

adviser as we have worked through this buyout.

At a young age, David began working on his family's tobacco farm in Johnston County, NC. He understands the stress that tobacco farmers have been under, and he has labored tirelessly to get us to this day.

I made the buyout a top priority when I arrived in the Senate because our tobacco-producing communities have suffered terribly—terribly—in recent years. The rigid Government program created in the 1930s was not designed for the intense world competition of today. It was not designed to withstand the consequences of the master settlement agreement.

In past years, our farmers led the world in tobacco production. Now they account for only 7 percent of flue-cured tobacco sold worldwide. The time has come to end the last of the Depression-era farm programs. Our farmers want to operate in a free market.

As the U.S. market share of tobacco has slipped, the quota system, with its price supports, kept U.S. producer costs artificially high. These high prices led to tobacco imports from lower cost countries, such as Brazil and China. Under the current tobacco program formula, the decline in demand for American tobacco produced a cut in quota, the amount of tobacco a farmer can grow and sell.

In just the last 5 years, the tobacco quota has been cut almost 60 percent. That is the equivalent of cutting your paycheck by 60 percent. There is not a business in America that would not take a serious hit with a 60-percent cut in revenue. And according to agricultural economists, these farm families were about to get an additional 33-percent cut in quota for the 2005 crop-year. These cuts have had profound impacts on North Carolina's tobacco communities. For almost 70 years, the U.S. Government-issued tobacco quota was something you could take to the bank, literally.

Under permanent law, they could expect a yearly return on investment. Farmers used it as collateral for loans in order to put the next year's crop in the field. Families handed quota down from generation to generation. That paid the death tax as part of keeping family farms alive. Widows have counted on quota as an investment to supplement their Social Security.

By buying out these quota holders, we give families the option of retiring with dignity. We give them the ability to pay off the banks for loans made against an ever-shrinking collateral. By getting the buyout done before the next quota cut, literally thousands of families in rural North Carolina will be saved from bankruptcy.

Rather than having to quit the farm, this buyout gives our farmers the ability to compete in the free market, and if farmers want to continue to grow leaf, they can compete worldwide without the artificial cost increase.

Many will also use this opportunity to invest in new equipment and transi-

tion to other crops. This tobacco buyout will help not only the farmers and their families, but their hard-pressed communities. It is the retailers, equipment dealers, chemical and fertilizer dealers, and a whole array of small local businesses that will also benefit from the tobacco buyout. These are the very small businesses that create the majority of new jobs in tobacco-producing States—jobs that are much needed.

With our action today, we come to the end of an era in tobacco policy. We stop conceding tobacco production to countries such as China and Brazil. We stop foreclosures to thousands of farmers, and we stop the negative economic ripple effect throughout rural communities in the Southeastern States. For that, we can all be extremely proud.

To those who have worked so hard on the tobacco quota buyout, on behalf of the thousands of farm families in North Carolina and throughout the Southeast, a heartfelt thank you. What has been accomplished is a legislative miracle and a monumental achievement. It has been a great privilege to work with you.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Massachusetts.

Mr. KENNEDY. I ask the Chair—I believe I have 30 minutes—when I have 2 minutes left to notify me.

#### TRIBUTE TO CHRISTOPHER REEVE

Mr. KENNEDY. Mr. President, I join with others in the Senate to say it is with deep sorrow I note the death of Christopher Reeve. Christopher set a wonderful example of courage and perseverance for men and women all over this country who are afflicted by disabilities, and particularly those who have spinal cord injuries.

Christopher never gave up hope that eventually he could be cured. He worked hard to keep his body in the best shape possible to prepare for the day when an effective treatment for his injury would be available, and he fought unceasingly to foster the scientific research that offers hope and help to millions of others afflicted with severe injuries or dreaded disease.

He was particularly involved in the battle for stem cell research because he saw it as the best opportunity for curing not only his injury but also a host of other diseases from Parkinson's and diabetes to heart disease. This election is critical in achieving Christopher Reeve's vision because only one candidate for President, JOHN KERRY, is committed not only to stem cell research but to good science generally, science not constrained by ideology or partisanship.

I am going to come back to this subject matter in just a moment.

#### LEGISLATIVE AGENDA

##### OVERTIME PROTECTIONS

Mr. KENNEDY. Mr. President, I take note that the Senate, a little while

ago, for the fourth time, passed the overtime protections bill yesterday. This is the same bill the House has already passed twice. So I hope they act as soon as possible on the bill we sent them yesterday. There is no reason we cannot get the discharge petition in the House of Representatives on that and also the provisions that we passed on FDA protections for children.

I hope President Bush is listening to the bipartisan majorities in the House and Senate who repeatedly tell him to repeal those parts of his regulation on overtime that take away pay for hard-working, middle-class Americans.

##### FSC/ETI

Mr. KENNEDY. Mr. President, on the FSC legislation that was just passed, I want to say a few words. The American middle class is the heart and soul of our country, but you would never know it from the FSC bill. We should be helping middle-class families, not hurting them, but this bill uses your taxes to ship your jobs overseas. It allows President Bush to cut your overtime pay, and it allows big tobacco companies to market cigarettes to your children.

On issue after issue in this legislation, elite corporate interests are the winners at the expense of average Americans. If the middle class is the backbone of America, then this bill is contrary to American values. And if President Bush really cared about the middle class instead of just big corporations, he would veto this bill when it comes to his desk.

##### EDUCATION

Mr. KENNEDY. Mr. President, on another matter, President Bush may be leaving 5 million children behind in our schools, but he is sparing no expense in a national campaign to cover up the failures of his administration on public school reform. Somehow the Bush administration can never find the money in the budget to hire and train teachers to help failing schools to expand after-school programs. But when it comes to politics and PR campaigns, he can find thousands and thousands of your tax dollars for White House propaganda. In a line that President Reagan made famous: There you go again.

They use taxpayers dollars to produce political ads for their bad Medicare bill, and they are doing it again with their failed education program.

I refer to the October 11 AP story by the education writer, Ben Feller. He writes:

The Bush administration has promoted its education law with a video that comes across as a news story but fails to make clear the reporter involved was paid with taxpayer money. The Government used a similar approach this year in promoting the new Medicare law and drew a rebuke from the investigative arm of Congress which found that the videos amounted to propaganda in violation of Federal law.

That is why we ask Secretary Paige to take this propaganda off the airways

now. You just used a similar process on Medicare, and the GAO found it violated Government law. They are following the same procedure. This violates Government law, and it ought to be taken off the air and taken off now.

The videos and documents emerged through a Freedom of Information Act request by People for the American Way that contends the Department is spending public money on a political agenda. The group sought details of a \$700,000 contract Ketchum received in 2003 from the Education Department.

One service the company provided was a video news release geared for television stations. The video includes a news story that features Education Secretary Rod Paige and promotes tutoring now offered under law. It does not identify the Government as the source of the report. It also fails to make clear that the person purporting to be a reporter was someone hired for the promotional video. Those are the same features, including the voice of Karen Ryan, that were prominent on videos the Health and Human Services Department used to promote the Medicare law and were judged covert propaganda by the General Accounting Office in May.

It is the same business, a different subject matter, and it is completely unacceptable. Enough is enough. It is time to get serious about improving our schools. It is time for the Bush administration to realize improving education in America is not about slogans. It is not about propaganda. It is time to get about the hard work of training more teachers, smaller class sizes, extra help for the children who need it.

#### STEM CELL RESEARCH

Now, to get back to my earlier comment about stem cell research—and I see a number of my colleagues on the floor who will address this issue as well—last evening I noted and saw my good friend the majority leader take the Senate floor to defend the indefensible, President Bush's stem cell policy. Here is what the majority leader said: Stem cell research shows great promise. It shows great promise, and the President's policy harnesses that promise and it also strikes a balance with the values of our people.

The fact is that the President's position does not strike a balance. It does not harness the promise of stem cell research. In fact, it is an attempt to have it both ways. It is an attempt to satisfy the group of the President's supporters who oppose stem cell research on religious grounds while pretending to the vast majority of Americans who support such research that he is really behind it. No amount of rhetoric can hide the fact that the biggest obstacle to finding cures for paralysis or Parkinson's disease or juvenile diabetes or heart disease through use of embryonic stem cell is President Bush.

President Bush is fond of claiming that he is the first President to approve funds for stem cell research. That sounds good, but it is not true.

Here is the actual record: For a number of years, the Congressional Appropriations Act had carried a prohibition against using Federal funds for research that destroyed an embryo. Now that we better understand the importance of embryonic stem cell research, a prohibition would never pass today. President Clinton had asked a special committee at NIH to reexamine this policy, and they concluded that the use of embryos for research was ethical and scientifically important.

In January of 1999, the HHS General Counsel concluded that despite the appropriations bill language, NIH money could be used to support research on cell lines derived from embryos as long as NIH did not pay for the destruction of embryos. Following this decision, NIH set up a special committee to review grant applications for such research. In April of 2001, the new Bush administration suspended the committee and barred NIH from awarding any funds for embryo research.

In August 2001, President Bush announced the policy that has effectively slowed stem cell research to a crawl. Under his policy, only stem cell lines that had been created prior to 8 p.m., August 9, 2001, would be available for funding with Federal money. Virtually every scientist involved in the field said this policy was hopelessly restrictive, but President Bush did not listen.

The experience of Professor Douglas Melton at Harvard, a distinguished medical researcher, illustrates the folly of the Bush restrictions. Professor Melton has created 17 stem cell lines that meet all of the ethical guidelines laid down at NIH, but his stem cell lines were created after the date in the President's Executive order. He receives no Federal funding for his work. He has had to create a whole separate lab to conduct his research because his regular lab had received Federal funds. For this dedicated researcher, the barriers created by President Bush's policy in lost time and denied resources and, most of all, in potential missed opportunities for patients have been tragic.

The fact is that some of our most distinguished scientists are moving abroad to do their research. The last thing we need is a reverse brain-drain.

When President Bush announced his policy, he claimed that more than 60 stem cell lines would be available. At the time, experts said that the President was simply wrong, and he was wrong, but he has not changed his policy. The reality is that only 22 cell lines can actually be used by scientists. The rest have failed to develop into usable lines. Even the few lines that NIH will fund are all contaminated with mouse cells. Because of the danger of using these contaminated lines, FDA rules make it almost impossible to use any of these lines to develop or test cures in human beings.

Worse yet, every single one of those lines comes with a restrictive contract known as a materials transfer agree-

ment that actually prohibits doctors from using them in patients. Let me make sure my colleagues understand this. NIH researchers are legally barred from using any of the stem cell lines available to them to help treat patients. Do not just take my word for it; go look it up. All the restrictions are laid out in black and white on the NIH stem cell Web site.

Most people would look at the facts that have come out since George Bush laid down his policy and admit they made a mistake and then make a change. No shame in that. But will George Bush admit he made a mistake, admit that it is time for a change? Oh, no, he is never wrong. He has never made a mistake. Sound familiar?

The reality is that the American people know the Bush policy is denying help and hope to millions of American patients and their families. The majority of the Senate knows it, too. Fifty-eight Senators sent a letter to President Bush to reverse this disastrous policy before more precious time is lost in the battle against diseases such as diabetes, Parkinson's, spinal injury, and more. That letter was signed by 14 Republicans, including prominent pro-life conservatives such as ORRIN HATCH, TRENT LOTT, TED STEVENS, KAY BAILEY HUTCHISON, and GORDON SMITH. These pro-life conservatives understand that the embryos that would be used in research are byproducts of in vitro fertilization procedures to be used to help couples who would otherwise not be able to have children. If these embryos are not used in research they will be discarded or frozen in perpetuity. We are not talking about destroying embryos for research; we are talking about using embryos in research that would otherwise be destroyed in any event.

In an eloquent editorial published in the Salt Lake Tribune in April 2002, Senator HATCH wrote:

Regenerative medicine is pro-life and pro-family. It fully enhances, not diminishes, human life. If encouraged to flourish, it can improve the lives of millions of Americans and could lead to new scientific knowledge that is likely to yield new treatments and cures.

Why would anyone oppose that? As everyone knows, Nancy Reagan strongly supports that position. The Nation's scientific community knows that embryonic stem cells have a unique potential to repair injury and treat disease. According to a letter signed in 1999 by 36 Nobel laureates, those who seek to prevent medical advances using stem cells must be held accountable to those, and their families, who suffer from horrible disease, as to why such hope should be withheld.

A later letter was sent by 80 Nobel laureates, and it said: Current evidence suggests that adult stem cells have markedly restricted differentiation potential. Therefore, for disorders that prove not to be treatable with adult stem cells, impending human pluripotent stem cell research risk unnecessary delay for millions of patients

who may die or endure needless suffering while the effectiveness of adult stem cells is evaluated.

Those most affected by the Bush administration's cruel restrictions on this lifesaving research know it is wrong. Over 140 organizations representing patients and health professionals, including Vanderbilt University Medical Center, wrote to President Bush, urging him to end these unwarranted restrictions. The organizations signing that letter represent patients afflicted with cancer, diabetes, arthritis, and many other serious illnesses.

Their letter was written on the third sad anniversary of the announcement of the President's failed policy. It notes the grim statistics, that in the 3 years since that announcement, "more than 4 million Americans have died from diseases that embryonic stem cells have the potential to treat."

Even the Bush administration has admitted that adult stem cells cannot match the potential of embryonic stem cells. The conclusion of an NIH report in June of 2001 couldn't be clearer:

Stem cells in adult tissues do not appear to have the same capacity to differentiate as do embryonic stem cells.

The fundamental fact is that the Bush administration's first action on stem-cell research was to block the sensible policy that President Clinton had instituted to allow NIH to fund stem-cell research with strict ethical guidelines. As I noted earlier, President Clinton was the first President to allow NIH to fund embryonic stem-cell research, not President George Bush. His sensible policy was never implemented because the Bush administration blocked it.

If George Bush had not reversed President Clinton's sensible and well-reasoned policy, National Institutes of Health funded scientists would today be able to conduct research on stem cells uncontaminated with mouse cells. Because of George Bush's restrictions, they cannot.

If George Bush had not reversed the Clinton policy, National Institutes of Health funded scientists today would be able to search for breakthrough new cures by researching stem cells from patients with genetic disorders. Because of George Bush's restrictions, they cannot.

If George Bush had not reversed the Clinton policy, National Institutes of Health researchers would be free today to research cell lines that could actually be used in patients. Because of George Bush's restrictions, they cannot.

It is time to lift these restrictions. Millions of patients and their families hope that George Bush will lift those restrictions. But everyone in this Chamber knows he will not. To restore hope and renew the promise of medical progress, we need a change in November. We need a President who will not let a blind and stubborn ideology stand in the way of cures for diabetes, hope for cancer, relief for those suffering

from many other disorders. America's patients need a change. They need JOHN KERRY.

Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 12 minutes.

#### THE STATE OF THE ECONOMY

Mr. KENNEDY. Mr. President, I see a number of my colleagues here. I will be brief. But I want to address the subject matter which was so eloquently addressed by our friend and ranking member on the Joint Economic Committee this past week in the hearings that were held about the state of our economy. I see him on the floor. I want to make some opening comments and hope he will help me to understand this issue better.

I have in my hand President Bush's statement that he made in Minnesota 2 days ago. President Bush, in Minnesota 2 days ago, said:

Our economy has been growing at rates as fast as any in nearly 20 years.

I also have in my hand:

I have proposed and delivered four rounds of tax relief. . . .

This is from the President's radio talk on Saturday. Two days ago he talked about the economy "expanding," "growing," "the best in 20 years." Then on Saturday in his radio talk:

I have proposed and delivered four rounds of tax relief and our economy is creating jobs again. We have added 1.9 million jobs in the past 13 months.

What he doesn't point out is the economy is working well for Wall Street but not for Main Street; that we are still short 1.6 million jobs. This will be the first President since Herbert Hoover who has presided over an economy where we have not produced the jobs.

In that report we had last week, we found out a great many of those jobs were temporary jobs. Of that number of 96,000 jobs, a third of those were temporary. As was pointed out in the Joint Economic Committee where the Senator from Maryland serves, it reminded us the real unemployment rate is 9.4 percent because so many people have given up looking for work. And the long-term unemployment rate is the highest for the longest in the history of keeping the information by the Department of Labor.

But I want to know if the senior Senator saw Monday's Washington Post. This is not a month ago. This isn't 6 months ago. Here it is, a front-page story:

Permanent Job Proves an Elusive Dream

The story goes on about the rise of temporary workers.

The story goes on and talks about Phillip Hicks. He lost his job and could only find temporary work.

It continues. I will ask unanimous consent the entire article be printed in the RECORD.

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

[From the Washington Post, Oct. 11, 2004]  
PERMANENT JOB PROVES AN ELUSIVE DREAM  
(By Jonathan Weisman)

CYNTHIANA, KY.—Phillip Hicks had loaded his rusting pickup and was heading to work one afternoon last year when his tearful daughter called from a pay phone. She had been pulled over for speeding, she told her father, and worse, she was driving with a suspended license. The police had impounded her car and left her by the side of a dusty highway.

To most workers at the sprawling Toyota plant where Hicks works, the detour to pick up his daughter would be a headache, no doubt. To Hicks, 40, it was considerably more. He called his employer to say he would be late for the swing shift. But since Hicks is a temporary worker, his daughter's brush with the law became a permanent blemish on an already shaky employment record. Temps are allowed only three days off a year, and Hicks was coming up against that.

"They told me I had an attendance problem," he sighed wearily, his soft mountain accent revealing his roots in coal country to the east.

Hicks is among the ranks of what economists call the "contingent" workforce, the vast and growing pool of workers tenuously employed in jobs that once were stable enough to support a family. In a single generation, "contingent employment arrangements" have begun to transform the world of work, not only for temp workers, but also for those in traditional jobs who are competing with a tier of employees receiving lower pay and few, if any, benefits.

The rise of that workforce has become another factor undermining the type of middle-wage jobs, paying about the national average of \$17 per hour and carrying health and retirement benefits, that have kept the nation's middle-class standard of living so widely available.

Hicks has spent four years as a temp worker building cars for Toyota Motor Corp., making manifolds and dashboards for Camrys, Avalons and Solaras sold all over the United States. He works alongside full-fledged Toyota employees who earn twice his salary, plus health and retirement benefits.

When Toyota announced it would be coming to Georgetown, Ky., in 1985, it promised to invest \$800 million in the community and employ thousands, with thousands more jobs coming through its suppliers. By 1997, the plant exceeded all expectations, with 7,689 full-time workers, a payroll over \$470 million, and a ripple effect creating more than 34,000 other jobs in the Bluegrass state.

But by 2000, Toyota was carefully controlling any additions to the workforce. When Hicks left his family in Knott County, Ky., to seek work at the plant 140 miles away, the only door left open was through a temporary agency, Manpower Inc. At \$12.60 an hour, the job would not even let him afford the \$199-a-week health insurance premium for his family of five. But Hicks said Manpower assured him that after a year—two at the outside—he would be on Toyota's payroll, earning \$24.20 an hour, with health insurance, a dental plan, retirement benefits, incentive pay, the works.

"I could stand on my head for a year or two for a \$20-an-hour job with benefits," he shrugged.

The increasing use of temps "is part of the diminished and inferior wages and fringe benefits you see in all the new jobs that are becoming available," said William B. Gould IV, a labor law professor at Stanford University and former chairman of the National Labor Relations Board.

The government does not have up-to-date figures for the size of the entire contingent

workforce, which includes temps, independent contractors, on-call workers and contract company workers. In 2001, the Labor Department classified 16.2 million people—as much as 12.1 percent of the labor force—as contingent workers.

It does track one slice of that workforce: temporary workers. Since January 2002, the Nation added 369,000 temp positions, about half of the private-sector jobs created during that stretch. Temporary jobs accounted for one-third of the 96,000 jobs added to the economy in September. In 1982, there were 417,000 workers classified as temporary help. Today, there are more than 2.5 million, according to Labor Department data.

That is about equal to the number of manufacturing jobs lost in the past decade. Barrie Peterson, associate director of Seton Hall University's Institute on Work in South Orange, NJ, said that as many as half of those lost manufacturing positions may have been converted to temporary employment.

The change can be abrupt. At A&E Service Co., a small auto-parts assembler in Chicago, employees were told on July 15 that the firm "will no longer hold general labor employees on its payroll. All general labor employees that choose to work at A&E Service Company, LLC must be employed by Elite Staffing effective immediately." On the announcement, workers were asked to check a box accepting or declining the new temporary employment, then sign and date the form.

Temps no longer fit the stereotype of the secretary filling in for a day or two. Jobs categorized as precision production, repair, craftsmanship, operations, fabrications and labor now account for 30.7 percent of all temp jobs, nudging out clerical and administrative support, which represent 29.5 percent of the temporary army.

Peterson calls it "the perma-temping shell game," part of a broader effort by employers to convert sectors of their workforce to temps.

Satisfaction with the arrangement varies. About 83 percent of independent contractors in the Labor Department survey said they were satisfied. By contrast, about 44 percent of temps and 52 percent of contingent workers said they were not satisfied.

The impact of the temp trend on the American middle class can hardly be overstated. As the Federal Reserve Bank of Chicago noted in a paper last year, temporary workers "receive much lower wages than permanent workers, although they frequently perform the same tasks as permanent staff members." An analysis by Harvard University economist Lawrence F. Katz and Princeton University economist Alan B. Krueger found that states with the highest concentration of temps experienced the lowest wage growth of the 1990s.

Toyota executives say they use temporary workers as a buffer, to insulate their full-time staff from the ups and downs of consumer demand. Since it opened in 1988, through two recessions, the Georgetown plant has never laid off an employee, said Daniel Sieger, manager of media relations for Toyota Motor Manufacturing in North America.

Even without layoffs, however, the plant's full-time staff has declined by 706 positions from the 7,787 employees it had in 2000, according to Toyota. Over that time, the temp workforce dipped from 409 in 2000 to 301 in 2002, then rose to 425 late this summer.

Toyota managers say they will try to hire all of their long-term temporaries by the end of the year or in early 2005, after they see how many Toyota workers accept an early retirement package. Forty-seven temps were hired in late September. The management move came after The Washington Post spent

a week in Kentucky examining the temporary employment issue at the Georgetown plant. Before September's hires, it had been two years since the plant hired a full-time "team member," Toyota managers said, a period during which the plant shed 240 full-time positions. Temporary employment during that time rose by 124.

"Certainly the long-term temporary issue is one that we regret," said Pete Gritton, the plant's vice president of administration and human relations. "We never intended to have those people in here for four years or whatever as temporary."

Temporary employment is an increasingly important issue for unions. The expansive labor contract reached between the United Auto Workers and Ford Motor Co. in September 2003 includes six pages of rules governing the use of temps. Under the agreement, Ford can bring on a temporary worker for a maximum of 89 days, after which the worker must be hired or dismissed. Most temps can only work two days a week, as well as "premium" days such as holidays.

Just 62 miles west of the Toyota plant, the UAW made a stand at Ford's Kentucky Truck Plant, refusing even to countenance 89-day temps.

"It's a big, big deal," said Mike Stewart, the UAW's building chairman at the plant in Louisville. "Any time you get this kind of [compensation] divide, it just means less people making less money who can't afford your product. We will always keep temps to a minimum."

The use of temporary workers appears to be most pervasive in plants owned by foreign companies, which tend to locate in states where laws make union organizing difficult, said Susan N. Houseman, a researcher at the independent W.E. Upjohn Institute for Employment Research in Kalamazoo, MI. One Japanese auto parts plant estimated that a 5 percentage point reduction in the share of temps in the workforce would increase total labor costs by \$1 million over a year, an Upjohn study found.

At BMW's auto plant near Greenville, SC, about 175 temporary workers supplement a production workforce of 3,500, keeping the assembly line churning out Z-4 roadsters and X-5 sport utility vehicles for the U.S. and global market through lunch hour and break times, said Robert M. Hitt, a spokesman for BMW Manufacturing.

At Faurecia S.A., a BMW supplier in nearby Fountain Inn, SC, about a third of the workers making door panels, consoles and dashboards for the Z-4 are temps, said Campbell Manning of Palmetto Staffing Group Inc., the temporary employment agency that staffs the French auto parts supplier.

"They don't hire permanent," she said. "After 90 working days, they used to roll onto the payroll. Now they just keep them as long-term temps."

Palmetto Staffing charges Faurecia a flat \$12-an-hour for each of its temps. If Faurecia hired its own permanent workers, expenses for workers compensation insurance, unemployment insurance and other demands would add \$4 to \$5 onto a \$9-an-hour wage. Benefits would add more.

Even the temps cannot argue with the logic of hiring a lower-cost workforce. "I don't really blame Toyota," said Roy Biddle, who went to work at the Georgetown plant at the same time Phil Hicks did, nearly four years ago, with similar assurances that he would land a full-time job after a year. "The law's the law, and they're just doing what they can do under the law."

To temper expectations, Toyota last year implemented a new policy capping temporary employment at two years. After that period, workers must leave, but can reapply in six months. If hired again, a worker starts

at the entry wage of \$12.60 an hour, compared with more than \$14 per hour if they have been there for a few years.

About 160 long-term temporaries, like Biddle and Hicks, were grandfathered in and allowed to stay indefinitely.

Nancy Johnson, director of the Center for Labor Education and Research at the University of Kentucky, said that because of the new policy, temps now cycle from one plant to another, working at Toyota, then at nearby E.D. Bullard Co., making fire helmets, then perhaps at an auto parts supplier before heading back to Toyota.

At the Kentucky State Cabinet for Health and Family Services' community office in Georgetown, social workers say more Toyota temps are applying for state aid to cover food costs and medical bills.

"It's the traditional Japanese model that people talked about in the '80s," Johnson said. "Toyota never lays people off, sure, but the temps are absorbing the financial swings of all these companies, and they're doing it at a price."

Rick Hesterberg, a plant spokesman, noted that \$12 to \$14 an hour in central Kentucky compares favorably to wages even for some permanent jobs. "These people still make good money," he said of the temps. "It's nothing to snuff your nose at, at least in this part of the country."

But many Toyota temps say their problems go beyond money. Indeed, life seems always on the edge of disaster, where even rewards—the small gift bag of cookie cutters or the "Star Performer" T-shirts that are given out to temps—seem more like petty humiliations. In February, a Toyota temp posted an anonymous "discussion" paper in the assembly-line men's rooms, pleading "the 'E' word, 'E' for exploitation."

"There are temps at [Toyota] who have been here for 3 years, some approaching 4 years, many waiting for the permanent job offer," the essay reads. Toyota "is exploiting their patience, their economic status, their work ethic, their work contribution, their reliability, their health, their safety."

Chris, a graduate of Western Kentucky University, once interned at Toyota during college, doing computer-aided design and drafting. He spoke on condition that his last name would not be used. Even with a degree and an internship on his resume, he, too, was steered to Manpower as the only door into Toyota. But unlike the other temps, he figured his temporary stint would quickly lead not just to the factory floor, but to the white-collar suites.

Now, after four years, he frets that his wife wants a second child but he's not sure how they'll pay for the insurance.

"These people are making extreme sacrifices, working second shift, no benefits, low pay," fumed Matt Roberts, 31, a full-time Toyota worker since 1997. "It's a disgrace to the American dream. That's what it is."

For years, the United Auto Workers has tried to unionize the Toyota plant, to no avail. Recently, the use of temps has become a major issue. For full-time workers, the temps present a quandary. On the one hand, the full-time workers may see the temps as Toyota does, a buffer protecting their jobs. The more low-paid workers there are at the plant, the more profitable the company will be, and the less likely to resort to layoffs, suggested David Cole, director of the Center for Automotive Research in Ann Arbor, Mich. A union might threaten that buffer by demanding that temps be brought on full-time or dismissed.

"The temps may help keep the union out," Cole said. "It's in the selfish, vested interest of the full-time workers to keep more temps."

But some Toyota workers do not see it that way. Several full-time employees said

the growing presence of temps at the plant is holding back their wage gains, while limiting their movement in the plant. Some employees say they have been stuck working nights because any open day-shift positions are quickly filled by temps.

"If you break down, they've got a new guy waiting at the door," said Roberts, who with his wife, another Toyota worker, clears a six-figure income. "You're creating a tug of war. There's no protection for either side."

In Georgetown, the divisions can show up in strange, some say demoralizing, ways.

Toyota is famous for the "kaizen"—continuous improvement—checks that it pays to workers who come up with suggestions that save money. Earlier this year, Hicks and Chris helped devise a change that cut two jobs from their small quadrant of the assembly line. The change meant more work for everyone, but it was more efficient. Toyota rewarded the idea by sending out \$500 checks to every member of the team, every full-time member, that is.

The two temps who came up with the suggestion got nothing. Their group leader did feel bad. He gave each of them a \$25 gift certificate to the Toyota company store.

Then a full-time worker slipped them both \$50.

"You guys got us this money," Chris recalled him saying. "Sorry I can't give you more."

Mr. KENNEDY. The article does track one slice of the workforce: temporary workers. Since January 2002, the nation has added 369,000 temporary positions, about half of the private-sector jobs created during that stretch.

This report says half of all the private sector jobs created under this Administration since January 2002 are temporary positions. These are jobs without benefits. You talk about health insurance or retirement? Those are virtually nonexistent.

This is what is happening in this country. It is amazing to me to hear the President talk about how the economy is growing and crow about the increased numbers of jobs that we had—96,000 this last month, which is not even enough to keep up with the growth of the population. And then we find a third of those jobs are Government jobs, a third are temporary jobs, and the other third are not paying very much.

I want to also mention that, as difficult as this is, those are figures that point out what happens to real people in their lives. But whatever happens to these individuals I have just mentioned pales in comparison to the kind of pain minorities and women are feeling; women, whose real income has declined, and minorities—Hispanics, African Americans—whose unemployment has increased dramatically.

I see the Senator from Maryland on his feet now. I am interested in his reaction to that hearing and to those figures.

Before I run out of time, I would also like him to address the subject of the foreign purchase of over half of the U.S. debt. Nearly \$2 trillion of the national debt is now owned by foreign holders. Recent figures show China and Japan owning \$1.3 trillion in U.S. Treasuries. I am concerned these for-

eign nations are basically buying up America. We know who has the whip in hand when you control the resources. One morning we will wake up and foreign countries will own America. If they control our economy, then they control our destiny. The American economy and American destiny ought to be in Americans hands.

Mr. SARBANES. Will the Senator yield on that last point?

Mr. KENNEDY. I am glad to.

Mr. SARBANES. The fact of the matter is, the tax cuts for the very wealthy, which is the centerpiece of the Bush economic plan, are being financed by borrowing overseas, primarily from China and Japan. That is what it comes down to. We do these excessive tax cuts, we run a deficit, and we have to finance the deficit. Where do they find the money to finance the deficit? They sell U.S. Government paper overseas, primarily to Japan and China. So we are borrowing money from overseas in order to finance these tax cuts.

It is bad enough to borrow internally, from our own people, in order to do this. But to go overseas and do it, as the Senator points out, and then give them this claim on American production on out into the future as far as one can see is absolutely irresponsible.

The Senator from Massachusetts made a very important point.

The President and his associates are busy out in the countryside trying to put the spin on the jobs figures. The fact is, the economy picked up 96,000 jobs last month. That is not enough to keep pace with the growth in population. This is the first administration since Herbert Hoover not to produce a net gain of jobs in the course of the administration. The Bush administration is down 800,000 jobs, a total of 1.6 million private sector jobs, and 2.7 million manufacturing jobs.

The last time you have an administration which failed to have a net gain in jobs in the course of its 4 years was 75 years ago in the administration of Herbert Hoover. This is a dismal job performance record. Yet the President is going around the country telling people we have turned the corner. The trouble is every time you go around the corner we are going in the wrong direction. That is the problem with the President's policies. He may have turned the corner, but the corner is taking us in the wrong direction.

Second, as the Senator from Massachusetts pointed out, if you factor into the unemployment rate the people who have dropped out of seeking a job because they are so discouraged by the economic conditions they encounter, and people are working part time for economic reasons—namely, they want to work full time but they can't find a full time job, so they are working part time—if you include that in the unemployment figure as well, which is the most comprehensive measure of unemployment, the unemployment figure is 9.4 percent, coming up to 10 percent unemployed.

The final point I want to make is that unemployment benefits usually—and it is a very important point because I see many colleagues on the floor who have joined with the Senator from Massachusetts and myself to try to extend unemployment insurance benefits, and the Senator from Washington was very much involved in that effort and we welcome so strongly her leadership in it—usually are for 26 weeks. When we hit an economic downturn, we extend it because the job market doesn't pick up quickly enough to get people back to work. We usually extend it out to 39 weeks. The administration has resisted efforts to extend the payment period for unemployment insurance. We now have a record number of long-term unemployed.

This is the record even before the Bush administration of the long-term unemployed. It ran along here, and now it has shot up to almost 22 percent of those unemployed who have been long-term unemployed.

Mr. KENNEDY. Mr. President, in this article, besides the administration being against the increase in the minimum wage, they are against unemployment compensation and against overtime. In this report in 1982, there were 417,000 workers classified temporary. Today, there are 2.5 million. This is about equal to the number of manufacturing jobs lost in the past decade.

These are the statements that we have about how good the economy is.

Mr. SARBANES. The Senator is absolutely right. We are confronting a very serious economic situation for our workers. There is real anxiety—indeed even fear—in working America about what is going to happen to people in terms of their employment and how they support their families. But we are not producing jobs fast enough to put people back to work. Yet the administration won't support extending payments for unemployment insurance.

How are these people supposed to support their families? These are working people. By definition, you cannot draw unemployment insurance benefits unless you have a work record. You must have been working and have built up a working record in order to qualify. We are talking about working Americans. How do they support their families?

The President talks about 95,000 jobs as though it is some success. It is not a success. This is the only President in 75 years in that entire period of time who has not had a net gain of jobs during his administration.

Mr. KENNEDY. I thank the Senator. I see my time has expired. I thank my friend from Maryland for his excellent observations.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 10 minutes.

CHRISTOPHER REEVE

Mr. HARKIN. Mr. President, like millions of other Americans, I was