct choice. On the one hand you have a President who cuts taxes, boosting the after-tax dollars of all Americans and making U.S. companies more competitive; a President who aggressively seeks to alleviate the burdens of unnecessary regulations and frivolous lawsuits on employers and job creators, particularly small business owners; a President who tears down trade barriers that hurt U.S. manufacturers, service providers, farmers, investors and consumers; a President who has helped to lead our economy into the 21st century economy so it will continue to be the global standard bearer.

On the other hand you have a candidate who wants to stymie the freedom and flexibility that have allowed innovators to develop and harness new technologies; a candidate who wants to prevent our most competitive businesses from investing in the global market; a candidate who wants to burden employers and individuals with new taxes and new regulations; a candidate who looks at our dynamic, vibrant, growing, innovative economy and sees only an opportunity for more heavy-handed government intervention.

Madam Speaker, it sounds like JOHN KERRY could learn a few things from the very Europeans whom he proposes we emulate. Our economy is the global leader because the hard work and innovations of millions of Americans are not constrained by excessive government meddling. France and Germany are reluctantly learning this lesson.

I hope very much, Madam Speaker, that as he continues his career in the United States Senate after this November, that JOHN KERRY will learn those lessons as well.

Madam Speaker, I am very happy to yield to my friend the gentleman from San Diego (Mr. CUNNINGHAM).

A VISION OF PEACE IN THE MIDDLE EAST

Mr. CUNNINGHAM. Madam Speaker, I thank the gentleman from California for yielding. I applied for a 1-hour Special Order, but under the rules you are only allowed 2 hours; and thanks to the goodness of my friend, the gentleman from California (Mr. DREIER), I am able to speak for a few minutes.

Madam Speaker, my intent is to bring something different, something

refreshing to a Special Order. As I listened to my colleagues on the other side, you would think that the White House and Republicans are mean-spirited, evil, and do not really care about the American public. I think it would be refreshing to listen to a Special Order that actually projects a vision. I wish it was my vision, Madam Speaker, but there are many great men that have tried to work on this, and the good news is that it is achievable.

Now, tonight I only have 20 minutes left to speak. On Monday night I will have a full hour and I will expand. But history has witnessed great men with a vision accomplishing some very difficult tasks, and that vision is a safe and secure Israel. That vision is a Palestine that lives in peace beside its neighbor, Israel. It is a vision that says that the Muslim world can be supportive of both Palestine and Israel. And to make this happen, I want to go through this vision.

I am just a Member of Congress. I do not have the power to bring this to fruition. But I think it is possible, and I think if all of us pull together on both sides of this aisle, it could be something that will change this world for the better, for Republicans, for Democrats, and all Americans.

Can you imagine a time of peace? I know in my life I thought there would never be peace in Ireland. I am of Irish descent. A Democrat went under the Clinton administration and I think worked wonders in that part of the world. He had a vision of bringing Ireland together in a time of peace. Are there differences today? Yes. But it is a lot better than it was.

That is what I want to talk about, and this is why I think it is possible, is to talk over this 20 minutes and then the hour on Monday night.

First, I want to tell why I think it is possible. This is coming from a pilot that flew in Vietnam and also flew in Israel in the 1970s. It comes from a Member of Congress that is a strong supporter of Israel, but yet sees the possibility of Palestine living side by side with Israel and peace in the Middle East.

I recently visited Saudi Arabia for a week.

□ 2245

I went there with a constituent of mine who is an American citizen and has been for many years. He is an American citizen first, but he also wants that vibrant feeling that used to exist between the United States and Saudi Arabia to be rekindled. Madam Speaker, I think that vision is possible, so much so that I am willing to lay out political capital to invest in this Special Order.

I would like to thank Minister Mohammed. He put together a difficult schedule in which I was able to speak to every minister in the council. I was able to talk to the Shura Council, which is like our Congress, to business leaders, to students, to families, to

bankers. We even went to an orthopedic rehab center that is rivaled nowhere in the world that takes care of people with orthopedic problems.

Saudi Arabia is a leader, Madam Speaker, in the Muslim community. What happens in Saudi Arabia directs the rest of the feelings in the Muslim community itself. Both Mecca and Medina are looked upon by 1.3 billion Muslims many times a day and pray towards Saudi Arabia, Muslims that want peace, not their counterparts that are active terrorists and extremists.

On 9/11, Saudi Arabia saw many of the Saudi Arabians involved in the 9/11 attacks. They were shocked. And one of the reasons they were shocked is that it was purported that many of the people that were still walking around in Saudi Arabia had been linked to those aircraft crashing into our World Trade Centers, and they were not.

So they acted in disbelief that a nation that had been an ally of the United States, yes, they had problems. They had problems then and they still have problems now. But the majority of Saudi Arabians have a very strong friendship and belief with the United States itself. They thought that this terrible event, when it was confirmed, the Saudi leadership at first was slow to react in some areas; but in other areas, they stepped forward.

One example is they provided millions of barrels of oil right off the bat to stabilize the U.S. economy and to help us meet our needs to help New York, to help the rest of the community when jobs were being destroyed right and left. Madam Speaker, in many instances I will discuss tonight, Saudi Arabia has helped us over and over again.

I want to talk about some of the things I think that hurt us, that can take away from this vision. I look at the students before 9/11 from Saudi Arabia. When I spoke to the cabinet in Saudi Arabia and I spoke to the Shura Council, 75 percent of both the cabinet and Shura Council graduated from U.S. universities. Saudi Arabians that came to this country made personal investments in this country; and to a person, not a single one that had graduated said that they want to separate the ties with the United States. Quite on the contrary. They love the United States; they want to see those relationships rekindled. But, yet, they are angry at some of the things the United States is doing towards Saudi Arabia and the rhetoric that comes out of much of our newspapers that hurts that relationship.

If Osama bin Laden wanted to achieve a division with the United States and one of its best allies in the Middle East, it would try and drive a wedge between us. They feel that is exactly what Osama bin Laden did on 9/11 in using Saudis. He could have used anybody within the entire world.

Let me tell my colleagues about some of these students. I spoke to cabi-

net members that had graduated and, as a matter of fact, Madam Speaker, the majority of those students obtained Ph.D.s. These are the people who are now leading the Saudi government, both in the Shura Council and within the cabinet itself. But those who had just visited in the United States to a person said, we do not need the United States. I am going to send my son and my daughter to Australia, to England, to Austria, to New Zealand, to English-speaking schools, because they did not make that personal friendship bond with the United States.

My biggest concern, Madam Speaker, is the fact that if we lose that strong support for the United States, 30,000 students from Saudi Arabia prior to 9/11, do we know how many we have today in U.S. universities? Two thousand Saudi students. There is a fine line between issuing visas and national security. Colin Powell is working desperately to change that and weigh the differences between making sure that those visas are offered only to people that are safe; but on the other hand, we are denying access to our universities and our schools, which people within 5 to 10 years, we are going to ask to support the United States, and that support is not going to be here. That is dangerous, Madam Speaker.

I will give a couple of significant issues as examples. When I talked to one of the students, one of the students who had been attending a United States university for many years had gone back and forth, a strong supporter of the United States even though he was a Saudi. When he checked in through INS, the INS agent looked at his passport and saw that he was from Saudi Arabia. The INS agent said, smile for me like a terrorist. These are the affronts that every single day Muslims in this country face, and the ignorance of some people on how it affects people.

I have a constituent that lives in San Diego. He has been an American citizen for many, many years. His brother is still in Saudi Arabia. His brother's son had been a student within the United States, again for many years. He stepped foot into the United States after traveling back and forth many times, was put into handcuffs, was shackled, his legs where he could just shuffle, and shipped back to Riyadh with no explanation. And guess what? When he got to Riyadh, our agency said, oh, it is a big mistake.

Now, when this constituent of mine goes to Saudi Arabia and speaks about how strong the love is that the United States has for Saudi Arabia, can we imagine what his brother purports to him about his son being shipped back without any reason and then it is proven wrong? And did the United States even offer to ship this man back? No, that is not the case.

When I talked to this young man, his name is Badar, and Badar was even allowed to go get a meal. He had handcuffs, his legs were in irons, he had a



tray, and as he is walking to the little cafeteria, he looks over and sees the very agents that had secured him, and he looks and says, can I pick you up anything while I am on my way? I am on my way to do that; can I help you get anything? This is the attitude of many of these young men and women who attend our universities, and it is a shame. They give us support, and the problem is that we may do away with that support in the future.

Madam Speaker, I have heard over and over the media, and even some of our Members of Congress, purport that Saudi Arabia is evil. They have problems in Saudi Arabia. I sit on the Subcommittee on Defense of the Committee on Appropriations, and I also sit on the Permanent Select Committee on Intelligence. I will tell my colleagues directly, not rhetoric, not spin, but the Saudi Government is working with the United States intelligence service in which on Monday, I will purport and submit for the record reams and reams and pages of al Qaeda that they have captured, that they have killed of their own soldiers dying to help us and the rest of the world live in peace from these terrorists. Again, have they had problems in the past? Yes. Do they have problems now? Yes. But we need to help a nation that is trying to help us instead of bashing that nation. In trade, in oil, they have always been there.

Now, in the 1970s, when we had our oil shortage, Saudi did not help us. But since that time, under the first George Bush, under President Clinton, and now under George W. Bush, while the world is providing us oil at \$50 a barrel, Saudi Arabia is working to give it to us at \$38 a barrel. In the 1970s, when some of us were old enough to remember the gas lines, it was \$72 and \$73 a barrel. Yet, Saudi is pushing their own wells to make sure that the United States is taken care of, not just for Republicans, but for Democrat administrations as well. Colin Powell is working desperately to resolve this as well.

Let me get into one last issue before my time runs out. Some of my friends that I meet with regularly, and I meet with Jewish constituents, with Persian constituents, with Muslim and Arabic constituents, and they have told me, those who have served in Saudi Arabia, that the Saudi curriculum, education curriculum has not changed in 40 years. Eighty-five percent of that curriculum was okayed by U.S. standards. Fifteen percent was in a gray area. Five percent taught the Wahabiism, the antitolerance system. Well, guess what? Saudi not only supported the 85 percent that we support; they got rid of the 15 percent that was in a gray area. The 5 percent that taught intolerance; they fired those individuals, over 3,000 teachers that were teaching intolerance were eliminated, fired. And they actually have schools that go to purport a new curriculum to help not only not teach intolerance, but to help the Saudi education system itself. Many

Americans do not recognize that, that they are trying to work in that direction.

So the students coming to the United States and establishing a bond, the curriculum that they have changed to make sure that it is a curriculum not of intolerance, but of tolerance for other nations and adhere to the United States standards. I think that is significant.

Madam Speaker, I am not sure how much time I have left, but I think it is a good start to set forth on Monday, when we talk about the issues and how do we get from this vision of having Palestine and Israel secure, yet to have a strong Middle East with support for a peaceful system in the viable future.

Madam Speaker, I will start by saying on Monday, I am going to talk about a controversial issue. The Crown Prince Abdullah purported U.N. resolutions and supported U.N. resolutions 338 and 442, and those resolutions were adopted by the United States. They were adopted by the U.N. and NATO and all of the Arab nations. And what that did is it established a Palestinian state, a Jewish state, and if anyone violated those resolutions, the Arab nations would come to the rescue of Israel and support it.

Now, I ask my colleagues, Madam Speaker, can we in today's environment continue the Israeli-Palestinian issue as it exists today? Every day people are losing their lives. I strongly feel before we ever have peace in Iraq and in Afghanistan and Egypt and Syria and Lebanon and other areas that the resolution between the Israeli and the Palestinian people has got to be fixed, and that is no easy issue. They have been fighting for a long time.

So on Monday I want to give my colleagues a vision, not my vision, but a vision that has already been adopted by the United Nations, by the United States, by all of the Arab world, and supported by Crown Prince Abdullah. That is the antithesis of the direction that I would like to go forward in on Monday and give examples of how Saudi Arabia has helped the United States and other nations in the war on terror and the directions that we can go to have peace in the Middle East.

□ 2300

#### IRAQ WATCH

The SPEAKER pro tempore (Mrs. MILLER of Michigan). Under the Speaker's announced policy of January 7, 2003, the gentleman from Washington (Mr. INSLEE) is recognized for 60 minutes.

Mr. INSLEE. Madam Speaker, I come to the floor tonight and will be joined shortly by my colleagues who have been consistent in manning our stations in the Iraq Watch. Now, for several months, my colleagues and I in the Iraq Watch have been coming to the floor of the House of Representatives to discuss our policy in Iraq and to ask if we are on the right course in Iraq.

I am reminded why we have been doing that when just before I came to the floor in the cloakroom, watching the TV, I saw a tribute to another fallen American hero in Iraq. That is all too regular an occurrence recently and reminds us why we come here for the Iraq Watch, because we are dedicated to the proposition that the men and women who fall in Iraq should not be shuttled off to page 12 and 14 and forgotten by Americans and have this trial and tribulation in Iraq somehow become sort of a back-burner issue.

We who have participated in the Iraq Watch are committed to the proposition that we need to be diligent in asking hard questions of our government as to whether or not our government is doing the right thing or making mistakes in Iraq. This is important to do for a variety of reasons.

The Vice President of the United States has suggested that only Members of Congress should just act as good little Members of Congress and be silent about Iraq and simply defer to the administration. The Vice President has suggested, at least implicitly, that whatever the administration is doing must be right and that all good Americans must fall in line and be silent about the Iraq policy and to do otherwise would give somehow aid and comfort to the enemy.

Let me suggest that that would be the least patriotic thing for Americans to do, from the U.S. Congress all the way down to the voting booth on November 2, because the people in Iraq serving tonight deserve the right American policy. That is only going to happen if Americans stand up on their hind legs and speak their minds about what we should be doing in Iraq.

So we are doing that, and representing my 600,000 constituents, and I know I will not be alone in expressing some sentiments tonight, to suggest that this administration has not made the right decisions in Iraq and, in fact, has repeatedly made the wrong decisions in Iraq that have now been responsible for us being in this terrible situation that we are now in tonight in Iraq.

Before I yield to the gentleman from Ohio (Mr. STRICKLAND), I would suggest in our discussion tonight there will be two parts of our discussion. One, we will ask whether or not this administration has been right or wrong on a variety of decision-making in Iraq. That is the first part of our discussion. The second part of our discussion is what should we do now to get a fresh approach in Iraq to increase our chance of success in bringing our troops home in a reasonable fashion. Those are both important parts of our discussion.

I have some questions that I would like to pose to the administration, but before I do so, I would like to yield to my friend, the gentleman from Ohio (Mr. STRICKLAND), who has been a very stalwart member of the Iraq Watch to start our discussion this evening.