

agreements that ship U.S. jobs overseas, more trade agreements that neglect environmental standards, more trade agreements that keep foreign workers in poverty.

For U.S. workers, the only difference between CAFTA and NAFTA is the first letter. It adds up all the same: more lost jobs. CAFTA is not about a robust market for the export of American goods; it is about outsourcing and accessing cheap labor markets. Trade pacts like NAFTA and CAFTA enable companies to exploit cheap labor in other countries, then import their products back to the United States under unfavorable terms.

CAFTA will do nothing to stop the bleeding of manufacturing jobs in the United States and even less to create strong Central American consumer markets for American goods. Throughout the developing world, workers do not share the wealth they create. Nike workers in Vietnam cannot afford the shoes that they make. Disney workers in Costa Rica cannot buy the toys for their children. Motorola workers in Malaysia are unable to purchase cell phones.

Mr. Speaker, we have a historic opportunity before us to empower workers in developing countries. We have a historic opportunity before us to bolster our economy. When the world's poorest people can buy American products rather than just make them, then we will know that our trade policies are finally working.

Mr. Speaker, there are reasons why not only environmental and labor groups but also business organizations such as the United States Business and Industry Council, a leading group representing American businesses, have taken a firm stance against this trade agreement. It is because it is unfair.

I believe in free trade, but it has to be fair trade. We can no longer continue to allow jobs in the United States to be exported overseas when we have a need here in this country. As I stated earlier, in my own region in the State of Maine, the labor market area has risen over the last 2 years to, at certain times, over 30 percent. Over 30 percent of people unemployed because of that market.

So, Mr. Speaker, I hope my colleagues will join me in opposing the CAFTA trade agreement. It is unfair, unneeded, and hopefully it will not pass.

THE U.S. ECONOMY

The SPEAKER pro tempore (Mr. WESTMORELAND). Under the Speaker's announced policy of January 4, 2005, the gentleman from New Mexico (Mr. PEARCE) is recognized for 60 minutes.

Mr. PEARCE. Mr. Speaker, I appreciate the opportunity to address this body this evening. I would like to visit just a little about the economy and the ways that I see it, the ways that I think we have to evaluate it, and the things we have to be concerned about if

we are to really consider those options that lie before us over the next 10 to 20 years. What lies at stake for our children? What kind of a future are we going to leave for them?

Right now, we are in the period where decisions are going to change the history of the American economy, and we simply need to be educated and need to be aware of that. Usually, I like to draw on an easel and discuss with numbers where we can put things into context, and so I will do that, Mr. Speaker.

The first number that I would like to put up on the board is the 2.5. That is approximately the size of the government's spending, the size of the American budget. All the things we know about are included in that number. And it begins to be a focal point, because if we are to consider the relative state of our economy, we do the same thing that Americans do in their personal finances. We simply talk about how much we are spending, and 2.5 is a good approximation for what this economy spends, what this government spends to sustain all of its operations.

But just as anyone else would, if you were considering whether or not the expenditures that you make are satisfactory, whether they are too low or too high, you also have to consider the revenues that compare to that. So now we have the revenue figure, and that is about \$11 trillion. Our economy total is about \$11 trillion, and we in the government spend about \$2.5 trillion.

Now, that is an extremely important relationship, and it is the relationship that tells us more than the actual numbers. There are people who say that our budget is too large. There are some who say it is too small. But the truth is that to really accurately assess, we have to understand the relationship between them. And simply by doing the division, we are able to then establish that right now our government spending is about 23 percent. That would be .23 of our overall economy.

Now, then, this .23 is an awfully important number in the relationship. People want to know what does it mean. It means the same thing as if you were to consider your personal spending. If your spending is too high a percent of your annual income, then you are not able to meet all your needs. If we are considering in your personal budget that your rent maybe is 25 or 30 percent of your annual income, then that would tell you that you are satisfied with the size of the rent in that relationship.

But this particular relationship, the .23, has to be put into a global perspective but also into a historical perspective. What we find as economists is that as the number, the .23, grows and gets larger, then the economy tends to want to stagnate. If that number is smaller, then the economy has vitality. It has the capability to grow. And that tells us the next piece of what we need to understand, which is that relation-

ship between government spending and our overall economy. Is it growing, is it getting larger, or is it getting smaller? And that tells us what we can forecast for the future.

So we will simply put arrows up here, and we will write the words. We will put an up arrow if it increases, it stagnates. And so if it then decreases, we have the capability to grow. Now, as we understand that relationship, up as a percent, if our government spending increases as a percent of our gross economy, we tend towards stagnation and nonproduction of jobs. If it becomes smaller, we tend to have growth and vitality.

Now, there are many good people who asked me in my district a couple of years ago why we would pass tax cuts at a point when we are running deficits. And that is a very good question. The truth lies exactly in that number. At the point we gave the tax cuts, the number was about .25. We gave the tax cuts, and it shrunk to about .21; and we saw that the economy, in the very first quarter after we gave the tax cuts, jumped to about an 8.25 percent rate of growth.

Now, we knew that was not going to sustain itself. There was pent-up demand with the expectation we would pass the tax cuts. But what we did expect when we passed it was to get to 3.5 or 4 percent. And we saw that rate of growth initially jump up to 8.25, maybe a little higher; and then it came back down, and it sustains itself now at about the 3 to 4 percent range, which we really expected that we would be able to achieve.

□ 2000

Now, it is not magic, it is simply the fact that if you are taking more money from taxpayers and giving it to government, they have less money to invest in plant and equipment, less money to spend on disposal retail items, and so your economy has that dampening effect than if you collect more in taxes. It is a simple theme.

If you think about world examples, we could go to Europe and look at Germany. If America is in the 0.23 range right now, which it is, we ask, What about Germany? Where is Germany? Germany's relationship is 0.52. If the theory holds correct, you would say the German economy is probably more stagnant at 0.52 than the U.S. economy at 0.23, and the truth is Germany has not produced a job in about 10 years. Their growth is stagnant. They have an economy where companies are trying to figure a way to go somewhere else and find the growth and the vitality that they are looking for. And in truth, about 2 weeks ago in this great Capitol we met with about 50 or 60 foreign business owners, CEOs of corporations that are operating here in America because they choose the economic climate here. It does not mean that everything is good and rosy with us because we have budget pressures. As we look today, we have budget pressures that are trying

to force our budget up. And we have the long-term effects that would tell us if we do not control our spending, we are actually going to slip over into a stagnant economy that cannot be remedied easily.

If we consider the relationship there of again the 0.25 to 11, consider that relationship again over in Germany the factor is about 0.52, if you want to consider another example, you look at the Soviet Union and the Soviet Union's economy collapsed. It just fell in on itself because the relationship was very high. One would immediately ask what about China. China has got a communist state and a controlled economy, much like the Soviet Union.

I visited China in January of this year, and the Chinese themselves tell you that they do not want to make the mistake that the Soviet Union made, and so they have begun to privatize pieces of their economy in order to lower this relationship down to where the economy has the vitality in order to produce new jobs and produce the growth and sustain a continued economic improving picture.

They were very cautious about telling us exact figures. The estimates range as low as 40 percent, so probably less than the Germans. The highest estimates were about 60 percent. In the relationship we are considering here for America, it is 0.23.

So for the United States, just under a quarter of our economy being government spending, we have to be aware that the economists differ somewhat on where the stagnation begins to occur, but generally in the 0.25 to the 0.30 range there is consensus that you start to dampen down your economy significantly.

So anything in the future which tries to make our budget go up without growing our economy, if the 11 does not increase to a larger size, if we increase our budget, we will find that our economy will not grow, will not produce new jobs and we simply have to be aware of the relationship. It is neither a Democrat nor a Republican idea, it is simply an economic relationship that we must be aware of as we consider programs that we would want to continue, programs that we might like to cut back or to work more properly.

Now one of the most significant discussions that we have going on right now in the country is what to do about Social Security. There are those who say it is not really a problem until 2042, so we should not do anything. There are others that say we should absolutely do what we can right now. But let us take a look at some of the suggestions. There are different opinions, and so I will simply use a range because I am not really concerned with which opinion to believe, but you have to relate it to this economic relationship in our economy. The estimates are \$1 trillion to \$3 trillion, if you want to begin. If we attack the problem now, between 1 and 3 trillion. So we put them on the board, and then we begin

to look at the solutions and how they affect our relationship.

Generally we talk in terms of 10-year payouts here, and so as we talk about solving a \$1 trillion or \$3 trillion problem, again extending that over a 10-year period, and we come up with either 0.1 or 0.3. If we divide that by 10, that would be \$100 billion a year or \$300 billion. It is not so critical what you assume, but you have to take it to the next step to adequately discuss the issue. So again, I will put the 0.1 and the 0.3 in parentheses, but those need to be related up here to the top of the equation.

If we are going to consider can we do something now, I do not know. But if we had a budget and your budget were 2.5, whether it is \$25, \$2,500, \$25,000, the mathematical relationship will stay exactly the same no matter what.

We have a 0.1 or 0.3 problem that needs to be fit into 2.5. I think any Members listening would understand that it might not be comfortable, but we just might be able to come up with the 0.1 or 0.3 out of a 2.5 budget. We might be able to find those savings here and there to ring the dollars out to cure the Social Security problem up front.

Now what the President is saying when he says it is better medicine to take it now than to wait is that the estimates again are pretty wide ranging, but the estimates are that in 2042, instead of \$1 trillion, it is \$10 trillion to \$30 trillion, something in that range. Again if you were to do the math, divide by 10 years, the 10-year payout now, that would be 1.0. None would expect that you could take 1.0 of 2.5 and squeeze it into your current budget. It is not mathematically possible, but that is what we are doing if we wait into the future.

So again, this body will decide if we are going to do something or not do something, but as we do, whatever we do, realize if we had it on top of the 2.5, if we do not find the savings, then our relationship 0.23 is going to increase, and you yourself would see the possibility that we are moving toward stagnation, and we might be moving toward stagnation at an alarming rate.

Now there are a couple of other relationships, and I am going to flip the chart because I would like to draw approximately the cost curve of Social Security, and realize that as we talk about Social Security costs, Medicare costs are going to parallel it. As the baby boomers go into retirement, we are going to see a tremendous escalation of our cost structure for Social Security, but right along with it are going to be Medicare costs that escalate because people who live to advancing years are more expensive than younger people. We see that daily in the escalating cost of Medicare. People are living longer, better lives. And during that time, it just takes more to repair them.

My own parents are an example. My father has had a couple of knee replace-

ment surgeries. Mom has had a hip surgery and back surgery. I think that any one of you with your parents in their 80s, it is about the same.

We can expect our parents to live into their 80s and even into their 90s. And in truth, demographers tell us the fastest growing population age group is over 100. That is stunning, acceptable, and it is nice; but we have to realize the budget pressures are going to increase.

So when I look at things I am concerned about for our future, my only concern does not just lie in Social Security, but it is a piece of the equation that I think as we are talking about the economic future of our country that we would like to discuss. If you would bear with me, I will simply draw an approximation of the cost chart for Social Security over the next 50 years or so, and we will also draw a revenue line and discuss that, and then we will flip back to this chart and use this 0.23 relationship on the next chart because almost every issue that is in front of us today that involves dollars should eventually come back to an analysis of what it does for our economy long term. We can no longer just take short-term views of what we are up against.

So now then with permission, I will draw the approximate chart. One thing that we have seen since 1935 is that the number of retirees and then the cost, and the retirees and costs are almost equivalent, but they have been kind of meandering around and up and down and up and down like this. But about 4 years from now, when baby boomers start to retire, and this is a chart that the Social Security trustees have given me, the number begins to escalate tremendously high, and then it plateaus out and continues out.

Now the people who say that we should be very cautious and not do any Social Security reforms now point to times in the past when we have made corrections. The mid-1980s we did a significant change in the program. About 1983 we increased taxes, pushed out retirement, and increased the cap. Those are good suggestions we have to consider the effect of, but the truth is they all worked out in a spectrum like this.

So our revenues, they would find problems and they would increase them, and the revenues actually have been running surpluses, but they have become very stable and they do not increase. This being the revenue line here, and this being the cost line.

So right now we are in a period where these are surpluses, and when the President said there is no trust fund, what he says is we in the Congress have been spending this money. And we have been loaning it from the trust fund to Congress, both Republicans and Democrats have done this for the entire period of the Social Security bill. Since the 1930s, both parties have joined equally in feeding off this excess cash.

Now the period where they intersect, this is 2018. The President talks about that frequently, that we begin to use

up our cash surpluses in 2018. So we see the cost curve escalates through the revenue curve at that point. What the President says about 2042 when we are out of money is that this period right in here, that is assuming we are cashing in all of the IOUs that are in the trust fund. By the way, those IOUs are in one filing cabinet in Parkersburg, West Virginia. I asked for a picture to be sent, and so I show everyone in my district that the entire Social Security trust fund is in one four-drawer filing cabinet in Parkersburg, West Virginia. And it is a heavy-duty filing cabinet with individual locks, and they look to be sturdy combination locks, but the truth is there is not money there, it is simply IOUs.

It is not dissimilar if we began at an early age to think about our child's education when they are born, for instance, and we began to put money into the cookie jar. And we put money faithfully every week into the cookie jar, except maybe when our son or daughter was about 10 and maybe the car broke down. We looked at the cookie jar and said, "It is awhile before they are going to college. I believe I will take the money out to buy a new car, and I will put some IOUs in the cookie jar."

□ 2015

And then the washing machine goes out and then the roof needs repairing on the house and pretty soon our son or daughter gets to college age, we look at the cookie jar and it is full of IOUs.

That is exactly what we have done in Congress. We have spent all the surplus, but in 2018 we have to start redeeming that surplus for everything above this revenue line that extends out, and at 2042, all of the trust fund has been expended out of the filing cabinet. There is some disagreement and for purposes of discussion, the disagreement is, well, maybe it is 2044, maybe 2046, maybe 2040; but the concept is irrevocably true that we run out of even IOUs.

Past 2042, we have got this much revenue, but we will see that we have almost as much uncovered cost period here, once we get past the hatched area, is costs that are not being paid by cash that is coming in. Social Security is a pay-as-you-go plan. There is actually no money that was ever designed to be put into a lockbox. I am sorry, but it just was never designed, even in 1935, to be put into a lockbox. In fact, the framers of the bill understood one fact and that was that the retirement age was 62 and the framers understood that they were going to let people retire at 62, but the average life expectancy of the male was 60.

The truth is the original writers of the bill probably did not expect very many people to ever live to get and collect Social Security if you were a man. Women had about a 5-year longer life expectancy, much as they do now. The thought was that they will not collect much. So the retirement age was 62. I

will just put that over here in the corner, 62; and yet life expectancy for the male was 60. Again, I have already mentioned that the fastest growing demographic age group in America is over 100. And in case you think that is an anomaly, the second fastest growing group is 85 to 100. The average life expectancy then was 60. Today it is 77. So we are collecting benefits for 17 years longer than what the framers of the bill expected us to do.

But still we have to wrestle with the fact, do we take care of the problem now or do we put it off? You can see that the costs are tremendous. Realize that as this cost curve slopes up dramatically and it is this much of a dramatic look, if you go online and look at the Social Security trustees' report, you will see almost this exact graph right here. A Social Security trustee, a former trustee came to the office and answered the questions that I had about it. I wanted to know, kind of away from the political discussion, away from both parties. The trustees are pretty well non denominational. He came to the office and he is the one who provided me with the charts and the explanations that I place before you now. But if we have the problem with Social Security, all these baby boomers going into retirement are going to be considerably more expensive, so we can expect that Medicare costs are going to escalate.

Let us flip back to the previous chart. If Medicare costs are going up, if we have got to solve Social Security, then we have got pressures that want to increase this 2.5. That is not saying that we would increase the budget, but the pressure is there to increase the budget.

The discussion would exist, do we increase it or do we not? We simply can do either one we want, but we must realize that as we increase the budget, if our economy is not growing, this relationship then becomes larger and we begin to move toward a stagnant, non-growing economy that I do not think any of us want to give to our children. If, on the other hand, we find solutions now, if we get budget discipline now, then it is just possible that we could wiggle out of this mess because I think all of us would like to pass along to our children and our grandchildren a country that has the same hope and the same promise that each one of us has lived with.

I feel extremely fortunate. I came from a very modest family. My father worked hard and my mom worked hard all of their lives. Mom was a schoolteacher. My father work in the oil field as a roustabout. They earned a good living, but with six children it was tough to make ends meet. From that background, I was able to attend college. My parents were able to work it out.

After I attended college, I was able to go into the Air Force, served in Vietnam, and when I got back from Vietnam I was able to buy my own busi-

ness, pay that business off, and grow it from about four employees to about 50 employees. That is from a family that did not have any political capital to spend. It did not have any economic capital to spend. My parents did the absolute best they could and God blessed them for that.

But from humble beginnings almost anyone in this country can become almost anything that they would like. I did not grow up expecting to be in Congress. I grew up just wanting to graduate from high school. And then Mom was always pushing us, You're going to go to college. All six of us attended college and graduated. Several of us have master's degrees. But we were able to do this in a country where we have the hope of growth in our economy, the hope that new jobs will replace old jobs that phase out and always some jobs are becoming obsolete, some jobs pass away from us.

It is normal and we can worry and fret about it, but if you think back 100 years to when the automobile was developed, you can imagine the discussion going on among the people who made wagons and wagon wheels and maybe the iron rings that fit around the wagon wheels to hold those wooden wheels together and they had to be discussing how this newfangled thing, the automobile, was wrecking their economy. The truth was the economy was simply changing. It did not wreck anything at all. It changed and it evolved.

There is great consternation about the economic well-being of the United States today. My take right now, looking at every nation, the United States by itself has about .33, about one-third of the world's economy, just the U.S. alone. There are approximately 180 countries. With 180 countries, the average economic size, if they were all equal, would be .06. We are at 33 percent and 6 percent would be the average size, so everybody that is smaller than the United States has proportionately less of the economic size because we have got a greater percent of the world's economy.

That tells us one thing about this number here. Countries are beginning to compete much as companies have competed in the past. All of us grew up with the understanding, in my era, that we could go to Wackers Department Store, maybe we would go to Montgomery Wards, maybe get a catalogue and shop through JCPenney or Sears, but some of those people that we used to buy from are simply no longer in existence today.

Wal-Mart did not exist in my early childhood. Yet today Wal-Mart is the premier retailer. They have competed well enough to drive other companies out of business. And so we understand. All of us know products that have simply ceased to exist. A lot of automobiles, they no longer make them. The Packard is not made any longer. The Studebaker again was a car that existed when I was young, but the company no longer makes automobiles. We

have seen Oldsmobile with a phaseout. So we are very familiar with the fact that companies compete with other companies and the weak do not survive; and the ones with better marketing, better capability, not only survive but they thrive.

But what we are seeing now in the world is that countries compete, so the United States at \$11 trillion, there are nations that want to take part of our economy and move it to them. Like I said, in January I went to China because I feel like China is one of the large emerging threats to our economy and also militarily in the world. I wanted to see them firsthand. I wanted to talk to their leaders and find out their intentions, to find out exactly what their view of the future was. I came back with a firm understanding that they literally intend to take as many of our jobs as possible and when they take those jobs, this 11 becomes 10. As this number becomes smaller, again this number becomes bigger. So we have now countries that are competing for economic well-being.

Several years ago, Ireland looked at its situation, they evaluated that as a developed country, they did not have a lot of economic strength, no prosperity, no hope for their kids. And, in fact, they were exporting the most precious product, their children. So they began to think what to do with it. I am going to flip the chart. We will be coming back to the Social Security chart because it all plays into the full economic discussion of things that we must be considering if we are to really view the future economically for the Nation.

Ireland was sitting there. These numbers are not exact, they are close enough for us to know, but they had a marginal tax rate of about 36 percent, it might have been 32 percent, 36, something in that range. They thought, what can we do to invite new companies to come into Ireland? How can we compete with other countries? The most competitive part of any country is its tax rate, so they kept this tax rate for internal corporations, but they had a split tax rate and they charged foreign corporations 10 percent. Some would be surprised, but it was no surprise at all. It created the Irish miracle, the economic Irish miracle that caused capital and production to flood into that country.

The European Union became disgruntled. They were trying to establish the European Union much as the United States and the European Union officials began to really chafe and tell them that those are not right, you are taking unfair advantage, you need to adjust your tax rates. They became very insistent on it. The Irish, God bless them, said, well, we agree with you. So they simply did away with both rates and they had a flat 12 percent for all internal and external companies. Twelve percent is still extremely good. In the U.S. we are about 36 percent, more or less. So 12 percent

versus 36 is fairly competitive. They did not lose any foreign firms, but what they did is began to strengthen up their domestic firms.

And so the Irish miracle continues today, so that today just north of my district, about 15 or 20 miles, the Irish are here in New Mexico, here in the United States building a \$200 million plant simply to make cheese in the Second District of New Mexico. It is creating prosperity and jobs, but the Irish now have strengthened enough to where they can begin to go out and incorporate and build in other nations and they were able to establish that tremendous strength because this low tax rate gave them a low relationship right here that allowed them to have the financial and the economic vitality to grow their economy, and now they are exporting their economy out and investing in the United States. You can run but you cannot hide from the economic facts that are going on in the world today.

This is Ireland, and it would be worthy of note to also consider New Zealand. New Zealand also, if I drive about 25 miles north of my district in New Mexico, New Zealand has come in and they are building another \$200 million plant, \$220 million plant, they have already got it operational, it makes MPCs. Those are milk protein concentrates. New Zealand is the only country in the world with the technology to make MPCs, and so it is no small accident that they have moved into America. Again, they have improved their economic well-being.

Let us take a look at what caused the New Zealand economy to be able to grow to a point that they now can move over and invest in the United States, creating jobs here in this climate, this economic climate. Several years ago, New Zealand looked at itself and said much the same thing that Ireland said, for a developed economy, we are way down the list. We are not very prosperous, we do not have a good future for our kids, and what can we do?

□ 2030

They approached it a little bit differently than Ireland, but it still begins to put economic pressure on all the governments of the world. Again, my facts will not be exactly right, but they are close enough. They give a perception of what occurred in New Zealand, and if we get the perception, then we have the right concept to understand what we must be about in this country. New Zealand took a look at their government, and they began to think and assess which functions should typically be government and which should not be government, and they committed to take nongovernmental functions out of the government. That caused a tremendous shrinking of their government spending. Again, just to relate it back to our original discussion, they shrunk this figure because they weeded out things that did not belong.

As they shrunk this figure, they shrunk the relationship figure, and it fell to a level that their economy began to develop growth, and as it grew, then this number began to enlarge, again driving this relationship figure, this key measurement here in New Zealand, began to fall rapidly, and they today have enough capital built up in their own Nation to begin to export and build in our country at this particular point.

Now, what did New Zealand do? How effective was it? What were the dimensions of it? Because if we do not understand what New Zealand did and other nations will follow suit, if we do not understand those things, our country will have a government model that is not economically competitive and, again, the future out 10, 15, 20 and 30 years begins to look bleak if we do not respond to the competitive pressures. But what New Zealand did is in assessing those functions that typically would be government but maybe should not be, they began to shrink the government down, move the functions outside. The outside functions processed and then performed at a much better rate. But, for instance, they had about 50,000, and it may have been as high as 70,000, it may have been as low as 30,000, but I figure it was about 50,000 workers in the Labor Department.

Now I generally ask at town hall meetings, because I have discussed this in town hall meetings frequently in the Second District of New Mexico, I asked them if they were to envision a shrinkage of a department, how much do they think they could shrink and still perform the functions that should be governmental functions from the Department of Labor in New Zealand? I get estimates, maybe they shrunk from 50,000 to 25,000. Some bold ones will say maybe they shrunk to 10,000. But they do not really believe they did. They are just throwing out the numbers for the debate. The truth is, and we had one of the designers of the system actually come into the office because, again I wanted to visit, I wanted to get firsthand this information, they decreased down to one individual, and the gentleman who came into my office, I think he was head of the Department of Labor and he was the last employee.

Now that creates a tremendous savings on the part of government. They are able to lower tax rates. They are able then to go get the economic vitality that creates jobs, opportunity, and hope for the future, and that is what we all want for our children and our grandchildren. Again, these numbers are easily available on the Web site, but maybe there were 15,000 people working in their forestry department and they might have gone down to 50, but we can see that what they did is they did the same thing Wal-Mart does. They create a competitive atmosphere among governments that we are going to have to respond to.

We will not be able to simply act like this does not exist because as we act

like it does not exist, our cost structure for government remains higher, it remains more inefficient, and capital will leave this country looking for the best tax rate, the best government, for the least cost. It is the same thing that we do. We shop at Wal-Mart because our dollars go further. There are those people who curse Wal-Mart and they say "not in my hometown," but I will tell the Members that Americans are voting with their pocketbooks saying "Wal-Mart is extending my buying power."

I am not here to advertise for Wal-Mart. There are good competitors with them. It is just that they are the ones who are kind of out leading the economic change in this country and they have given much more buying power to the middle class, and we see that frequently.

Each one of us, we will stand here in on this floor and we will tell the people that they should buy American, but when faced with the opportunity ourselves to make the choice, I suspect that we do differently than what we say.

I was in China, and North Face is a jacket here that is well respected and is a high-value jacket. Those sell for about \$150. We saw the same jackets on the street corners in China, and they sold for \$13; \$150 or \$13. We could talk to our neighbors and we could implore our neighbors to shop local, do their duty, keep Americans working, but the truth is when we go to the store and look around and none of our neighbors are watching, I suspect that not many of us are going to plunk down \$150 for the jacket when we could buy the one for \$13. Maybe I am not right, but I think I am and I think the American economy shows it.

So we have tremendous threats. We have got China. We have got New Zealand. We have got the European Union. We have got the old Soviet Union trying to rehabilitate itself. All of those nations are trying to take a piece of our economy. They want our jobs and our well-being to transmit to their country so that they have jobs and well-being. They are working hard. They are working smart, and they are working cheaply.

My generation grew up with Japanese imports, and we used to talk about those cheap Japanese imports because they were. We had these little bitty radios, these portable radios. We would listen to them. They were about this big. That was the best they had. The Japanese were beginning to compress and make things, and we all remember those days of that little radio that we would hold up to our ear and the sound would be very scratchy. Cheap Japanese imports.

Now today the Japanese are talking about those cheap high-quality Chinese imports. The Japanese themselves are being affected. The Chinese intend to take as much of the world's economy and put jobs from all around the world into China. We can complain. We can

say it should not be. We can try to build barriers around the nation. But the truth is we cannot turn back the clock. It is indeed a global economy, and it must be reckoned with. To do other than reckon with it, to do other than to look at the effects of on our economy as we slowly lose jobs is to be faint-hearted and is to be living a lie. We must be accurate in how we assess the current threats on our economy, or we will not be able to sustain the American way of life.

I do not know about my colleagues, but I for one am looking for those things that will cause our economy to grow. I am looking for ways that we could save money and still provide the same services. I am looking for ways that we waste money. I often use the example: People want to know just how bad is the waste that I see? The most extreme example that I see, and there are more extremes available, but it is just one I quote a lot, is the VA. We hear constantly from our veterans, "You are not spending enough. You should increase this figure and give us more money as veterans." And would that I could. But first we have to look at the ways the Veterans' Department spends money foolishly. There is one hospital in New York, actually I think it is even a clinic, but that hospital or clinic has 800 employees and it has got 50 patients. Let me say that again because it always draws a gasp. Eight hundred employees and 50 patients. We can wonder why it is open, but, frankly, it is open because of political pressure, political pressure from New York to keep those 800 jobs there.

If I am in New York, we would just as soon this number not improve because I want to have a short-range view of keeping those jobs in my district, even if it is bad for the economy, even if it is bad for veterans. No matter the long-range effect on our Nation, no matter the fact that New Zealand has begun to work smarter and they are going to work cheaper, I am going to politically try to maintain that position, and I will be frank. It is to the long-term detriment of this Nation when we make such decisions because we always come back to the same beginning point. We have got to do things that tighten up our budget. We have got to do things that create growth. We are going to have to manage our government to where it is competitive with other nations; otherwise, we do not have hope for the future.

If we are to consider fully this Social Security concept, again, we find the meandering nature of maybe this is 1935 and this is 1950, and we go through the 1970s, and over here is about 2008 when we begin to retire, we as baby boomers, and at 57, I am the second oldest year of baby boomers, and we can see then when baby boomers start. No more soft costs. No more question. We have got 40 million people that are baby boomers going into retirement in this period of time between now and

2042. If we are cognizant of that fact, we have to take this chart and begin to relate it now to those workers that follow us.

If I am looking at the replacement for Social Security, the replacement dollars, I must be knowledgeable about the population of the country and the population, if we start at age zero and we go to 100, over here, again, very approximately, the younger population is small and it increases. The baby boomers are here, and the retired population out here. Again, one of the problems is it was assumed our retired population would be here, but we are living longer, better lives.

So at about 57, I would be out here, moving toward retirement. But see here when baby boomers, if these are all the baby boomers on that curve where the curve is going up on the previous page, when these baby boomers are retired, we have got all of these jobs right here and we do not have enough people to fill the jobs.

Social Security is a pay-as-you-go plan. I pay for someone who is retired. My daughter will pay for me. Hopefully she pays for me and she needs to split it between my wife and myself. But when Social Security started, there were 42 workers per retiree, and today there are three to one, and by the time that my daughter starts retiring, it would be two to one. So my daughter and her husband are going to have to work for either my wife or me, and one of us is going to be out in the cold, I suspect, and knowing my wife, I suspect I know who will be out there. We will wrestle that problem over, but it just tells us that we have got a significant relationship here.

Right now we are running at about 5 percent unemployment. We can say it is 6 or we can say it is 4. Again, conceptually, we have got to choose a point and consider what it means. We have got about 5 percent unemployment, but when that 5 percent unemployment comes knocking at the door, I as an employer will tell people that we cannot, at 5 percent unemployment, find someone to fill the jobs because they cannot, number one, pass the drug screen, or if they can pass the drug screen, they will not show up to work tomorrow or next week.

□ 2045

These 5 percent are very difficult to hire, frankly. It is not that they do not have a desire to work; it is that maybe they lack training, maybe they lack discipline, maybe they have developed habits that make them pretty unproductive. But the truth is that already, right now with the labor population the way it looks in America, with all baby boomers still working, we are in desperate need of workers.

Now, if we are in desperate need of workers, when those 40 million begin to retire that we show on the previous graph, the Nation will be dying for workers, and dying for workers with a Social Security plan that is a pay-as-

you-go plan is not going to pay. It is only going to go. We must deal with the shortage of workers.

So I have good conservative friends of mine discussing immigration, telling me, you should lock the border down. I say, I am sorry, I look at this curve. When I talk about immigration, I look at this curve because I have self-interests. I want someone to have a job that pays for me.

Now, if we do not have enough workers, we have two options, and they are simply two options. We can say it in any way, and we can be mad or we can be contentious about it, but we have two options if we do not have enough workers. Number one, we bring in enough workers to fill the jobs, that is called immigration; or, number two, if we do not bring workers in, we will send jobs to where the workers are, because employers must have employees. As we consider now this relationship of the population, if we begin to say we do not want immigration, that we will send the jobs to where the workers are, this \$11 trillion begins to get smaller, this relationship begins to get bigger, and we move to stagnation, and we move to stagnation for the next, through 2042 and beyond.

We have a relationship that is developing, and this relationship, once it is established, once our economic model is set, it is going to be very difficult to turn it around. So prudence would suggest that we consider deeply if there is a problem: if there is a problem in Social Security, if there is a problem in our budget, if foreign countries are really beginning to peck away at our job base. And we have to deal with those.

Now, there are many things that create the economic climate of the country. These are the economic relationships, but the economic climate must be discussed also.

We hear frequently on the floor of this House about the outsourcing of jobs. Why would jobs go to another country? And generally, the accusation is made that it is simply because Republicans want it to happen. I think that is thin. I think that it is lacking in coherence. The real truth is that jobs leave because countries are providing better climates. I will tell my colleagues that when companies can pay 12 percent tax versus 36 percent that they pay here, over time they will migrate. We have other costs. We have energy costs. It was said that we were simply supporting Big Oil when we passed the energy bill. Now, my own perception is that right now, natural gas is selling for about \$7 in the United States. It is selling for 70 cents in Africa, 50 cents in Russia, or just vice versa.

Now, we have been shipping chemical jobs over to Africa and Russia because chemicals use a lot of natural gas. Companies cannot continue making chemicals here with natural gas that is 10 times the cost in other nations. So the chemical council came to me in

January of 2003 and said, at that time the price of natural gas was \$4.50, and they said, we cannot sustain this. Please, please, we have to have an energy policy, get renewables, start opening up plants, whatever we can do, because we are beginning to ship good \$100,000-a-year jobs overseas.

Now, many of our friends on the other side of the aisle are concerned about the environment, and well they should. But they are concerned to the point that they will not consider the things that need to be done that both keep the environment clean and affect the cost of energy. If we do not begin to come together as both parties and represent our common viewpoints at a table to find the solutions, we are going to wrestle each other to a standstill, which we have been doing for years, while Africa and the Soviet Union are quietly pulling our \$100,000-a-year jobs away from us.

Now, it is not by design. Neither party, neither Republicans or Democrats, would want those jobs to go away; but, sometimes, we are unaware of the consequences of our daily actions. The cost of taxes is one thing that will drive jobs away. The cost of energy is another thing that will drive jobs away. The cost of lawsuits is another factor that will drive jobs away.

Earlier in this presentation I mentioned that we had discussed downstairs in this Capitol with about 70 or 80 foreign CEOs, CEOs from German companies, English, French, they began to tell us the factors that will drive them out of this country. Simply stated, they actually had a chart showing just dots on a chart showing the factors as they polled their own companies about, those companies that were in the room, which things were the highest importance.

They will tell us that lawsuits, energy, taxes, and, quite frankly, another one was education, many of the workers coming through the doors; as you recall on the 5 percent unemployment, the workers that show up are not prepared. If we do not begin to deal with education so that indeed no child is left behind, we can wrestle over the concept all we want, but if we do not cure it, these factors, taxes that are not competitive, energy that is not competitive, lawsuits that are 100 times greater, the chance of lawsuits in this Nation, than others nations, and a poor education so that the kids going into work are not able to do complex tasks. Those are the things that will absolutely take away the future of our country.

So my appeal is constantly that we as Republicans and we as Democrats, we can continue to represent the viewpoints that we hold dear, but we must begin to work together. I do not care if it is quietly in rooms behind closed doors to wrestle with those things; but we must begin to deal with those elements that would drive companies out of this Nation, because as companies leave this Nation, our \$11 trillion econ-

omy becomes smaller, our relationship between government spending and the economy becomes larger, and it moves us towards stagnation.

For myself, I will do everything I can to protect the environment, to create jobs, to create an environment in this country that will offer growth so that my children and my grandchildren will have the same opportunities that my wife and I had: to grow up fairly poor, to buy our own business, to pay it off, to run for Congress, and from a family without much political capital, serve in a Nation like this with a democracy like this and a Republic like this. For me, that is the hope of America, that is the hope for future generations, and my own perspective is that it is the hope for the world.

30-SOMETHING WORKING GROUP

The SPEAKER pro tempore (Mr. INGLES of South Carolina). Under the Speaker's announced policy of January 4, 2005, the gentleman from Ohio (Mr. RYAN) is recognized for 60 minutes.

Mr. RYAN of Ohio. Mr. Speaker, this is again another edition of the 30-something Hour where the gentleman from Florida and I will take an opportunity to talk to the 30-somethings, not only of Congress, but of the country, and try to articulate the best we can the issues that are facing the country today and how those issues will affect future generations. I think being in the 30-something Group and being young or being a student in this country, Leader PELOSI has asked us to do our best to reach out to young voters across the country and not only talk about issues like education, budget deficits, the importance of the Pell grant, the importance of No Child Left Behind, but a lot of other issues.

Some previous speakers tonight have mentioned a couple of different things on economic policy in the United States of America and why corporations, multinational corporations find it easy to leave the United States, and it is because of the litigation, it is because of the environment, it is because of the overregulation, it is because of the high taxes. But if you look closely at why businesses are leaving the United States of America, you will see that they are going to countries that have no health care program, they do not have any environmental laws, they do not have any human rights laws; and the previous speaker suggested that maybe they go to Africa because they have cheaper natural gas costs, or go to Russia.

Russia is a country that is moving away from democracy, moving back to its Communist roots of the past several decades, tightening control of the media. Russia is not exactly a great place to do business. And the wars that are going on in Africa, left and right, and the different countries on the continent, not exactly a good place to do business.

What we ask corporations and multinational corporations to do in the