

terms of the statement of the chairman of the President's economic advisers saying: Outsourcing of jobs in this country is a good thing.

I read the followup comments by White House spokeswoman Claire Buchan, who said: The President's view is that American workers are the best workers in the world and he is committed to free and fair trade. He is committed to a level playing field.

That all sounds very nice, but is it level when you have a worker in China making 61 cents an hour and a worker in America making \$12 or \$13, \$14 an hour? What kind of a level playing field is that? As the leader said, this is a race to the bottom.

You can always find someone someone who is lower down on the totem pole, who is more hungry, more destitute, willing to work for less than you. If that is what we are looking for, we might as well go back to slavery.

If you want to talk about efficiency, that is what they are saying: When a good or service is produced more cheaply abroad, it makes more sense to import it than to provide it domestically. That has to do with efficiency, they said.

Efficiency? Is that what we as human beings are now looked upon, as a machine, how efficient a machine we are or is there more to life than that.

When I hear words like that, I say people have some sterile view of economics that counts people as just so many cogs in a wheel or so many units we can depreciate, use up and throw out on the trash heap after a while. It disturbs me greatly, the positions of these people in making such statements.

I recognize free trade or fair trade is good for everyone as long as it does not lower people's standard of living but tends to raise people up to ours. That is what we ought to be involved in—not lowering our standard of living to others but trying to help them raise theirs.

Couple that with this dance of the administration that outsourcing jobs, shipping jobs overseas is good, somehow good for our country, with the budget we have now in front of us and what it spells is a disaster for this country and especially for our young people.

We have had the first recovery from a recession in modern time. There are still about 3 million jobs lost out there. This budget continues on that way. We have tax cuts for the wealthy. It does not create jobs. We have this proposal to eliminate overtime pay Senator DURBIN brought up. Now we are going to create jobs in India and China and places such as that by outsourcing all of our jobs.

Then you look at the budget, and the budget we have will continue deficits as far as the eye can see. It will increase deficits. What that means is we are now going to be paying a debt tax. As this administration increases the national debt, they increase the share

of the Federal budget that goes to pay the interest on the debt. So every dollar we spend on interest is a dollar we are not spending on education or construction or health care, rebuilding our economy. This is the hidden tax in Mr. Bush's budget. He says he wants tax cuts, mostly for the wealthy. He wants to make them permanent. That will cost us another \$1 trillion. But what about the hidden tax, the debt tax that is going to be put upon our workers and our children to pay the huge interest charges on this national debt that is running up?

Right now interest payments are about \$4,367 a year for a family of four.

By 2010, because of these huge budget deficits, this debt tax rises to more than \$8,000 for a family of four. That is just the interest every year. That means every family of four in America will be paying about \$8,000 a year in additional taxes just to pay the interest on the national debt. Again, this is a formula for utter disaster.

The baby boomers are on the verge of retirement—1946 being the first year of the baby boomers. They will retire basically at 65, so that brings us to the year 2011. When they start retiring, we will be in the hole with huge budget deficits. President Clinton set us on the right track to reach 2010 with zero national debt, in great fiscal shape to begin to finance the baby boomers' retirement and their health care. That inheritance from President Clinton, being on the right track and erasing the total national debt, has been squandered—squandered by tax cuts for the wealthy, squandered by the outsourcing of jobs to other countries, and destroying jobs in America. So we are going to reach 2010 with a crushing debt burden, higher interest rates, a weaker economy, and the baby boomers just retiring.

We know we are mortgaging our future, stealing from the next generation. Why? So that the wealthiest can have a tax cut of \$155,000 a year. This is not wise and it is not fair. The consequences are going to hit us right now, not just in the year 2001. Just look at the budget. It shortchanges No Child Left Behind by \$7 billion. The budget cuts funding for local police by \$1.7 billion. It cuts funding for firefighters by \$800 million.

There you have the essence of the Bush economic plan: huge tax cuts for the rich, skyrocketing deficits and debt, cuts in programs that serve children and working Americans, and outsourcing of our jobs to other countries, thus reducing the overall income of middle-class Americans.

It is time for the Senate to come together and demand a change of course, demand fiscal sanity, fiscal integrity, and a change in our economic program. I believe this is the single biggest test we face in the year ahead. Quite frankly, I believe President Bush is out of control in demanding even more tax cuts. The House of Representatives basically will do whatever the White

House says. So I say to my colleagues it is up to us.

Quite frankly, if the Senate doesn't step in and provide some adult supervision in Washington, then nobody will, and we will, in fact, march down this path of huge deficits, bigger and bigger deficits, higher debt, more interest payments on the debt, and the increasing outsourcing of our jobs to other countries. It is time to stop this downward spiral. I believe only we in the Senate can do it.

Mr. REID. Mr. President, I yield 10 minutes to the Senator from Illinois, Mr. DURBIN.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

PROTECTING THE TROOPS

Mr. DURBIN. Mr. President, last night a group of Senators went out for dinner at Walter Reed Hospital with the soldiers who have returned from Iraq and Afghanistan, many of whom are undergoing important medical treatment and rebuilding their lives and strength to return to their families, and some to return to service to our country. These are our best. These men and women with whom we had the good fortune to eat dinner last night are really some of the finest people you could ever meet. They have given more to this country than any of us will ever give, and they have done it with a sense of loyalty and a sense of patriotism that all of us admire.

As I talked to these soldiers and asked them about their experience, I asked them about their injuries: What happened when you were in Iraq?

The story that comes back more often than not is that these soldiers—many of them—were in Humvee vehicles, which is our modern jeep, traveling in Baghdad and other cities and localities in Iraq, when their vehicle was struck by a rocket-propelled grenade or a homemade bomb that was detonated. Many of them were seriously injured. One brave soldier from South Dakota lost his right arm. The Army captain in the next Humvee was killed, and he believes he was lucky to escape alive. I asked him what Congress could do to help.

He said: We are getting good medical treatment, and our families are being treated fine. But can you do something about those Humvees? The Humvee doesn't have armor plating on the sides, armored doors to protect us and other soldiers.

You think to yourself, of the billions of dollars we have spent in Iraq, we don't have armored doors on the Humvees so that these soldiers can come home safely?

I asked the Secretary of the Army: What is this problem? He came back to me and reported that there are 8,400 Humvees in Iraq that don't have armored doors. The soldiers, last night, said they would improvise. They would get sheets of steel and cut them and place them on the sides of the Humvees

so they are not vulnerable in these areas.

We should do better. I said to the Secretary of the Army: Isn't this a priority? He said: It is our highest priority to build the 8,400 doors for these Humvees. He told me that many will be made in my State at the Rock Island Arsenal. I visited the Rock Island Arsenal and saw the first sets of doors come off for the Humvees, and the workers were so proud. They knew they had done something significant.

I said to the commander at the arsenal: How long will it take us now? We need 8,400 sets and we are also doing them at Anniston. He said: We are going to get these doors built in one year.

One year? In World War II, we were building bombers in 72 hours and ships in 30 and 60 days, and we need 1 year to make the armor-plated doors to protect the Humvees so that fewer of our men and women in uniform will have to go to Walter Reed Hospital for prosthetic devices and medical treatment.

I said: Why is it taking one year? He said: Because there is only one steel-fabricating plant left in America, and it is in Pennsylvania. It makes the steel that we can convert into the armor plating for these doors. We are using everything they produce as fast as they produce it.

So when the issue comes up about loss of manufacturing jobs, and loss of American jobs, and loss of our industrial base, it is more than a cold discussion of statistics; it is a discussion about the reality of our economy and the reality we face. Whether you live in North Carolina, where we have lost textile jobs, or you live in Illinois, where we have lost steel jobs, the fact is, as we lose these jobs, we lose our capacity. When it comes to something as basic as steel, that capacity plays out so that our soldiers in Iraq today are more vulnerable to enemy attack because we cannot produce the steel in America.

So we asked the administration: What should we do about all these jobs going overseas? What should we do about the loss of the industrial base? Is this a challenge we need to face and deal with?

Our answer came back this week in a report from the White House. This is a headline from the Los Angeles Times of yesterday: "Bush Supports Shift of Jobs Overseas."

It goes on to say:

The loss of work to other countries, while painful in the short term, will enrich the economy eventually, his report to Congress says.

Like many colleagues, I read this headline and I said: It cannot be true; clearly, this is a mistake. I cannot believe the Bush administration would say that shifting jobs overseas is good for America.

Then we looked at other newspapers around the country, not just the L.A. Times. In the Seattle Times, the same report was analyzed. Their headline

reads: "Bush report: Sending Jobs Overseas Helps U.S." The Pittsburgh Post-Gazette: "Bush Economic Report Praises 'Outsourcing' Jobs." The Orlando Sentinel: "Bush Says Sending Jobs Abroad Can Be Beneficial."

Yes, as we read the report, that is exactly what was said.

Mr. N. Gregory Mankiw, chairman of President Bush's Council of Economic Advisers, said:

Outsourcing is just a new way of doing international trade. More things are tradable than were tradable in the past. And that's a good thing.

Is that a good thing, President Bush and Mr. Mankiw? Would you like to go to Walter Reed Hospital and explain to the soldiers who have been victimized by the loss of steel production in America that this is a good thing? It is not a good thing.

I am one who supports trade. I believe globalization is as inevitable as gravity, but I also understand we need economic leadership from the top, from the White House and the President on down that says we will enforce trade agreements; we will build America's economic base; we will not surrender American jobs willingly.

This report from the Bush administration says that they not only surrender these jobs willingly, they do it with applause. What a good thing it must be that the President's report says to Congress that we have lost so many jobs overseas—jobs to China, jobs to India, and it continues.

In technology, there was a time when we were king; Silicon Valley ruled, and they should—all the ingenuity and creativity that came up with these dramatic advances in technology. What is happening today? A large and growing number of computer-related jobs are already leaving America.

IBM, for example, announced in December it is going to transfer 4,730 programming jobs from the United States to India, China, and other countries. Insurance giant Aetna likewise decided early in the year to begin sending 20 percent of its application outsourcing work to India.

From the viewpoint of President Bush and his economic advisers, this is great news: IBM is sending jobs to India and China; Aetna is going to outsource 20 percent of its jobs to India. From their point of view, from the statement they sent to Congress, we should applaud this: what a great development, that all of the programmers and electrical engineers who work for these companies will now be out of work and someone overseas will take their jobs for a fraction of the pay they were receiving.

That is not good news in my home. It is not good news in Illinois. And I don't think it is good news for most working families across America.

The President yesterday appeared in a plant in Missouri and said: Our tax cuts for the wealthy are working; they really turned this economy around. I am sorry to say to the President that

he has the dubious distinction at this point in his Presidency of having lost more jobs as a President of the United States than any President since Herbert Hoover in the Great Depression.

This President has watched these jobs leave, and for a time you would think it troubled him and for a time you would think he was trying to bring these jobs back to the United States or protect the jobs we have. But the report to Congress this week says it is part of a designed plan—a plan by the Bush administration that happens to believe in their wrongheaded way that tax cuts for the wealthiest people in America are good for our future; that happens to believe outsourcing jobs to India and China somehow is positive for America; and that happens to believe Americans who are out of work don't deserve unemployment benefits and those who are working shouldn't be paid for overtime.

That is the economic policy of the Bush administration, and that is why we have elections in America. American families who have seen these jobs go overseas are going to reject this wrongheaded Bush economic policy.

The PRESIDING OFFICER (Mrs. DOLE). The Senator's time has expired.

Mr. DURBIN. Madam President, I think we are going to find soon the American people will respond in resounding terms to this report to Congress.

I yield the floor.

Mr. REID. Madam President, how much time is remaining?

The PRESIDING OFFICER. Four minutes seventeen seconds.

Mr. REID. Madam President, before my friend from Illinois leaves the floor, I would like to propound a question to him. I say to my friend from Illinois, the majority leader was on the floor today, and I think the Senator from Illinois heard me remark earlier that he said the tax cuts are working. I have thought about that since I spoke 20 minutes ago, and I think he is probably right, they are working for the elite of this country, people who are in the upper income brackets.

Does the Senator from Illinois know of anyone else who is receiving a benefit from the tax cuts?

Mr. DURBIN. Madam President, I say to the Senator from Nevada, yes, I will tell the Senator who will benefit from the tax cut: the countries that are loaning money to America to finance the debt that these tax cuts have created. Specifically Japan, which is loaning over \$500 billion to the United States to pay for our debt, and China. China, in loaning money to the United States, is earning interest. So the Japanese and the Chinese benefit from the President's tax cuts and economic policy because they are earning interest on this massive debt, a deficit larger than any President has ever created in the history of the United States of America. The winners, as I see it, would be the overseas investors, as well as the wealthiest people in our country. They are the winners.

Mr. REID. Madam President, has my friend reviewed the text of the book, "The Price of Loyalty"?

Mr. DURBIN. I read this book.

Mr. REID. The Senator does recall in that book where Vice President CHENEY, when Paul O'Neill said we should take a look at these deficits that are building up, and does the Senator recall—this is almost a direct quote—Vice President CHENEY interrupting the meeting and saying: President Reagan proved deficits don't matter?

Can the Senator from Illinois comment on that statement, "deficits don't matter"?

Mr. DURBIN. I remember it. In addition to some other comments in the book, it was the most graphic illustration that this administration is insensitive to the deficits and debt they are creating.

I also recall in that same book Paul O'Neill, then-Secretary of the Treasury, was recommending to the Bush administration to put triggers in the tax cuts so that if the surplus disappeared, then the tax cuts would not continue and drag us even deeper into debt. That was rejected by Larry Lindsey, the former head of the Council of Economic Advisers, the predecessor to the man who came up with this delightful equation that says losing jobs overseas is good for America.

What we have had is a wonderful parade of economic extremists in the White House who advised this administration into the current mess with our budget and with our economy.

Mr. REID. Is that the same Larry Lindsey who was fired because he said the war in Iraq would cost more than \$100 billion?

Mr. DURBIN. That is right, he misspoke and, as a result, he was returned to the private sector. Now we see his predecessor, Mr. Mankiw, who now has misspoken, but we have his report. President Bush sent his report to Congress and he said outsourcing American jobs is good for America. I am sure we are going to hear a correction before the Sun goes down in Washington today.

The PRESIDING OFFICER. The Senator from Texas.

ORDER OF BUSINESS

Mrs. HUTCHISON. Madam President, has the Democratic side used all their time in morning business?

The PRESIDING OFFICER. They have 20 seconds remaining.

Mr. REID. We will be happy to donate that to the Senator from Texas.

Mrs. HUTCHISON. How generous. I thank the assistant Democratic leader very much.

Madam President, how much time do we have? Was it 30 minutes on the other side, or did they have some other time?

The PRESIDING OFFICER. There are 30 minutes remaining on the majority side.

Mrs. HUTCHISON. Thirty minutes and twenty seconds, Madam President.

The PRESIDING OFFICER. Correct.

Mrs. HUTCHISON. Madam President, I will ask the distinguished Senator from Colorado to allocate our time. There will be another speaker coming, but I would like to yield to the Senator from Colorado this 30 minutes 20 seconds.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. I thank the Chair.

THE ECONOMY

Mr. ALLARD. Madam President, I wish to talk about the economy. We can sure tell this is an election year. The false rhetoric that is going on about the economy is amazing. The fact is, the economy is recovering and our tax cuts have made a significant difference in the fact our economy is recovering.

I heard the previous speaker on the floor talk about the jobs we are losing, but this President and this Republican Congress inherited an economy that was going in the dumps when he went into office.

It was headed downhill. The stock market had been down for 9 months and the recession was just beginning when he was taking his oath of office, so one cannot blame this President for what has happened in the economy. We need to look back at what happened during the Clinton administration. We had one of the highest tax increases in the history of this country. Everybody who follows the economy knows it takes a while for tax policy to take effect. What has happened under the Bush Presidency, with a Republican Congress, is we put some tax cuts in place to get the economy recovered. It has worked. Now it did not start working immediately, but after a year or two we began to see the results. We are seeing the results today.

The Members of the Senate who come to this floor and say we ought to raise taxes, that will do nothing more than destroy the economic recovery process we see taking place right now.

I have a report from the Joint Economic Committee. The chairman of that committee happens to be Senator BENNETT. It is made up equally of Members of each party from the Senate. There are five Republicans and five Democrats on the Joint Economic Committee. They have published a rather promising report. It is time we take a look at what they say about the economy. There should not be any doubt that the economy is recovering and a lot of it has been done due to the tax cuts. We should not allow a tax increase to occur that would destroy this economic growth.

They report the economy is strong and there is sustainable growth going on. The recovery continues at a strong pace. Payrolls increased by over 112,000 jobs in January as activity in the manufacturing and services industries accelerated. Last year closed with the economy growing at a 4 percent annual

rate and productivity growing at a 2.7 percent annual rate, well above the long-run averages. Despite all of this, inflation remains benign. It is not growing, allowing the Federal Reserve to maintain short-term interest rates at historical lows. Recent tax relief continues to benefit consumers and businesses. Forecasters see continued robust growth, low inflation, and accelerated job gains throughout this year. That is pretty good news.

The payroll employment increase of 112,000 jobs in January was the largest monthly gain since the year 2000. The unemployment rate fell to 5.6 percent. I remember when I took economics in college in the 1960s. Five percent was considered full employment. We were spoiled a little bit and it was definitely an aberration, as a lot of economists described it, when we got down to 4 percent, but 5 percent is still considered a full employment figure. The unemployment rate fell to 5.6 percent in January, well below its recent peak of 6.3 percent last June. Five straight months of job gains have now added 366,000 jobs to U.S. payrolls.

5.6 percent is good news. The economy grew at a robust 4 percent annual rate in the fourth quarter of 2003. Forecasters see continued growth of around 4 percent throughout this year. Productivity—this is output per hour of labor—grew at a 2.7 percent pace in the fourth quarter, above historical averages. I continue to believe the workers in this country are the best educated, the best motivated, and nowhere in the world is their productivity exceeded. They are the ultimate. I think we should be proud of that and recognize it is all that individual effort that makes a difference and what keeps this economic engine growing.

The Federal Reserve has kept short-term interest rates unchanged at 1 percent, which is good for individuals who want to buy homes, for example. The administration worked with me to pass legislation called the American Dream Down Payment Act to get people into homes. I see now they are reporting that home ownership is at an historic high. It has never been higher in the history of this country than what we are seeing today as far as homeownership. That legislation, working with the administration, is the type of effort that is making the difference.

The household survey, used to calculate the unemployment rate, showed employment gains of almost 500,000 in January. The gap between the household and the payroll measures of employment continues to widen, confirming initial labor market improvements and continuing jobless claims for unemployment insurance benefits are trending downward.

I like to rely on the household survey because I think the household survey tells us something the payroll survey does not. What it tells me is a lot of our Americans are saying, look, now is the time for me to start my own business. When they start their own business they start out small so that means