

claim the time of the gentleman from North Carolina (Mr. JONES).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ENGLISH) is recognized for 5 minutes.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, today I would like to focus on an issue that is critical to the survival of America's manufacturing base and the stabilization of American growth and job creation.

While Washington continues to explore initiatives to restrain outsourcing and level the playing field for U.S. employers in the international trading system, it is imperative that we maximize the Federal Government's most potent economic tool, tax policy, to promote growth.

In order for U.S. employers and businesses to remain competitive in the 21st century's global market, Congress must create a Tax Code that serves as a source of support to American companies rather than as a hindrance.

I recently introduced legislation, the Simplified USA Tax, or SUSAT, to help untangle the web of red tape that individual and corporate taxpayers have to navigate every year. My proposal includes a new and better way of taxing businesses that will allow them to compete and win in global markets in a way that exports American-made products, not American jobs. I have studied this issue and I believe that, if enacted in America, this innovative approach to business taxation will set the worldwide standard and create an opportunity for the United States to thrive.

In fact, many of the provisions included in my bill were recommended by the President's advisory panel on Federal Tax Reform as part of their Growth and Investment Initiative.

Under my proposal all businesses, incorporated or not, are taxed alike at an 8 percent rate on the first \$150,000 of profit and at 12 percent on all amounts above that small-business level. Additionally, all businesses will be allowed a credit of 7.65 percent payroll tax that they pay under the current law. One of the most pro-growth elements in SUSAT is that all costs for plant and equipment inventory in the U.S. will be deductible in the year of purchase.

There is broad-based support for expensing in Washington. Recent data show that orders for capital goods were on a steady decline from early 2000. However, when Congress passed "bonus depreciation," an initiative that I worked on with my colleague, Mr. WELLER from Illinois, as part of the 2002 and 2003 tax bills, the trend was immediately reversed and orders for goods steadily rose.

Every economic principle and every piece of data tells us that immediate expensing must be a major component of any tax reform package. It has the highest bang for the buck, about \$9 of

growth for every \$1 of tax cut. It has bipartisan appeal, and it directly translates into greater competitiveness and better paying jobs.

Another key component of SUSAT which will make American businesses more competitive is border adjustability. SUSAT would end the perverse practice, unique among our trading partners, of taxing our own exports. The absence of some type of border tax adjustments for exports of American-made goods places our businesses, particularly manufacturers, at a major disadvantage.

Any entrepreneur will tell you that whether a product is taxed at the corporate level or through a consumption tax paid at the register, the burden will fall largely on businesses, which includes the employees and shareholders. So when our trading partners rebate the taxes paid to their businesses and we do not, it necessarily means that we are at a disadvantage.

Under SUSAT, all export sales income is exempt and imports are taxed at a 12 percent rate. In turn, all companies that produce abroad and sell back into U.S. markets will be required to bear the same tax burden as companies that produce and sell from here in the United States. This policy will finally take away the bias in favor of imports built into our current tax structure, which, in my view, has contributed to our record trade deficit, which continues to increase at a breath-taking rate.

Mr. Speaker, we noticed that on Monday the WTO rejected an appeal of an early ruling which found transition rules repealing the export subsidy known as FSC/ETI. This decision requires us to come back and look again at fundamental reform. Not only are our products at a disadvantage in the global marketplace; the EU now has a legal right to impose sanctions on American products, giving them an even greater competitive disadvantage. Monday's decision makes tax reform even more timely and even more essential.

The other underlying absurdity in our Tax Code is that we currently condition territoriality on foreign subsidiaries reinvesting profits in foreign countries instead of repatriating the profits for investment in the United States. I authored a provision with Senator ENSIGN that made it into the tax law that effectively allowed the repatriation of over \$300 billion in foreign profits that have come back into the United States and have been reinvested into our homeland.

Anyone who has any doubts that U.S. companies have an incentive to keep money abroad has just to look at those figures. Until we change our current structure, the foreign companies will continue to reap the economic benefits of our tax laws' backwards incentives.

The time has come for us to move forward on fundamental tax reform, and I challenge my colleagues in the House and on the Ways and Means

Committee to move forward on this issue to engage the Treasury. At a time when we need to make sure we are doing everything to make our economy competitive, now is the time to move forward on tax reform.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

MEDICARE PART D IMPLEMENTATION, MEDICAID REIMBURSEMENT, AND COMMUNITY PHARMACISTS

Ms. HERSETH. Mr. Speaker, I ask unanimous consent to take my Special Order at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from South Dakota?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from South Dakota (Ms. HERSETH) is recognized for 5 minutes.

Ms. HERSETH. Mr. Speaker, I rise today to discuss a problem of potentially catastrophic proportions. It is not a matter of foreign policy or national security, and it is not natural disasters like this past summer's hurricanes or the ongoing drought in States like my home State of South Dakota.

No. This is a man-made disaster. This debacle is of government creation and, in particular, legislative irresponsibility. This is a crisis that we, as elected representatives, have an obligation and a duty to address. I rise to discuss the crisis facing our community pharmacists, particularly those who serve rural communities.

As I mentioned on Tuesday of this week, of all the health care professionals struggling with the implementation of the new Medicare drug benefit, pharmacists appear to be the most negatively affected. This past weekend I spent several hours meeting with health professionals from South Dakota communities, small and large, to discuss their ongoing efforts to implement the new Medicare prescription drug benefit.

These meetings proved incredibly beneficial to me and to my staff, and I have scheduled more of them in the near future. I encourage my colleagues to take the time to sit down with those administering the program in their districts. It is important that you hear from them first hand. But because of the urgency of this issue, I feel compelled to share with you now some thoughts on the crisis facing rural and community pharmacists.

Here is what is happening: PHARMACIES large and small receive no or inadequate compensation for the time they spend filling prescriptions. This is particularly troubling for those serving

“dual-eligible” beneficiaries, those who qualify for both Medicare and Medicaid; and those in assisted living facilities who take large numbers of pre-packaged medication. Much of the responsibility of ensuring the drug benefit’s implementation has been assumed by the pharmacist. To the extent that it is working at all, we have them to thank. In many ways for many of the pharmacists I spoke with, much of the damage has already been done.

On the horizon, however, are significant cuts to the Medicaid program that will be achieved primarily by changing the way we reimburse pharmacies for prescription drugs. That is right. The choices we made during the budget reconciliation process once again targeted our Nation’s pharmacists, without asking for corresponding sacrifices from the insurance companies or the pharmaceutical manufacturers, which is outrageous.

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It is truly shameful. And the implications will be significant. After absorbing significant losses during the rollout of the Medicare drug program, pharmacists will soon be hit by changes to the Medicaid program, and many simply will not survive. This one-two punch is not only bad policy, it is inexcusable.

Health and Human Services Secretary Mike Leavitt even praised pharmacists last week for their “heroic” efforts in shouldering the burden for implementing Medicare Part D. Their reward for their selfless and heroic behavior? Drastic pharmacy reimbursement cuts in the Medicaid program that will have a devastating impact on our communities, disproportionately impacting the poorest and sickest Americans and that will no doubt put hundreds if not thousands of small businesses out of business.

I encourage my colleagues to talk to their pharmacists, learn more about this situation, and work with me in a bipartisan manner to ensure that we are not sacrificing the health of our Nation and the good-will of our community pharmacists by taking the path of least resistance and caving to large and powerful interests.

JOB STATISTICS NOT ACCURATELY TRACKING JOB GROWTH

The SPEAKER pro tempore (Mr. BOOZMAN). Under a previous order of the House, the gentleman from California (Mr. DREIER) is recognized for 5 minutes.

Mr. DREIER. Mr. Speaker, last night I stood here in the well to talk about our out-of-date job surveys that we have, the payroll versus the household surveys. I discussed the changing nature of job creation in the 21st century economy.

We have evolved into a technologically advanced, upwardly mobile, highly flexible workforce. The types of jobs, the way jobs are created and our

methods for finding new work have all changed dramatically in the 6½ decades since our job surveys were developed; and yet, Mr. Speaker, our surveys remain fundamentally unchanged over that period of time. The result has been job statistics that are increasingly incapable of accurately tracking job growth in a dynamic economy.

This afternoon I would like to talk about another economic indicator that is unable to fully portray the true state of our modern economy, that being the gross domestic product.

Growth in GDP is our broadest measure of economic strength; and, as such, it is perhaps the most commonly cited and heavily relied upon statistic. And yet, like our job surveys, our methods for calculating GDP were developed in the industrial age and have remained unchanged while our economy has been transformed dramatically, as we all know.

The need for assessing and tracking GDP was borne out of the Great Depression. As our Nation faced the worst economic crisis in its history, policymakers found that they lacked the tools to assess whether our economy was getting better or getting worse, so the Department of Commerce began the first accounting of national income and output. In an industrial economy, this meant tallying such tangibles as machines, tractors and buildings.

Purchasing new factory equipment or building a new facility was counted as long-term investment, while spending on research or training was not. For example, AT&T’s investment in Bell Labs where the transistor radio was invented didn’t show up at all in the GDP numbers. Even at the time, the economists who developed the methodology recognized the limitations. But an economy based on heavy industrial manufacturing could be adequately analyzed, by and large, on the basis of tangible, easily identified and easily quantified investments.

However, as we all know, Mr. Speaker, today’s economy is drastically different from the economy that we faced following the Great Depression. Our knowledge-based economy is based on ideas rather than things. Investing in research and development, developing brand equity and exporting best practices are driving successful businesses in our innovation economy. Yet they are absent from our most important measure of economic vitality, and by missing these intangible but fundamentally important factors, our GDP numbers are misleading.

For example, Mr. Speaker, since 2000, the 10 largest U.S. companies that report research and development spending have increased capital spending by only 2 percent. That means that the types of investments that are captured in the GDP calculation, new buildings and more equipment, have been meager over the last half decade. Based on this number, we would be led to believe that some of the country’s greatest engines of growth are stagnating and failing to make long-term investments.

But, Mr. Speaker, these same 10 companies have actually increased R&D, research and development spending, by a whooping 42 percent over that period of time. They are investing rigorously in tomorrow’s innovations, better products, better services, better ways of doing things. Our economy’s creative thinkers are propelling our economy forward and ensuring growth in the future. Yet our old economy calculations miss this good economic news entirely.

To give another example, look at how the value of Apple’s iPod is incorporated into GDP. While superior design, quality and marketing, all developed in my State of California, have led to a global powerhouse brand, the actual product, the iPod, is assembled in China. So when the Commerce Department’s Bureau of Economic Analysis calculates our GDP, it does not count the \$800 million, nearly a billion dollars, that Apple spent in research and development and brand development last year. It merely counts the number of units shipped here from China and sold in the United States. As Business Week put it in an article 2 weeks ago, this sort of accounting reduces Apple, one of the world’s greatest innovators, to nothing but a reseller of imported goods.

Mr. Speaker, there is no doubt that quantifying intangibles like technical innovation and marketing savvy presents some formidable challenges; and adopting hasty changes that make our GDP numbers too confusing or complicated would obviously be no improvement to the status quo. It is essential that we begin to look at ways to make our economic statistics more meaningful by bringing them into the 21st century. We need to do that by looking at these major modifications.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

KEEPING MERCURY OUT OF VACCINATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

Mr. BURTON of Indiana. Mr. Speaker, over the past couple of weeks in the newspapers and on television and on the radios across this country people have been warned not to eat too much tuna and other seafood because of the mercury content in the fish. They said that women who are pregnant and women and men who are eating a lot of these seafood products could have neurological problems created because they are eating so much seafood with mercury in them.

I think that it is good that they are telling the American people that. But