

not put into place the key components needed to provide adequate oversight of the prime contractor. For example, the Coast Guard had not even agreed on specific criteria to measure the contractor's performance, yet awarded the contractor nearly the total amount possible as a bonus for the first year of the contract.

Second, GAO found that there is no clear, transparent and predictable opportunity for competition of the subcontracts under the Deepwater program. While the prime contractor uses the "open business model" to decide whether to "make or buy" Deepwater assets, this guidance is a philosophy—not a formal process with clear criteria and specific decision points—that encourages, but does not require competition. In fact, over 40 percent of the funds obligated to the first-tier subcontractors, Lockheed Martin and Northrop Grumman, have either remained with those companies or been awarded to their subsidiaries.

Perhaps most disturbing, according to Deepwater officials within the Coast Guard, it is unrealistic to believe that the Coast Guard would change contractors after the first five years of the program. Thus, there is little incentive for the prime contractor to achieve the performance goal of minimizing total ownership costs. This obviously could have serious implications for the American taxpayer.

I have also long been concerned that the Deepwater Program meets not only the letter but the spirit of our Buy America laws. A number of the subcontractors that have either received awards under the Deepwater Program, and/or are included in the contractor's proposal, make all or most of their parts overseas. Buy America was intended to ensure that the U.S. Federal government, including the U.S. military, did not contribute to the loss of American manufacturing jobs, yet here we have a major acquisition program for our 5th branch of the military, the U.S. Coast Guard, that appears to be doing just that.

As a result of concerns about the program, the Commerce Committee included in S. 733, as reported, a requirement that the Coast Guard provide a report to Congress which would include an analysis of the prime contractor's performance in meeting the two key goals of providing operational effectiveness and minimizing total ownership costs. However, based on this latest GAO report, and the need to ensure that Buy America is fully implemented, additional Congressional oversight of this major procurement is clearly warranted. Unless there are significant changes to the way business is conducted on this contract, there will be enormous problems in the future that may, in the long run, undermine this program.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. KERRY. Mr. President, the Coast Guard Authorization Act authorizes

nearly \$15 billion in funding for the Coast Guard to carry out its mission for 2 years. This represents a significant increase in funding over previous years, and will go far to support an agency that has both civilian and homeland security responsibilities. The bill also includes funding for the Deepwater program, funding for port security measures, provisions aimed at preventing oil spills and helping fishermen, and protections for marine resources.

Let me begin by discussing the authorization included in the bill. The fiscal year 2005 budget authorization is 4 percent higher than what the President has requested. This difference represents \$327 million, and the authorization itself is a \$700 million increase over what the Congress appropriated for the current fiscal year. The funding increases in the bill will help the Coast Guard meet all of its missions. The Coast Guard has stretched its resources dramatically since September 11, and traditional missions such as enforcement of fishing and marine resource laws as well as search and rescue missions are still below pre-September 11 levels.

This legislation includes over \$700 million for both fiscal year 2004 and fiscal year 2005 for the Coast Guard's Deepwater program, well over the \$500 million in fiscal year 2004 and the \$678 million in fiscal year 2005 requested by the President. Deepwater is an important program that will allow the Coast Guard to purchase new ships, planes, and navigation equipment and integrate those resources into its existing infrastructure.

This legislation also addresses security at our ports. Unfortunately, many of our Nation's ports and waterways remain vulnerable to terrorist attacks. Implementation of the Maritime Transportation Security Act is expected to take years. Therefore, it is important that the Coast Guard, the main Federal agency charged with port security, have adequate resources to meet current homeland security responsibilities. The bill includes \$70 million to assess port security plans as well as \$100 million for expenses that the Coast Guard incurs when the Government issues homeland security alerts. The bill also authorizes \$36 million for three new maritime safety and security teams, MSSTs. The MSSTs have already become a vital security force for many of the Nation's busiest ports. Major port cities such as New York, Boston, and Los Angeles have benefitted from the deployment of MSSTs, and I am pleased that this legislation will allow other ports to receive the same level of protection. The bill also includes \$40 million for the automatic identification system, AIS. Mandated by the Maritime Transportation Security Act, the AIS will allow the Coast Guard to track and monitor certain vessels that could pose a threat to port security. It is essential that this system operates at full capacity.

The fiscal year 2005 authorizations include an overall 10-percent increase for operating expenses and general capital costs to ensure that port security priorities continue to be funded at appropriate levels.

I am pleased that the bill includes a number of environmental provisions, aid for fishermen affected by oil spills, and protections for living marine resources. In response to last year's oil spill in Buzzards Bay, MA, we included in this bill a provision that requires the Coast Guard to study the feasibility of speeding up the deadline for companies to start using double-hull tankers to transport oil. Also in the bill is a mandate for the Coast Guard to issue a report outlining the cost and benefits of requiring vessels to have electronic navigational equipment on board. In addition, to ameliorate the effects of oil spills on fishermen, we added language to the bill that will allow fishermen to receive loans from the oil spill liability trust funding during the period immediately following an oil spill.

The bill also addresses the issue of ship strikes of one of the most endangered whales in the world—the North Atlantic right whale. There are only about 300 individuals left in this entire species, and ship strikes are the No. 1 cause of mortality. While lobstermen and other fishermen in the Northeast have shouldered significant regulatory requirements to avoid entanglement of these whales in fishing gear, no actions have been taken to address the risks from ship strikes. The bill would require the Coast Guard to undertake studies to examine options for minimizing vessel strikes of North Atlantic right whales in accessing ports where this is an issue. In addition to these studies, the bill would require the Coast Guard to submit a report to Congress on the effectiveness and costs of such measures.

In conclusion, we have crafted a balanced bill that will benefit the Coast Guard and enhance our domestic security. The Congress has a responsibility to oversee the Coast guard and provide it with direction and resources. With this bill, we have met that responsibility. I urge my colleagues to support it. Mr. President, I would like to acknowledge the hard work of Senator MCCAIN, Senator HOLLINGS, and Senator SNOWE in helping to draft this legislation. I respect and appreciate their dedication to these issues. Thank you.●

JOBS, PROTECTIONISM, AND FREE TRADE

Mr. INOUE. Mr. President, one of the primary issues today is jobs, and one insight into the problem was outlined by my friend, Senator FRITZ HOLLINGS, in an article that appeared in the Washington Post's Outlook section on Sunday, March 21, 2004. The article was headlined "Protectionism Happens To Be Congress's Job." I ask unanimous consent that the article be printed in the RECORD.

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

PROTECTIONISM HAPPENS TO BE CONGRESS'S
JOB

(By Ernest F. Hollings)

Free trade is like world peace—you can't get there by whining about it. You must be willing to fight for it. And the entity to fight for free trade is the U.S. Congress.

Instead, Congress—whose members are shouting "fair trade" and "level the playing field"—is the very group tilting the playing field when it comes to trade.

By piling items onto the cost of doing business here, Congress has helped end the positive trade balance that the United States ran right up until the early 1980s. Over the past 40 years, the minimum wage went up, the Environmental Protection Agency was established, and the Occupational Safety and Health Administration was set up. Lawmakers added the Equal Pay Act, the Age Discrimination in Employment Act and the Employment Retirement Income Security Act. Then came the sharp increase in payroll taxes for Social Security in 1983, measures requiring plant closing notice and parental leave, and the Americans With Disabilities Act. Health costs increased, too, making it \$500 a car cheaper in health costs alone for General Motors to make Pontiacs in Canada. All this helped give us a trade deficit that hit a record \$43.1 billion in January alone.

Even if wages were equalized, it would still pay for U.S. companies to move operations to places such as China, which requires none of these aspects of America's high standard of living. Recently, columnist George Will wrote: "The export of jobs frees U.S. workers for tasks where America has a comparative advantage." But in global competition, what matters is not the comparative advantage of our ability so much as the comparative disadvantage of our living standard.

To really level the playing field in trade would require lowering our living standard, which is not going to happen. We value our clean air and water, our safe factories and machinery, and our rights and benefits. Both Republicans and Democrats overwhelmingly support this living standard and many are prepared to raise it. The only course possible, then, is to protect the standard.

To talk in these terms raises cries of "protectionism." But the business of government is protection. The oath of the public servant is "to preserve, protect and defend." We have the Army to protect us from enemies without and the FBI to protect us from enemies within. We have Medicare and Medicaid to protect us from ill health, and Social Security to protect us from poverty in old age. We have the Securities and Exchange Commission to protect us from stock fraud; banking laws to protect us from usurers; truth in lending laws to protect us from charlatans.

When it comes to trade, however, multinational corporations contend that we do not need to protect, but to educate and to improve skills; productivity is the problem, they say. But the United States is the most productive industrial nation in the world, with skills galore. BMW is producing better-quality cars in South Carolina than in Munich. There are other obstacles that need addressing. For 50 years we have tried to penetrate the Japanese market, but have barely done so. To sell textiles in Korea, U.S. firms must first obtain permission from the private Korean textile industry. If you want to sell in China, it's a lot easier if you produce in China.

"But we will start a trade war," is the cry. Wake up! We have been in a trade war for more than 200 years. And it's the United

States that started it! Just after the colonies won their freedom, the mother country suggested that the United States trade what we produced best and, in exchange, Britain would trade back with what it produced best—as economist David Ricardo later described in his theory of "comparative advantage." Alexander Hamilton, in his famous "Report on Manufactures," told the Brits, in so many words, to bug off. He said, we are not going to remain your colony shipping you our natural resources—rice, cotton, indigo, timber, iron ore—and importing your manufactured products. We are going to build our own manufacturing capacity.

The second bill ever adopted by Congress, on July 4, 1789, was a 50 percent tariff on numerous articles. This policy of protectionism, endorsed by James Madison and Thomas Jefferson, continued under President Lincoln when he launched America's steel industry by refusing to import from England the steel for the Transcontinental Railroad. President Franklin Roosevelt protected agriculture, President Eisenhower protected oil and President Kennedy protected textiles. This economic and industrial giant, the United States, was built on protectionism and, for more than a century, financed it with tariffs. And it worked.

The Washington mantra of "retrain, retrain" comes up short. For example, Oneita Industries closed its T-shirt plant in Andrews, S.C., back in 1999. The plant had 487 employees averaging 47 years of age. Let's assume they were "retrained" and became 487 skilled computer operators. Who is going to hire a 47-year-old operator over a 21-year-old operator? No one is going to take on the retirement and health costs of the 47-year-old. Moreover, that computer job probably just left for Bangalore, India.

In global competition there is a clash between standards of living. I supported free trade with Canada because we have relatively the same standard of living. But I opposed free trade with Mexico, and therefore voted against the North American Free Trade Agreement (NAFTA), preferring to raise the standards in Mexico, as Europe did with Portugal, Spain and Greece before admitting them to Europe's common market. To be eligible for a free trade agreement you should first have a free market, labor rights, ownership of property, contract rights, rights of appeal and a respected judiciary. Mexico lacked these, and after NAFTA there was an immediate flow of jobs out of the United States because of Mexico's lesser standards. Australia, on the other hand, has labor rights, environmental rights and an open market, so the trade agreement reached with Australia this month should be approved.

We must engage in competitive trade. To eliminate a barrier, raise a barrier. Then eliminate them both.

Our trouble is that we have treated trade as aid. After World War II, we were the only country with industry, and in order to prosper we needed to spread prosperity. Through the Marshall Plan, we sent money, equipment and expertise to Europe and the Pacific Rim. And it worked. Capitalism defeated communism in the Cold War. Our hope in crying "free trade" was that markets would remain open for our exports. But our cries went unheeded, and now our nation's security is in jeopardy.

National security is like a three-legged stool. The first leg—values—is solid. Our stand for freedom and democracy is respected around the world. The second leg of military strength is unquestioned. But the third leg, the economic leg, is fractured and needs repair. We are losing jobs faster than we can create them. Some time ago the late Akio Morita, founder of Sony Corp., was lec-

turing leaders of third-world countries, admonishing them to develop their manufacturing capacity to become nation states. Then, pointing at me in the audience, he stated, "That world power that loses its manufacturing capacity will cease to be a world power."

What should we do? First, we need to stop financing the elimination of jobs. Tax benefits for offshore production must end. Royalty deductions allowed for offshore activities must be eliminated, and tax havens for corporations must be closed down.

Next, we need an assistant attorney general to enforce our trade laws and agreements. At present, enforcement is largely left to an injured party. It can take years to jump over legal hurdles. Then at the end, based on national security, the president can refuse to implement a court order. Rather than waste time and money, corporate America has moved offshore.

We need to organize government to produce and protect jobs, rather than export them. The Commerce Department recently co-sponsored a New York seminar, part of which advised companies on how to move jobs offshore. This aid for exporting jobs must stop. The Department of Commerce should be reconstituted as a Department of Trade and Commerce, with the secretary as czar over the U.S. trade representative. The department's International Trade Administration should determine not only whether goods have been dumped on the U.S. market, but how big the "injury" is to U.S. industry. The International Trade Commission should be eliminated.

While it is illegal to sell foreign-made goods below cost in the U.S. market (a practice called dumping), we refuse to enforce such violations. The Treasury Department reports \$2 billion worth of illegal transshipments of textiles into the United States each year. Customs agents charged with drug enforcement and homeland security are hard-pressed to stop these transshipments. We need at least 1,000 additional Customs agents.

It won't be easy. A culture of free trade has developed. The big banks that make most of their money outside the country, as well as the Business Roundtable, the Conference Board, the National Association of Manufacturers, the U.S. Chamber of Commerce, the National Retail Federation (whose members make bigger profits on imported articles) and the editorial writers of newspapers that make most of their profits from retail ads—all these descend on Washington promoting "free trade" to members of Congress. Members looking for contributions shout the loudest.

Not just jobs, but also the middle class and the strength of our very democracy are in jeopardy. As Lincoln said, "The dogmas of the quiet past, are inadequate to the stormy present. . . . As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country."

Today's dogma is the belief that protectionism will mean trade war and economic stagnation. But we are already in a trade war, one from which the president and the Congress are AWOL.

ADDITIONAL STATEMENTS

TRIBUTE TO EARLE C. CLEMENTS JOB CORPS CENTER

• Mr. BUNNING. Mr. President, today I would like to take the opportunity to honor the Earle C. Clements Job Corps