

They pay for it through a European bank with cash so that no direct transfer of funds from Cuba to a U.S. institution. And now there is someone who has found a way to restrict this, to try to interrupt rice shipments and other shipments to Cuba.

The farm community was caught unaware by this issue. I was unaware of it. Once we discovered it, I called people in the Bush administration to ask, What on earth are you doing this time? Can't you get it straight that this Congress has already said this is the law, this is the way the law reads? I have asked, by the way, the Inspector General at the Department of the Treasury to investigate what OFAC—called the Office of Foreign Assets Control—is doing here. Essentially, the Office of Foreign Assets Control at Treasury is supposed to be tracking money to terrorists. They are supposed to be shutting down the funding for Osama bin Laden. They are supposed to be tracking the network of funds around the world that finances terrorism.

But what are the people at OFAC doing? They are tracking down Joan Slote and Joni Scott who traveled to Cuba to ride bicycles and distribute free Bibles. They are spending time trying to figure out how they can reinterpret Federal law to try to put a wrench in the crankcase of farmers and ranchers who are trying to sell into the Cuban marketplace. They ought to be ashamed of themselves down at OFAC. They know better than that.

When Secretary of Treasury O'Neill testified at a hearing a couple of years ago, I asked him repeatedly about this. He finally answered, but he didn't want to. I asked him, Wouldn't you, with some common sense, much rather use your assets in OFAC to track the financing of terrorists than track Americans who are suspected of taking a vacation in Cuba? Finally, he said, Sure, sure.

The OFAC is not a very big agency. But they have over 20 people who are tracking this Cuba issue trying to nab an American person who is suspected of taking vacations in Cuba or trying to find ways to reinterpret the law to shut down agricultural trade to Cuba. They have more people doing that than they have tracking Osama bin Laden, and trying to shut down Osama bin Laden's network of funding to support his terrorist activity.

OFAC ought to be ashamed. What a false choice for the security of this country. And what a false choice for the welfare and benefit of family farmers and ranchers, just like the Europeans and Canadians and others who have access to this marketplace. My hope is they will have a meeting in the administration. My understanding is they had one late yesterday afternoon, or will have one today, and perhaps some common sense will prevail. If not, we will find a way here on the floor of the Congress to see if we can't make the right thing happen and perhaps force them to use their resources—or

perhaps if they are misusing their resources, to diminish the resources they have.

In any event, we have a significant problem in agricultural trade.

Ten years ago, we had a \$25 billion agricultural trade surplus. This year, it is \$9 billion. It shrank from \$25 billion to \$9 billion, and next year it is expected to be zero. For the first time in over 50 years we will not have a surplus in agricultural trade, according to the estimates in the administration.

If that is the case, why are they trying to shut down our sales of agricultural product to Cuba? It doesn't make sense at all to me.

I hope those in the administration who have done this and who think that redefining the meaning of cash in advance is a genius scheme to try to thwart the will of Congress will think through it more clearly and understand it is a harebrained scheme that doesn't comport at all with the law. My hope is they will finally get that message.

TRADE ISSUES

Mr. DORGAN. Mr. President, let me mention a couple of other trade issues because I think they are critically important. I am going to spend a great deal of time on trade issues in this coming session of Congress. We have the largest trade deficit in the history of the country. That translates into lost jobs and lost opportunity for our country. This town is completely brain dead on trade issues.

We can start with the Washington Post and the major news outlets. They do not cover trade or care about it, and if they cover it at all, they only cover one side, and that is the side of so-called free trade. Let me tell you where the so-called mantra of free trade has led: the largest trade deficit in the history of our country with massive outsourcing of jobs replaced with jobs that pay less with fewer benefits in our country.

I have spoken at great length about the trade issues to a deafening silence; it could be because of my presentation. But this country, this Congress, this town, has to get serious about this issue because it is hollowing out the economic stability and opportunity for this country's future.

We have a huge unprecedented trade deficit with China. We buy everything China has to manufacture—shoes, shirts, shorts, trinkets, toys, just name it. It is coming in an armada of ships every single day. We buy every single day nearly \$2 billion more from other countries than we are able to export.

Why do we do that? I have spoken about Huffy bicycles, and I will not go through the story today, but Ohio workers making Huffy bicycles, proud of their jobs, lost their jobs, and Huffy bicycles are now made in China. The little red wagon, American Flyer, made in America for 120 years, but the employees lost their jobs to China.

A new report, December 3rd in the Washington Post: "A Rough Ride for

Schwinn Bicycles." We know Schwinn bicycles. I rode a Schwinn when I was a kid. They are now made in China. This story describes the mistake of Schwinn bicycles. They decided as a company they needed to try to continue to stay in the United States and manufacture bicycles here. What a huge mistake, they decided later, because it drove them into bankruptcy. So there are no longer any Schwinn bicycles made in America.

Let me give an example of why this is happening, whether it is Huffy or Schwinn bicycles or a thousand other items.

This is a story about unrest in a Chinese manufacturing plant from the Washington Post. In the latest unrest, about 1,000 workers staged a walk out on November 7th at the Shanlin Technology appliance factory near Guangzhou, demanding higher overtime pay and more days off, according to the government-run New China News Agency. The workers returned to the assembly line a day later after receiving assurances that overtime pay would rise by 12 cents to 36 cents an hour and that they would get two days off a month.

When the Huffy jobs went from Ohio to China, for example, the jobs changed in one respect. The U.S. workers had made \$11 an hour plus benefits. The Chinese workers instead make 33 cents an hour and work 12 to 13 hours a day 7 days a week. Some insist that is what America should compete with. I insist that is a race to the bottom of economic standards and one this country should not aspire to win.

What has happened to our Yankee ingenuity when it comes to international trade? We used to be known as good traders. Instead, we now have a strange idea that if we can just open up all markets and have no admission standards or no admission price to the U.S. marketplace, and allow the production of most goods to migrate to countries in the world where you can hire 12-year-olds, pay them 33 cents an hour, work them 12 hours a day, and ship the products to Toledo and Santa Fe, that America would be better off. And that is just not so. In fact, as the jobs migrate from a country that cannot continue to pay workers \$11 or \$20 an hour, when corporations will simply move the jobs to China where they are paid 33 cents or 50 cents an hour, this country begins to feel the economic pain and the shrinking of economic opportunity.

It seems to me, that after decades of failed trade policy—whether it is GATT, WTO, NAFTA, CAFTA or any one of a number of trade agreements—at some point those who predicted a good outcome for these trade agreements, and were so fundamentally wrong, should be discredited.

NAFTA is an example. We were told with respect to NAFTA, This is a good thing for our country because what will happen if jobs migrate to Mexico, they will only be low-wage and low-

skill jobs. But since NAFTA has been in effect, the three largest exports from Mexico have been automobiles, automobile parts, and electronics, all the product of high-skilled labor. It is exactly the opposite of what the experts predicted.

I am told that we now import more cars from Mexico than we export to the entire rest of the world. We now import more automobiles from Mexico than we export to the entire rest of the world. What that means is the migration of jobs in automobiles and automobile parts to Mexico after NAFTA. Why? Because of lower wages and fewer health, environmental, and safety regulations on manufacturing. That has meant those jobs have left our country. It results in part in this very significant trade deficit, which, in my judgment, injures this country and is a long-term serious problem.

I intend to speak at much greater length about that, and repeatedly, because we must find legislative approaches to interrupt this failed trade policy. I am not saying I am opposed to free trade. I believe trade must be fair trade. There must be fair trade requirements. This free trade is a mantra that people chant. But chanting "free trade" at a time when we are up to our neck and choking on trade debt, with jobs moving from the country in wholesale quantity, it is time to stop that and decide it ought not be something to be ashamed of for anyone to say: My interest is in the economic well-being of the United States of America. I am so tired of people refusing to say: My interest is in protecting the economy of our country.

Why are we afraid to stand up for American jobs? Why do we believe it is inappropriate for an employee to make \$15 an hour in a manufacturing plant? Somehow large corporations have convinced most policymakers and editorial writers that it makes a lot of sense to hollow out our manufacturing business.

I guarantee this: No country will long remain a world economic power if it does not have a strong manufacturing base. We are headed in the wrong direction. This country needs to make a U-turn. As I have said, we are completely brain dead in trade policy. We intend to have that discussion. I will force that discussion in the next session of Congress.

WHISTLEBLOWER: FIRM DEFRAUDED IRAQ OCCUPATION AUTHORITY

Mr. DORGAN. Mr. President, the largest area of deficiency for the Congress in the last few years has been the failure to have oversight hearings on issues that demand oversight hearings. I have held some hearings as chairman of the Democratic Policy Committee, in cases where members of other committees have asked for oversight hearings and they have been denied. This has been particularly true, by the way, when it comes to Halliburton.

Let me give an example of why oversight hearings are critical. This comes from a report recently on National Public Radio. I will read this because it describes why this Congress must begin exercising its oversight responsibility. This is about waste, fraud, abuse, and the American taxpayers being cheated.

Let me read some of it:

Custer-Battles was a young company founded by former Army Rangers Scott Custer and Michael Battles who came to Iraq on borrowed money. An August Wall Street Journal article said that he (Mr. Battles) only had \$450 when he convinced an official to put Custer-Battles [his new company he formed] on a list of bidders at an airport security contract.

Mr. President, I ask unanimous consent for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. An August Wall Street Journal article said Mr. Michael Battles, a former Army Ranger, showed up in the country of Iraq with \$450. He and his partner, former Army Ranger Scott Custer, convinced an official to put Custer-Battles, a new company, on a list of bidders for an airport security contract. They promised to get the job done fast, and they won the contract, which included two upfront cash advances of \$2 million each.

Then there was a fellow, a former FBI agent, whose name is Isakson who said 2 weeks into this job, by this two-person company that showed up with no money but got \$2 million of advanced funding for this contract at the airport—Isakson, a former FBI agent, said something went wrong. "They approached me to participate in a scheme to defraud the government." Isakson said it involved bidding for cost plus contracts which guarantee payment for a contractor's actual cost plus an agreed to profit margin.

This is what Isakson said:

They would take and open a company in Lebanon and buy materials through the Lebanese company, which they owned, then the Lebanese company would sell it to their American company [Custer-Battles] at a highly inflated rate and then they would charge their profit on top of the highly inflated rate. In other words, they would make a [big] profit plus another profit.

Isakson said he refused to go along, and he warned company officials that such a plan would put them in jail. Again, this is an ex-FBI agent. He said he could not go along with this. It will put you in jail.

The next day at the airport, Isakson claims, Custer-Battles security guards cornered him in a hallway at gunpoint. His brother and his 14-year-old son were there as well.

Isakson said:

They said you're terminated and you're under arrest and don't move or I'll shoot you.

Isakson said the guard took their weapons and ID badges and eventually turned them out of the airport compound, where they made the dangerous journey from Baghdad to the Jordanian border. He has filed a lawsuit against

Custer-Battles over the ordeal, and he is also a party to a \$50 million Federal lawsuit filed in Virginia under the False Claims Act.

The other whistleblower in this case is a Pete Baldwin, a former country manager for Custer-Battles in Iraq who now runs another firm there. Baldwin describes a web of false billing practices designed to inflate costs and boost company profits. He cites a deal to provide forklifts on a security detail.

Now, this is what Baldwin says:

They confiscated old Iraqi airways green and white forklifts and transported them out of the airport facility which Custer-Battles had control over and painted them blue, then sold them back to the [U.S.] government on a lease.

He says:

This is a blatant example where something was actually acquired free and sold back to the government [after they were repainted blue].

So Baldwin took his suspicions to Government investigators and quit over the company's billing practices. Now Baldwin claims his life has been threatened because of his actions.

The Pentagon has suspended Custer-Battles from receiving further military contracts and sources, according to NPR, say a Federal criminal investigation is ongoing. However, a civil probe ended in October when the U.S. Justice Department declined to join in the whistleblower case.

Here is the key, and it is an interesting piece of information: A spokesman says the Bush administration has made a policy decision that cheating the Coalition Provision Authority in Iraq is, for the most part, not cheating the U.S. Government. Let me say that again. This is quoting Mr. Gracing:

The reason they gave to us is that the Bush administration has made a policy decision that cheating the Coalition Provision Authority in Iraq or basically the military, and for the most part the U.S. military, is not the same as cheating the U.S. government.

The fact is, the Coalition Provisional Authority was us. It was our money, our resources, our people. So here we have a company that takes forklift trucks from an airport property, moves them someplace to a warehouse, paints them blue, sells them back to the Coalition Provisional Authority, which pays for them with U.S. taxpayer funds, and our U.S. Justice Department says: That's all right. We'll close our eyes while you cheat us because the Coalition Provisional Authority is not really the U.S. Government. Are they nuts? Don't they care whether we are being cheated?

These are the kinds of things that literally beg for oversight hearings. Yet this Congress is dead silent on these issues. I said I have held oversight hearings about Iraq with respect to Halliburton. The minute you talk about Halliburton, somebody raises the Vice President. I did not talk about the Vice President in those hearings, but I talked about Halliburton and about