

Some say: Senator, you do not understand. Workers are doing well in the country at this time.

I don't believe it. Those who say this do not understand it. They may be reading the clippings of Wall Street, but they do not understand Main Street. If they have been reading the clippings of Main Street over the past week or so, they see there has not been great news.

The new jobs being created in the United States do not pay as much as jobs lost. This chart indicates the average wage in 2001 was \$44,570 a year. Jobs gained do not pay as much as jobs lost. The average wage today from the jobs gained, according to the Bureau of Labor Statistics, is \$35,410. That is a 21-percent reduction for the new jobs being created; a 21-percent reduction in pay over the jobs they have replaced.

At the same time, this administration is trying to eliminate overtime even for this group. What in the world is the reason for this?

Against this backdrop, we look at the chart demonstrating that Americans work more hours than workers in other industrialized nations of the world. This red bar represents the United States. The other countries on this chart include Denmark, France, Ireland, Netherlands, UK, Italy, and Germany. In the United States, far more than any other country, workers are working harder, working longer, trying to make ends meet. What do we do? We in the Senate refuse to increase the minimum wage. If these workers lose their jobs, there is no federal unemployment compensation. Even though they are working longer and harder, we will take away their overtime.

This administration is attempting to take away overtime protection. This chart demonstrates what happens to workers with overtime protection and those without overtime protection. Those without overtime protection are twice as likely to be required by their bosses to work overtime hours as those with overtime protection. We know what this is all about—requiring workers to work longer, harder, for less pay over a period of time. Overtime has been in the law since the 1930s. Now we have this administration trying to take away from the workers? For those who do not have overtime protection, they are twice as likely to work more than 40 hours a week. And those without overtime protections are three times as likely to work more than 50 hours a week. Take away the overtime protections and we are going to see the exploitation of working families in the middle class in this country greater than ever. That is basically greed. It is wrong.

The amendment of the Senator from Iowa is focused on making sure we continue to pay the overtime.

I make two final points. First of all, in the proposal by the administration to eliminate overtime, they are looking not only at the categories I just illustrated, but they are also saying if

you have served in the Armed Forces and have received that training, that when you get out of the Armed Forces you are not going to be eligible for overtime. For the first time in the history of this country, they are saying, military training—training that you receive in the military—is going to exclude you from coverage for overtime. Tell that to the servicemen who are over in Iraq. Tell it to the National Guard, who are making up 40 percent of those under combat arms. When you get some training in order to protect members of your particular unit, and then you come back and are out there in the civilian market, you are told by your boss: You got training in the military. You are not eligible for overtime.

I see my friend in the Chamber. I will take a few more minutes because I know he wants to address the Senate. This is a letter to Secretary Chao from Thomas Corey, the National President of the Vietnam Veterans of America:

... [W]e would like to make you aware that the proposed modification to the rules would give employers the ability to prohibit veterans from receiving overtime pay based on the training they received in the military. This legitimizes the already extensive problems of "vetism" or discrimination against veterans.

There you are. What in the world is this administration thinking?

I will read a letter, and then I will conclude. I think it illustrates very powerfully what the debate is about and the strong reasons we all ought to be behind the Harkin amendment:

My name is Randy Fleming. I live in Haysville, Kansas—outside Wichita—and I work as an Engineering Technician in Boeing's Metrology Lab.

I'm also proud to say that I'm a military veteran. I served in the U.S. Air Force from August 1973 until February 1979.

I've worked for Boeing for 23 years. During that time I've been able to build a good, solid life for my family and I've raised a son who now has a good career and children of his own. There are two things that helped make that possible.

First, the training I received in the Air Force made me qualified for a good civilian job. That was one of the main attractions when I enlisted as a young man back in Iowa. I think it's still one of the main reasons young people today decide to enlist. Military training opens up better job opportunities—and if you don't believe me, just look at the recruiting ads on TV.

The second thing is overtime pay. That's how I was able to give my son the college education that has opened doors for him. Some years, when the company was busy and I had those college bills to pay, overtime pay was probably 10% or more of my income. My daughter is next. Danielle is only 8, but we'll be counting on my overtime to help her get her college degree, too, when that time comes. For my family, overtime pay has made all the difference.

That's where I'm coming from. Why did I come to Washington? I came to talk about an issue that is very important back home and to me personally as a working man, a family man, and a veteran. That issue is overtime rights.

The changes that this administration is trying to make in the overtime regulations would break the government's bargain with the men and women in the military and

would close down opportunities that working vets and their families thought they could count on.

When I signed up back in 1973, the Air Force and I made a deal that I thought was fair. They got a chunk of my time and I got training to help me build the rest of my life. There was no part of that deal that said I would have to give up my right to overtime pay. You've heard of the marriage penalty? Well I think that what these new rules do is to create a military penalty. If you got your training in the military, no matter what your white collar profession is, your employer can make you work as many hours as they want and not pay you a dime extra.

If that's not a bait and switch, I don't know what is.

And I don't have any doubt that employers will take advantage of this new opportunity to cut our overtime pay. They'll tell us they have to in order to compete. They'll say if they can't take our overtime pay, they'll have to eliminate our jobs.

It won't be just the bad employers, either—because these rules will make it very hard for companies to do the right thing. If they can get as many overtime hours as they want for free instead of paying us time-and-a-half, they'll say they owe it to the stockholders. And the veterans and other working people will be stuck with less time, less money, and a broken deal.

I'm luckier than some other veterans because I have a union contract that will protect my rights for a while anyway. But we know the pressure will be on, because my employer is one that pushed for these new rules and they've been trying hard to get rid of our union.

And for all those who want to let these military penalty rules go through, I have a deal I'd like to propose. If you think it's okay for the government to renege on its deals, I think it should be your job to tell our military men and women in Iraq that when they come home, their service to their country will be used as a way to cut their overtime pay.

That is from Randy Fleming. It could not be said any clearer. That is the issue. TOM HARKIN and I will offer the amendment. I hope the Senate will at least permit us a chance to vote on that amendment in the next day or two.

I thank the Senator for his patience and for his indulgence.

The PRESIDING OFFICER. The Senator from Nebraska.

ECONOMIC POLICY

Mr. HAGEL. Mr. President, for those estimated 2.3 million Americans who have lost their jobs over the past 3 years, and for those worried about keeping their jobs, economic policy is not about abstract discussions or theoretical debates. It is about finding and keeping steady work at a decent wage. It is about affordable health care, buying a home, and sending their children to college.

We live in a time of dramatic historical change, a transformational period. The byproducts of such change are uncertainty, complications, instability, and danger, as well as vast opportunities.

America today, as at the end of World War II, is in a position to lead and shape the direction of this 21st century change.

America's economic security and prosperity cannot be separated from our leadership of the global economy. During periods of uncertainty and change, some Americans seek refuge in an insular political tradition that, in the past, has contributed to isolationism at home and instability abroad.

After World War I, America pursued an isolationist foreign and trade policy that resulted in a weakened international order that led to World War II.

In contrast, after World War II, America's leaders laid the foundation for the World Trade Organization and a new global political and economic order. As a result, America and much of the world have enjoyed historic peace and prosperity for more than 50 years.

The recent job losses in the United States must be analyzed and understood in the context of historic increases in American worker productivity, a global decline in manufacturing employment, and the changes occurring in the global economy.

Michael Porter, in his classic work, "The Comparative Advantage of Nations," wrote that:

A nation's standard of living in the long term depends on its ability to attain a high and rising level of productivity in the industries in which its firms compete.

Between 1997 and 2002, U.S. manufacturing productivity grew by 109 percent. This remarkable increase in productivity has cost jobs in the manufacturing sector. Advances in technology lead to increases in productivity which requires fewer workers.

Former Secretary of Labor Robert Reich recently wrote that despite these trends in the manufacturing sector "this doesn't mean that we are left with fewer jobs." As a matter of fact, the trend, over time, is just the opposite. Advances in technology and gains in productivity mean more jobs in high-growth, high-tech, high-paying sectors.

Robert Samuelson makes the case well when he said:

Manufacturing employment peaked in mid-1979 at 19.5 million; now it's 14.5 million. But over that period, total U.S. employment grew about 40 million, and manufacturing output rose more than 80%. American companies became more productive and shifted to more valuable products.

The decline in employment in the manufacturing sector is a global phenomenon. The same technologies that have enhanced productivity in America's manufacturing sector are employed in the manufacturing sectors of other countries. For example, while the United States lost 22 million factory jobs between 1995 and 2002—an 11-percent decline—Japan lost 16 percent; Brazil, 20 percent; and China, 15 percent.

The trend we see in manufacturing is the same trend we had seen over the past century in agriculture. One hundred years ago, 35 percent of Americans

worked on a farm or in the agricultural industry. Today, because of dramatic increases in productivity due to improving agricultural technologies, science, and research, that number is 3 percent.

The globalization of technology and productivity has contributed to another related issue. Many politicians and the media have recently focused on the impact on U.S. employment of U.S. companies outsourcing manufacturing and service jobs overseas. Since March 2001, it is estimated that more than 1 million jobs in the manufacturing and service sectors have been outsourced. The U.S. economy currently has 139 million jobs and showed an increase of 97,000 jobs in January and 21,000 jobs last month.

But outsourcing is not a zero sum loss for America. There are benefits for the United States. Outsourcing of some manufacturing operations has resulted in lower cost goods for U.S. businesses and consumers. The globalization of the information technology sector has resulted in a reduction of 10 to 30 percent in the price of computers and IT-related products. These reduced costs have contributed to increases of 2.5 to 2.8 percent in productivity growth in the United States and added at least \$230 billion to the U.S. gross domestic product.

Outsourcing cannot be understood as simply the number of jobs shipped overseas. It is more complicated. As American companies outsource jobs, there are also potential benefits to American businesses and workers. Companies can save in profit through the reduced costs gained by outsourcing some jobs. With expansion and additional revenues, more U.S. goods, services, and equipment are purchased to support those outsourced industries. This also contributes to innovation, growth, and, over time, better and more jobs for America's most competitive industries and technologies.

Economic growth from outsourcing is not a zero sum gain or loss. Both sides gain. Economic growth in other nations creates markets, markets capable of purchasing more and more American goods and services.

For example, Tom Friedman in a recent New York Times op-ed wrote about his visit to the 24/7 customer call center in Bangalore, India. There he observed that the computers were Compaq; the software, Microsoft; the air-conditioning, Carrier; and the drinking water distributor, Coca-Cola. And 90 percent of the company's shares were owned by U.S. investors.

As attention is focused on the negative implications of outsourcing to India, often overlooked are the advantages to America's economy. American exports to India have grown from \$2.5 billion in 1990 to \$4.1 billion in 2002.

The larger picture is instructive because it guides our policy choices. Meeting the demands of a global economy requires maintaining America's leadership in free trade, expanding pro-

grams to retrain those workers who lose their jobs, and educating the next generation of Americans about what it will take to compete in a more competitive global economy.

As Federal Reserve Board Chairman Alan Greenspan recently remarked to the Greater Omaha Chamber of Commerce:

The loss of jobs over the past three years is attributable largely to rapid declines in the demand for industrial goods and to outsized gains in productivity that have caused effective supply to outstrip demand. Protectionism will do little to create jobs; and if foreigners retaliate, we will surely lose more jobs. We need instead to discover the means to enhance the skills of our workforce to further open markets here and abroad to allow our workers to compete effectively in the global marketplace.

The expansion of free and fair trade will continue to be the most assured path for prosperity and job creation. Trade does not cost American jobs. Free trade has been an engine of economic growth, innovation, wealth, and job creation for the United States since World War II.

The value of American exports grew substantially between 1994 and 2003, from \$703 billion to more than \$1 trillion. More than 18 million new jobs were added to the economy because of trade. U.S. exports during the 1990s accounted for 25 percent of the growth in America's economy. Exports today support more than 12 million directly related jobs that pay as much as 18 percent more than the average national wage.

In 2003, U.S. exports of advanced technology totaled \$180 billion. Meanwhile, in America's high tech electronics sector, exports exceeded \$100 billion annually between 1997 and 2003, showing that America continues to maintain its leadership in cutting edge technologies, a source of more and better paying jobs for Americans in the United States.

American consumers and businesses also gain from trade through lower priced imports. Lower import prices mean increased purchasing power for consumers. As U.S. Trade Representative Robert Zoellick noted last year in testimony before the Senate Committee on Finance:

By lowering prices through imports and increasing incomes through trade, America's newest trade agreements will build on the success of the North American Free Trade Agreement and the Uruguay Round, which together already provide the average American family of four with benefits amounting to \$1,300 to \$2,000 each and every year.

If consumers have more money, American businesses benefit from greater consumer demand, consumer demand for their businesses, their products, and their services. Businesses and entrepreneurs, therefore, have more resources to invest and spend and expand on plants, creating more jobs in the United States. Expanding free trade and fair trade also encourages foreign companies to invest and set up operations in the United States. Foreign-owned firms currently provide 6.4

million jobs throughout the United States.

The North American Free Trade Agreement is testimony to the impact of expanded free trade for American jobs, growth, and prosperity. Since NAFTA's implementation, total trade among the United States, Mexico, and Canada has more than doubled from \$306 billion in 1993 to \$621 billion last year. That is \$1.7 billion in trade every day between our trading partners to the north and south.

U.S. exports to Canada and Mexico have grown from \$142 billion to \$263 billion over these 10 years. U.S. exports to Mexico of cars and trucks totaled about \$3.3 billion in 2003. That is an increase from exports of approximately \$165 million in 1993.

My State of Nebraska has directly benefited from increased trade and specifically from NAFTA. Nebraska's worldwide exports in 2003 were in excess of \$2.7 billion. Mexico and Canada are Nebraska's largest export markets. Nebraska's exports to Mexico and Canada in 2003 were valued at over \$1.2 billion. From 1999 to 2003, Nebraska's trade with Mexico increased by 87 percent and trade with Canada by 28 percent.

Americans know that changes in the global economy lead to dislocations in domestic workforces. Dislocations are painful. They are difficult. No one wants to lose a job. Americans need retraining programs and education programs that address these global economic adjustments.

Former Secretary of Treasury Robert Rubin has written in his recent book "In An Uncertain World"

... trade must be accompanied by effective programs to help dislocated workers find new places in our economy. This is not only fair, but will contribute both to productivity and to political acceptance of trade liberalization.

Many Americans who lose their jobs, especially jobs in the manufacturing sector, require assistance and retraining to find new work. In 2002, Congress spent \$12 billion on 44 Federal programs, which helped 30 million Americans with job search assistance, employment counseling, and vocational training.

These Federal programs include those authorized through the Trade Adjustment Assistance Act, the Workforce Investment Act, National Emergency Grants, and State-run worker training programs.

These programs have helped and are helping displaced workers all over the country. In fiscal year 2004, approximately \$1.3 billion will be spent on these benefits and programs of the TAA program alone.

TAA programs have provided job training, as much as 130 weeks of unemployment compensation, monetary allowances for job searches and job relocation, tax credits for health insurance, and wage insurance.

The greater longer view challenge for America is to ensure our students have

prepared for the competitive global economy of the 21st century. America's universities are the best in the world.

The global demand for what Secretary Reich has called the "symbolic analytic" sector professionals—research and development, design engineering, law, finance, medicine, and other fields—should and must remain high. It is in America's interest to maintain our leadership in these areas. As Secretary Reich puts it:

America's long-term problem isn't too few jobs. It's the widening gap between personal-service workers and symbolic analysts.

The long-term solution is to help spur upward mobility for all workers by getting more Americans a good education, including access to college.

The trends in this area should be monitored carefully. For example, in 2002, 58 percent of all degrees awarded in China were in engineering and physical sciences. In the United States, only 17 percent of degrees awarded were in these fields. America's security and vitality depend on policies that are based on the strengths of America, not its insecurities. Adjusting to the global economy requires immigration policies that consider those seeking to live and work in the United States as assets and not burdens on our national economy. Daniel Henninger recently wrote in the Wall Street Journal:

The global migration of human labor, on which there is little organized data, is perhaps the most powerful force on the globe today.

Many politicians and commentators have portrayed immigration as a threat to American workers. But immigration is a vital part of America's strength. Throughout our history, immigration has played an important role in our economy. Free trade also directly affects American interests in promoting stability, security, and democracy in other nations. By pursuing free and fair trade, and by encouraging business and investment practices that contribute to more open societies at home and abroad, we are establishing partnerships with developed and developing nations that help make a more peaceful and prosperous world. That is in the interest of all nations, of all people, and certainly of America.

Countries that trade with each other are less likely to go to war with each other. We are all shareholders in this enterprise. We all have a stake in its success. American leadership in free trade will over time reduce America's security commitments abroad, allowing a reduction in American peacekeeping, nation building, and force protection, thus saving American lives and dollars.

The tough economic choices ahead will require leadership, vision, and courage. American leadership in the global economy will depend on confidence at home and abroad. Investor confidence is a catalyst for job creation. Excessive Federal deficits and a looming crisis in American entitlement programs can and surely will un-

dermine our fiscal credibility and our economic leadership.

The Federal deficit for fiscal year 2004 is now projected to be a half trillion dollars. In 2035, 75 million Americans will be over 65 and entitled to Social Security and Medicare. That is double the number of Americans eligible today. Where will the money come from? It will come from economic growth, which will be driven by world affairs and trade, and American international leadership. To lead in the 21st century, America must combine fiscally responsible policies with a commitment to trade. Our economic policies will influence and affect the shape of America's domestic policies and programs, as well as political reform and change throughout the world.

Now is not the time to retreat from our commitment to free trade, market economies, and democratic reforms. Since World War II, America has been the primary architect and leader of a global economic order that has provided the structure for unprecedented growth and opportunity both at home and abroad. Our economic policies, like our domestic and foreign policies, are about the limitless potential of all human beings. Trade is not a guarantee; it is an opportunity—an opportunity to compete and make a better world for all people.

Mr. President, I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant journal clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

JUMPSTART OUR BUSINESS STRENGTH (JOBS) ACT—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant journal clerk read as follows:

A bill (S. 1637) to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

Pending:

Bunning amendment No. 2686, to accelerate the phase-in of the deduction relating to income attributable to domestic production activities.

Grassley (for Bayh) amendment No. 2687 (to amendment No. 2686), to provide for the extension of certain expiring provisions.

The PRESIDING OFFICER. The Senator from Montana.