

the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, when is the group in charge of the U.S. economy here in Washington going to wake up and take notice our trade accounts are as out of balance as our mortgage market?

Congress can't keep tweaking consumer purchasing with stimulus checks and then crossing its fingers in hopes that by some miracle it will actually lift our economy. More borrowed money simply means more short-term palliatives.

Hardworking families in our country do not need a consolation prize. They demand a real solution. What they need is a workable path by which they can become part of a growing economy. When recovery dollars are spent on goods largely imported from somewhere else, the promised bang to rescue our economy is received but as a mere whimper.

Congress must address the greater trade and tax structure problems pulling on our purse strings. Take, for example, trade deficits growing between our Nation and industrialized economies from other parts of the world. Those are just getting worse. Like the outsourcing of U.S. jobs. What are we going to do about that? Like global closed markets. Who's going to open those up? And, like the value added tax, which creates such a damper on U.S. production.

A trillion dollars more in spending by Congress will miss the real mark of healing our economy by adding the important legs of tax reform and trade reform. While trade laws and tax laws remain as critical components of real long-term recovery, we cannot subsidize or borrow our way to growth. We are already paying over \$200 billion on borrowed money to foreign interests, and those numbers are going to grow. And they are more than willing to put America in hock.

Wake up and take notice. If we want to see the benefits of growth, America must produce, not placate its way to prosperity.

As we approach NAFTA's 15-year anniversary, let's take a look at a textbook example of failed promises of prosperity. When NAFTA passed Congress by a tiny margin in 1993, proponents like President Clinton said that this new trade agreement would bring unprecedented prosperity and create millions of jobs across America. It was said the agreement would lock in trade surpluses, expand trade gains, and solve many of the social and economic ills facing North America, like illegal immigration.

Let's take a look at the record. On its 10th anniversary, the U.S.-Mexico trade surplus wallowed into an estimated \$40 billion deficit.

□ 1715

And U.S. jobs reported lost? 879,000. And workers' wages? They failed to

keep pace with productivity gains. We have not seen a single year of trade balance with Mexico since 1994, much less a surplus as was promised.

The growing trade deficit with Mexico is just one staggering figure in our trade deficit accounts. Wages in Mexico have fallen dramatically, and the drug trade has snuggled up against our border and yielded murder as well as violent crime that has surged over into our country in places like Phoenix. And there is an upheaval churning on both sides of the border.

Fifteen years ago, NAFTA was sold by the Clinton administration as a development strategy for Mexico, promising alleviation of poverty and inequity, while simultaneously halting illegal border crossings because it promised so much opportunity at home for Mexicans. Sound familiar? It is no surprise that many of the Wall Street proponents of the bailout were the same ones who wrote NAFTA 15 years ago and fought on the side of big business, just like today. Take Citigroup, for example, or Goldman Sachs. They were in there with both fists.

Mr. DREIER. Mr. Speaker, will the gentlewoman yield?

Ms. KAPTUR. I will be pleased to yield to the gentleman when I am finished.

A healthy economy will require policy changes, not cough drops. We need products on our shelves that are produced by Americans. We need real wealth creation here at home. We need trade that is prosperous and balanced, in the black, not in the red. And, we must infuse the power of our marketplace here at home to produce long term, to spur the necessary social and physical infrastructures to restore economic strength to our Nation rather than growing weakness. We need free trade among free people. America needs balanced trade accounts, not more trade deficits and one-sided trade agreements. And America needs production, not subsidy.

Most of all, we need changes in our trade policies and our tax policies that create real investment and long-term growth in our Nation so we don't have to continue borrowing our way forward and making our children and grandchildren debtors into the vast part of this new century and millennium.

Now, the gentleman, who was a chief opponent to my views on NAFTA, what does he have to report as he asks for some of this time?

Mr. DREIER. I thank the gentlewoman for yielding. I wanted to rise and congratulate her for making some very good points, and to say that I completely concur with her argument in support of free trade among free peoples.

And I believe that if you look at the dramatic changes that have taken place, still very serious problems, the gentlewoman is absolutely right in focusing on narcotrafficking, which has been one of the most serious challenges. And President Felipe Calderon,

the relatively new president of Mexico, has been very bold and courageous in standing up to those narcotraffickers.

And it is true, much of that has spilled over into the United States. But I believe that the fact that we are working together, Mexico and the United States, to try and focus on narcotrafficking and to try and encourage greater commerce so that we can sell more into Mexico is in fact a very good policy for us to pursue. We have the North American Free Trade Agreement. It is my hope, Mr. Speaker, that we will be able to build on that so that we can address the very correct concerns that my colleague has raised. And I thank my friend for yielding.

Ms. KAPTUR. I thank the gentleman for his comments, and just say I just wish that the main product that was being sent here wasn't illegal narcotics.

DEFICIT SPENDING

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

Mr. GOHMERT. Mr. Speaker, I do appreciate my friend from Ohio pointing out the problems that arise with the trade deficit. That has been a problem.

When I first came here and was sworn in on this House floor back January of 2005, what I began to hear from the other side of the aisle, correctly, was that the Republicans controlled the White House, they controlled the House, and controlled the Senate, and they are spending too much money. They are engaged in deficit spending, and it has to stop. And they were right.

In my first 2 years here, we had on some bills the White House asking for way too much money; and, to try to be a party that went along with the President, many of my colleagues would say we have got to do this, we are in charge, and money got spend when it shouldn't have been spent. And we should have been better about not having deficit spending, but we blew it, and the American voters called us on it, properly.

I say us. I was often not happy and on the contrary, and some in my party called me a troublemaker and still do. But we call them the way we see them. And the fact is, deficit spending was wrong when it was being done by a Republican White House and Congress, or requesting from the Congress and the Republican Congress was doing it, because it is the Congress that does the appropriations, and it is wrong today. And so in November of 2006, when the Democrats were put in the majority in both the House and the Senate, I was hoping we would see the end of deficit spending, just as they promised. But that is not what happened. The deficit spending has gotten increasingly higher, and now in the first few weeks of this new term it has hit an all-time high.

You can't spend your way to prosperity. It doesn't work when you are

spending your grandchildren and your great grandchildren's money. And you know, you have to know some day when we are dead and gone they are going to be cussing our names: Why did you run us up into such debt so we couldn't live like you did because you wouldn't control your spending? That is our obligation, and we owe so much better to the children and the generations to come.

There was a Rasmussen poll today that came out, and it says 45 percent of the American public are in favor of a tax cut-only stimulus bill. Stop the run-away spending on things that aren't stimulus. Why would Congress do that? Why did Congress do it, and why is it increasing in such a dramatic scale?

Well, there is an atmosphere of arrogance that is growing all the time in Washington that the people out there who are stimulating the economy, they are working, they are doing all they can, well, there are some in Washington who think they are just too stupid to spend the money so that it stimulates the economy, so we must have people in Washington, who know so much more and are so much better at spending other people's money, let the people in Washington spend the hard-working folks' money.

In the last couple of weeks we had \$350 billion, the second half of that bailout that was such a mistake back in September, that other half has been allocated and approved. Then you add the \$819 billion plus whatever the Senate is going to add, you put those together, it is around \$1.2 trillion. Why is that a significant number? Because \$1.2 trillion happens to be the amount basically that every individual income taxpayer in America will pay for 2008 income tax. You want to see the economy stimulated? You give back every dime that every individual taxpayer paid in 2008, you will see the economy stimulated.

I am not even advocating that. I am just saying, give people back their money in their next two paychecks, the next two months' paychecks, a 2-month tax holiday, a 16½ percent tax cut for this year. A study by Moody's Economy says that will increase the GDP more in 1 year than any other tax proposal out there. It would be a 2-month tax holiday. And for those who don't make enough to pay income tax, you get to keep your FICA, so everyone, just like President Obama promised, will get an income tax holiday. You will get your money back.

But I was told last week when President Obama—and you can't be in a room with that guy and not really like him. He is a likeable, smart, congenial man. And when I was telling him about the tax holiday idea, it is not 3 months, 6 months, next year, it is in your next paycheck. He wanted the idea talked about, and now Larry Summers won't call me back.

EXECUTIVE COMPENSATION

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

Mr. SHERMAN. I am all for the private sector paying executives whatever the private sector wants to, but it is very different when the so-called private sector firms, the firms that demand hundreds of billions of dollars in Federal funds, decide that they want to pay executives lavish salaries and enormous bonuses. That is why I have come to this floor often to talk about the executive compensation of those firms that have benefited from the \$700 billion bailout also known as the TARP.

Why is this executive compensation issue important for those companies that have received TARP funds?

First, because of fairness. Executives who have driven their companies into the ditch so badly that they need a Federal bailout shouldn't be receiving enormous salaries.

Second, our constituents demand it. And if you don't think they demand it, see what happens when the administration comes, having gotten the second \$350 billion and asks for another one-half trillion dollars, a third installment on the TARP. We will hear from our constituents.

Third, the law we passed demands that there be reasonable standards of executive compensation at every company that receives TARP funds. I thought the Bush administration would fail to follow that law, one of the many reasons I voted against it, and Section 111 of the TARP bill continues not to be applied.

And finally, and most importantly, our economy demands that we be tough with those who are coming to Washington for bailouts, because otherwise every executive and every industry is going to be coming here asking for a bailout.

So I was surprised this morning when my staff called me and said, "Congressman, announce victory. President Obama and the Secretary of the Treasury have announced that we are going to have a \$500,000 limit on executive compensation of those who have received TARP funds." That was even stricter than the limit that I was proposing.

Unfortunately, the Treasury Department has now issued a detailed statement of how they are going to carry out this \$500,000 limit, and they have made a mockery of the solemn pledge made today by the President of the United States to the American people. The headline is, "\$500,000 Limit." However, the text of the Treasury announcement has three giant loopholes that make a nullity out of the statement of the President.

First, the limit has no application to those companies who have already received money unless they come back for even more. So Citigroup and AIG, who have already received well over \$40 billion apiece in government money,

have no limits, and they can pay \$1 million a month, \$2 million a month, to whatever executive they choose.

But, second, what about those companies that are going to get more money in the future? How are they affected by the Treasury Department's interpretation of the President's statement? Well, they can pay any amount they want as long as they have a shareholder vote. And here is the beautiful part. They can pay it even if the shareholders vote against paying it. It is a nonbinding resolution. So you can get a huge amount of money from the government before today, then get another helping of TARP money after today and pay any executive anything you want as long as you have a nonbinding resolution of your shareholders which you are free to ignore.

Now, there are a few companies that are going to face a real limit, not the ones who got the first helping like the \$25 billion that went to the major banking institutions; not those who got their second helping, an extraordinary amount of money that they may have gotten prior to today; not those who got the third helping of TARP funds, the "ordinary" amount that might be distributed in the future. But if you come back for a fourth helping, then and only then do you face a real \$500,000 limit on executive compensation.

Finally, the proposal is supposed to contain limits on luxury perks. But what does the proposal really contain in the fine print? It says that the board of directors of these companies has got to adopt a policy dealing with such items as private jets and lavish parties. Well, these are the boards of directors who have already approved every private jet and the concept behind every lavish party that these companies have already had. So what good is it to have these same board of directors adopt new policies which will simply mirror their own old policies on luxury perks?

I look forward to working with the administration, with the Treasury Department, so that the words of the President of the United States to the American people today are not rendered moot, but rather are actually carried out. We need a real \$500,000 limit on all those firms that are holding our TARP funds, our taxpayer money. And I hope those companies choose to return the money to the Treasury, then they can pay their executives whatever they want.

□ 1730

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

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